

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 1034

(Senator King, *et al.*)

Budget and Taxation

Appropriations

Maryland Public Broadcasting Commission - Funding and Video Streaming

This bill establishes a minimum funding level for the Maryland Public Broadcasting Commission (MPBC) by requiring, beginning in fiscal 2019, the Governor to increase the annual general fund amount appropriated to the commission by the percentage increase in general fund revenues. In addition, the Governor is required to appropriate general funds in the annual budget bill to offset any decline in specified special funds in the second prior fiscal year. Any funding under this provision is not incorporated into the calculation of the required general fund increase, as described above. Also, in fiscal 2018 only, if funding is made available for such purposes, MPBC must video stream specified proceedings.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: General fund expenditures increase by \$500,000 in FY 2018 for video streaming of specified proceedings, contingent on enactment of this legislation and subject to the Governor's discretion. General fund expenditures further increase by approximately \$229,000 in FY 2019 and by \$1.1 million in FY 2022 due to the mandated State appropriation for MPBC. Any impact due to the requirement to offset losses in specified special funds is not shown below. Revenues are not affected. **The bill establishes a mandated appropriation beginning in FY 2019.**

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	500,000	229,000	499,400	785,400	1,094,500
Net Effect	(\$500,000)	(\$229,000)	(\$499,400)	(\$785,400)	(\$1,094,500)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal. To the extent that MPBC contracts with small businesses for equipment and services, these businesses may benefit.

Analysis

Bill Summary: Specifically, the bill requires the Governor to increase MPBC's general fund appropriation each year by the one-year percentage increase in projected total general fund revenues, as indicated by the Board of Revenue Estimates' (BRE) December report of estimated State revenues.

If the actual amount of special funds for the Community Services Grant and Corporation for Public Broadcasting Grant received by MPBC in the second previous fiscal year is lower than the amount that was budgeted for MPBC as approved in the State budget and as enacted by the General Assembly for the second previous fiscal year, the Governor must include in the annual budget bill, for the upcoming fiscal year, a general fund appropriation to MPBC in an amount not less than the difference between the actual funds and the budgeted funds.

If funding is made available by the Governor, MPBC must video stream the annual State of the State address, the State of the Judiciary address, and floor sessions during the last two weeks of the legislative session in fiscal 2018 only.

Current Law: MPBC must operate a system of State, regional, and local facilities to provide educational and cultural radio and television programs in the State. MPBC is responsible for and must control the preparation, content, programming, and scheduling of all of its programs for the general public. MPBC, with the approval of the State Board of Education, is responsible for and must control the preparation, content, scheduling, and programming of all educational television and radio programs used in the public schools and adult education programs of the State. MPBC is also a federal licensee for all broadcasting stations operated by Maryland Public Television (MPT). MPBC has six broadcast transmitters throughout the State and a headquarters facility in Owings Mills.

MPBC consists of 11 members appointed by the Governor, who serve uncompensated five-year terms. The commission must appoint a president who serves at the pleasure of the commission and is entitled to the compensation established by the commission. The president must direct the staff of the commission and carry out the policies and duties established by the commission.

The commission must prepare an annual budget request to provide funds to perform its duties and may receive and spend any grant or gift budgeted or provided for it. The commission is encouraged to make use of its facilities, equipment, and other resources to

provide services that may generate additional income; any such income is considered special funds for use by the commission. The budget submitted by the Governor to the General Assembly must include personnel detail for the commission in such form and manner as provided for any agency in the State Personnel Management System.

State Revenue Estimates

In December, March, and September of each year, BRE must submit to the Governor and the General Assembly a report that contains an itemized statement of the estimated State revenues from all sources for the fiscal year following the fiscal year in which the report is made and includes any BRE recommendations. The Governor must state the most recent estimates of revenues reported by BRE in the proposed budget and any supplemental budget submitted to the General Assembly. If the Governor uses different estimates of revenues in the formulation of the proposed budget and any supplemental budget submitted to the General Assembly than those reported by BRE, a statement providing an explanation as to the differences must be included with those submissions.

Background: Audio and video of both Maryland Senate and House of Delegates hearings and briefings are made available through the Maryland General Assembly website. Through the website, audio of floor sessions for both chambers is also available. While the State of the State address occurs annually, the last two occasions for the State of the Judiciary address were in 2005 and 2015.

