**South Dakota Board of Directors for Educational Telecommunications**

**Spring Meeting**

**Rapid City Studio & Virtual**

**April 14, 2023**

**Board Members Present:** Kay Jorgensen, Doyle Estes, Jeff Clines, Jerry Oster, Dave Landry, Shuree Mortenson, Julie Overgaard, and Julie Ashworth

**Staff Members Present:** Ryan Howlett, Laura Petersen, Twyla Olson, Teri Roetman, Heather Benson, Brad Van Osdel, SeVern Ashes, Fritz Miller, and Cara Hetland

**CALL TO ORDER**

The meeting was called to order at 10:00am and roll call was taken by Kay Jorgensen.

**APPROVAL OF MINUTES**

A motion was made by Doyle Estes to accept the January 6th meeting minutes as presented.

Second by Jeff Clines. Motion carried.

**FINANCIAL REPORT**

Julie Overgaard mentioned the financials will be presented quite differently from what we have historically done. This is an improvement to give a more holistic look at our budget. The presentation will be more than just state funding and CPB funding. It will be looking at the entirety of the SDPB budget.

Laura Petersen noted in the board packet you find the narrative provides you with basic information, year to date, key highlights, consolidated income statements, projected spending for the network, and two financial statements that are related to more program-based financials for the network and for Friends of SDPB.

*CONSOLIDATED FINANCIALS*

As of February, the total consolidated revenue for SDPB and Friends of SDPB was just under $8.9 million. Of this total, State General Funds accounted for 45%. CPB grant funds received to date were $1.5 million of the total grant award of $1.9 million. The remaining payments have been approved by CPB and are being processed.

Friend’s revenues accounted for 35% of total revenues. Friends has experienced an increase in membership revenues of around 11%. Sustainer income is attributing to this increase as monthly revenue is averaging over $70,000. Major giving is slightly down with the Sound Vision Campaign ending in FY 2022, but Friends continues to maintain fundraising efforts. This includes successful fundraising efforts for the Black Hills Studio Renovation and Mitchell Tower project. Underwriting revenues are up 28% over FY 2022. This is primarily attributed to the addition of staff focused on expanding our reach in rural areas for underwriting sales.

Total combined operating expenses were at $7.65 million with 51% being for salaries and benefits. Contractual services made up the next largest category at 42%, or $3.2 million. This included programming expenditures of $1.7 million for independent contractors and annual programming dues for PBS and NPR. Year to date capital expenditures and related maintenance for SDPB totaled $300,000 primarily for tower maintenance and inspections. For the remainder of FY 2023, we anticipate additional capital purchases for the tower in Mitchell, transmitters, an air conditioner, and new ID badging system at the Sioux Falls Studio.

Friends indirect and direct support to the Network account for $1.4M with just under $1M transferred directly to SDPB. Indirect expenditures include payments made on behalf of SDPB for programming, rent, salaries and printing related to the SDPB Magazine.

Investments held by Friends on behalf of SDPB have seen growth of around $330,000 which is primarily due to the unrealize market gains. These funds are restricted to spending policies.

*PROJECTED FY 2023 SPENDING & AVAILABLE CASH*

Each year the State of South Dakota provides SDPB with a set spending authority. This authority along with cash balances must be monitored throughout the year to ensure we do not exceed either. The total spending authority available to SDPB in FY 2023 is just over $9.1M.

Based on February financials, we are projecting total cash inflows (spending authority) of $8.7M with cash outflows trending around $9.3M. Consequently, we will need to review our current spending and infrastructure needs to adjust spending within the authority or request an amendment to meet the needs within our available cash. With this limitation in the authority, we are projecting to have available ending cash around $840,000.

All questions from board members were answered and further explained.

A motion was made by Julie Overgaard to approve the financial reports as presented by Laura Petersen. A second by Dave Landry. Motion carried.

**STRATEGIC PLANNING**

Julie Overgaard reminded the board about a year ago we created a new position for Heather Benson as our Digital Strategies Manager and at that time we also went through the strategic planning process. We are three quarters into the fiscal year and want to give board members a snapshot of where we are at. Heather will present some key pieces of our strategic plan that were around audience growth and audience development. We will not go through every goal we had in the strategic plan but will do that during the summer board meeting.

Heather felt privileged to present the audience numbers and has enjoyed the last 12 months seeing the growth across all platforms. SDPB currently manages content across nearly twenty platforms, with multiple content areas on each of those platforms.

