

Guide to Newspaper Educational Programs



Audit Bureau of Circulations

Guide to Newspaper Educational Programs

Educational Programs are governed by **Rule C 3.2 School Subscriptions** (see page 31) as well as the guidelines outlined in this document.

This guide is intended to assist newspaper personnel in the application of the ABC rules and guidelines related to the qualification and reporting of Educational Programs.

This reference guide addresses frequently asked questions, but is not intended to be all-inclusive.

Updates to Educational Program rules and guidelines may occur subsequent to the printing of this guide. The guide (.pdf file) and any updates may be found on our website at <http://www.accessabc.com/members1/nie.pdf>

If questions arise which are not addressed in this guide, please contact your Publisher Relations Manager at (847) 605-0909.

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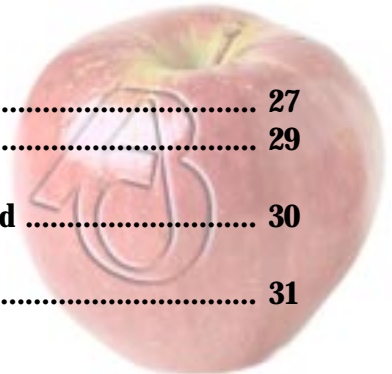
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Definition

Circulation classified on ABC reports under the heading of Educational Programs are copies distributed to and intended for use by students of various educational institutions. There are three such types of programs:

Newspapers in Education (NIE)

- Copies classified as NIE are newspapers ordered by instructors teaching accredited educational programs and used in a classroom setting as part of a curriculum. These copies may be paid by sponsors or through school funds.

NIE-Home Delivered

- Copies classified as NIE-Home Delivery are newspapers delivered to the homes of students currently involved in a classroom NIE program. NIE-Home Delivery is intended to expand their education outside of the classroom using newspaper-based materials and to improve literacy and life skills of the student and their family. These copies may be paid by sponsors or through school funds. (Copies paid for by the family would be considered Individually Paid, Home Delivery.)

Registered College Student Copies

- Circulation classified in this category represents copies provided to registered college students in a campus setting. The copies must be distributed in areas limited to access by registered students. These copies may be paid by sponsors or through school funds. (Copies paid for by the individual student would be considered Individually Paid, Home Delivery.)

Limitations

ABC rules do not limit the quantity of circulation a newspaper may claim as NIE and Registered College Student Copy programs on ABC reports. However, a publication may not claim more than 5 percent of total average paid circulation for NIE-Home Delivery.

Reporting

For U.S. newspapers, Paragraph 1 of ABC reports identify Educational Program circulation under “Other Paid.”

		Morning (Mon. to Sat.)	Sunday
1A. TOTAL AVERAGE PAID CIRCULATION			
Estimated Average Issue Adult Readers (See Par. 6 for Readership Market Description) (See Separate Report for Details)		41,230	51,620
1B. AVERAGE PAID CIRCULATION:			
Paid for by Individual Recipients (Sold at 50% or more of basic price)			
Home Delivery and Mail	28,000	38,000	
Home Delivery and Mail - Electronic Editions	1,000	1,000	
Home Delivery and Mail - Sales With Other Services	2,000	3,000	
Single Copy Sales	14,140	24,840	
Subtotal	45,140	66,840	
Paid for by Individual Recipients (Sold at or more than 20% but less than 50% of basic price)			
Home Delivery and Mail	1,400	2,100	
Single Copy Sales	840	1,340	
Subtotal	2,240	3,440	
Total Average Individually Paid Circulation		47,380	70,280
Other Paid Circulation:			
Single Copy Sales			
Hotel/Guest Copies	100	25	
Event Sales	200	25	
Car Rentals	50	10	
Educational Programs:			
Newspapers in Education	140	50	
Newspapers in Education - Home Delivered	400	400	
Registered College Student Copies	800	100	
Employee Copies	300	100	
Trade Party Sales			
Airlines - Available for passengers	20	10	
Hospitals and Nursing Homes - Available for patients	20	20	
Retail/Business - Available for patrons	20	5	
Other	30	5	
Subtotal	1,770	640	
Total Paid Circulation		49,150	70,920

For Paragraph 1 of Canadian newspaper reports, Educational Program circulation is identified under the appropriate price category.

	Monday to Friday	Saturday	Sunday	THIS WEEK (Thurs.)
1A. AVERAGE PAID CIRCULATION: <small>(Cost at full or basic price unless noted)</small>				
Home Delivery	85,180	106,530	83,810	
Single Copy Sales	31,845	72,245	23,510	
Mail Subscriptions	130	237	123	
Newspapers in Education	1,715	57	85	
Employee Copies	651	702	654	
Sub-Total	119,321	179,811	108,283	
1B. AVERAGE PAID CIRCULATION: <small>Cost at less than full or basic price. See Para. 1(j) & (k)</small>				
Home Delivery	6,430	7,200	6,900	
Single Copy Sales	1,700	1,900	1,800	
Mail Subscriptions				
Newspapers in Education	4,838	3,301	3,185	
Sub-Total	12,968	12,401	11,885	

In Paragraph 2 of ABC reports (U.S. and Canada), circulation of Educational Programs is reported by ABC zone.

