

**R15P00**  
**Maryland Public Broadcasting Commission**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 13</u></b> <b><u>Actual</u></b>	<b><u>FY 14</u></b> <b><u>Working</u></b>	<b><u>FY 15</u></b> <b><u>Allowance</u></b>	<b><u>FY 14-15</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$7,775	\$7,841	\$8,139	\$297	3.8%
Contingent & Back of Bill Reductions	0	-142	-72	70	
<b>Adjusted General Fund</b>	<b>\$7,775</b>	<b>\$7,699</b>	<b>\$8,067</b>	<b>\$368</b>	<b>4.8%</b>
Special Fund	15,351	19,533	17,640	-1,893	-9.7%
Contingent & Back of Bill Reductions	0	0	-77	-77	
<b>Adjusted Special Fund</b>	<b>\$15,351</b>	<b>\$19,533</b>	<b>\$17,563</b>	<b>-\$1,970</b>	<b>-10.1%</b>
Federal Fund	1,159	1,498	976	-523	-34.9%
Contingent & Back of Bill Reductions	0	0	-4	-4	
<b>Adjusted Federal Fund</b>	<b>\$1,159</b>	<b>\$1,498</b>	<b>\$971</b>	<b>-\$527</b>	<b>-35.2%</b>
Reimbursable Fund	768	1,426	784	-643	-45.1%
<b>Adjusted Reimbursable Fund</b>	<b>\$768</b>	<b>\$1,426</b>	<b>\$784</b>	<b>-\$643</b>	<b>-45.1%</b>
<b>Adjusted Grand Total</b>	<b>\$25,053</b>	<b>\$30,157</b>	<b>\$27,384</b>	<b>-\$2,772</b>	<b>-9.2%</b>

- The fiscal 2015 allowance is \$2.8 million lower than the fiscal 2014 working appropriation. This is in large part due to one-time funds that the commission received in fiscal 2014 for War of 1812 programming, contributing to a \$2.0 million decrease in special funds. There is a decrease of more than \$500,000 in federal funds, in part due to decreased funding for the MathPath program. General funds increase by approximately \$368,000.

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

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***Personnel Data***

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
Regular Positions	145.00	145.00	145.00	0.00
Contractual FTEs	<u>23.02</u>	<u>22.97</u>	<u>22.83</u>	<u>-0.14</u>
<b>Total Personnel</b>	<b>168.02</b>	<b>167.97</b>	<b>167.83</b>	<b>-0.14</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	10.73	7.40%
Positions and Percentage Vacant as of 12/31/13	14.00	9.66%

- The number of regular positions remains unchanged between the current year working appropriation and the fiscal 2015 allowance.
- The fiscal 2015 turnover rate of 7.4% will require the Maryland Public Broadcasting Commission (MPBC) to keep the equivalent of 10.73 full-time positions vacant for the entire year. As of December 31, 2013, there were 14.0 vacant positions.
- The number of contractual full-time equivalents decreases by 0.14 between the current year working appropriation and the fiscal 2015 allowance.

## ***Analysis in Brief***

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### **Major Trends**

***Federal and Special Funds Decline after Large Fiscal 2014 Influx:*** The fiscal 2015 allowance for federal and special funds decreases by \$2.4 million, largely due to high levels of fiscal 2014 funding for one-time programming initiatives.

***Unique Broadcast Hours Remain Level:*** From fiscal 2010 through 2013, MPBC has broadcast about 23,000 unique broadcast hours per year. MPBC attributes the inability to increase unique broadcast hours to declines in staff and State funding over the last 10 years.

***Online Visits Continue to Increase:*** MPBC focuses its K-12 educational efforts on Thinkport.org. The number of visitors to MPBC's online education website increased 4.6% between fiscal 2012 and 2013, to 1.7 million visits, which MPBC attributes to word of mouth and the website's usefulness to teachers, students, and parents. MPBC expects visits to the website to level off at 2013 levels in 2014 and 2015.

### **Recommended Actions**

1. Add language to delete 5 positions by the end of fiscal 2015.

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**Maryland Public Broadcasting Commission**

***Operating Budget Analysis***

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**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 of its programs. 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.

