

Wendy Mays
Executive Director
Vermont Association of Broadcasters
House Commerce & Economic Development
Testimony regarding VT Dept. of Tourism & Marketing's Consumer Stimulus Program
September 2, 2020

For the record, my name is Wendy Mays and I am the Executive Director of the Vermont Association of Broadcasters, the non-profit trade association of over 100 commercial and non-commercial radio and television stations serving Vermont's communities.

Mr. Chair and members of the committee, on behalf of our industry, thank you for the incredibly hard work you have already done to support Vermont commerce during the Coronavirus Pandemic. We understand the enormous burden that was put on you and the difficult decisions you had to make in order to help the most businesses when making your recommendations to H.966. I also thank you for allowing me to testify today as you have more difficult decisions about budget allocations ahead of you.

I come before you with one simple ask. As your committee discusses whether or not to recommend additional funding for Vermont Department of Tourism and Marketing's Consumer Stimulus Program, we ask that you include the following provision;

10% of funding must be used to advertise the Consumer Stimulus program so all Vermonters know how to access and take advantage of it. A Request For Proposal (RFP) must be distributed to all Vermont media outlets and 100% of that advertising and/or underwriting must be purchased from and distributed equitably between all Vermont media outlets who respond with a fair market priced proposal.

The reason for our request is because the Vermont Department of Tourism and Marketing has not done so on their own with the Restart Vermont CRF dollars they have already been allocated and have not reported plans to do so with any additional funds.

In VDTM's *Restart Vermont Marketing Program* status report, submitted to your committee on August 25th, the following statement is made:

*"Starting in late May, as conditions allowed for movement throughout the state, the Department launched several micro campaigns around Memorial Day, Father's Day and the Fourth of July holidays to encourage Vermonters to get outdoors and support local businesses, safely and with respect for those around them. Local media outlets, including **radio**, community newspapers and public television were used to encourage consumer spending while also supporting the media outlets themselves with needed advertising revenue." Another paragraph in the report says, "approximately \$150,000 in CRF funds have been expended to date, although media commitments not yet paid bring the total closer to \$500,000."*

Since a claim about radio was made, I researched it and discovered the total amount of Restart Vermont radio advertising was only **\$2,250**, just .004% of their \$500,000 budget. Under normal circumstances, I would not speak out against decisions made by state agencies or departments, but since this claim gave committee members the impression that radio somehow benefited by the VDTM giving them some CRF dollars is misleading and therefore, I felt compelled to set the record straight.

Why this is so disappointing is because I communicated with Commissioner Pelham multiple times, describing how the COVID response has crippled radio's ability to generate revenue from advertising. While VDTM's short term goal this summer was to market Vermont to Vermonters because of travel restrictions, I urged her to apply their "buy local" brand philosophy to buying local media as well to keep Vermont's CRF funds in Vermont. I described how using the same CRF dollar to meet multiple needs by buying advertising from Vermont media outlets was in everyone's best interest. I provided a VT Radio & Television Advertising Directory with an email address for every station's sales manager, so VDTM's advertising agency could mass email a *Request for Proposal* (RFP) to every station. In our industry, an RFP is the standard communication between an agency and media outlets communicating the goals of the ad campaign being planned and the call to submit a proposal to be considered. VDTM's advertising agency could have easily mass-emailed an RFP to every station, but they chose not to. I encourage this committee to ask Commissioner Pelham why so little was invested with local radio and television and why not all stations were given the chance to submit proposals? I also encourage your committee to ask for a breakdown of how that \$500,000 in marketing funds was spent and with which media outlets specifically?

What's done is done and nothing can be changed about the inequitable distribution decisions made by VDTM for the portion of the Restart Vermont campaign that was marketing Vermont to Vermonters, but there is something your committee can do to help moving forward.

The Vermont Association of Broadcasters is in favor of injecting money straight into small Vermont businesses' bank accounts through the Consumer Stimulus Program, but we have serious concerns about the lack of advertising budget or marketing plan to promote it.

VDTM has chosen Nift, a Boston, Massachusetts company (<https://www.gonift.com>) to administer the program and is planning on paying them 15%. That is \$75,000 of the \$500,000 the VT state legislature already appropriated to the pilot project and \$7.5 million if your committee decides to recommend the full \$50 million expenditure proposed. In essence, that is \$7,575,000 of Vermont's CRF funds going to a company in Massachusetts, when businesses all around Vermont are struggling not to close their doors forever.

None of the \$500,000 for the pilot project, nor the \$50 million additional VDTM is asking you for, includes any reported advertising budget or marketing plan. When asked by committee members how VDTM planned on promoting the program so Vermonters would know they can take advantage of it, Commissioner Pelham answered "through the usual communications network". We believe, based on past behavior, they intend to rely on news coverage and/or free PSAs to promote the program. Since COVID-19, I have seen this play out time and time again and it's time to address this issue. State agencies *cannot* continue to rely on one local TV news story and/or on local radio airing free PSAs for them as their marketing plan. TV and radio advertising only work when the message is delivered with frequency. Vermont's TV and radio stations have donated thousands of hours of airtime to COVID-19 related public service, despite the fact they are struggling to find income to keep operating. So to expect local radio and TV stations to publicize everything for free under the name of public service, then turn around and pay for digital advertising from out-of-state corporations who don't provide any public service whatsoever, is not only insulting but an egregious use of the funds, especially since Vermont stations also have digital advertising solutions for sale. News departments operate independently from the commercial side of the broadcast business so there is no conflict of interest, but local news is not free to produce. Without the commercial advertising side of the business, the news department would not exist and neither would the press

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conference coverage and news stories so many agencies and departments have admitted they've been relying on to get their messages out over the last few months.

Commissioner Pelham talked about making sure access to the Consumer Stimulus program is equitable and diverse. But when it comes to media buying, we are told the decisions are "strategic." Imagine if ACCD told a small Vermont business struggling because of COVID that they couldn't have an Economic Recovery grant because they are located in a town with too small of a population, or, that what they offer isn't "strategic" enough to one decision maker's liking? As wrong as that seems, that is exactly what small rural radio stations are being told by VDTM.

Of the \$2.5 million in Vermont's Federal CARES funds the Vermont Legislature entrusted to VDTM, \$2 million is just sitting there not helping anyone. VDTM allocated \$500,000 to a program so vague and ambiguous (Regional Marketing & Stimulus Grant program) that as of August 25th, VDTM reported nobody had applied for it and I suspect it's because nobody understood what they were trying to accomplish. Another \$500,000 was allocated to the pilot Consumer Stimulus program, which still hasn't launched and now we know when it finally does later this month, Vermont businesses will only directly receive 85% of it, or \$425,000, because Nift, a Massachusetts company, is taking a 15% commission of \$75,000 to administer it. And of the \$1.5 million meant to promote and market the state of Vermont, only \$500,000 has been spent.

It is because of all the reasons, the Vermont Association of Broadcasters is asking your committee to include a provision that 10% of any additional VDTM Consumer Stimulus Program funding must be allocated to advertising and/or underwriting the program, purchased and distributed in an equitable manner to all Vermont based media organizations who respond to an inclusive RFP with a fair market priced proposal. We feel 10% is a more than fair percentage to allocate to advertising the program since 15% of any Consumer Stimulus funding your committee recommends will go to Nift, the Massachusetts company VDTM chose to administer the gift cards.

As the elected officials who make decisions about how to allocate these precious relief funds, it's important for you to have this additional information.

Thank you for your consideration.