

R15P00
Maryland Public Broadcasting Commission

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$8,454	\$8,182	\$7,821	-\$361	-4.4%
Adjusted General Fund	\$8,454	\$8,182	\$7,821	-\$361	-4.4%
Special Fund	14,355	17,779	14,782	-2,997	-16.9%
Adjusted Special Fund	\$14,355	\$17,779	\$14,782	-\$2,997	-16.9%
Federal Fund	1,050	1,791	1,393	-397	-22.2%
Adjusted Federal Fund	\$1,050	\$1,791	\$1,393	-\$397	-22.2%
Reimbursable Fund	0	1,032	1,026	-5	-0.5%
Adjusted Reimbursable Fund	\$0	\$1,032	\$1,026	-\$5	-0.5%
Adjusted Grand Total	\$23,859	\$28,782	\$25,023	-\$3,760	-13.1%

- The fiscal 2013 allowance is \$3.8 million less than the fiscal 2012 working appropriation, considering all fund sources. Special funds decrease \$3.0 million, due largely to the fact that the fiscal 2012 budget was based on fiscal 2010 actual expenditures, which included a one-time production called *Love of Liberty*.

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

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Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Positions	153.00	148.00	145.00	-3.00
Contractual FTEs	<u>14.74</u>	<u>16.19</u>	<u>14.74</u>	<u>-1.45</u>
Total Personnel	167.74	164.19	159.74	-4.45

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	5.80	4.00%
Positions and Percentage Vacant as of 12/31/11	13.00	8.78%

- The number of regular positions declines by 3.0 in the fiscal 2013 allowance due to the abolition of long-term vacancies. Contractual full-time equivalents decreased 1.45 in the fiscal 2013 allowance.
- As of December 31, 2011, the Maryland Public Broadcasting Commission (MPBC) has 13 vacancies. Budgeted turnover for fiscal 2013 is 4.0%.

Analysis in Brief

Major Trends

Special and Federal Funds Do Not Meet Growth Objective: MPBC has an objective to increase combined special and federal funds by at least \$100,000 each year. The objective was met in fiscal 2012 due primarily to an increase in corporate support related to the one-time production of a program called *Love of Liberty*, but will not be met in fiscal 2013.

Viewers Remain Level in 2011; Unique Broadcast Hours Decrease Slightly: The number of viewing households stayed level in fiscal 2011 at 715,000 but remains below the fiscal 2009 level of 852,000. MPBC reports that the decline is due to a change in viewership measurements and competition from cable channels. Unique broadcast hours decreased slightly in 2011 to 23,266, a decline of 116 hours.

Recommended Actions

1. Concur with Governor's allowance.

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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 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) and consists of six broadcast transmitters throughout the State and a headquarters facility in Owings Mills.

To measure progress in fulfilling its responsibilities, MPBC's goals are:

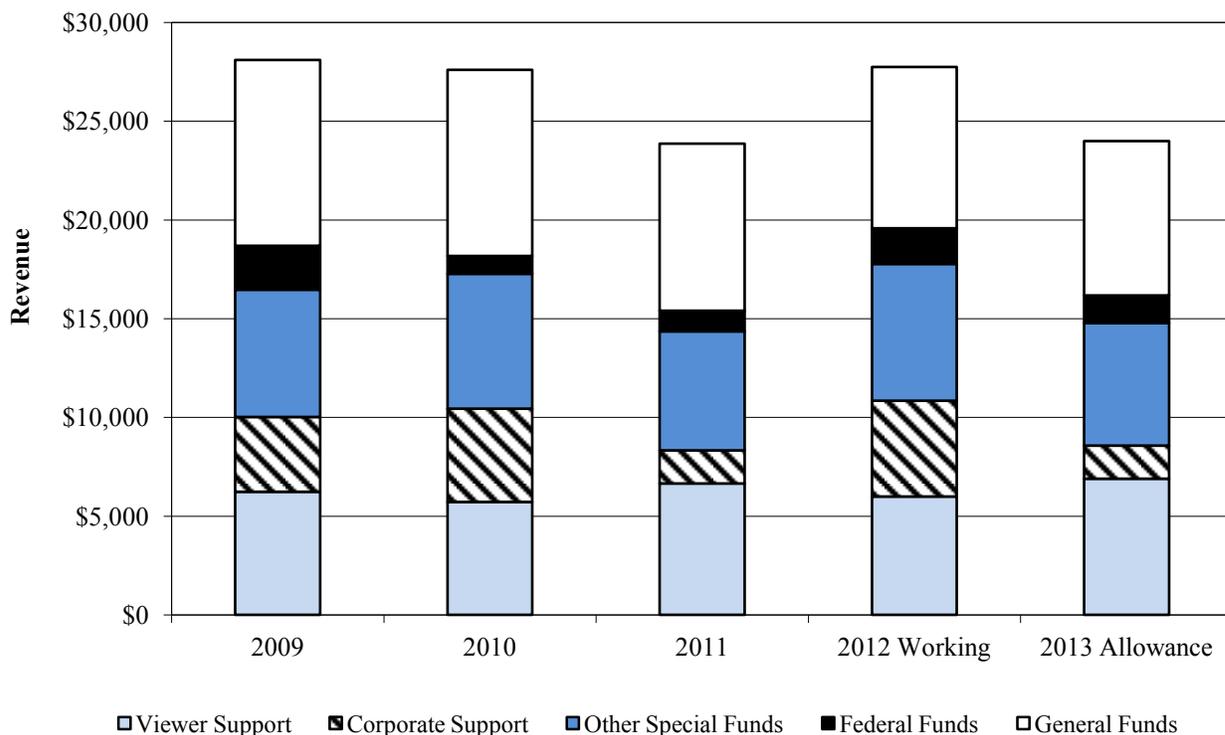
- to create and continuously enhance programming and services that recognize the values and meet the needs of the people of Maryland and surrounding areas, and secure high quality programming for Marylanders;
- to effectively use the conversion to a digital environment as the foundation upon which to create and innovate, especially in the area of educational multimedia delivery systems, in ways that extend MPT's reach and increase its value; and
- to build MPT 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

MPBC has a goal to maintain its financial viability. A related objective is to increase combined special and federal funds by at least \$100,000 each year. Special funds include viewer support; corporate support; a grant from the Corporation for Public Broadcasting, which is a nonprofit organization funded by the federal government; and other revenues the agency generates for itself.

The special and federal fund growth objective was not met in fiscal 2009 through 2011. Federal and special funds increased \$4.2 million in the fiscal 2012 working appropriation, however, due largely to a \$2.5 million increase in corporate support for new programming. Special and federal funds decline \$3.4 million in the fiscal 2013 allowance due in part to the completion of this program, leaving combined special and federal funds at \$16.2 million. Despite the decline, federal and special funds remain above fiscal 2011 levels. **Exhibit 1** shows the components of MPBC revenue sources since fiscal 2006.

Exhibit 1
Maryland Public Broadcasting Commission Sources of Revenue
Fiscal 2009-2013
(\$ in Thousands)



	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 Working</u>	<u>2013 Allowance</u>
Special Funds (SF)	\$16,460	\$17,274	\$14,355	\$17,779	\$14,782
Federal Funds (FF)	2,228	908	1,050	1,791	1,393
Subtotal, SF and FF	\$18,688	\$18,182	\$15,405	\$19,569	\$16,175
General Funds	9,411	9,420	8,454	8,182	7,821
Grand Total	\$28,100	\$27,602	\$23,859	\$27,751	\$23,996

Source: Governor's Budget Books, Fiscal 2011-2013

Viewers Remain Level in 2011; Unique Broadcast Hours Decrease Slightly

Another MPBC goal is to increase the number of viewers and members. **Exhibit 2** shows that the number of viewing households declined 16.1% to 715,000 in fiscal 2010 from 851,825 the previous year and remained level in fiscal 2011. The number of viewing households is expected to increase in fiscal 2012 and 2013. MPBC reports that the decrease in fiscal 2010 was due, in part, to a change in viewership measurements. Previously, a media service conducted telephone surveys to determine viewership, but now People Meter devices are installed on television sets to provide that data. People tend to overestimate their viewing in the telephone surveys. An additional factor is that, as the number of cable channels proliferates, the audience for any particular channel is more likely to diminish. Finally, the conversion from analog to entirely digital signals in June 2009 contributed to the viewership decline. Some viewers use a digital converter box attached to their television set to receive digital signals, but many had trouble receiving the MPT signal. MPBC reports that these initial problems have almost totally disappeared.

