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Star Tribune		SUNDAY / MARCH 10, 1991		
<h1>MPR</h1> <h2>The empire takes stock</h2>				
<b>Some critics say the radio network isn't public enough</b>	<p><b>By Noel Holston/Staff Writer</b></p> <p>In August 1989, after 2½ years of broadcasting, a two-station radio network calling itself Minnesota Educational Radio belatedly paid the eight members of its staff their July salaries, leaving \$19.90 in the till.</p> <p>By the end of last month, the network, now known as Minnesota Public Radio (MPR), had 206 employees, an annual operating budget approaching \$17 million and endowments totaling \$10 million. It had just expanded its regional network to 19 radio stations, having purchased Twin Cities rock station WLOL-FM (99.5) for \$12 million.</p>	<p>What makes MPR's growth, not to mention its national prominence, phenomenal is the fact that its listening audience always has been relatively small in Minnesota. In the Twin Cities metropolitan area, which accounts for nearly 75 percent of all MPR listening, classical station KSJN and news-and-information outlet KNOW have a combined audience share of about 3 percent per quarter-hour. That's roughly equivalent to the share of commercial station KSTP-AM, which ranks 10th in the market. Top-ranked WCCO-AM typically attracts six or seven times as many listeners.</p> <p>To its members in Minnesota and its</p>	<p>admirers here and all over the country, MPR obviously is doing something right. Its classical music service, though conventional, is highly professional. Said Romualdo Tecoco, concertmaster of the Saint Paul Chamber Orchestra, "I've been all over the country, and make it a point to listen wherever I go, and I think it's one of the very best classical stations." Its news and information service is extraordinary, combining the reporting of the largest statewide broadcast news operation in Minnesota with programming from National Public Radio, the Canadian Broadcasting Corporation and the BBC World Service.</p>	<p>To its critics MPR is surely, if not obviously, doing something wrong. Other broadcasters are particularly critical, claiming that MPR isn't even as "public" as a company like General Mills, whose leadership at least has to answer to stockholders. They say MPR has achieved success by adopting "seamless," commercial-radio-style formats to attract underwriters who otherwise might be commercial radio sponsors. They're also wary of the setup by which nonprofit MPR operates with help from adjunct profit-making businesses, such as mail-order catalogs. They argue this amounts to</p> <p>MPR Continued on page 8F</p>



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## MPR

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Brooks said Greenspring started paying the full postage on the catalog mailings as soon as the Postal Service raised the question. "All we do is live within the rules that are imposed on us," said Brooks.

Unlike MPR's nonprofit activities, its profit-making ventures are not subject to public-disclosure rules, thus inviting questions about salaries and expenses.

According to MPR tax documents filed in November 1989, the most recent available, King received \$95,355 in salary from MPR plus \$17,290 in benefits; \$40,000 in salary and \$3,000 in benefits from MPR, of which he is vice chairman, and \$4,643 from Greater Minnesota Communications Group, a nonprofit MPR-support organization of which he is a board member. King also is compensated for his work with some of the for-profit subsidiaries, such as Rivertown Trading, whose secretary-treasurer is MPR vice president and general counsel Thomas Kigin and whose president, Donna Avery, is Kigin's wife. But no one at MPR will disclose how much King or anyone else involved in the profit-making businesses is paid.

Nobody's getting rich, King said. "And the bulk part of that is, we don't give out a lot of information about the specific performance of the for-profit because they're all so competitive. You ask me, 'How many catalogs do we send out, what is the profit margin on those catalogs, what are you paying the president of the catalog company?' Tell me some more about Minnesota Monthly. Every one of those has a competitor who'd love to know 'But I guess, 'Why does it matter?' is really the question, if you assume there's a board of directors made up of people whose reputations are strong," King said.

Brooks said the for-profit companies do compensate King and other MPR staff members "for value given." Brooks characterized the compensation as "fair." He said it is his "fiduciary duty to maintain appropriate control and balance in such things as top-management compensation. We take that very seriously."

### Rainy-day millions

MPR officials are almost as hesitant to talk about its endowments, which total about \$10 million.

About \$7 million is held for MPR's benefit in the Minnesota Foundation. Categorized as an "external endowment," the fund has grown over the past several years with one-time donations and what MPR calls "windfall" revenues from such out-of-the-ordinary sources as royalties from Kellor's bestselling book "Lake Wobegon Days."

