

R15P00
Maryland Public Broadcasting Commission

Executive Summary

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.

Operating Budget Data

(\$ in Thousands)

| | <u>FY 18</u> <u>Actual</u> | <u>FY 19</u> <u>Working</u> | <u>FY 20</u> <u>Allowance</u> | <u>FY 19-20</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Fund | \$7,933 | \$11,573 | \$10,019 | -\$1,554 | -13.4% |
| Adjustments | 0 | 40 | 162 | 122 | |
| Adjusted General Fund | \$7,933 | \$11,613 | \$10,181 | -\$1,432 | -12.3% |
| Special Fund | 18,079 | 18,169 | 18,305 | 136 | 0.7% |
| Adjustments | 0 | 53 | 233 | 181 | |
| Adjusted Special Fund | \$18,079 | \$18,222 | \$18,538 | \$316 | 1.7% |
| Federal Fund | 205 | 508 | 181 | -327 | -64.4% |
| Adjustments | 0 | 0 | 0 | 0 | |
| Adjusted Federal Fund | \$205 | \$508 | \$181 | -\$327 | -64.4% |
| Adjusted Grand Total | \$26,218 | \$30,344 | \$28,901 | -\$1,443 | -4.8% |

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- The adjusted fiscal 2020 allowance decreases \$1.4 million from the adjusted fiscal 2019 working appropriation primarily due to personnel, the implementation of Chapter 816 of 2017, and one-time costs associated with the production of the Harriet Tubman and Frederick Douglass documentaries.

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

For further information contact: Sierra S. Boney

Phone: (410) 946-5530

Personnel Data

| | <u>FY 18 Actual</u> | <u>FY 19 Working</u> | <u>FY 20 Allowance</u> | <u>FY 19-20 Change</u> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions | 145.00 | 145.00 | 145.00 | 0.00 |
| Contractual FTEs | <u>10.20</u> | <u>14.35</u> | <u>11.20</u> | <u>-3.15</u> |
| Total Personnel | 155.20 | 159.35 | 156.20 | -3.15 |

Vacancy Data: Regular Positions

| | | |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 7.43 | 5.27% |
| Positions and Percentage Vacant as of 12/31/18 | 12.00 | 8.28% |

- There was a decrease of 3.15 contractual positions. Vacant positions were reclassified, and the contractual staff transitioned to the reclassified regular positions.

Key Observations

- Chapter 816 created a mandated appropriation to protect MPBC from potential federal funding cuts. This mandate has created a significant increase in the general fund appropriation even though there is no dedicated purpose for the funding.

Operating Budget Recommended Actions

| | <u>Funds</u> |
|---|---------------------|
| 1. Reduce part of the mandated increase in general funds. | \$ 1,058,210 |
| Total Reductions | \$ 1,058,210 |

R15P00
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 its programming. MPBC is also a federal licensee for all broadcasting stations operated by Maryland Public Television. MPBC has six broadcast transmitters throughout the State and a headquarters facility in Owings Mills.

The goals of MPBC are to:

