

RP.00
Maryland Public Broadcasting Commission

Operating Budget Data

(\$ in Thousands)

	FY 00	FY 01	FY 02		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$9,610	\$10,590	\$10,910	\$321	3.0%
Special Fund	21,189	23,406	23,154	(252)	(1.1%)
Federal Fund	<u>102</u>	<u>300</u>	<u>2,200</u>	<u>1,900</u>	<u>633.3%</u>
Total Funds	\$30,900	\$34,296	\$36,264	\$1,968	5.7%

- Nearly all of the increase (96%) is associated with the increase in federal funds. The agency was awarded a \$10 million five-year grant called Star Schools to provide deliverables to promote the digital environment. The fiscal 2002 allowance includes the first installment (\$2 million) of this grant. Maryland Public Television will provide programming and outreach efforts.

Personnel Data

	FY 00	FY 01	FY 02	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	155.00	155.00	188.00	33.00
Contractual FTEs	<u>12.98</u>	<u>13.38</u>	<u>13.36</u>	<u>(0.02)</u>
Total Personnel	167.98	168.38	201.36	32.98

Vacancy Data: Regular

Budgeted Turnover: FY 02	7.88	4.19%
Positions Vacant as of 12/31/00	4.00	2.58%

- There are 33 new positions, including 30 contractual conversions.
- There are 13 new Public Broadcast Talent contractuales.

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

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Analysis in Brief

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete three new regular positions and fringe benefits, leaving funding to hire contractuels.	\$ 25,392	3.0
2. Delete retirement benefits for 30 professional broadcast technician positions.	58,884	
3. Adopt committee narrative requesting a study by the Maryland Public Broadcasting Commission which outlines how to best utilize lease opportunities on television towers.		
Total Reductions	\$ 84,276	3.0

Updates

Agency Conducting Feasibility Study to Determine Additional Work Space Needs: In response to increased staffing required for digital transmission and for new grants, the agency will implement a study to assess additional employee work space.

Dual Transmission Gets Underway in Upcoming Fiscal Year: Federal mandate requirements compel the agency to broadcast television signal in both analog and digital transmission.

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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. The commission is responsible for and controls the preparation, content, and programming of all its programs for the general public. The commission is the federal licensee for all broadcasting stations operated by Maryland Public Television (MPT). The MPT network consists of six broadcast transmitters throughout the State and a headquarters facility in Owings Mills. Organizationally, MPBC consists of four programs:

- **Executive Direction and Control** provides overall supervision;
- **Administration and Support Services** provides support services such as fiscal management, computer management, human resources, engineering, and production;
- **Broadcasting** is responsible for developing private sources of funding within the community, disseminating information through print and electronic media, and producing shows such as State Circle and Maryland State of Mind; and
- **Content Enterprises Program** produces a wide variety of programs distributed throughout the public television network and secures funding for creation of these programs and their promotion.

Governor's Proposed Budget

The Governor's fiscal 2002 allowance is nearly \$2.0 million above fiscal 2001 (5.7%) as shown in **Exhibit 1**. Marginal growth in the general fund allowance (\$0.32 million) during this period is offset by a decline in the special fund allowance (-\$0.25 million). The majority of the increase is due to a federal grant to implement the Star Schools program.

New Positions

The allowance includes three new MPT Technician III positions and 13 new Public Broadcast Talent (PBT) positions. The agency advises the MPT Technician III positions (\$116,000) are needed in order to assist engineers in the implementation of dual transmission. They anticipate this activity will begin in earnest during the second half of fiscal 2002. The 13 PBT positions are needed to implement the Star Schools program (discussed below). PBT is a special contractual designation given to MPT broadcast professionals. The status is a step above conventional contractuales in that they enjoy all the personnel benefits of regular employees with the exception of retirement benefits.