To attract viewers, MPBC strives to increase the number of unique broadcast hours it provides. This measure includes programming that MPBC purchases from the Public Broadcasting Service and other media sources and which is produced in-house. Exhibit 2 also shows that these hours were steady at about 8,000 annually through fiscal 2008. In fiscal 2009, the hours jumped to 29,000 as the agency began to transmit digital as well as analog signals. By fiscal 2010, the conversion to digital was complete, the analog signal was discontinued, and unique broadcast hours decreased to 23,000, where they remained level in fiscal 2011 and are expected to remain in fiscal 2012 and 2013.

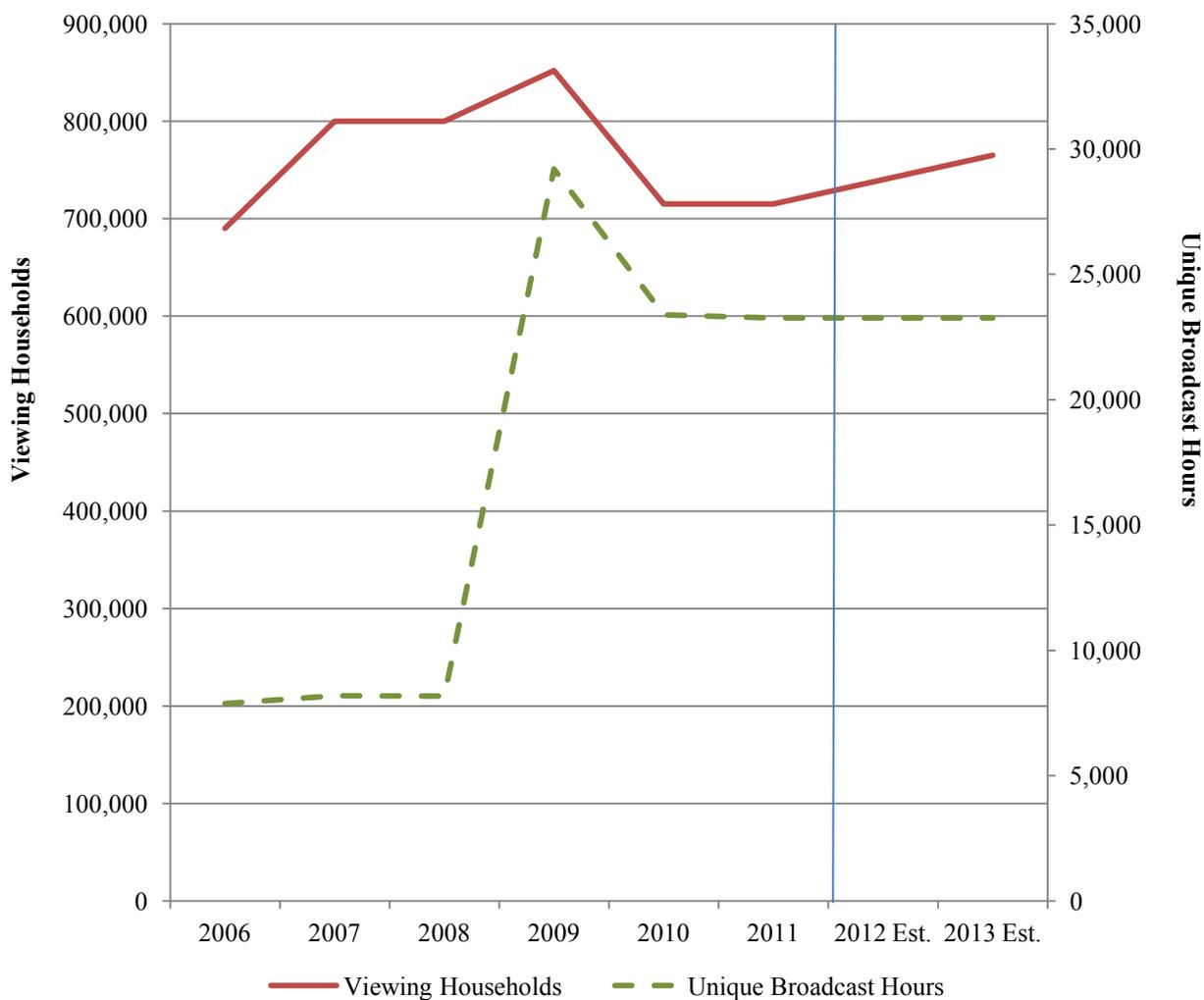
Unique broadcast hours since fiscal 2010 are higher than historic levels because the digital signal enables MPT to broadcast three channels instead of one. Each channel – MPT, MPT II, and V-Me, the Spanish channel – is a stand-alone channel with its own programming although some of the same programs may be broadcast on MPT and MPT II at different times.

