

R15P00
Maryland Public Broadcasting Commission

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$8,206	\$7,940	\$8,198	\$258	3.2%
Deficiencies and Reductions	0	325	-20	-345	
Adjusted General Fund	\$8,206	\$8,265	\$8,178	-\$87	-1.1%
Special Fund	17,977	18,968	19,365	397	2.1%
Deficiencies and Reductions	0	0	-24	-24	
Adjusted Special Fund	\$17,977	\$18,968	\$19,341	\$373	2.0%
Federal Fund	551	3,999	4,027	28	0.7%
Deficiencies and Reductions	0	0	-1	-1	
Adjusted Federal Fund	\$551	\$3,999	\$4,026	\$27	0.7%
Reimbursable Fund	1,515	1,260	0	-1,260	-100.0%
Adjusted Reimbursable Fund	\$1,515	\$1,260	\$0	-\$1,260	-100.0%
Adjusted Grand Total	\$28,248	\$32,492	\$31,545	-\$947	-2.9%

- The fiscal 2017 budget includes a fiscal 2016 general fund deficiency of \$325,000 for a Maryland Vietnam War Stories documentary.
- The fiscal 2017 allowance, adjusted for a back of the bill reduction in health insurance, decreases by \$947,000, 2.9%. General funds decrease by \$87,457, special funds decrease by \$373,000, and federal funds decrease by \$27,000. There is also a \$1,260,000 decrease in reimbursable funds because of the end of a contract with the Maryland State Department of Education.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 Change</u>
Regular Positions	147.00	147.00	147.00	0.00
Contractual FTEs	<u>17.11</u>	<u>17.27</u>	<u>18.11</u>	<u>0.84</u>
Total Personnel	164.11	164.27	165.11	0.84

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	7.32	4.98%
Positions and Percentage Vacant as of 12/31/15	13.00	8.84%

- Contractual employees have increased by a net 0.84 full-time equivalents, which is represented with a decrease of contractual employees in the Executive Direction, Administration and Support, and Broadcasting programs and an increase in the Maryland Public Broadcasting Commission (MPBC) Specialists in the Content Enterprise program.

Analysis in Brief

Major Trends

Non-State Funding Continues to Increase: Non-State funding for MPBC has increased in fiscal 2015 and this increase is projected to continue. Membership contributions are a significant factor in the increase in funding, and both the number of members and member contributions have increased in fiscal 2015, and this trend is projected to continue.

Online Visits Continue to Increase: MPBC has continued to develop educational tools and programs through their Thinkport.org web portal. This portal has seen increased visitors annually since fiscal 2011.

Recommended Actions

1. Concur with Governor's allowance.

Updates

MPBC Transmitters Capital Project: MPBC is currently undergoing the replacement of all six digital transmitters as a major capital project. The project is expected to take five years, and this update outlines the current progress and recent costs associated with the project.

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Maryland Public Broadcasting Commission

Operating Budget Analysis

Program Description

The Maryland Public Broadcasting Commission (MPBC) is responsible for operating a system of State, regional, and local facilities to provide educational and cultural radio and television programs in Maryland. MPBC is responsible for the preparation and content of all its programming. 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.

The goals of MPBC are to:

- create and continuously enhance programming and services that recognize the values and meet the needs of the people of Maryland and surrounding areas and to secure high-quality programming for Marylanders;
- effectively use the conversion to a digital environment as the foundation upon which to create and innovate, especially in the area of educational multimedia delivery systems, in ways that extend the reach of MPBC and increase its value; and
- build MPBC into an organization with the vision, leadership, and institutional capacity to fulfill its mission and ensure long-term growth and stability.