	Morning (Mon. to Sat.)	Sunday
2. TOTAL AVERAGE PAID CIRCULATION <small>In Newspaper Designated Market (See Para. 8 for description of area)</small>		
Blue County		
Home Delivery and Mail, See Para. 9(i)	4,400	15,400
Home Delivery and Mail - Electronic Editions	1,000	1,800
Home Delivery and Mail - Sales With Other Services, See Para. 9(j)	2,800	3,800
Single Copy Sales (Individual)	4,800	18,700
Single Copy Sales (Other)		
Hotel/Guest Copies	60	30
Educational Programs		
Newspapers in Education	300	20
Newspaper in Education - Home Delivered	300	200
Registered College Student Copies, See Para. 9(i)(i)	400	90
Employee Copies	100	140
Third Party Sales		
Airlines - Available for passengers	20	10
Total Blue County	20,200	39,170
Balance in Newspaper Designated Market		
Home Delivery and Mail, See Para. 9(i)	3,800	12,800
Single Copy Sales (Individual)	4,300	5,800
Single Copy Sales (Other)		
Event Sales	300	25
Car News	10	10
Hotel/Guest Copies	20	10
Educational Programs		
Newspapers in Education	20	10
Newspapers in Education - Home Delivered	50	100
Registered College Student Copies, See Para. 9(i)(i)	200	10
Employee Copies	50	30
Third Party Sales		
Hospitals and Nursing Homes - Available for patients	20	20
Total Balance in Newspaper Designated Market	13,870	11,275
Total Newspaper Designated Market	34,070	50,445
Circulation Outside Newspaper Designated Market		
Home Delivery and Mail, See Para. 9(i)	4,800	4,700
Single Copy Sales (Individual)	900	2,300
Single Copy Sales (Other)		
Hotel/Guest Copies	20	5
Educational Programs		
Newspapers in Education	20	20
Newspapers in Education - Home Delivered	50	100
Third Party Sales		
Retail Business - Available for patrons	20	5
Other	20	5
Total Circulation Outside Newspaper Designated Market	6,110	7,215
Total Average Paid Circulation	40,180	57,660

Additional disclosure is required for Registered College Student Copies. Please see page 28 for details.

Content

The newspapers distributed for educational programs must be the same product an individual would receive at nearby vending boxes or retail stores. Extra editions may not be used to fulfill orders for educational programs.

SUPPLEMENTS

From time to time, newspapers will run a special series of articles in the newspaper and/or create a supplement (tab) they will add to the newspaper product. Both of these initiatives are acceptable.

However, section (a) of **Rule C 3.2 School Subscriptions** (see page 31) states that copies “in excess of the recurring daily school copies” during the period when these tabs or articles occur, should be classified as third party sales rather than educational programs. In other words, copies ordered by schools on a regular basis that may include the supplements may still be claimed under Educational Programs. Copies paid for by sponsors and ordered by teachers specifically based on the inclusion of these articles or tabs should be classified as Third Party Sales.

Newspapers may provide the teacher with a curriculum or teacher’s aids. These extraneous materials are permissible and would not be considered a supplement subject to the above stipulation.

ELECTRONIC EDITIONS

If a school specifically orders electronic editions, these copies may be claimed as paid circulation on ABC reports. A “license” would be purchased from the newspaper for each copy. Each license must be paid for at a qualifying price (see page 5 - Pricing) by either the school or through sponsored funds.

The average number of paid electronic editions for Educational Programs would be reported as a separate line item under Educational Programs in ABC reports.

Pricing/Rates

For U.S. newspapers, paid circulation is defined as copies paid for at 25 percent of basic prices or more (See **Rule C 1.1** on page 30).

For Canadian newspapers, paid circulation is defined as copies paid for at once cent or more. Therefore, copies claimed as Educational Programs must be paid for at a qualifying price

FOR CANADIAN NEWSPAPERS: Since paid circulation is defined as copies paid for at 1 cent or more, the following pricing section would not be pertinent to Canadian newspaper members for the purpose of qualification. However, it would be applicable to determine the percent of basic price collected for the newspapers for appropriate reporting in Paragraph 1.

Home Delivery or Single Copy?

If the order for NIE copies is for only one day of delivery, then collection of 25 percent or more of the single copy basic rates is required. If the order is for delivery on more than one day, then home delivery rates should be used as the foundation for calculating a qualifying rate.

Home Delivery

When using a home delivery basic rate to calculate a qualifying rate for educational program copies, you would need to assess:

- 1) The frequency of delivery for the orders
- 2) The term of orders you receive

Frequency

The frequency of delivery (FOD) used for calculating a qualifying minimum rate should be the FOD **that most closely resembles the delivery to the schools.**

For example, if you offer schools Monday through Friday delivery, then you should use a Monday through Friday basic rate as the foundation for calculating a qualifying rate. If you offer schools Monday through Sunday delivery, then you should use a Monday through Sunday basic rate as the basis.

Term

The term (length of subscription) used for calculating a qualifying minimum rate should be that **most closely resembles the term ordered/delivered to the schools.**

Due to the variety of terms ordered by different schools, this could lead to the recalculation of the rate with each order.

It is common in the industry for newspapers to want the use of a single rate to apply for all NIE papers ordered, so a different rate doesn't have to be calculated for each different term ordered. If a newspaper chooses to implement this process, then the **SHORTEST** term should be used as the basis for the calculation — one week or one month (See also **Rule C 1.1 (a)(3)** on page 30).

Calculating your minimum rate: HOME DELIVERY - DAILY ONLY

If you only distribute Mon-Fri issues for your educational programs, then you should use a Mon-Fri only basic price as the basis of your calculation. To calculate a single rate to apply to all educational program copies, then you would use the shortest home delivery term (either a week or a month). For example:

Using a weekly rate:

Basic price for Monday through Friday is \$2.50 *per week*

$\$2.50 / 5 \text{ days} = 50\text{¢ per copy}$

$50\text{¢} \times 25\% = 12.5\text{¢ per copy}$

12.5¢ per copy is the minimum rate necessary

(If you wish to round, you should round up to 13¢ per copy)

Using Monthly rate:

Basic price for Monday through Friday is \$10.00 *per month*

$\$10 \times 12 \text{ months} = \120.00

$\$120 / 52 \text{ weeks} = \$2.31 \text{ (rounded up)}$

$\$2.31 / 5 \text{ days} = 46.2 \text{ ¢ per copy}$

$46.2\text{¢} \times 25\% = 11.55\text{¢ per copy}$

11.55¢ per copy is the minimum rate necessary

(If you wish to round, you should round up to 12¢ per copy)