To attract and retain members, which are viewers who contribute financially to MPBC, the agency conducts four broadcast pledge drives each year and sends 1.7 million pieces of direct mail. The direct mail contract totals about \$710,000 each year. The number of members has averaged 59,300 since fiscal 2006.

Visits to Online Education Resources Increase Slightly in 2011

MPBC has a goal to provide learning opportunities through educational programs and services. Due to budget constraints, K-12 broadcasts were eliminated in fiscal 2010. Instead, MPBC is focusing its K-12 educational efforts on Thinkport.org. Thinkport is an online resource for teachers, parents, and childcare providers that offers a lesson plan builder, teacher-to-teacher discussion groups, and student activity guides, among other functions. The agency reports that some content created as part of Maryland's federal Race to the Top grant will be available through

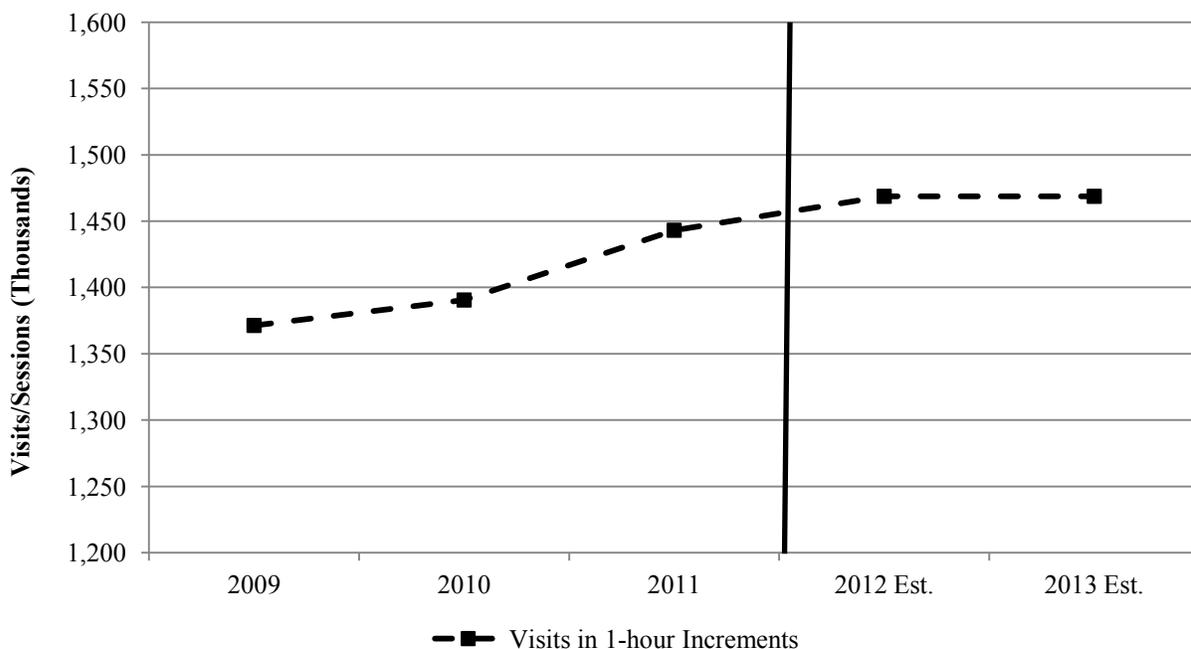
Exhibit 2
Maryland Public Television’s Viewing Households and Hours
Fiscal 2006-2013



Source: Governor’s Budget Books, Fiscal 2008-2013

Thinkport. As shown in **Exhibit 3**, the number of visitors to MPBC’s online education site has increased slightly since fiscal 2009, up 5.2% by fiscal 2011 to 1,443,070 visits. MPBC expects visits to online educational resources to increase slightly again in fiscal 2012 and remain steady in 2013.