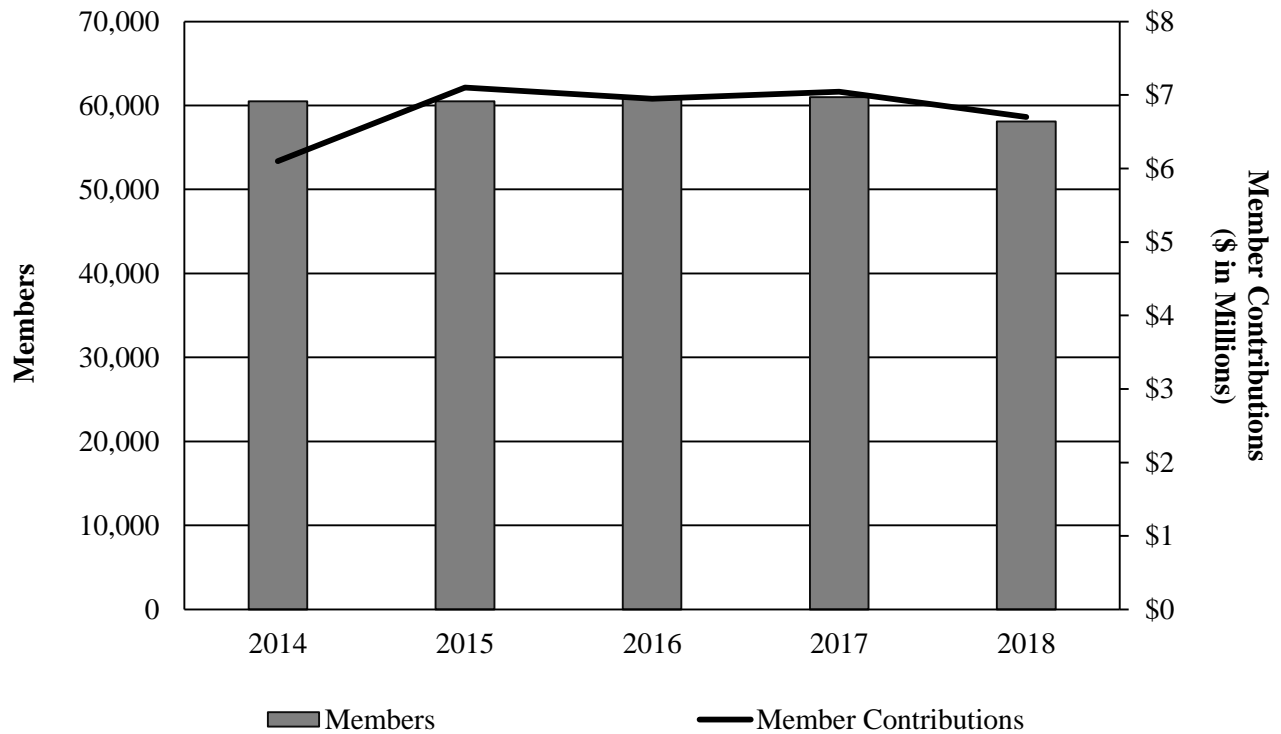
- create and continuously enhance programming and services that recognize the values and meet the needs of the people of Maryland and surrounding areas and to secure high-quality programming for Marylanders;
- effectively use the conversion to a digital environment as the foundation upon which to create 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. MPBC Membership

MPBC membership is an essential element of funding to support MPBC operations. Membership is offered to anyone who supports MPBC through charitable giving in the amount of \$35 or more. **Exhibit 1** shows the number of members and the amount of member contributions from fiscal 2014 to 2018. It is not unusual to see fluctuations in membership and contributions and, in fiscal 2018, there was a slight decrease in membership and member contributions attributed to less pledge programming than in previous years.