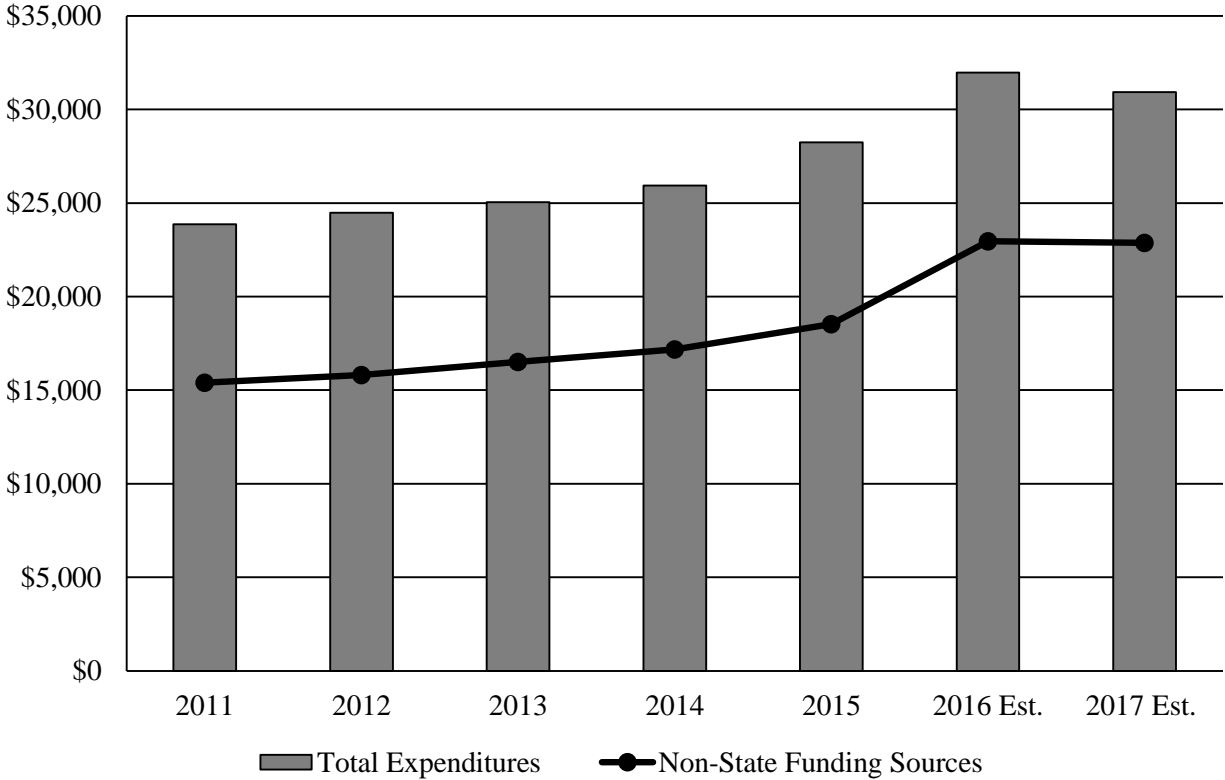
Performance Analysis: Managing for Results

1. Non-State Funding Continues to Increase

As shown in **Exhibit 1**, non-State funding has continued to increase for MPBC with \$17.0 million in funding in fiscal 2014 and \$18.5 million in funding in fiscal 2015. The amount of non-State funding is expected to increase as MPBC public membership increases. The increased non-State funding parallels the increase in expenditures each year. Non-State funding includes special and federal funds. Special funds consist of corporate and membership support as well as community service and Public Broadcasting Service grants. Federal funds include the State Broadband Data and Development Grant and funding from the Voice of America.

Membership stayed relatively steady from fiscal 2010 through 2014, but the amount of membership contributions decreased largely because many members transitioned from an annual membership to a monthly membership, causing more variation in funds received.