HOME DELIVERY - DAILY AND SUNDAY

If you distribute daily and Sunday papers for your educational programs, then you should use a daily and Sunday basic rate. When doing so, you will need to weight the Sunday rate if your Sunday product has a higher value. For example:

Using Weekly rate:

Basic price for 7-day delivery is \$3.00 *per week*

Weigh the Sunday:

Daily single copy rate (50¢) x 6 days =	\$3.00 = 75%
Sunday rate (\$1.00) x 1 day =	<u>\$1.00 = 25%</u>
Total	\$4.00 100%

Apply the weight:

\$3.00 per week x 75% = \$2.25 Daily
\$3.00 per week x 25% = \$0.75 Sunday

$\$2.25 / 6 = 37.5\text{¢} \times 25\%$ minimum = 9.375¢ daily
 $\$0.75 / 1 = 75\text{¢} \times 25\%$ minimum = 18.75¢ Sunday

Using Monthly rate:

Basic price for 7-day delivery is \$12.00 *per month*
\$12 x 12 months = \$144.00
\$144 / 52 weeks = \$2.77 (rounded up)

Weigh the Sunday:

Daily single copy rate (50¢) x 6 days =	\$3.00 = 75%
Sunday rate (\$1.00) x 1 day =	<u>\$1.00 = 25%</u>
Total	\$4.00 100%

Apply the weight:

\$2.77 per week x 75% = \$2.0775 Daily
\$2.77 per week x 25% = \$0.6925 Sunday

The minimum qualifying rates are:

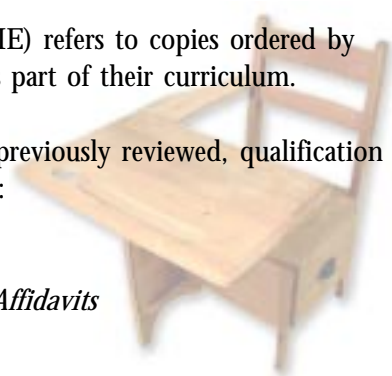
$\$2.0775 / 6 = 34.625\text{¢} \times 25\%$ = 8.66¢ daily
 $\$0.6925 / 1 = 69.25\text{¢} \times 25\%$ = 17.32¢ Sunday

NIE – Classroom Programs

The term “newspapers in education” (NIE) refers to copies ordered by teachers for use in a classroom setting as part of their curriculum.

In addition to the pricing requirement previously reviewed, qualification guidelines for NIE must also be met for:

- 1) Eligible classroom settings
- 2) Sponsorship Funds
Donations, Thank You Ads, Affidavits
- 3) Audit Requirements



ELIGIBLE CLASSROOM SETTINGS

As a reminder, copies classified as NIE are copies ordered by instructors teaching *accredited* educational programs. This prompts the need to clarify the definition of an eligible classroom setting.

Eligible classroom settings are those wherein the students are earning credit towards a diploma, certificate or degree (accredited by state or federal government). This includes, but is not limited to:

- Grade levels Kindergarten through 12th grade
- G.E.D. programs
- College/university classrooms
- Home schools where the parent is an accredited instructor or is a member of an accredited home school association
- Other classrooms wherein participants are earning credits

Copies delivered to the following types of programs would not generally be considered eligible NIE programs:

- After school programs such as Boys/Girls Club or YMCA
- Day care centers and Head Start Programs
- Library programs/Summer reading programs
- Other similar programs

Newspapers delivered to programs that are not eligible for reporting as NIE, may be qualified for reporting as third party sales, provided they are compliant with all third party guidelines. For information on third party rules and guidelines, please visit the ABC website at http://www.accessabc.com/members1/n_bulk.htm.

SPONSORED FUNDS

Funds obtained from sponsors (including money generated from fundraising events) are acceptable forms of payment for copies claimed on ABC reports under Educational Programs.

For copies paid directly by the schools, the newspaper will need to invoice and collect sufficient money from the school (25% of basic price per copy for U.S. newspaper and 1 cent per copy for Canadian newspapers).

If a newspaper engages in the use of sponsored funds, they should ensure money obtained is eligible for funding copies claimed on ABC reports and an internal structure is in place to support the financial transactions (See “For the Audit” on page 24).

Copies claimed in a Publisher’s Statement which are not supported by cash received at the time of the auditor’s review are not eligible for reporting as paid circulation on the Audit Report.

Obtaining Sponsorship Funds

Sponsored funds obtained by the newspaper are considered “donations.” According to Dictionary.com, a donation is “the act or contract by which a person voluntarily transfers the title to a thing of which he is the owner, from himself to another, without any consideration as a free gift.”

Therefore, donations received by a newspaper, intended to fund the distribution of copies for educational programs, must be given voluntarily by the individual (or company), and the individual (company) cannot receive any goods or services in return for the donation.

To obtain donations, newspapers frequently use a variety of methods. Following, are a few examples of more common programs.

Corporate Donations

Corporate donations are funds from any type of business or organization such as retailers, corporations, or advertisers. (See page 20 for thank you ads permitted to recognize sponsors).

The corporate donation may be in the form of a straight donation of cash or through the donation of goods. If goods are provided to the newspaper rather than cash, the newspaper may sell these items to the general public and apply the proceeds from that sale to an educational fund.

An organization may choose to donate money to a newspaper's NIE fund without any further transactions with the newspaper. However, if the donor does engage in other transactions with the newspaper (such as purchasing ads, etc.), then the NIE donation must clearly be above the charge for these other transactions.