Exhibit 1
Members and Membership Contributions
Fiscal 2014-2018

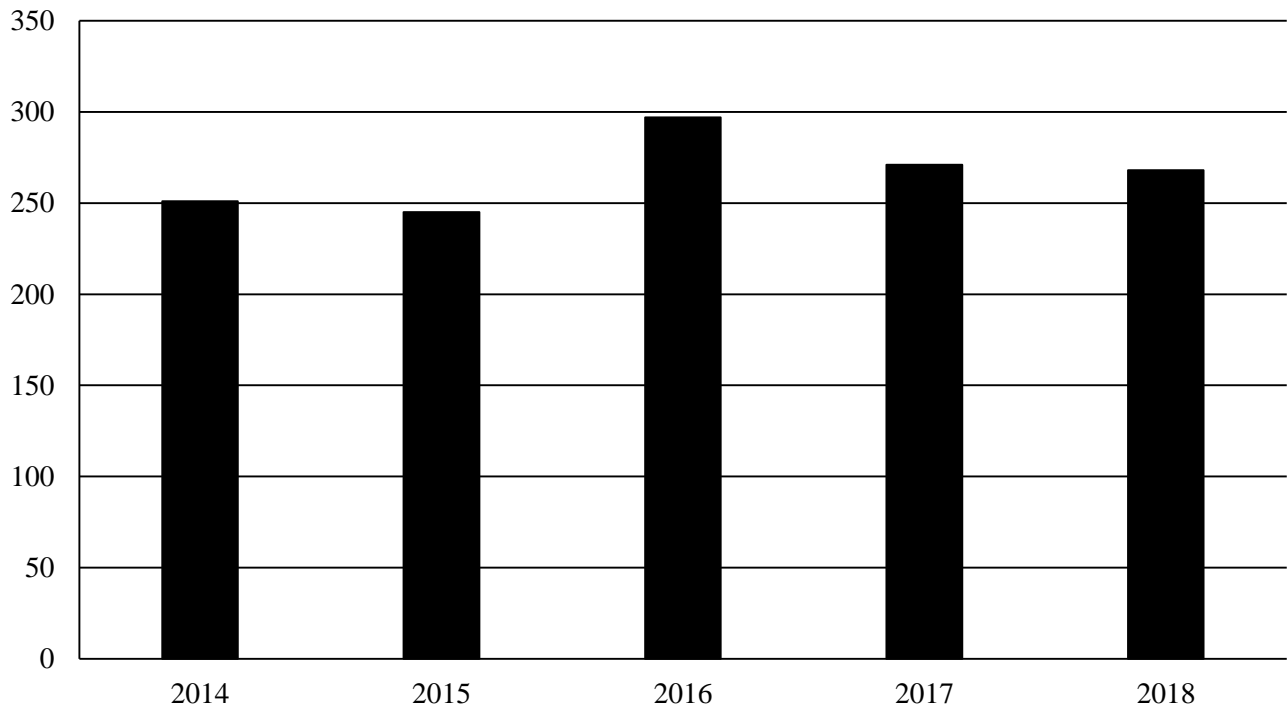


Source: Maryland Public Broadcasting Commission

2. Programs Produced

MPBC produces original content that is aired locally. **Exhibit 2** shows that there has been a slight decrease in the number of shows produced in fiscal 2018. There were additional resources used to support and produce the Maryland Department of Health Opioid Campaign that left less time and resources for other segments, most notably the Your Money & Business segments.

**Exhibit 2
Programs Produced
Fiscal 2014-2018**



Source: Maryland Public Broadcasting Commission

Fiscal 2019 Actions

In fiscal 2019, there was \$3 million allocated to MPBC from the State Reserve Fund to produce a nationally syndicated production on both the life and impact of Harriet Tubman and Frederick Douglass. MPBC is currently developing a Request for Proposals for the production with the contract to be awarded by the end of March.

Proposed Deficiency

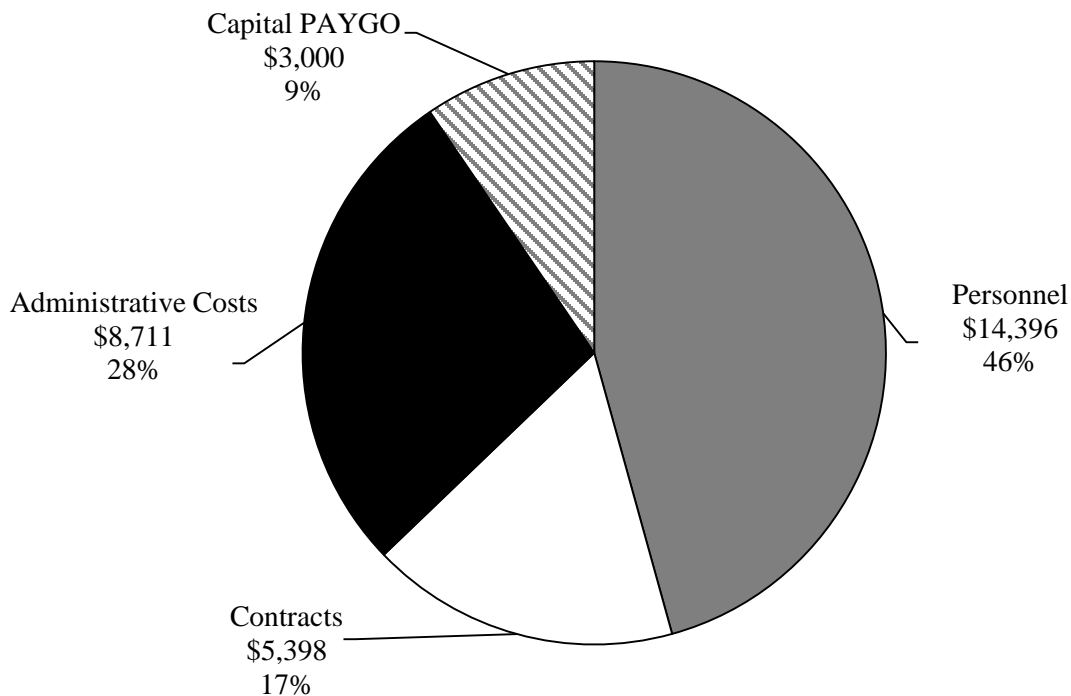
MPBC will receive \$92,582 (\$39,870 in general funds and \$52,712 in special funds) in centrally budgeted funding for costs associated with the April 1, 2019 one-time \$500 bonus and the 0.5% general salary increase.

