

Networks keeping a tight rein on their budgets

All three are feeling the effects of a lagging economy; CBS News considers trimming staff, closing some foreign bureaus

All three major TV network companies are in the process of developing budgets for the coming year, and the word from all three—to no one's surprise, in the current economy—is that they're trying to keep a lid on costs.

Officials aren't saying what the lid is. In fact, nobody officially acknowledges that a specific lid exists. They concede, however, that a downhold psychology is prevalent everywhere, although they emphasize that the effort is to control the growth of budgets, not to reduce budgets.

The downhold pressures have generated a lot of speculation—not unusual at budget time. But it's more evident, this year, at CBS News than in other CBS divisions or at either ABC or NBC. The speculation at CBS News runs to talk of possibly severe cutbacks involving staff layoffs, the closing of some bureaus—Hong Kong, Bangkok and Bonn are mentioned as possibilities—and the trimming of bureau operations and documentary production.

The situation seems particularly acute at CBS News because just today (Oct. 4) it is launching two new weekday broadcasts, *CBS Nightwatch* and *CBS Early Morning News*, totaling 25 hours of air time a week.

CBS News sources say they've been told the division's new budget shouldn't exceed the present one by more than a certain percentage. (They don't say what the percentage is, but speculation is that the average increase for all divisions of the CBS/Broadcast Group, including CBS News, is about 11%.) Whatever CBS News's assigned percentage is, sources there say the two new shows alone will take care of "more than half" of it, leaving "very little" to cover inflation, normal pay increases, new contracts and, most unpredictable and potentially the most expensive of all, the coverage of unanticipated major news events.

So along with the dollar figures it's putting into the new budget proposals, according to these sources, division management is preparing a hit list, showing what cuts would be required. These are being evaluated, and will be evaluated again.

Gene Jankowski, group president, discounted the 11% report last week. "Our target," he said, "is to keep within the revenue stream—and we won't have the figures for a couple of weeks." (At the analysts' meeting, Jankowski said he expected 1983 revenue growth in the "high teens.") What CBS is doing now, he said, is no different from what prudent organizations everywhere are doing, especially in the current economy: "We're taking a close look at the way our people

want to spend their money."

The new-program pinch that CBS News is feeling may also be felt at ABC News and NBC News. Both have recently started, or are gearing up to start, major new broadcasts of their own (BROADCASTING, Sept. 27). Unlike CBS News, however, NBC and ABC news authorities are talking more of expansion than of cutbacks under the new budgets.

On a broader basis, too, NBC and ABC officials said they were under normal con-

straints in preparing new budgets and the no arbitrary caps had been imposed. "Mine totaled 12%-15% more than last year," one NBC source said. "They could send it back to be whittled down, of course, but they haven't yet." At ABC, spokesman said "normal budget pressures" are at work. "I wouldn't call them severe," he added. "The atmosphere is similar to last year and the year before—they're looking at every dime very carefully." □

Gannett to swap KOCO-TV plus \$100 million for Chronicle's KRON-TV

Parties cite pressures on co-located multiownership; KARK-TV, papers to be spun off

The Gannett Co., buying its first TV station in a top 10 market, has agreed to swap KOCO-TV Oklahoma City and pay \$100 million for Chronicle Broadcasting's KRON-TV San Francisco. The deal comes one month after Gannett agreed to buy WTCN-TV Minneapolis for \$75 million from Metromedia.

Because it owns the maximum of five VHF's (and two U's) allowed by the FCC, Gannett is selling KARK-TV Little Rock, Ark., to make room for WTCN-TV. The station is going for an estimated \$25 million to a group of local investors headed by KARK-TV's general manager, David Jones. Also, since Gannett owns two daily newspapers in the San Francisco market, *The Oakland Tribune* and *East Bay Today*, it will have to spin them off to comply with FCC crossownership rules.

Chronicle Broadcasting, a subsidiary of the Chronicle Publishing Co., publisher of *The San Francisco Chronicle* and owner of cable systems in the San Francisco Bay area, said it decided to sell KRON-TV to relieve itself of pressures for the diversification of media interests. Although the Supreme Court upheld the FCC's grandfathering of existing co-located cross-ownership when the agency elected to prohibit future acquisitions or formations of newspaper-television combinations in the same market, there is currently a matter pending before the FCC to break up commonly owned TV's and cable systems that lie within the TV station's grade B contour. Richard Thieriot is president of Chronicle Publishing.

Francis Martin, president of Chronicle Broadcasting, said there has been action of one kind or another every year for the past 15—either from the public or private sectors—to break up Chronicle's co-located media interests and he hoped the proposed trade would help put matters to rest. Not exactly trusting in the longevity of the FCC's crossownership grandfathering clause, Chronicle's Washington attorney, Robert Heald, said: "We've been fighting for a long time, [and we're] not going to take any more chances."

Al Flanagan, president of Gannett Broadcasting and the man who approached Chronicle about selling KRON-TV, said the value of KRON-TV will be realized in three to five years after its acquisition. He would not comment on the value of KOCO-TV. However, brokers put it in the \$60 million to \$75 million range. Gannett, which announced it would sell KARK-TV when it agreed to buy WTCN-TV, "felt an obligation" to sell the Little Rock station to local group, according to a broker who has dealt with Gannett.

In an effort to offset financial problems suffered by its Bay Area newspapers, Gannett earlier this month said it would stop publishing the afternoon *Oakland Tribune* and merge it with the morning *East Bay Today*.

KRON-TV is an NBC affiliate on channel 4, 100 kw visual, 15.1 kw aural and antenna 1,608 feet above average terrain. KOCO-TV is an ABC affiliate on channel 5 with 100 kw visual, 14.5 kw aural and antenna: 1,520 feet above average terrain. KARK-TV is an NBC affiliate on channel 4 with 100 kw visual, 20 kw aural and antenna 1,650 feet above average terrain. □

The Gannett players



Neuharth



Flanagan



Thieriot



Martin