Exhibit 1

**Governor's Proposed Budget
Maryland Public Broadcasting Commission
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
2001 Working Appropriation	\$10,590	\$23,406	\$300	\$34,296
2002 Governor's Allowance	10,910	23,154	2,200	36,264
Amount Change	\$321	(\$252)	\$1,900	\$1,968
Percent Change	3.0%	(1.1%)	633.3%	5.7%

Where It Goes:

Personnel Expenses

New positions and cost of contractals	\$702
Fiscal 2002 general salary increase	201
Increments, fiscal 2001 increase phase-in and other	1,126
Employee and retiree health insurance rate change	201
Retirement contribution rate change	(63)
Workers' compensation premium assessment	5
Turnover adjustments	44
Other fringe benefit adjustments	157

Nonpersonnel Expenses

Reduction in equipment repairs and maintenance	(49)
Replacement of radio and electronic equipment essential for operations	234
The dropping or scaling back of production of non-profitable shows (HealthWeek and several cooking shows)	(3,598)
Increase in formula driven national dues	537
Star School initiative to produce deliverables that promote the digital environment	2,000
Nonpersonnel charges (electricity, equipment, and spare parts, etc.) associated with broadcasting in dual transmission (analog and digital)	135
Cost of premiums (gifts for high pledge members) sent to members as an incentive to donate funds to MPT	344

Other	(8)
Total	\$1,968

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

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Also, included in the allowance is the conversion of 30 existing PBT contractuals to regular positions. Agency records show that these employees have been on the payroll for up to two years or will be by the beginning of fiscal 2002. The immediate budgetary impact is about \$59,000 in fiscal 2002 and will average about \$65,000 over the next several years. MPT advises that 10 to 15 additional PBT positions are projected for conversion in next year's budget.

Federal Grant Support Star Schools Program

MPT recently received a \$10 million grant (\$2.0 million each year for five years) from the U.S. Department of Education as part of an ongoing federal education program called Star Schools. Star Schools grants are aimed at funding innovative projects using technology for distance education. MPT will use the grant to create "statewide digital learning services" to be used by teachers, parents, students, and the community at large. MPT will develop video and on-line content to promote the use of digital technology in the classroom and at home. The fiscal 2002 allowance includes 13 PBT contractuals (\$528,000) needed to implement the Star Schools initiative. **Appendix 4** identifies the new positions and salaries for the agency.

Performance Analysis: Managing for Results

Exhibit 2 shows the performance indicators associated with the goals and objectives of the agency. MPT was responsive to the Department of Legislative Services (DLS) concerns to identify more meaningful outcome measures for the Executive Direction and Control Program. The number of partnerships and collaborative relationships measure is more closely aligned with the type of performance measures of this program. The agency formed three new partnerships in fiscal 2000 and anticipate five additional collaborations in fiscal 2001. **The agency should brief the committees on how these partnerships have and will continue to further the agency's mission.**

As illustrated in the table, the number of members and corresponding dollars donated are projected to continue upward growth. That certainly speaks to the impact the agency is having on its constituency. Another measure that bears mentioning is annual facility revenues. These revenues are generated through fees paid in exchange for the use of agency resources. For example, it is permissible for the agency to lease or rent space on State-owned tower facilities. Firms use this resource to attach their telecommunications equipment in exchange for a fee. The data shows these revenues declining over time. Is this decline due to less demand or because this revenue source is underutilized?

The MPT is building out its tower infrastructure in response to the federal mandate to move all public television broadcasts from analog to digital transmission. It is incumbent of MPT to have a plan in place to continue to exploit this resource. The resultant revenues could be used to offset the shortfalls in federal matching support in the transition to digital. The agency advises that new federal guidelines may permit public television stations to make available up to 25% of its available tower space to house telecommunications equipment of vendors.