Fiscal 2020 Allowance

Overview of Agency Spending

The fiscal 2020 allowance for MPBC is \$28.9 million in operating expenditures and another \$3 million in capital pay-as-you-go (PAYGO) funding, which is discussed in a separate analysis. As shown in **Exhibit 3**, 46% of expenditures (\$14.4 million) are personnel costs for staff across the agency. The majority of the nonpersonnel costs (\$14.1 million) are for operating expenses, including rent and contracts for a variety of services such as statewide shared services, software licenses, production of content, and donor gifts. The \$3 million in PAYGO funding (9%) is for the transmission system replacement project.

Exhibit 3
Programmed Expenditures by Type
Fiscal 2020
(\$ in Thousands)



PAYGO: pay-as-you-go

Source: Maryland Public Broadcasting Commission

Proposed Budget Change

As shown in **Exhibit 4**, the adjusted fiscal 2020 allowance decreases \$1.4 million from the adjusted fiscal 2019 working appropriation. However, after accounting for the one-time fiscal 2019 spending on the Harriet Tubman and Frederick Douglass programming, the budget increases by \$1.6 million. The budget grows by \$1.31 million as a result of the mandate in Chapter 816 of 2017. Chapter 816 established a minimum funding level for MPBC by requiring, beginning in fiscal 2019, the Governor to include general funds in the MPBC budget at the prior year general fund appropriation plus an amount equal to projected general fund revenue growth and additional funding based on the actual level of Community Service and Corporation for Public Broadcasting (CPB) grant funding attained versus that assumed in the budget in the second preceding year, *e.g.*, for fiscal 2020, the assumptions for, and attainment in, fiscal 2018.

Based on these funding requirements, the fiscal 2020 general fund allowance is \$1,314,439 above the fiscal 2019 legislative appropriation derived from:

- an increase in the general fund appropriation of \$256,229 to reflect projected general fund revenue growth; and
- an additional \$1,058,210 based on the actual community service and CPB grant funding levels compared to the amount originally budgeted.

The 2017 statutory funding mandate was, in part, a response to the threat of funding loss for the federal CPB that would drastically reduce funding for MPBC. The most recent federal budget contained funding in the 2018 budget of \$445 million that has been a consistent funding level since 2016. Fluctuations in the CPB grants are normal, based on the funding formula used by the federal government and the distribution to other states. The mandated appropriation represents a 13% increase in the general fund appropriation. The agency was not aware of the increase in general funds until the budget was released, and there were no programmed expenditures for the increased revenue for the agency. Tentatively, MPBC will use the funding to fill vacant positions, increase program budgets, and reduce the number of pledge days on the channel. Given that the mandated funded level related to the CPB grants would have been known to MPBC well before the budget release, it is unclear why no plan was formulated to spend the increased funding. Planning to reduce pledge efforts is not a good use of additional state resources. **The Department of Legislative Services recommends the deletion of the \$1,058,210 in the general fund increase. The proposed reduction still leaves MPBC with \$256,000 for unspecified enhancements.**

There is a \$165,000 decrease in regular earnings for the agency due to some recently opened high-level positions being budgeted at the base salary. Vacant regular positions were reclassified, and contractual staff were transitioned into those regular positions.