In addition to \$500,000 restricted by the General Assembly for video streaming, the fiscal 2018 State budget includes \$31.5 million for MPBC. Of this amount, \$8.1 million is general funds, \$19.6 million is special funds, and \$3.8 million is federal funds. The Community Services Grant and Corporation for Public Broadcasting Grant, which provide federal funds to public broadcasting members, account for \$4.6 million of the special fund total (these federal funds are budgeted as special funds). The \$500,000 restricted by the General Assembly is contingent on enactment of this legislation requiring the video streaming and is further subject to the Governor's discretion whether to transfer the funds as authorized in the fiscal 2018 budget to MPBC.

The proposed federal budget submitted by President Donald J. Trump removes all federal funding for the Corporation for Public Broadcasting, which provides federal funding to public broadcasters around the country. However, the budget bill passed by Congress in May 2017 level-funds the Corporation for Public Broadcasting in federal fiscal 2019 at the \$445 million federal fiscal 2017 amount. (The Corporation for Public Broadcasting typically receives two-year advanced funding.)

State Fiscal Effect: General fund expenditures increase by \$229,000 in fiscal 2019 and by \$1.1 million in fiscal 2022 as shown in **Exhibit 1**, to implement the required annual increase in MPBC’s appropriation.

For purposes of this analysis, it is assumed that the total annual general fund appropriation for MPBC increases by the same percentages (between 3% and 4% for the fiscal 2019 to 2022 period) as indicated by BRE’s December 2016 general fund revenue forecast. Actual general fund support for MPBC from fiscal 2012 to 2016 has shown both increases and decreases on a year-to-year basis but has increased by about 0.4% on average.

Exhibit 1
MPBC Required Annual General Fund Increase
(\$ in Thousands)
Fiscal 2019-2022

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Current Law	\$8,079	\$8,110	\$8,141	\$8,172
Proposed	8,308	8,609	8,926	9,267
Increase	\$229	\$499	\$785	\$1,095

MPBC: Maryland Public Broadcasting Commission

Based upon the difference between anticipated general fund revenue growth, exceeding 3% annually, and expected annual growth of 0.4% in the MPBC general fund annual appropriation under current law, fiscal 2019 general fund appropriations increase by an estimated \$229,000. Mandated general fund appropriations increase by an estimated \$1.1 million in fiscal 2022.

Community Services Grant and Corporation for Public Broadcasting Grant

Actual funding of the Community Services Grant and Corporation for Public Broadcasting Grant somewhat exceeded budgeted amounts for fiscal 2015 and 2016, though actual funding has fallen short of budgeted amounts by 8% or more during the fiscal 2011 to 2013 period. Based on recent figures, the provision of the bill guaranteeing that funding shortfalls in this program are offset in subsequent years is not anticipated to generate fiscal impact in comparison to recent funding trends. However, the impact is difficult to project; it may be negligible or as much as \$300,000. Regardless, this provision serves as a funding floor to prevent losses in federal (budgeted as special) funds for MPBC.

Video Streaming of Addresses and Legislative Sessions

In fiscal 2018 only, if funding is made available for such purposes, MPBC must video stream the annual State of the State address, the State of the Judiciary address, and floor sessions during the last two weeks of the legislative session. The fiscal 2018 budget bill restricts \$500,000 for video streaming under the bill; however, such funding is at the discretion of the Governor.

According to information provided by MPT, staffing, equipment, and other costs related to covering these three events would total approximately \$441,300, and a one-time equipment purchase of \$32,500 would be required. However, these costs include recording, archiving, and distributing the coverage of the legislative sessions (elements that exceed the minimum requirement) and according to MPT and the Department of Budget and Management, coverage of the State of the State address, which is estimated at \$50,700, is implicit in the MPBC annual budget. Therefore, the Department of Legislative Services notes that less than \$500,000 is required to meet the fiscal 2018 live streaming requirements. The \$500,000 amount in fiscal 2018 is in addition to the annual increases shown in Exhibit 1.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Public Television; Department of Budget and Management; Board of Revenue Estimates; fortune.com; Corporation for Public Broadcasting; *Broadcasting & Cable*; Department of Legislative Services

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