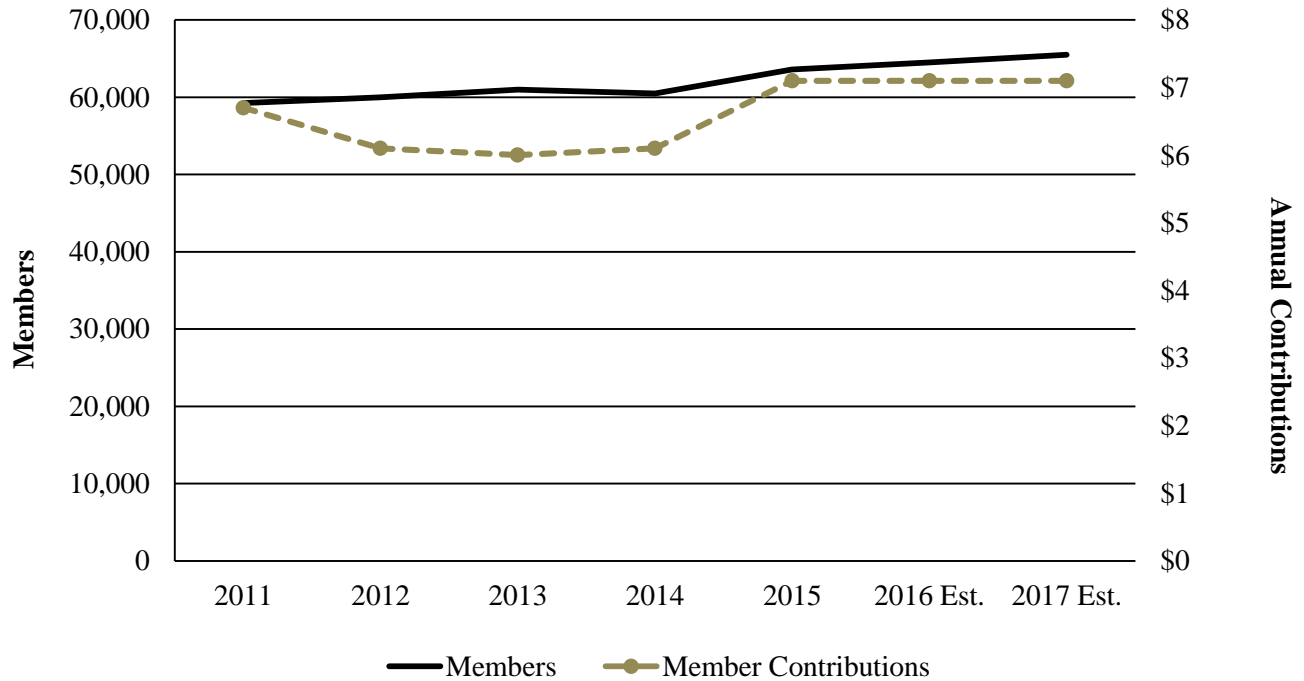
Exhibit 1
Maryland Public Broadcasting Commission Non-State Funding
Fiscal 2011-2017 Est.
(\$ in Thousands)



Source: Department of Budget and Management

Exhibit 2 shows that both the number of MPBC members and the amount of the membership contributions increased in fiscal 2015 with membership reaching 63,590 and membership dollars reaching just over \$7 million in 2015.

Exhibit 2
Membership Trends and Membership Contributions
Fiscal 2011-2017 Est.
(\$ in Millions)