Heather noted we have more than doubled our website users between 2017 and 2022. Back in 2017 we had 787,000 users and ended last year with 1.8 million users. On You-Tube we ended 2017 with just under 3,300 subscribers and ended last year with 31,000 subscribers. We currently manage four Facebook pages, from 2017 to 2022 our followers have increased 51%. Twitter has been in the headlines that last six months, but we have had audience growth with each year, followers have increased by 68%. These are the usual social media platforms, but we have more than just these platforms that are unique to us. Back in 2018 we had 192,000 users and ended the year in 2022 with just under a half million users of PBS Kids Apps and local content for South Dakota. On our digital radio side, we have had a growth every year for the past six years. This area has seen double digit growth each year over the last six years from a cumulative yearly audience of 62,859 in 2017 to 204,175 in 2022, a growth of 225% in that timeframe.

The Digital Strategic Goal set last summer: *SDPB will grow its audience across all content platforms*.

This includes digital and our traditional over the air. Some believe if you are growing digitally, you must be losing people over the air. This is not true of what we are seeing. Between September 2022 and January 2023 our traditional TV viewers increased each month compared to the year before. The traditional radio listeners between the fall of 2021 and fall of 2022 we grew by 26% for our weekly average which is spectacular growth. Our objective for the goal was to grow our digital audience by 25 percent in two years. It is safe to say things are going well with that goal.

SDHSAA Sports Livestream—Viewership percentages increased last fall for each sport.

Football up 106% Volleyball up 68%

Gymnastics increased 343% (content team made this a much better viewer experience)

Wrestling up 44% Basketball up 105%

Overall, we went from 738,000 live viewers over the last sports season to 1.3 million over this past sports season, that is a 78% increase. One of the things staff did was add content in addition to the livestream. They created stories around each sport to air across digital platforms to get people excited about what was going on with the behind-the-scenes stories. The three big months over the last season had big increases in viewer content. In November we increased 69%, in February we increased by 396% and in March by 181%. In last season we had just over 1 million viewers and this season we had 2.7 million views of our content during those months.

Podcasts have seen an increase in users. We have been tweaking the strategy, refining it, and adding new pieces into play. In our overall audio downloads, we have grown by 41% this first quarter compared to 2022. *In the Moment* podcast has grown by 16% and SDPB podcasts have grown by 12%. As we look at our 25 percent goal in two years we are on track for of our digital products.

YouTube—Another part of this goal is building a new audience. This means getting people who are younger into the pipeline to be excited about what SDPB has to offer. So far tapping into this younger group is going well. In first quarter of 2022 we had 1,300 subscribers and in first quarter of 2023 we have 2,200 subscribers. Deploying our Live Sports via YouTube as well as improving organization and deployment of produced video content on YouTube has also helped us meet the objective of finding new audiences, specifically a younger demographic. In 2022, we had 0 active subscribers watching under age 24. In 2023 18.3% of our active subscribers were under age 24.

Instagram—Similarly, as we have begun creating and deploying vertical video aimed for the Instagram Reels audience, we have seen gains in a younger demographic than our traditional social platforms.

On the SDPB Main Accounts, Followers under age 25 are 24.2% of the total on Instagram vs 13.8% on Facebook.

Website Audience Demographics- In comparing web users for the first quarters of 2022 versus 2023, the share of users under age 35 grew by 7.8%. This is especially notable as that demographic is traditionally one of the least likely to visit standard websites.

Heather answered questions from the board.

*Brand Refresh*—Fritz Miller reported the digital numbers reflect the need for us to examine our audience, keep up with them and to be ahead of them in terms of who we are as an organization. This is part of the reasoning behind wanting to address the issue of our brand. Twenty-two years ago, the brand South Dakota Public Broadcasting was adopted, and the bird logo was updated. A lot has happened since 2001. With the success we have seen digitally, the changes that have taken place within the organization, change of the audience, we need to make sure we understand who our audience is and to make sure this organization that we call SDPB remains relevant for the next 20 years. A working group was formed of staff and board members to hire a marketing firm to work with us. After multiple presentations it was decided to partner with Fresh Produce out of Sioux Falls. Our Advisory Committee consists of staff members Julie Overgaard, Fritz Miller, Twyla Olson, Heather Benson, Ryan Howlett, Kara Brodsky, Mike Mueller from the Friends Board, and Kay Jorgensen from the ET Board. We will meet with Fresh Produce next week to talk about the discovery process/audience analysis. We are lucky to have so many resources to help us along this journey of creating the rebrand.

**FRIENDS OF SDPB REPORT**

Ryan Howlett reported the radio fundraising drive is currently going on. You have heard some pre-messaging before the drive, and we are only going two and half days instead of the typical five-day drive. This change was made to lessen staff fatigue and help the listener enjoy programs with less interruptions. We will experiment with the June television drive by keeping the weekends the same but will be “pitching the core.” We will have messages between the core shows with a crawl across the screen and using graphics on the lower third during the program to keep disruptions to a minimum to see how it works.

In March we crossed the $75,000 in sustaining members. The average gift of a sustaining member is $17 dollars a month with over 4,000 members. By the end of the calendar year, we should be at $83,000 a month, a big marker as that would be over a million dollars a year in sustainer revenue.