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

| How Much It Grows: | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Total</u> |
|--|----------------------------|----------------------------|----------------------------|---------------------|
| Fiscal 2018 Actual | \$7,933 | \$18,079 | \$205 | \$26,218 |
| Fiscal 2019 Working Appropriation | 11,613 | 18,222 | 508 | 30,344 |
| Fiscal 2020 Allowance | <u>10,181</u> | <u>18,538</u> | <u>181</u> | <u>28,901</u> |
| Fiscal 2019-2020 Amount Change | -\$1,432 | \$316 | -\$327 | -\$1,443 |
| Fiscal 2019-2020 Percent Change | -12.3% | 1.7% | -64.4% | -4.8% |
| Where It Goes: | | | | |
| Personnel Expenses | | | | |
| General salary increase (3% effective July 1, 2019, and annualizing 0.5% increase effective April 1, 2019) | | | | \$381 |
| Employee and retiree health insurance | | | | 171 |
| Retirement contributions | | | | 63 |
| Other fringe benefit adjustments | | | | 55 |
| Turnover adjustments | | | | 41 |
| Fiscal 2019 \$500 bonus effective April 1, 2019 | | | | -78 |
| Regular earnings including the annualization of the fiscal 2019 general salary increase offset by budgeting of vacant positions at base salary | | | | -165 |
| Other Changes | | | | |
| Mandated funding increase | | | | 1,314 |
| Increased Public Broadcasting Station dues | | | | 110 |
| Reduction of 3.15 FTE contractual positions | | | | -302 |
| One-time costs associated with the Harriet Tubman and Frederick Douglass documentaries ... | | | | -3,000 |
| Other | | | | -33 |
| Total | | | | -\$1,443 |

FTE: full-time equivalent

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

Operating Budget Recommended Actions

| | <u>Amount Reduction</u> | |
|--|------------------------------------|----|
| 1. Reduce general fund support by \$1,058,210. This represents part of the mandated general fund increase for the Maryland Public Broadcasting Commission. The agency was unable to provide a reasonable plan for how the additional funding would be spent. | \$ 1,058,210 | GF |
| Total General Fund Reductions | \$ 1,058,210 | |

Appendix 1
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 2018 | | | | | |
| Legislative Appropriation | \$8,027 | \$19,544 | \$3,846 | \$0 | \$31,417 |
| Deficiency/Withdrawn Appropriation | -86 | -111 | -3,000 | 0 | -3,197 |
| Cost Containment | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | -8 | 0 | 0 | 0 | -8 |
| Reversions and Cancellations | 0 | -1,353 | -641 | 0 | -1,994 |
| Actual Expenditures | \$7,933 | \$18,079 | \$205 | \$0 | \$26,217 |
| Fiscal 2019 | | | | | |
| Legislative Appropriation | \$8,526 | \$18,104 | \$508 | \$0 | \$27,139 |
| Budget Amendments | 3,047 | 65 | 0 | 0 | 3,112 |
| Working Appropriation | \$11,573 | \$18,169 | \$508 | \$0 | \$30,251 |

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The fiscal 2018 legislative appropriation for the Maryland Public Broadcasting Commission decreased by \$2.45 million. There was a \$3 million negative deficiency appropriation for funding that was transferred from operating to a capital project appropriation. General funds decreased \$96,000 with an \$86,000 withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill due to a surplus in the health insurance account, a budget amendment for a \$18,000 decrease for insurance costs, and a \$10,000 increase for telecommunications.

Special funds decreased \$111,000 in Section 19 of the fiscal 2019 Budget Bill. There was \$1.4 million in canceled special funds, including \$751,000 for contractual cost savings, \$493,000 for decreased expenditures for education programming, and \$110,000 for lower than anticipated revenue.

There was also \$641,000 in canceled federal funds for federal grants decreases.

Fiscal 2019

To date, the fiscal 2019 legislative appropriation increased by \$3.1 million. General funds increased by \$3 million as a result of a transfer from the Rainy Day Fund to support the development of programming around Harriet Tubman and Frederick Douglass. There is also an increase of \$112,000 for a general salary increase effective January 1, 2019, that was centrally budgeted.