Donation with an Advertising Contract:

<i>ABC Advertiser</i>	
2 - 3" x 4" ads	\$250
NIE donation (optional)	\$ <u> </u>
Total	

OR

<i>ABC Advertiser</i>	
2 - 3" x 4" ads	\$250
NIE donation (optional)*	\$ <u>50</u>
Total	\$300

* If you do not wish to donate to the educational program, you may purchase the ad for \$250

The cost of the advertising should remain the same regardless if the entity opts to donate to educational fund or not. The donation should clearly be identified as optional to the purchaser.

The “2 cent program”:

(Retailer agrees to pay the newspaper two cents for every paper sold as an educational program donation.)

ABC Retailer

20 papers @ 30¢ each	\$6.00
10 returns@ 30¢ each	(\$3.00)
10 papers @ 2¢ each	<u>\$0.20</u>
optional NIE donation	
Total balance due	\$3.20



*The donation of 2¢ must be clearly optional to the retailer.
Also, the donation must be above the cost of their normal
business transactions.*

Donation of Goods:

Twenty various local restaurants and businesses donate \$25 gift certificates (value of \$500) to the newspaper intended as a educational donations. The newspaper then initiates an “auction” to sell these certificates so they can convert the goods into cash that can be added to the educational fund. As a result of the auction, they sell all 20 - \$25 gift certificates for a total of \$400. The total of \$400 may then be deposited into the educational fund.

The money generated from the sale of these donated items may be applied to the educational fund provided: 1) the goods were donated to the newspaper with the specific intention of a donation to the educational fund; 2) the providers of these items did NOT receive anything in return for their donation (such as free/discounted advertising or other newspaper goods/ services); and 3) purchasers of the items did not have to pay an entry fee into the event.

If the newspaper conducts an in-person auction and charges a fee for individuals to attend, the amount collected as entry fees must be DEDUCTED from the total proceeds for the educational fund.

Items received as barter payment for third party sales may NOT be used to generate educational funds, as bartered goods are not donated, rather they are a form of payment for other services.

Corporate Donors who also sponsor supplements/tabs:

If a corporate donor also wishes to sponsor the creation of, or provide advertising in, a supplement (tab) they may do so.

The amount of money being donated to distribute newspapers into classrooms (applied to the educational fund) and the amount of money being provided for the creation of, or advertising in, a supplement (tab) must be clearly delineated in the

written agreement with the donor. Only that amount identified for the distribution of newspapers into classrooms may be applied to the educational fund.



Individual Donations

Individual donations to educational programs are those provided by individual consumers. They may be in the form of a straight donation of cash or through the donation of goods. If goods are provided to the newspaper rather than cash, the newspaper may sell these items to the general public and apply the proceeds from that sale to the educational fund. The donation given to the newspaper must be given above the cost of any other transaction the newspaper engages with the donor (See also page x - Fundraising Event donations). A few examples follow of methods used to obtain individual donations:

Vacation Donations:

A subscriber calls the newspaper and requests their newspapers be placed on hold for two weeks. The newspaper then asks the individual if they would like to donate the money for those copies to the educational fund, rather than save and deliver later. The subscriber agrees and the \$2.00 that normally would have been charged to their account will be transferred to the educational fund.



This program will work provided 1) the individual was specifically asked and agreed to donate their newspaper money; 2) the amount of money transferred from the subscriber's account to the educational fund is the amount the subscriber's account would have been charged for those papers; and 3) the expiration date on the subscription is not extended.



Obtaining a donation through a subscription invoice/renewal notice:

Joe Subscriber's Renewal Notice

Please check the box for the term you wish to renew:

\$100 for 52 weeks \$50 for 26 weeks \$25 for 13 weeks

Total Amount \$ _____

Educational Donation \$ _____ (optional)

Total Amount Paid \$ _____

Check enclosed

Bill me

Pay by credit card # _____ Exp. ____/____

Signature _____

Provided the donation is optional and ABOVE the cost of the subscription (new or renewal), the amount indicated for a donation may be applied to the educational fund.

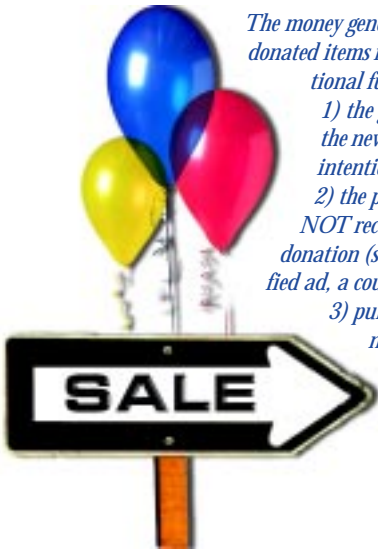
Credit balances on Subscriber Account:

The newspaper reviews its subscriber balances on inactive accounts on a quarterly basis. The newspaper contacts the individuals and offers either to refund them the credit balance showing on the account or to donate the money to the educational fund. If the individual agrees to donate to the education fund, then money may be applied.

The credit balances on inactive subscriber accounts may be applied to the educational fund provided the individual is contacted and agrees to donate to the fund rather than receive a refund. If the individual cannot be reached, the newspaper can then decide how to resolve the accounts, however, the money may NOT be applied to the educational fund (donation was not voluntary).

Goods donated by individuals:

The newspaper solicits individuals to donate personal goods for a newspaper “flea market/lawn sale.” Individuals then provide the newspaper with their items. The newspaper holds the sale (free entry) and generates \$300 from the sale of the items donated by individuals. The newspaper may apply the \$300 from the sale of the goods to the educational fund.