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 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 MPT's reach and increase its value; and
- build MPT into an organization with the vision, leadership, and institutional capacity to fulfill its mission and ensure long-term growth and stability.

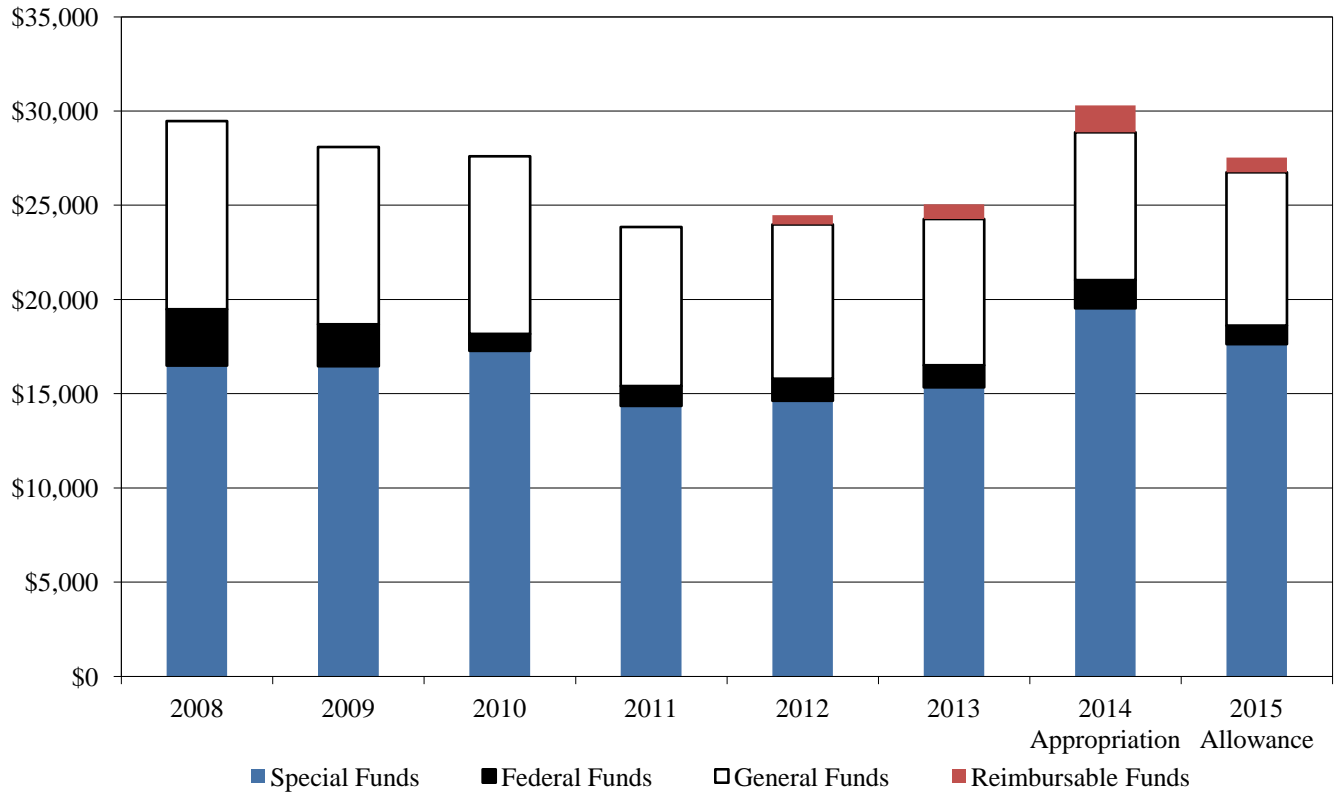
**Performance Analysis: Managing for Results**

**1. Federal and Special Funds Decline after Large Fiscal 2014 Influx**

One MPBC goal is 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 and corporate support; a grant from the Corporation for Public Broadcasting, a nonprofit organization funded by the federal government; and other agency-generated revenues.

**Exhibit 1** shows the components of MPBC revenue sources since fiscal 2008. Special and federal funds increased \$705,723 in fiscal 2013. In fiscal 2014, special and federal funds increased by \$4.5 million, largely due to more than \$3.8 million in funds for one-time programming. The fiscal 2015 allowance for federal and special funds decreases by \$2.4 million. Despite the year-over-year decrease, MPBC's federal and special funds are \$3.2 million above their fiscal 2011 levels.