In raising that endowment, Brooks said, the commitment was made to put the money where it could not be depleted at the discretion of future boards or managers. The Minnesota Foundation returns 6 percent of its assets to MPR every year.

Another \$3 million is in an internally controlled, "board-designated" fund built from specific contributions and bequests, King said. Unlike the external endowment, this one — in essence, a capital fund — could be tapped by the board under certain restricted circumstances, King said. For instance "if the company were going to go bankrupt, the board might change the policy," he said.

Brooks calls both endowments "rainy-day" funds — insurance against a time when membership or foundation support might drop, federal funding dry up or MPR's for-profit sibling companies hit a recession, King calls them "another piece in the solidifying of an organization in which a whole lot of people have made big investments over the last 25 years."

King said MPR's endowment total isn't large compared with those of other nonprofit corporations. "An organization of our size would normally have an endowment of five to 10 times its annual budget," King said. "The Minnesota Orchestra's endowment is several times the size of its budget. We have an endowment that is less than half of our annual budget."

## Other public radio stations heard in Twin Cities

Station	1991 operating budget	1991 operating budget		Programming
		staff	part-time	
KFAI-FM (90.5) Minneapolis	126	5 full-time, paid	3 part-time, paid 250 volunteers	\$263,000 Highly eclectic. Includes shows directed at Vietnamese, Latino and gay/lesbian communities; alternative news; jazz, folk, western and women's music; locally originated satire.
KBEM-FM (88.5) Minneapolis	2,180	7 full-time, paid 6 part-time, paid 28 student interns		\$350,000 Jazz, traffic reports, high school sports.
KMOJ-FM (89.9) Minneapolis	1,000	4 full-time, paid 3 part-time, paid 20 volunteers		\$350,000 News and public-affairs programs by and for the black community. Contemporary and vintage black pop, reggae, blues.
KUOM-AM (770) Minneapolis	5,000	14 full-time, paid 10 part-time, paid		\$750,000 Arts and public-affairs talk programming; classical music.
WCAL-FM (89.3) Northfield	100,000	19 full-time, paid 17 part-time, paid		\$1.1 million News and information ("Top of the Day," NPR's "All Things Considered"), classical music, comedy ("What Ya Know"), drama.

### Where the money comes from

37% — Support from individuals, corporations and foundations  
35% — Licensing fees and royalties  
12% — Grants from government agencies  
8% — Revenue from public broadcasting activities  
7% — Earned and investment income

### Where it goes

89% — Programming and broadcasting operations  
12% — Administration  
9% — Fund-raising

Percentages are from MPR operating budget for fiscal 1991.

There is no rule of thumb for determining the typical or appropriate ratio between annual budget size and endowment holdings, according to the Minnesota Council on Foundations, the Minnesota attorney general's office and Independent Sector, a Washington, D.C., agency for nonprofit organizations. Nonprofit organizations' endowments vary widely, the agencies said. Venerable educational institutions such as Harvard may hold billion-dollar portfolios, while arts groups may have multimillion-dollar endowments or none at all.

MPR's endowments — not to mention the profits of companies like Rivertown Trading — create a problem of conflicting identities for MPR, which each year spends several weeks on the air begging and wheedling listeners to pony up \$35 or \$100 for memberships, saying "We need your support."

"The risk is that we are not going to be able to explain the situation to our members adequately," Brooks said. "But I think if properly explained, the situation would cause our members to be even more supportive of MPR."

King said listener support is more crucial than ever, because membership money is used strictly for programming, the cost of which continues to rise, especially for news.

"Whether we're on a 5,000-watt station on the AM band or a 100,000-watt station on the FM band, the cost is the same," King said. "Whether we have 19 stations or one station, the cost is the same."

With a 100,000-watt FM station in the Twin Cities, however, MPR will reach a bigger audience of prospective supporters and therefore more likely be able to maintain "the program product," King added.

### The costs of success

In the short run, MPR seems to be OK. The winter membership drive it completed late last month hit its \$268,000 goal with hours to spare, and members' letters often read like mash notes. "We live with Minnesota Public Radio every day" wrote a Moorhead couple.