Appendix 2
Object/Fund Difference Report
Maryland Public Broadcasting Commission

| <u>Object/Fund</u> | <u>FY 18 Actual</u> | <u>FY 19 Working Appropriation</u> | <u>FY 20 Allowance</u> | <u>FY 19 - FY 20 Amount Change</u> | <u>Percent Change</u> |
|-------------------------------|-------------------------|--|----------------------------|--|---------------------------|
| Positions | | | | | |
| 01 Regular | 145.00 | 145.00 | 145.00 | 0.00 | 0% |
| 02 Contractual | 10.20 | 14.35 | 11.20 | -3.15 | -22.0% |
| Total Positions | 155.20 | 159.35 | 156.20 | -3.15 | -2.0% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 13,091,161 | \$ 13,705,251 | \$ 13,869,720 | \$ 164,469 | 1.2% |
| 02 Technical and Special Fees | 454,018 | 828,391 | 526,507 | -301,884 | -36.4% |
| 03 Communication | 422,742 | 617,666 | 546,459 | -71,207 | -11.5% |
| 04 Travel | 167,852 | 189,537 | 176,368 | -13,169 | -6.9% |
| 06 Fuel and Utilities | 760,035 | 822,981 | 764,766 | -58,215 | -7.1% |
| 07 Motor Vehicles | 62,995 | 61,351 | 65,329 | 3,978 | 6.5% |
| 08 Contractual Services | 6,070,768 | 8,191,241 | 5,398,118 | -2,793,123 | -34.1% |
| 09 Supplies and Materials | 934,902 | 1,079,378 | 1,001,779 | -77,599 | -7.2% |
| 10 Equipment – Replacement | 62,258 | 35,482 | 35,482 | 0 | 0% |
| 11 Equipment – Additional | 581,011 | 643,370 | 643,370 | 0 | 0% |
| 13 Fixed Charges | 3,609,780 | 4,076,399 | 5,476,965 | 1,400,566 | 34.4% |
| Total Objects | \$ 26,217,522 | \$ 30,251,047 | \$ 28,504,863 | -\$ 1,746,184 | -5.8% |
| Funds | | | | | |
| 01 General Fund | \$ 7,933,452 | \$ 11,573,192 | \$ 10,018,779 | -\$ 1,554,413 | -13.4% |
| 03 Special Fund | 18,078,766 | 18,169,421 | 18,304,972 | 135,551 | 0.7% |
| 05 Federal Fund | 205,304 | 508,434 | 181,112 | -327,322 | -64.4% |
| Total Funds | \$ 26,217,522 | \$ 30,251,047 | \$ 28,504,863 | -\$ 1,746,184 | -5.8% |

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

Appendix 3
Fiscal Summary
Maryland Public Broadcasting Commission

| <u>Program/Unit</u> | <u>FY 18 Actual</u> | <u>FY 19 Wrk Approp</u> | <u>FY 20 Allowance</u> | <u>Change</u> | <u>FY 19 - FY 20 % Change</u> |
|--|-------------------------|-----------------------------|----------------------------|----------------------|-----------------------------------|
| 01 Executive Direction and Control | \$ 977,831 | \$ 898,066 | \$ 961,176 | \$ 63,110 | 7.0% |
| 02 Administration and Support Services | 8,561,876 | 9,519,833 | 9,619,251 | 99,418 | 1.0% |
| 03 Broadcasting | 9,303,082 | 9,991,431 | 11,449,612 | 1,458,181 | 14.6% |
| 04 Content Enterprises | 7,374,733 | 9,841,717 | 6,474,824 | -3,366,893 | -34.2% |
| Total Expenditures | \$ 26,217,522 | \$ 30,251,047 | \$ 28,504,863 | -\$ 1,746,184 | -5.8% |
| General Fund | \$ 7,933,452 | \$ 11,573,192 | \$ 10,018,779 | -\$ 1,554,413 | -13.4% |
| Special Fund | 18,078,766 | 18,169,421 | 18,304,972 | 135,551 | 0.7% |
| Federal Fund | 205,304 | 508,434 | 181,112 | -327,322 | -64.4% |
| Total Appropriations | \$ 26,217,522 | \$ 30,251,047 | \$ 28,504,863 | -\$ 1,746,184 | -5.8% |

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.