Exhibit 2

**Program Measurement Data
Maryland Public Broadcasting Commission
Fiscal 1998 through 2002**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
Number of partnerships	n/a	2	n/a	3	5	7	n/a	n/a
Number of agencies receiving services	21	24	25	27	27	27	13.4%	0.0%
Annual facilities revenues	981,000	743,578	750,000	670,125	670,000	670,000	-17.4%	0.0%
Number of MPT members	60,805	69,436	77,251	72,500	80,000	80,000	9.2%	5.0%
Total membership dollars (\$ in thousands)	\$4,674	5,000	\$5,600	5,855	6,000	6,200	11.9%	2.9%
Local corporate underwriters	98	120	135	141	150	160	19.9%	6.5%
National underwriters	25	25	25	15	15	15	-22.5%	0.0%
Students/teachers accessing MPT education on-line (\$ in thousands)	75	161	240	1,401	1,400	1,500	332.2%	3.5%
Hours of children's programming	830	950	1,100	1,400	1,600	1,800	29.9%	13.4%
No. of national programs produced	16	15	15	13	11	9	-9.9%	-16.8%
Hours national programs produced	470	394	386	336	250	225	-15.4%	-18.2%

Source: MPBC budget requests and *Maryland FY 2002 Budget, Part Three*

DLS recommends MPT prepare a study which outlines how the agency plans to utilize its telecommunications infrastructure to generate additional revenues, in light of the fact the State may not receive expected federal support for digital conversion. The study should also include data that show the potential for revenue generation at various levels of utilization. The agency should investigate and report how other Maryland agencies and states have set up similar programs to capture these potential revenues.

The last two performance measures in Exhibit 2 indicates less emphasis on production of national programs by MPT. Between fiscal 1998 and 2000, the number of national programs dropped from 16 to 13. The agency projects these trends will continue through fiscal 2002. According to the agency, more scrutiny given to programs that are unprofitable has led to the decline in national program production. It is not clear why the agency is not instead replacing the unprofitable shows with more profitable

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programs. Does the reduction also reflect a shift in direction away from national to local production? If so, are the production costs at these levels comparable? **The agency should be prepared to brief the committees more fully on the production of national and local programs and the costs associated with production.**

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete three new regular positions and fringe benefits, leaving funding to hire contractuels. The three technical positions are needed for the dual transmission (analog and digital) of television broadcasts. The dual transmission activity begins in fiscal 2003 and ends in fiscal 2006; therefore, there is no need for ongoing regular positions. The agency can perform work with contractual positions.	\$ 25,392	GF	3.0
2. Delete retirement benefits for 30 professional broadcast technician positions. The Public Broadcast Talent personnel are contractual positions with health benefits. Converting the contractuels to regular positions can be deferred until next year.	\$ 58,884	SF	
3. Adopt the following narrative:			

Lease Opportunities on Television Towers: The Maryland Public Broadcasting Commission should prepare a study which outlines how best to utilize lease opportunities on television towers. Revenue generating possibilities may be overlooked without a systematic plan. With uncertainty surrounding the federal support for building advanced television transmission systems, it is incumbent upon the agency to be aware of potential revenue enhancement opportunities. The federal government may allow up to 25% of existing space on television towers to be used for commercial purposes. This study should also look at how other agencies and states take advantage of resource sharing ventures. A report should be submitted to the budget committees by October 1, 2001.

Information Request	Authors	Due Date
Study on the revenue potential of television tower infrastructure	MPT	October 1, 2001

Total Reductions	\$ 84,276	3.0
Total General Fund Reductions	\$ 25,392	
Total Special Fund Reductions	\$ 58,884	

Updates

1. Agency Conducting Feasibility Study to Determine Additional Workspace Needs

The DBM Capital Projects Division is requiring the MPT to conduct a feasibility study in order to properly plan the size, scope, and location for a proposed new wing at MPT headquarters in Owing Mills, Maryland. According to the agency, there currently is insufficient space to house the additional people required for digital transmission. According to past experience, the Department of General Services estimates the cost of the study at \$75,000. The agency will absorb these general fund costs out of its fiscal 2001 appropriation.