**Exhibit 3
Education Website Usage
Fiscal 2009-2013**



Source: Governor’s Budget Books, Fiscal 2008-2013

Proposed Budget

The fiscal 2013 allowance is \$3.8 million less than the fiscal 2012 working appropriation considering all fund sources, as shown in **Exhibit 4**.

Personnel Changes

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. MPBC’s share of the reduction is 1 position. The annualized salary savings due to the abolition of this position is expected to be \$63,144 in general funds

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

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2012 Working Appropriation	\$8,182	\$17,779	\$1,791	\$1,032	\$28,782
2013 Allowance	<u>7,821</u>	<u>14,782</u>	<u>1,393</u>	<u>1,026</u>	<u>25,023</u>
Amount Change	-\$361	-\$2,997	-\$397	-\$5	-\$3,760
Percent Change	-4.4%	-16.9%	-22.2%	-0.5%	-13.1%
 Contingent Reduction	 \$0	 \$0	 \$0	 \$0	 \$0
Adjusted Change	-\$361	-\$2,997	-\$397	-\$5	-\$3,760
Adjusted Percent Change	-4.4%	-16.9%	-22.2%	-0.5%	-13.1%

Where It Goes:

Personnel Expenses

Abolished positions.....	-\$163
State contribution to employee retirement.....	119
Salary adjustments	-96
Overtime	82
Completion of one-time \$750 employee bonus	-110
Employee and retiree health insurance	165
Workers' compensation	-1
Turnover adjustments	-3
Other fringe benefit adjustments.....	-6

Other Changes

Completion of one-time program productions	-3,523
Reduction in viewer and member thank you gifts	-203
Other changes	-21

Total **-\$3,760**

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

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Salaries and personnel expenditures decrease \$11,305 in the fiscal 2013 allowance. The fiscal 2013 allowance abolishes 3 long-term vacant positions in the areas of fundraising, research, and a technician, resulting in a \$163,164 reduction. In addition, the completion of the fiscal 2012 one-time employee bonuses results in a \$109,752 decrease in fiscal 2013 personnel expenditures. In contrast, the fiscal 2013 allowance includes an \$119,439 increase in employee retirement as well as a \$164,865 increase in employee and retiree health insurance. Overtime increases from \$0 to \$82,100 in the fiscal 2013 allowance. MPBC reports that overtime may have been erroneously excluded from the fiscal 2012 budget.

Other Changes

Other reductions include \$3.5 million related to one-time production costs. MPBC's fiscal 2012 special fund appropriation was based on fiscal 2010 actual expenditures which included the program *Love of Liberty*, while the fiscal 2013 allowance is based on actual fiscal 2011 special fund expenditures, which did not include spending for the *Love of Liberty* program. In addition, a \$203,398 reduction is related to a decline in expenditures for viewer and member thank you gifts.

Recommended Actions

1. Concur with Governor's allowance.

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 2011					
Legislative Appropriation	\$8,654	\$15,284	\$2,080	\$0	\$26,018
Deficiency Appropriation	-200	2,580	0	0	2,380
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-3,509	-1,030	0	-4,539
Actual Expenditures	\$8,454	\$14,355	\$1,050	\$0	\$23,859
Fiscal 2012					
Legislative Appropriation	\$8,129	\$17,721	\$1,791	\$0	\$27,641
Budget Amendments	52	57	0	1,032	1,141
Working Appropriation	\$8,182	\$17,779	\$1,791	\$1,032	\$28,782

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

Fiscal 2011

The fiscal 2011 budget closed at \$23.9 million, which was \$2.2 million less than the legislative appropriation. A deficiency of \$2.6 million added special funds to accommodate an increase in corporate support for new programming, including programs on the War of 1812, Chesapeake Collectibles, financial literacy, the Chesapeake Bay Bridge, cooking, and a science and technology program. A second deficiency reduced the general fund appropriation \$200,000 to recognize electricity savings associated with the conversion from an analog to a digital signal.