The money generated from the sale of these donated items may be applied to the educational fund provided:

- 1) the goods were donated to the newspaper with the specific intention of a donation;*
- 2) the providers of these items did NOT receive anything in return for their donation (such as a free/discounted classified ad, a coupon for another item, etc.); and*
- 3) purchasers of the items did not have to pay an entry fee into the event.*

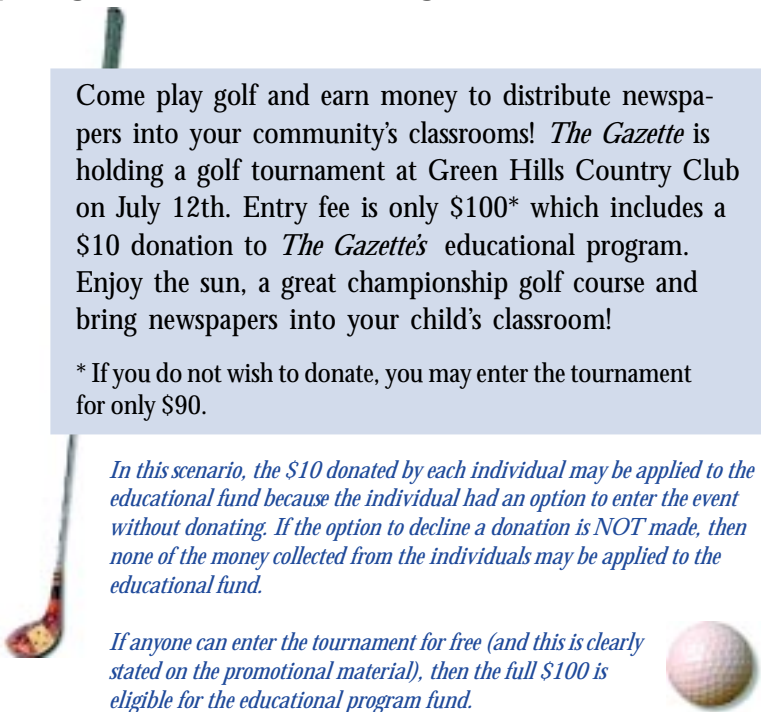
Fundraising Events

Newspapers may obtain money for their educational programs by conducting fundraising events. Examples of events where fundraising is frequently used includes sporting events, social functions, raffles, and/or through the purchase of goods for resale to the public.

When organizing a fundraising event, the newspaper must keep in mind that only those funds donated in EXCESS of the cost for entry into the event or in EXCESS of the resale price of a product are eligible for deposit into a newspaper's educational fund. (*Note: Newspapers should also consider any local, state/provincial and federal regulations regarding their fundraising initiatives.*)

Here are a few examples of more common fundraising programs:

Sporting Event — Advertisement/Sign:



Come play golf and earn money to distribute newspapers into your community's classrooms! *The Gazette* is holding a golf tournament at Green Hills Country Club on July 12th. Entry fee is only \$100* which includes a \$10 donation to *The Gazette's* educational program. Enjoy the sun, a great championship golf course and bring newspapers into your child's classroom!

* If you do not wish to donate, you may enter the tournament for only \$90.

In this scenario, the \$10 donated by each individual may be applied to the educational fund because the individual had an option to enter the event without donating. If the option to decline a donation is NOT made, then none of the money collected from the individuals may be applied to the educational fund.

If anyone can enter the tournament for free (and this is clearly stated on the promotional material), then the full \$100 is eligible for the educational program fund.

Social Function:



Come support newspapers in your schools! *The Gazette* will be holding a luncheon at Jeff's Seafood House on May 1st! For a ticket price of only \$20*, you can enjoy great company, great seafood, and music by a local jazz band. So come join the fun and support your school!

* \$5 of your ticket price will be donated to *The Gazette's* educational fund. If you do not wish to donate, you may purchase a ticket to the event for only \$15.



In this scenario, the \$5 donated by each individual may be applied to the educational fund because the individual had an option to purchase the ticket and attend the event without donating. If the option to decline a donation is NOT made, then none of the money collected from the individuals may be applied to the educational fund.

If anyone can attend the event for free (and this is clearly stated on the promotional material), then the full \$20 is eligible for the educational program fund.



Raffles:

The newspaper purchases 4 prizes for a total cost of \$100. They intend to sell raffle tickets to the general public to generate money for their educational fund. Each raffle ticket will cost the individual \$1. The newspaper states that 25¢ from each ticket will be applied to their educational fund. All signs and advertisements for the raffle, clearly indicate an individual may purchase a raffle ticket for 75¢ if they do not wish to donate.

A total of 25¢ per raffle ticket sold may be applied to the educational fund provided the advertisements and signs promoting the event offered individuals the option to purchase a ticket for 75¢ if they did not want to donate. This same logic would apply even if the items are donated, as the individuals are not purchasing the items, rather they are purchasing entry into a contest.

If a raffle ticket is available to anyone at no cost (and this is clearly indicated on all promotional material), then the full \$1.00 per ticket is eligible for the educational programs fund.



Purchase of goods by the newspaper for resale:

The Gazette purchases bobblehead dolls for \$10 each. They intend to resell them to the public for \$15 and apply \$5 from each sale to the educational fund. On all signs and advertisements they disclaim that if the individual does not wish to donate, they may purchase a bobblehead doll for only \$10.



The money paid by a consumer to purchase an item from the newspaper is considered revenue for the newspaper. A newspaper may not donate its own profits to their educational program fund (see page 19 for more on Ineligible Donations).

The only money eligible for the educational fund in these circumstances is money paid ABOVE the purchase price of the item. All promotional material must clearly indicate the purchase price of the item excluding the donation.



INELIGIBLE DONATIONS

Donations to a newspaper's education fund, for the purposes of purchasing newspapers and claiming them as paid on ABC reports, must be voluntary and from sources independent of the newspaper. Therefore, the following list (or similar sources) are not eligible as donors to a newspaper's education fund.