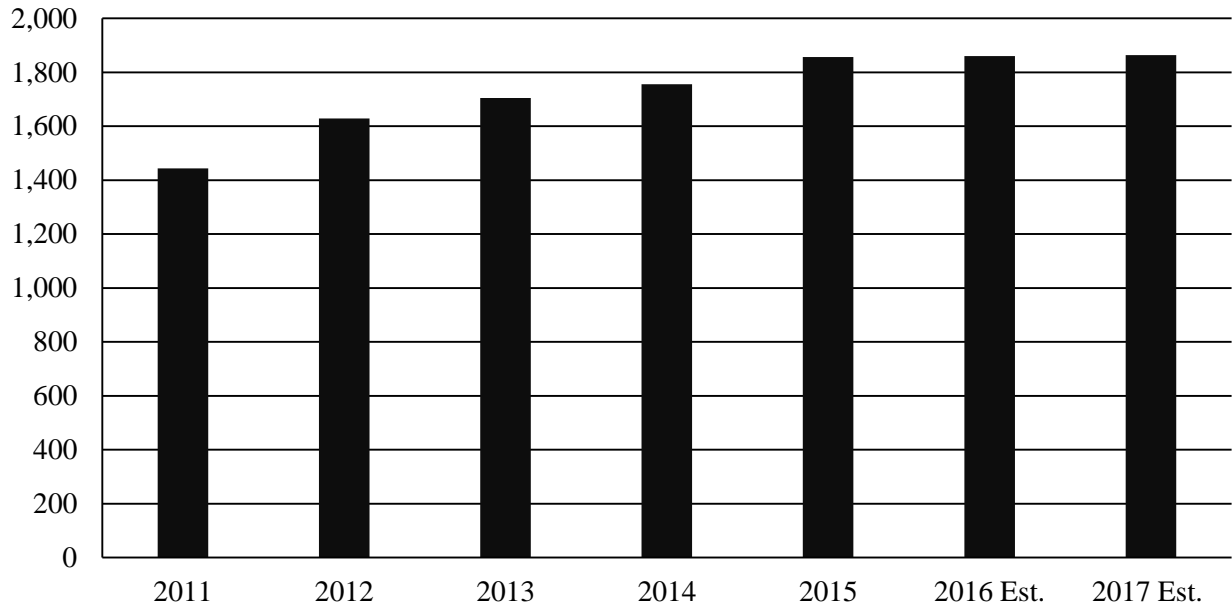


Source: Department of Budget and Management

2. Online Visits Continue to Increase

MPBC provides learning tools and opportunities through educational programs and services. MPBC focuses its K-12 educational efforts on Thinkport.org, a free web portal for the community utilized by teachers, parents, child care providers, and public libraries. A lesson plan builder, teacher-to-teacher discussion groups, and student activity guides are some of the highlights of what Thinkport.org offers. MPBC has been working closely with the Maryland State Department of Education (MSDE) to develop and deliver a variety of education projects for Maryland’s Race to the Top program. In fiscal 2014, MPBC concentrated on adolescent literacy, key subject areas, college and career readiness resources, and expanded online course development offerings. MPBC tracks its website usage based on one-hour increments spent on the site. As shown in **Exhibit 3**, the number of visits in one-hour increments to Thinkport.org has increased each year. From fiscal 2014 to 2015, there was an almost 5.7% increase in site visits from 1,755,469 to 1,856,040. This is almost double the 3.0% increase in visits that occurred between fiscal 2013 and 2014.

Exhibit 3.
Visits to Thinkport.org Website
(in Thousands)



Source: Department of Budget and Management

Fiscal 2016 Actions

Proposed Deficiency

There is a fiscal 2016 deficiency of \$325,000 in general funds for a Maryland Vietnam War Stories documentary.

Cost Containment

The Administration's fiscal 2016 cost containment strategy includes a 2% across-the-board reduction in general funds. The 2016 cost containment reduction for MPBC is \$168,000, which will be realized from savings associated with the outsourcing of their master control contract.

Proposed Budget

After adjusting for a back of the bill reduction in health insurance, the fiscal 2017 allowance is \$947,000, 2.9%, lower than the fiscal 2016 working appropriation, as shown in **Exhibit 4**. The general fund appropriation decreased by approximately \$87,000, which is a 1.1% decrease. Special funds increase by \$373,000 in part due to the increase in viewer support and other participation costs. Federal funds increased by approximately \$27,000, 0.7%. Reimbursable funds decreased in their entirety because MPBC is no longer receiving funds from MSDE as part of the Race to the Top initiative.

Exhibit 4
Proposed Budget
Maryland Public Broadcasting Commission
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015 Actual	\$8,206	\$17,977	\$551	\$1,515	\$28,248
Fiscal 2016 Working Appropriation	8,265	18,968	3,999	1,260	32,492
Fiscal 2017 Allowance	<u>8,178</u>	<u>19,341</u>	<u>4,026</u>	<u>0</u>	<u>31,545</u>
Fiscal 2016-2017 Amount Change	-\$87	\$373	\$27	-\$1,260	-\$947
Fiscal 2016-2017 Percent Change	-1.1%	2.0%	0.7%	-100.0%	-2.9%

Where It Goes:

Personnel Expenses

Turnover adjustments.....	\$379
Retirement.....	331
Regular earnings	299
Employee and retiree health insurance	164
Other fringe benefit adjustments	-16
Miscellaneous adjustments.....	-161

Electrical and Technical Equipment

Camera replacement; test, encoding, and transmission equipment.....	596
Master lease payments	71
Transmitter replacement parts (intermittent until capital project is complete in 2019) ...	52
Department of Information Technology services.....	24
Repairs and maintenance for copiers	-26
Contracts for HVAC repair, computer maintenance, and snow removal.....	-930

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Where It Goes:

Membership and Promotion

Gifts to members	197
Newspapers, billboards, and flyers for programming	107
Communication	64
Online store merchandise and other materials	29
Printing program guide	-249
Maryland Vietnam War Stories one-time fixed 2016 deficiency expense.....	-325
Production for Star Spangled 200 program (one-time expense).....	-644

Other Expenses

Contractual employees including contractual health insurance	339
Janitorial services.....	17
Travel	-11
Food services.....	-42
Building utilities.....	-59
Shipping costs (documents are now scanned and sent electronically).....	-153
Maryland State Department of Education Race to the Top initiative	-1,321
Miscellaneous charges	-4

Total **-\$947**

HVAC: heating, ventilation, and air conditioning

Note: Numbers may not sum to total due to rounding.

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency’s share of these reductions is \$20,069 in general funds, \$23,772 in special funds, and \$1,235 in federal funds. There is an additional across-the-board reduction to abolish vacant positions statewide, but the amounts have not been allocated by agency.