Reversions and Cancellations: Cancellations totaled \$4.5 million. Special fund cancellations totaled \$3.5 million due to a program known as *Love of Liberty*, which aired in fiscal 2010 but was not repeated in fiscal 2011. Federal fund cancellations totaled \$1.0 million due to the discontinuation of the federal Star Schools grant and because a National Science Foundation grant did not progress as quickly as anticipated.

Fiscal 2012

The fiscal 2012 working appropriation is \$1.1 million above the legislative appropriation. General funds increased \$52,455, and special funds increased \$57,297 to reflect the \$750 employee bonus. A budget amendment increased the reimbursable appropriation \$1.0 million to provide reimbursable Race to the Top funds from the Maryland State Department of Education in order to fulfill MPBC's memorandum of understanding to develop interactive digital student resources aligned to national common core standards and online courses for teacher professional development.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	153.00	148.00	145.00	-3.00	-2.0%
02 Contractual	14.74	16.19	14.74	-1.45	-9.0%
Total Positions	167.74	164.19	159.74	-4.45	-2.7%
Objects					
01 Salaries and Wages	\$ 11,200,150	\$ 11,760,438	\$ 11,749,133	-\$ 11,305	-0.1%
02 Technical and Spec. Fees	546,951	731,779	729,655	-2,124	-0.3%
03 Communication	443,170	480,245	493,593	13,348	2.8%
04 Travel	201,043	204,100	201,046	-3,054	-1.5%
06 Fuel and Utilities	900,209	921,335	897,948	-23,387	-2.5%
07 Motor Vehicles	79,324	50,274	41,470	-8,804	-17.5%
08 Contractual Services	7,981,619	12,131,208	8,656,082	-3,475,126	-28.6%
09 Supplies and Materials	1,179,201	1,219,606	1,086,276	-133,330	-10.9%
10 Equipment – Replacement	57,365	83,260	57,365	-25,895	-31.1%
11 Equipment – Additional	805,745	744,352	668,659	-75,693	-10.2%
13 Fixed Charges	464,260	455,822	441,397	-14,425	-3.2%
Total Objects	\$ 23,859,037	\$ 28,782,419	\$ 25,022,624	-\$ 3,759,795	-13.1%
Funds					
01 General Fund	\$ 8,453,981	\$ 8,181,573	\$ 7,820,823	-\$ 360,750	-4.4%
03 Special Fund	14,355,074	17,778,545	14,781,811	-2,996,734	-16.9%
05 Federal Fund	1,049,982	1,790,743	1,393,492	-397,251	-22.2%
09 Reimbursable Fund	0	1,031,558	1,026,498	-5,060	-0.5%
Total Funds	\$ 23,859,037	\$ 28,782,419	\$ 25,022,624	-\$ 3,759,795	-13.1%

Note: The fiscal 2012 appropriation does not include deficiencies.

Fiscal Summary
Maryland Public Broadcasting Commission

<u>Program/Unit</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Wrk Approp</u>	<u>FY 13</u> <u>Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13</u> <u>% Change</u>
01 Executive Direction and Control	\$ 606,107	\$ 635,976	\$ 652,729	\$ 16,753	2.6%
02 Administration and Support Services	8,671,592	8,829,937	8,694,284	-135,653	-1.5%
03 Broadcasting	10,302,167	12,150,472	11,416,111	-734,361	-6.0%
04 Content Enterprises	4,279,171	7,166,034	4,259,500	-2,906,534	-40.6%
Total Expenditures	\$ 23,859,037	\$ 28,782,419	\$ 25,022,624	-\$ 3,759,795	-13.1%
General Fund	\$ 8,453,981	\$ 8,181,573	\$ 7,820,823	-\$ 360,750	-4.4%
Special Fund	14,355,074	17,778,545	14,781,811	-2,996,734	-16.9%
Federal Fund	1,049,982	1,790,743	1,393,492	-397,251	-22.2%
Total Appropriations	\$ 23,859,037	\$ 27,750,861	\$ 23,996,126	-\$ 3,754,735	-13.5%
Reimbursable Fund	\$ 0	\$ 1,031,558	\$ 1,026,498	-\$ 5,060	-0.5%
Total Funds	\$ 23,859,037	\$ 28,782,419	\$ 25,022,624	-\$ 3,759,795	-13.1%

Note: The fiscal 2012 appropriation does not include deficiencies.