2. Dual Transmission Gets Underway in Upcoming Fiscal Year

MPT begins preparation to transmit their broadcasts in both digital and analog formats, in accordance with a federal mandate. The purpose is to permit viewers to slowly transition over to digital technology. In order to receive digital broadcasts, consumers will have to acquire expensive digitally equipped televisions or purchase digital converter boxes which allows the reception of a digital signal with an analog television. Providing dual transmission will permit slow adopters of digital technology to continue to enjoy television broadcast without penalty. However, the window for dual transmission is only three years (fiscal 2003 through 2006).

MPT advises that additional expenses are necessary in order to transmit in both formats. It estimates an annual expenditure of \$750,000 for personnel, communications, additional electrical equipment, training, and maintenance and repair parts. The project will not get underway until midway through fiscal 2002, so the budget has been prorated to reflect this (\$400,000). The fiscal 2002 allowance includes \$250,000 to implement this project in the first year.

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2000					
Legislative Appropriation	\$9,530	\$22,177	\$400	\$0	\$32,107
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	80	3,273	0	0	3,353
Reversions and Cancellations	0	(4,261)	(298)	0	(4,559)
Actual Expenditures	\$9,610	\$21,189	\$102	\$0	\$30,900
Fiscal 2001					
Legislative Appropriation	\$10,576	\$23,406	\$300	\$0	\$34,281
Budget Amendments	14	0	0	0	14
Working Appropriation	\$10,590	\$23,406	\$300	\$0	\$34,296

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

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Fiscal 2000 Amendments

MPBC's 2000 legislative appropriation increased about \$80,000 in general funds due to a statewide budget amendment. The purpose of the amendment is to account for general fund costs related to the pay plan adjustment and the deferred compensation match, as authorized by Chapter 18, Acts of 1999. MPBC submitted an amendment that increased the special fund appropriation by \$3.123 million. Funds are available from unanticipated donations that exceed projected revenues. Funds will be allocated to the Corporate Communications Office within Executive Direction and Control (\$199,878) and broadcasting (\$2.923 million) units. The additional funds to the broadcasting unit will fund the following shows: Newsnight Maryland (\$1,075,458); Salaries and Wages-related regional productions (\$300,000); Wall Street Week Advertising (\$575,000); Education Projects (\$488,812); Wimzie Outreach (\$100,000); HealthWeek Advertising (\$89,068); and Annenberg Project (\$295,000). The remaining \$150,000 of the fiscal 2000 special fund budget amendment is to purchase new software that improves the efficiency and capabilities of the agency's internal reporting process.

The \$4.261 million cancellation in special funds relates to lower revenues than anticipated for the production of several national programs. There was also a \$0.298 million federal fund cancellation because funds came too late in the fiscal year to encumber. The funds were re-appropriated in the next fiscal year.

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

Positions	Object/Fund	FY00	FY01	FY02	FY01 - FY02	Percent Change
		Actual	Working Appropriation	Allowance	Amount Change	
01	Regular	155.00	155.00	188.00	33.00	21.3%
02	Contractual	12.98	13.38	13.36	(0.02)	(0.1%)
	Total Positions	167.98	168.38	201.36	32.98	19.6%
Objects						
01	Salaries and Wages	\$ 11,195,760	\$ 10,819,428	\$ 13,192,933	\$ 2,373,505	21.9%
02	Technical & Spec Fees	487,655	449,651	450,753	1,102	0.2%
03	Communication	1,002,679	1,112,578	1,171,193	58,615	5.3%
04	Travel	575,201	516,579	619,527	102,948	19.9%
06	Fuel & Utilities	727,542	747,710	754,533	6,823	0.9%
07	Motor Vehicles	128,519	77,899	83,661	5,762	7.4%
08	Contractual Services	11,734,376	14,439,264	13,466,349	(972,915)	(6.7%)
09	Supplies & Materials	1,070,956	1,146,130	1,145,666	(464)	0%
10	Equip - Replacement	560,339	487,773	374,077	(113,696)	(23.3%)
11	Equip - Additional	1,881,392	2,974,892	2,799,480	(175,412)	(5.9%)
13	Fixed Charges	1,535,862	1,523,676	2,205,868	682,192	44.8%
	Total Objects	\$ 30,900,281	\$ 34,295,580	\$ 36,264,040	\$ 1,968,460	5.7%
Funds						
01	General Fund	\$ 9,609,661	\$ 10,589,792	\$ 10,910,355	\$ 320,563	3.0%
03	Special Fund	21,189,078	23,405,788	23,153,685	(252,103)	(1.1%)
05	Federal Fund	101,542	300,000	2,200,000	1,900,000	633.3%
	Total Funds	\$ 30,900,281	\$ 34,295,580	\$ 36,264,040	\$ 1,968,460	5.7%