Ryan mentioned two primary factors in underwriting growth. First, we have a fantastic staff between Laura, Jenifer, and Eric. Second is the real magic of what they do in creating proposals for local programming. If you take this season of *Dakota Life* as an example, we have 18 different clients supporting those nine shows for a total of $54,000 in revenue. Local programming is driving the underwriting success.

Friends is also working on raising funds for education and *Explore South Dakota*, documentary funding used to produce local television. They are working with journalism as well to provide them with funding for local content. Planning is in the works to add a fourth underwriting position. This position will focus on the lower dollar clients for the southeast area. This the last growth area we have for underwriting once we get digital up and running.

Friends is expecting two retirements at the end of the year. Carol Johnson on the northwest side and Theresa Schake on the northeast side of the state. Long term planning mode continues. The strategic plan really helped with long term sustainable efforts in fundraising.

**LEGISLATIVE UPDATE**

Jeff Clines reported SDPB received on-time funds of $160,000 to upgrade our emergency alert software.

SeVern commented we do anticipate a CPB/FEMA grant round to open this fiscal year. The grants support upgrades to our interconnection system and our old television transmitters. We are currently working on the engineering, equipment spec, and writing the proposals as we speak so when they do open, we are ready. We will need to ask the state for matching grant funds if we are approved.

Julie mentioned SDPB will be a part of Commissioner Clines BIT’s budget planning meeting for FY25 budget requests this summer.

**EXECUTIVE DIRECTOR’S REPORT**

Julie is looking forward to doing a deeper dive into strategic planning goals at the summer board meeting. We want to look back of where we have come from since the launch of the strategic plan and then have some good conversations about what goal settings, we want to do for FY 24 and into FY25. There is no doubt the South Dakota audience and those with ties to South Dakota are very interested in stories of us, who we are and what we are. We have been invited to partner with WETA and Ken Burns around his latest American buffalo documentary slated to air this fall. The story focuses on buffalo from Oklahoma, Kansas, Nebraska, and only a little bit of South Dakota. We recognize that could be a downside for us. One of our producers, Richard Two Bulls, has been leading a documentary project titled *Tatanka*. This documentary is the history of the buffalo from Native American South Dakota roots and experiences. We will have that as a companion piece to the national production. We were one of ten stations invited to apply for an outreach grant around this. SDPB will be using some of the grant money to partner with Red Cloud Indian School and the community of Pine Ridge to do a big premier event about Tatanka and the American Buffalo. We can make this a great event for late summer or early fall.

SeVern has been working with Santel out of Mitchell. When we originally received the FCC approval to deal with our radio coverage area in Mitchell, we thought we were going to have to build a new tower and deal with significant costs to build the tower. Santel had a tower that they no longer needed and were willing to sell to us for a reasonable price. We are hoping to have a purchase agreement with them in the next week and then get about the business of getting all the equipment ordered so we can meet our deadline to have it online and up and running within the next year. Historically, raising money for capital assets is not easy but we have a wonderful donor in the Parkston area who heard she was going to be getting an approved FM SDPB signal, so she gave us her entire stock dividend for the whole year amongst some other donors that have stepped forward. Julie feels we will have $250,000 in privately raised funds to support this project. The already set up tower will save us money. In conjunction with that we had a great conversation with Dakota Wesleyan University. They are excited to partner with SDPB on a boutique studio. We had a donor come forward with $25,000 to get that project off the ground as well. This has helped us build better relationships in Mitchell and surrounding areas.

In the next few months, we should be getting an agreement put together for YouTube TV, all our channels will be able to be viewed on the YouTube TV system. We will be also working on agreement with HULU streaming services. SDPB will be present on these platforms and help to increase our audience numbers.

On the underwriting side, we continue to grow and have hit one million dollars in revenue. This creates some challenges for us internally to manage all the work Eric and his team are doing. We are looking to hire an outside consultant to do an inventory audit for us. We are not sure how much we have available across our platforms. This will be a great opportunity to have a fresh set of eyes on this from a larger organization in public broadcasting that has some wisdom and knowledge they could impart to us. We want to make sure we don’t oversell or overpromise something we can’t deliver.

Julie is very proud to have the team she has working for us, not just because they are good smart people, but they really care about SDPB and the people in our state as you can see reflected in our conversations today.

Kay thanked Julie Ashworth for participating virtually today. Kay was grateful we could all be together today. Special thanks to Julie and Jeff for their legislative efforts, it can be a challenge to make all things work. Kay noted our board member Jerry Oster has had a long career in commercial radio broadcasting. After 49 years of working in radio, he has decided to retire as of June 1. Kay is grateful to continue having Jerry on the board but wanted to recognize him for the tremendous contributions to what we do here.

**ADJOURNMENT**

The meeting was adjourned at 11:00am Mountain Time by Kay Jorgensen.