Personnel

Regular earnings increased by \$299,000 because the agency is hiring vacant positions at higher salaries because of problems recruiting at the base salary. There is a decrease in miscellaneous adjustments because staff in fiscal 2016 were reclassified to a higher level. There is a \$339,000 increase for contractual employees cost. Although the contractual full-time equivalent count increases by only 0.84 from fiscal 2016 to 2017, the fiscal 2016 count is actually overstated. MPBC indicates that in fiscal 2017 it anticipates increased workloads for contractual employees for special projects like the *Maryland Farm and Harvest*.

Turnover increased by \$378,000 in fiscal 2017. In fiscal 2016, turnover was affected by cost containment, and the 2017 allowance of about 5% is more representative of historical turnover percentages.

Electrical and Technical Equipment

There was an increase of \$596,000 for equipment to ensure continuous broadcasting. There were also increases of \$71,000 for master lease payments for cameras and audio and broadcasting equipment and \$52,000 for transmitter replacement parts, which contribute to keeping MPT broadcasting without interruptions. There was a \$930,000 decrease in funding for contractual services including heating, ventilation, and air conditioning (HVAC) repair and computer maintenance.

Membership and Promotion

There was a \$197,000 increase in costs for gifts to members, which coincides with the increase in annual membership and membership contributions. The \$107,000 increase in advertising is to promote viewership of programs like *Heroin*, *Chesapeake Collectibles*, *Your Money Your Business*, *Maryland Farm and Harvest*, *Outdoors Maryland*, *MotorWeek*, *State Circle*, *Potomac By Air*, and *Artworks*. There is also a decrease of \$249,000 in printing costs associated with the printing of the program guide that members receive and a \$644,000 decrease for the fiscal 2016 Star Spangled 200 program, which was a one-time program event.

Other Expenses

There is an increase of \$339,000 for contractual employees cost largely due to the 0.84 increase in contractual employees for the agency. There is a decrease of \$153,000 in shipping contracts because the agency has decided to scan and electronically send many documents previously shipped by mail. There is also a \$1.3 million decrease because of the ending of the reimbursable contract with the Maryland State Department of Education (MSDE) for the Race to the Top initiative. MPBC assisted MSDE with this grant because the program was paid for the American Recovery and Reinvestment Act of 2009 funds.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. MPBC Transmitter Capital Project

MPBC is currently undergoing the replacement of digital transmission equipment at the six MPT transmitter sites in Owings Mills, Annapolis, Salisbury, Frederick, Hagerstown, and Oakland. MPBC installed the existing equipment as part of a Digital Conversion Project, which started in calendar 2000. Broadcasting technology has changed since calendar 2000, and as a result, the current equipment is nearing the end of its useful life. Finding replacement parts is time consuming and expensive because, in some cases, replacement components no longer exist and have to be custom built, and the original manufacturers no longer provide technical support. New equipment will prevent disruption of MPBC broadcasting services in the future and allow MPBC to comply with federal replacement guidelines.

The project is expected to last five years, with each year replacing certain parts in certain locations. In fiscal 2015, MPBC received \$400,000 through the *Capital Improvement Program* to begin work. These funds were used to replace the uninterruptable power supply (UPS), exciters, and HVAC systems in Annapolis, as well as the exciters in Owings Mills and to replace microwave radios at various connection sites. The 2016 budget included another \$400,000 for the larger transmission replacement in Owings Mills and Annapolis, and to begin replacing the equipment connecting various transmitter sites and the UPS at the Hagerstown location. The total estimated cost of the project is \$4.6 million, with the bulk of the funding occurring in fiscal 2018 and 2019. There is currently \$150,000 in general obligation bonds for the transmitter project in fiscal 2017. The anticipated completion date is July 2019 and the project is currently on budget and on schedule to be completed at that time.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Public Broadcasting Commission (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015					
Legislative Appropriation	\$8,002	\$17,516	\$968	\$784	\$27,270
Deficiency Appropriation	370	0	0	0	370
Cost Containment	-161	0	0	0	-161
Budget Amendments	-6	1,230	3	1,602	2,830
Reversions and Cancellations	0	-770	-421	-871	-2,062
Actual Expenditures	\$8,206	\$17,977	\$551	\$1,515	\$28,248
Fiscal 2016					
Legislative Appropriation	\$7,854	\$18,860	\$3,999	\$1,260	\$31,973
Budget Amendments	86	108	0	0	194
Working Appropriation	\$7,940	\$18,968	\$3,999	\$1,260	\$32,167

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The 2015 legislative appropriation for MPBC increased by \$977,023. A deficiency appropriation increased general funds by \$370,115. Cost containment decreased general funds by \$160,893. Budget amendments increased general funds by \$44,382 for a cost-of-living adjustment (COLA) including \$1,605 for telecommunications.