It still has other critics to contend with. Leaders of the commercial Minnesota Broadcasters Association, though they failed to block the sale of WCAL to MPR, are still peeved with what they see as the increasingly commercial style of doing business.

MBA executive director James J. Wychor said that MPR, though "operating under the FCC rules gov-

erning educational" stations, is not particularly educational in the manner prescribed by the FCC and certainly is not even remotely public. "The MSA also is considering petitioning the FCC to make MPR abide by the same seven-station ownership limit that applies to commercial radio companies. On this point the state's nonprofit AMPERS stations are in the same camp as the commercial broadcasters.

"While they don't have that many stations in terms of percentage, they do have a great influence over what people perceive as news," said KJOM's Marlow, noting that in addition to MPR's own stations, dozens of commercial stations buy news from its Minnesota News Network subsidiary. "If we were talking about a commercial entity here, we'd begin to hear antitrust rumblings," Marlow added.

MPR has also been taking heat from peace and social-activist groups including Women Against Military Madness, Mary Shepard, chairman of WAMM's media-watch committee, said members of the organization question just how "public" Minnesota Public Radio is, considering that its board of directors, overwhelmingly white and male, is not elected by the members, let alone the public; that MPR provides few opportunities for listeners to use its airwaves, and that MPR's programming represents little cultural diversity. They also complain that MPR has become a business-oriented booster of the status quo.

There are, in fact, no representatives of any racial or ethnic minority among MPR's 36-member board of directors, which nominates its own new members. Twenty-eight of the 36 members are men. Kigin, the MPR vice president and general counsel, said that the board has asked its nominating committee seek out potential new board members "who can add to the cultural diversity of the board, particularly racial, gender and ethnic diversity."

As for public access, King said, "This isn't public-access radio. There are public-access cable (TV) channels. They tend to be people creating their own program agenda, and they have no audience. The reason they have no audience is that no one is going to put any credibility in a public-access channel. They (consumers) want a channel they know is being judged and edited, that has a journalistic product."

As regards program diversity, King said MPR's fundamental goal is linking disparate parts of the state so people in the Twin Cities understand issues affecting the Iron

Range, and vice versa. "We don't intend to do everything," he said. "What we intend to do is give people value. And the best judge of that is, what do the people themselves say, and are they willing to pay for it?"

He believes greater program diversity would be fiscally foolish for MPR. "Some stations try to be all things to all people, so they will give them (listeners) an hour or opera followed by an hour of blues. That doesn't tend to work very well with people who have a predilection for what they're tuning in to," he added. "You can't be unpredictable if you want to have any audience at all."

NPR's Bennett takes the opposite stance. If a station wants to commit its signal to just one kind of listener, so be it, he said. "But that's the point at which you run up against the fundamental characteristic of the public-radio listener, namely, curiosity. It's illogical to say that the people who listen to 'All Things Considered' are going to be satisfied with a unidimensional cultural offering."

One of the hottest programs NPR is distributing these days is the music show "Alo-Top Worldwide." Bennett noted, MPR does not carry the show. "My own personal bet is that public radio will succeed better by serving a more diverse audience," Bennett said. "That doesn't mean every station has to. But I think the future of public radio requires a diversification of everything — of sound, of content, of audience, of outlook."

If Minnesota Public Radio's future is hardly in doubt, there are questions about what the next decade will bring. Its founder and leader says it will be like the expansionist 1980s.

"The arts-and-performance network is finished," King said, noting that it already reaches 86 percent of the people in the state. "The goal of the board is to reach 90 percent of the population with the news-and-information network. If we build all of the stations that now have FCC authorization, we will be at or slightly above 80 percent."

Then the main challenge will be becoming maintaining the regional broadcast empire MPR has become. "It has become a very complex organization," said King, who interprets the complaints as evidence of MPR's importance. "If we weren't significant," he said, "nobody would care."

Staff writers Bob Ehlers and Mary Abbe contributed to this report.

## THE CIVIL WAR

"...heartbreaking and lyrical, vivid in sight and sound and music..."

— Matt Roach  
USA TODAY

"...the great American movie of the year..."

— David Thompson  
THE NEW YORK TIMES

Jason Roberts, Sam Waterson, Julie Harris, Jeremy Irons, Garrison Kellor, and Morgan Freeman are among the outstanding actors whose talents give life