- Money or donated goods received from the newspaper, its subsidiaries, affiliated company, or parent company.
- Money or donated goods from employees of the newspaper, its subsidiaries or parent company.
- Money from agents of the newspaper such as carriers, motor route drivers or distributors.
- Revenues generated from ongoing business operations of the newspaper, its subsidiaries or parent company (i.e. a company store).
- Contributions wherein the money was not donated voluntarily (including lack of notification to consumer that donation was optional).
- Contributions wherein the sponsor received goods or services in return for their donation, including discounts and/or coupons.
- Money pledged to the newspaper as a donation, but not received within 6 months after the date of the pledge. (Pledge documentation must include name of donor, date pledge was made and amount of pledge. Substitute pledges made wherein money was received are acceptable).

THANK YOU ADS

When donations are used to fund the purchase of newspapers claimed on ABC reports as paid circulation, the newspaper may wish to express their gratitude by recognizing these donors through mediums such as the newspaper or in supplements. ABC does allow newspapers to provide this recognition of the donors without impacting the eligibility of the donation provided the recognition efforts by the newspaper are within the following guidelines:

- Appearance of a company's logo – this logo should not include any slogans or tag lines that are promotional.
- Inclusion of the company's contact information such as street address, URL, phone number, and fax number and e-mail address.

Any recognition provided by the newspaper in excess of these guidelines will be considered advertising and an additional charge to the donor should be made and clearly identifiable separate from the donation for distribution of newspapers into classrooms.

Here is an example of a thank you ad that would **not** require an additional charge to the donor:

We are proud to recognize the following sponsors of *The Gazette's* educational program that placed 12,000 copies of the newspaper into our local classrooms in the last month. We thank you for being dedicated to improving literacy in our classrooms.

ABC Plumbing

22 West North St
Anytown, IL 60173
555-1212
www.abcpumbing.com

ABC Interiors

5 Green St
Anytown, IL 60173
555-4444
www.abcinteriors.com

These notes of recognition to the sponsors are within the guidelines noted above.

Here is an example of a thank you ad that **would** require an additional charge to the donor:

We are proud to recognize the following sponsors of *The Gazette's* educational program that placed 12,000 copies of the newspaper into our local classrooms in the last month. We thank you for your support.

ABC Plumbing
22 West North St
Anytown, IL 60173
555-1212
www.abcplumbing.com

"We can unclog any drain!"

ABC Interiors
5 Green St
Anytown, IL 60173
555-4444
www.abcinteriors.com

See our ad on page B4.

The slogan for ABC Plumbing and the reference to an ad for ABC Interiors is considered advertising. Newspapers would need to charge the sponsor an additional amount above their donation for this advertising content.

AFFIDAVITS

Teachers and/or schools who receive papers that are paid for through sponsored funds (donations) must complete an affidavit attesting to the following:

- 1) Copies were ordered
- 2) Number of copies ordered
- 3) Frequency (or specific dates) they were to be received
- 4) Fact they were received
- 5) Fact they were used in the classroom
- 6) Name of teacher and school

Note: If the copies were paid for directly by the school, affidavits are not required.

Electronic Affidavits

Affidavits obtained via e-mail and Internet are acceptable. If you use e-mail or Internet sources, the same information is required as in written form. The e-mail address of the teacher/principal must be provided to the newspaper and the affidavit must also contain contact information.

During the course of the audit, the auditor may determine it necessary to make direct contact with the teacher/principal to confirm the information.

Minimum Affidavits Required

Affidavits, whether written or electronic, are required from all schools that received newspapers paid for by donations.

ABC requires affidavits to be obtained from the schools at least once per audit period attesting to all copies distributed in that audit period. ABC encourages newspapers to obtain the affidavits at least once toward the end of each school semester to ensure a higher response rate – the teachers are still there and can remember the details of distribution.

An affidavit signed at the time of order is NOT sufficient as the teacher is not yet able to attest to the receipt and use of the newspaper at the time of order. The affidavit must be signed after the delivery occurs. For copies not supported by affidavits, the auditors may contact the schools to verify the order, receipt and use of the newspapers.

Here are two examples of acceptable affidavits:

I, Jane Teacher, requested and received 25 copies of The Gazette on each date listed below that were used by students in my classroom at Anytown Middle School:

March 3
March 10
March 17
March 24

<u>Jane Teacher</u>	<u>6/15/04</u>
Signature	Date

I, Jane Teacher, ordered and received 20 copies of *The Gazette* every Monday from September 9, 2004 through December 11, 2004, except for a school holiday on October 13th.

<u>Jane Teacher</u>	<u>6/15/04</u>
Signature	Date

A principal may sign the affidavit provided he/she could attest to the statements made in the document.

FOR THE AUDIT

For the audit, a newspaper should maintain necessary documentation to support the copies claimed on ABC Publisher's Statements as NIE.

If copies are paid for directly by the schools, documentation should be maintained to support the following transactions:

- 1) Requests from schools for copies of the newspaper
- 2) Individual records for each school who orders newspapers
- 3) Distribution of newspapers to schools
- 4) Invoice to schools
- 5) Payment by schools

If sponsored funds are used, the newspaper is required to execute and maintain documentation to support the following transactions:

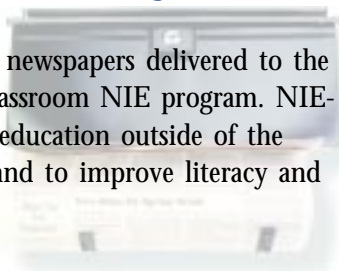
- 1) Requests from schools for copies of the newspaper
- 2) Individual records for each school who orders newspapers
- 3) Account(s) maintaining incoming funds for educational program copies
- 4) Distribution of newspapers to schools
- 5) Transfer of funds from the general education fund account(s) to the individual schools
- 6) Receipt and use of newspapers by the school – this is accomplished through the use of affidavits from the schools (see page 22 for more on affidavits)
- 7) List of fundraising efforts and promotional material used in fundraising efforts

During the course of the audit, the auditor will determine the level of review necessary of a publication's NIE program. Audit procedures will be employed as deemed appropriate by the auditor and/or audit manager.