The special fund appropriation increased by \$460,134. Budget amendments increased special funds by \$1,230,128 including \$1,175,458 for Educational and Cultural Programming and \$53,670 for a COLA. There was a special fund cancellation of \$769,994 from savings associated with equipment purchases, and the revenue earned by MPBC was lower than anticipated.

The federal fund appropriation decreased by \$417,599. A budget amendment increased federal funds by \$3,168 for telecommunications. There was a federal fund cancellation of \$420,767 because grant funding ended.

The reimbursable fund appropriation increased by \$730,885. A budget amendment increased reimbursable funds by \$1,602,198. There was a reimbursable fund cancellation of \$871,313 because the grants from MSDE have ended.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation for MPBC has increased by \$194,000. There was an \$86,000 increase in general funds and a \$108,000 increase in special funds for the restoration of the 2% pay cut.

**Object/Fund Difference Report
Maryland Public Broadcasting Commission**

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	147.00	147.00	147.00	0.00	0%
02 Contractual	17.11	17.27	18.11	0.84	4.9%
Total Positions	164.11	164.27	165.11	0.84	0.5%
Objects					
01 Salaries and Wages	\$ 12,327,493	\$ 12,707,326	\$ 13,748,559	\$ 1,041,233	8.2%
02 Technical and Spec. Fees	1,112,475	856,453	1,195,902	339,449	39.6%
03 Communication	524,359	678,224	735,677	57,453	8.5%
04 Travel	159,848	178,028	166,636	-11,392	-6.4%
06 Fuel and Utilities	886,143	1,000,634	941,818	-58,816	-5.9%
07 Motor Vehicles	63,747	64,516	70,105	5,589	8.7%
08 Contractual Services	10,720,212	12,086,710	9,185,784	-2,900,926	-24.0%
09 Supplies and Materials	1,352,643	1,201,318	1,479,245	277,927	23.1%
10 Equipment – Replacement	197,517	2,579,517	3,160,207	580,690	22.5%
11 Equipment – Additional	343,875	278,994	371,325	92,331	33.1%
13 Fixed Charges	559,206	535,313	534,654	-659	-0.1%
Total Objects	\$ 28,247,518	\$ 32,167,033	\$ 31,589,912	-\$ 577,121	-1.8%
Funds					
01 General Fund	\$ 8,205,520	\$ 7,940,388	\$ 8,198,000	\$ 257,612	3.2%
03 Special Fund	17,976,512	18,967,597	19,364,613	397,016	2.1%
05 Federal Fund	550,799	3,999,323	4,027,299	27,976	0.7%
09 Reimbursable Fund	1,514,687	1,259,725	0	-1,259,725	-100.0%
Total Funds	\$ 28,247,518	\$ 32,167,033	\$ 31,589,912	-\$ 577,121	-1.8%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Fiscal Summary
Maryland Public Broadcasting Commission

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Executive Direction and Control	\$ 809,850	\$ 881,070	\$ 843,790	-\$ 37,280	-4.2%
02 Administration and Support Services	8,791,159	11,684,625	12,084,781	400,156	3.4%
03 Broadcasting	12,088,827	13,454,685	12,443,274	-1,011,411	-7.5%
04 Content Enterprises	6,557,682	6,146,653	6,218,067	71,414	1.2%
Total Expenditures	\$ 28,247,518	\$ 32,167,033	\$ 31,589,912	-\$ 577,121	-1.8%
General Fund	\$ 8,205,520	\$ 7,940,388	\$ 8,198,000	\$ 257,612	3.2%
Special Fund	17,976,512	18,967,597	19,364,613	397,016	2.1%
Federal Fund	550,799	3,999,323	4,027,299	27,976	0.7%
Total Appropriations	\$ 26,732,831	\$ 30,907,308	\$ 31,589,912	\$ 682,604	2.2%
Reimbursable Fund	\$ 1,514,687	\$ 1,259,725	\$ 0	-\$ 1,259,725	-100.0%
Total Funds	\$ 28,247,518	\$ 32,167,033	\$ 31,589,912	-\$ 577,121	-1.8%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.