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

**Fiscal Summary
Maryland Public Broadcasting Commission**

Unit/Program	FY00	FY01	FY01	FY00 - FY01	FY02	FY01 - FY02
	Actual	Legislative Appropriation	Working Appropriation	% Change	Allowance	% Change
01 Executive Direction and Control	\$ 824,904	\$ 768,030	\$ 768,030	(6.9%)	\$ 921,374	20.0%
02 Administration and Support Services	11,041,345	11,891,511	11,905,742	7.8%	12,423,856	4.4%
03 Broadcasting	11,959,047	11,839,000	11,839,000	(1.0%)	15,061,965	27.2%
04 National/International Productions	7,074,985	9,782,808	9,782,808	38.3%	7,856,845	(19.7%)
Total Expenditures	\$ 30,900,281	\$ 34,281,349	\$ 34,295,580	11.0%	\$ 36,264,040	5.7%
General Fund	\$ 9,609,661	\$ 10,575,561	\$ 10,589,792	10.2%	\$ 10,910,355	3.0%
Special Fund	21,189,078	23,405,788	23,405,788	10.5%	23,153,685	(1.1%)
Federal Fund	101,542	300,000	300,000	195.4%	2,200,000	633.3%
Total Appropriations	\$ 30,900,281	\$ 34,281,349	\$ 34,295,580	11.0%	\$ 36,264,040	5.7%

**New Positions by Class Code
Maryland Public Broadcasting Commission**

<u>Class Title</u>	<u>Number of New Positions</u>	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Turnover</u>	<u>Total</u>
Administration and Support Services					
MPT Technician III (NEW004)	1.00	\$40,020	\$11,429	(\$12,868)	\$38,581
MPT Technician III (NEW005)	1.00	40,020	11,429	(12,868)	38,581
MPT Technician III (NEW006)	1.00	40,020	11,429	(12,868)	38,581
Subtotal	3.00	\$120,060	\$34,287	(\$38,604)	\$115,743
Broadcasting					
On-line Producer (861426)	1.00	\$42,840	\$11,771	(\$1,748)	\$52,863
On-line Assistant Producer (861428)	1.00	30,600	8,838	(1,263)	38,175
Director of Educational Services (N00078)	1.00	61,200	11,106	(18,086)	54,220
Manager of K-12 Services (N00079)	1.00	42,840	9,745	(13,153)	39,432
Schools Marketing Manager (N00080)	1.00	56,100	10,728	(16,716)	50,112
Sr. Executive Producer (N00081)	1.00	51,399	10,380	(15,453)	46,326
Ed. Tech Specialist (N00082)	1.00	35,700	9,216	(11,234)	33,682
Producer, MPT Kidworks (N00083)	1.00	42,840	9,745	(13,153)	39,432
A/P Learning Works (N00084)	1.00	30,600	8,838	(9,864)	29,574
Secretary (N00085)	1.00	27,540	8,612	(9,042)	27,110
Grants Manager (N00086)	1.00	44,880	9,897	(13,701)	41,076
Writer (N00087)	1.00	40,800	9,594	(12,605)	37,789
Asst Director Education Project Director (N00099)	1.00	40,800	9,594	(12,605)	37,789
Subtotal	13.00	\$548,139	\$128,064	(\$148,623)	\$527,580
Grand Total	16.00	\$668,199	\$162,351	(\$187,227)	\$643,323