As a reminder, copies claimed on Publisher's Statements that are not supported by cash payment at the time of the audit cannot be included in paid circulation on the Audit Report.

NIE – Home Delivery

Copies classified as NIE-Home Delivery are newspapers delivered to the homes of students currently involved in a classroom NIE program. NIE-Home Delivery is intended to expand their education outside of the classroom using newspaper-based materials and to improve literacy and life skills of the student and their family.



QUALIFICATION REQUIREMENTS

For NIE-Home Delivery copies to qualify as paid circulation on ABC reports, the following criteria must be met:

- 1) The individual receiving the copies must be a current participant in a qualified NIE classroom program. If the delivery is during the summer months, the student must have participated in a qualified NIE classroom program in the spring.
- 2) The newspaper must create and clearly outline a curriculum for the use of the newspaper at home.
- 3) The curriculum must be designed to encourage literacy, continuing education, and/or life skill improvement.
- 4) If a household currently subscribes to the newspaper, the household is not eligible to receive NIE-Home Delivered copies.
- 5) A qualifying price is collected for the copies.
- 6) The curriculum created by the newspaper must identify minimum participation standards. The standards must be clear, documented and auditable.

(For example, the curriculum may require the students to write a one-page essay each week on a topic they read in the newspaper. The curriculum may then identify that at least 75 percent of these essays must be completed.)

- 7) Records supporting the completion of the minimum standards outlined in the curriculum must be available for the auditor's review upon request.

(Using the example in #4, if the minimum requirement were to complete 75 percent of the assignments – an essay each week – then upon request, it would be necessary for the newspaper to provide copies of these essays to the auditor to support their claim.)

Payment

Copies claimed as NIE-Home Delivery may be paid for by sponsors or by the school. Sponsored funds used for NIE-Home Delivery must meet the criteria outlined on pages 9–21.

Limitations

Section (b) of **Rule C 3.2 School Subscriptions** (see page 31) stipulates that circulation claimed as NIE-Home Delivery may not exceed five percent of total average paid circulation.

FOR THE AUDIT

For copies claimed as NIE-Home Delivered on ABC reports, the newspaper is required to execute and maintain documentation to support the following transactions:

- 1) Requests from families for copies of the newspaper .
- 2) Individual records for each family who orders newspapers.
- 3) Account(s) maintaining incoming funds for educational program copies (either by sponsors or from the schools).
- 4) Distribution of newspapers to the families.
- 5) Transfer of funds from the general education fund account(s) to the families' accounts.
- 6) Document supporting the student's participation in their classroom's NIE program.
- 7) Copy of the curriculum outline and the minimum standards required by the newspaper.
- 8) Documentation supporting the completion of minimum participation standards by the student. An affidavit attesting to the completion of the standards is NOT acceptable.

During the course of the audit, the auditor will determine the level of review necessary of a publication's NIE-Home Delivery program. Audit procedures will be employed as deemed appropriate by the auditor and/or audit manager.

As a reminder, copies claimed on Publisher's Statements that are not supported by cash payment at the time of the audit cannot be included in paid circulation on the Audit Report.

Registered College Student Copies

Circulation classified in this category represents copies provided to registered college students in a campus setting. The copies must be distributed in areas limited to access by registered students



Qualification Requirements

For Registered College Student Copies to qualify as paid circulation on ABC reports, the following criteria must be met:

- 1) Copies must be provided to registered college students.
- 2) Copies must only be available in areas with limited access to registered college students. Examples include student centers, dormitories, school cafeterias, and the student bookstore. Key card operated vending machines are also acceptable provided they may only be accessed with a college issued student key card.
- 3) Copies are to be available for individual pickup, and may not be delivered to individual rooms.
- 4) Copies not picked up should be considered returns and deducted from paid circulation.
- 5) Records are maintained that indicate the number of copies distributed and number of leftover copies.
- 6) A qualifying price is collected for the copies.

Payment

Copies claimed as Registered College Student Copies may be paid for by sponsors or by the school. Sponsored funds used for Registered College Student Copies must meet the criteria outlined on pages 9–21.

PLEASE NOTE: If the student orders and pays for their own subscription, and a qualifying price has been paid, the copies would be claimed as Individually Paid, Home Delivery on ABC reports.

Additional Reporting

If a newspaper reports Registered College Student Copies, details regarding the program are explained in the Explanatory paragraph of ABC reports. Details in the Explanatory paragraph should include the average number of copies per ABC zone, identification of the university, and the total number of registered college students at the university according to the Office of Admissions.

Here is a sample of the disclosure:

The following represents average Registered College Student Copies paid for by schools or sponsors for registered students during the fall semester at 25¢ per copy.

	<u>City Zone</u>	<u>Retail Trading Zone</u>	<u>All Other</u>
Morning (Mon-Sat)	800	200	0
Sunday	1,000	200	200

According to the Office of Admissions and Records at each school, enrollment was as follows:

<u>University/College</u>	<u>Student Enrollment</u>
Schaumburg Technical	500
Schaumburg University	6,000
Cook County College	1,000
Southern Illinois Institute	1,500

FOR THE AUDIT

For copies claimed as Registered College Student Copies on ABC reports, the newspaper is required to execute and maintain documentation to support the following transactions:

- 1) Requests from schools for copies of the newspaper
- 2) Individual records for each school who orders newspapers
- 3) Distribution of newspapers to the schools
- 4) Leftovers (copies not picked up each day)
- 5) A list of locations at each school where copies are available
- 6) Account(s) maintaining incoming funds for educational program copies (either by sponsors or from the schools)
- 7) Transfer of funds from the general education fund account(s) to the school accounts (or invoice and payment directly by school)
- 8) Document from school identifying the number of registered college students in each semester

During the course of the audit, the auditor will determine the level of review necessary of a publication's Registered College Student Copy program. Audit procedures will be employed as deemed appropriate by the auditor and/or audit manager.

As a reminder, copies claimed on Publisher's Statements that are not supported by cash payment at the time of the audit cannot be included in paid circulation on the Audit Report.

Rule C 1.1 Paid Circulation Defined

Paid circulation is hereby defined to be newspapers that have been paid for by the purchasers, not for resale, under the following conditions, viz.:

(a) If the sale be a single copy sale it shall be paid for at not less than 25 percent of the basic single copy price.

(b) Subscription Sales:

(1) On term order for a year the subscription must be paid for at not less than 25 percent of the basic annual price.

(2) In case of a subscription for more than one year the subscription must be paid for at not less than 25 percent of a pro rata of the basic annual price for the period covered by the order.

(3) If the subscription is for a period of less than one year it must be paid for at not less than 25 percent of the basic price for the period offered. If there is no basic price for the period offered it must be paid for at not less than 25 percent of a pro rata of the basic price for the next shorter period. If there is no basic price for the term offered nor for a shorter term it must be paid for at not less than 25 percent of a pro rata of the basic price for the next longer term. A price for a period of less than one year that is less than a pro rata of the basic annual price shall not be considered a basic price.

(c) Subscriptions for one year or more, or for less than one year if sold at not less than 25 percent of basic annual price, may be served for no longer than three consecutive months immediately following the expiration date, and such arrears may be included in paid circulation.

Arrears, if served, must be distributed prior to the distribution of the next regularly scheduled issue.

(d) Subscriptions to any newspaper received as a result of an offer by a publisher that stipulates that part of the subscription term is free will qualify for inclusion in paid circulation only when a contractual agreement exists for the full term of the subscription and is in accord with the provisions of Paragraph (b) above. Without such contractual agreement, those copies which a subscriber is informed are free shall not qualify as paid circulation and instead shall be set up in unpaid circulation.



**ABC's Bylaws & Rules are available online.
Consult www.accessabc.com to review rule
language and updates.**

Rule C 3.2 School Subscriptions

The classification “Newspapers in Education” in Bureau reports may be shown at the option of the publisher and if shown shall include only copies (either subscriptions or single issue sales) ordered for delivery to schools. Copies may be purchased individually by the recipients or paid for by schools or out of classroom funds.

In cases where qualified copies are paid for by sponsors, it may be acceptable for payment to be made directly to the publisher from the sponsor if other supporting documentation confirming usage (i.e., affidavits from schools, verification of delivery and receipt, etc.) is available for auditor review.

This circulation shall be shown in Other Paid Circulation and in the appropriate geographic zone (e.g. City Zone, Newspaper Designated Market, etc.) or Newspapers in Education and shall qualify as paid circulation provided copies served conform to Bureau rules defining paid circulation in all other respects.

A complete explanation including the manner in which the copies are paid for shall be shown in the paragraph devoted to general explanations in Publishers Statements and Audit Reports.

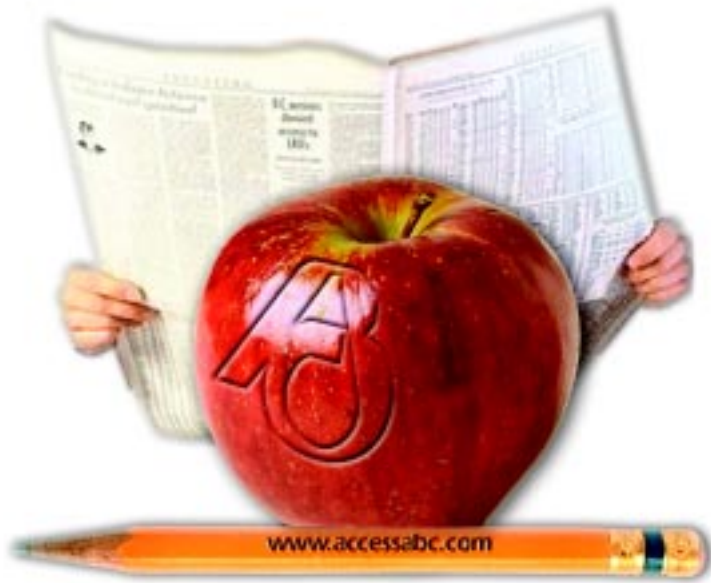
(a) From time to time daily newspapers run a series of articles on a specific subject. Copies purchased by a sponsor or group of sponsors in excess of the recurring daily school copies for the period that the articles are featured do not qualify under the category Newspapers in Education but instead should be classified as Third Party Sales in Bureau Reports.

(b) Distribution of copies outside of structured classroom settings may also qualify as paid circulation, and reported as NIE - Home Delivered for newspapers published outside of Canada, and as NIE for newspapers published in Canada in Bureau Reports provided the following conditions are met:

- (1)** The copies are served in conjunction with a formal program designed to encourage literacy and continuing education of the participating student by assisting the student family to improve their life and job skills.
- (2)** The program in question establishes minimum participation standards for the student family, and the student family achieves those minimum standards.
- (3)** Auditable records demonstrating the student's enrollment in school, the program in question, completion of minimum participation standards, and sufficient funding to support copies distributed are maintained.
- (4)** Only one copy per participating student family household may be claimed as paid.
- (5)** Schools and classrooms offering home delivered copies must also participate in NIE programs requiring classroom usage of the newspaper.
- (6)** Home delivered copies shall qualify as paid circulation provided copies served conform to all Bureau rules defining paid circulation in all other respects.
- (7)** This classification of circulation shall not exceed five percent of average paid circulation



Audit Bureau of Circulations



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5/2004