**Exhibit 1**  
**Maryland Public Broadcasting Commission Sources of Revenue**  
**Fiscal 2008-2015**  
**(\$ in Thousands)**

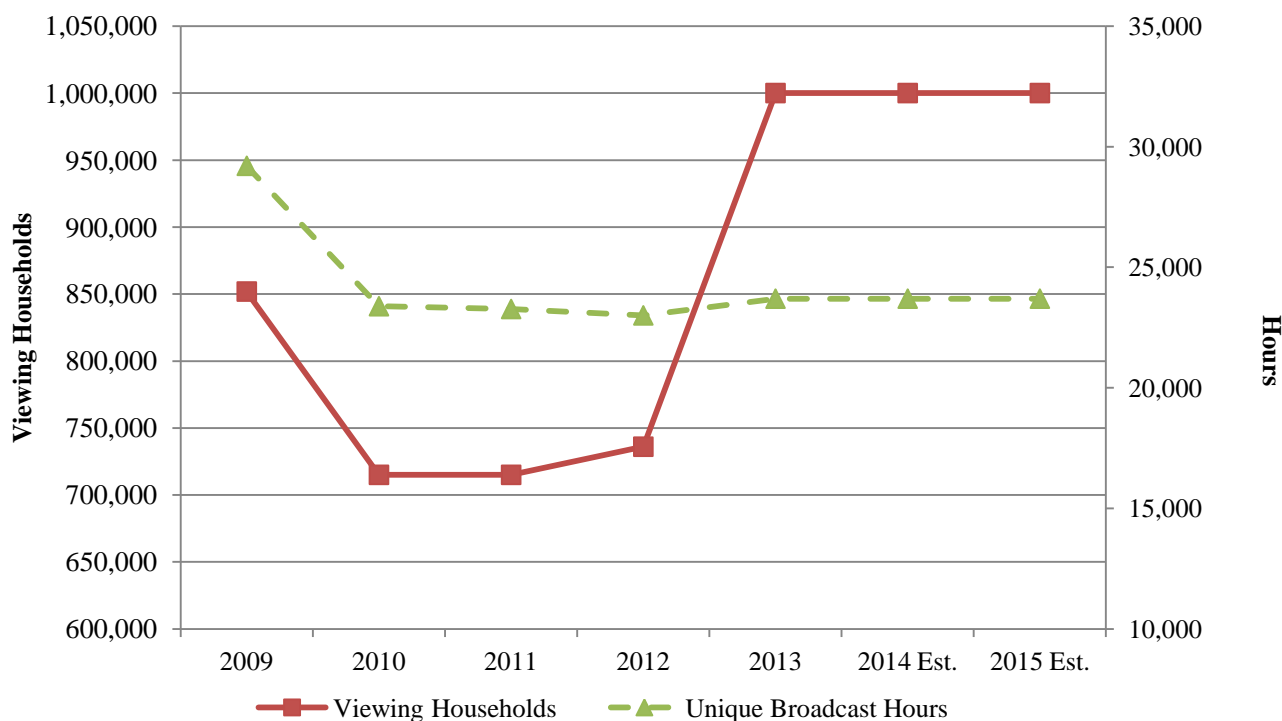


Source: Governor's Budget Books, Fiscal 2009-2015

## 2. Unique Broadcast Hours Remain Level

To attract viewers, MPBC strives to maximize the number of unique broadcast hours it provides. This measure includes programming purchased from the Public Broadcasting Service and other media sources and programming produced in-house. **Exhibit 2** shows that unique broadcast hours were at their peak of 29,000 in fiscal 2009 as the agency began to transmit both digital and 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 have remained through fiscal 2013. MPBC attributes the inability to increase unique broadcast hours to declines in staff and State funding over the last 10 years.

**Exhibit 2**  
**Maryland Public Television's Viewing Households and Hours**  
**Fiscal 2009-2015 Est.**



Source: Governor's Budget Books, Fiscal 2009-2015

Prior to the introduction of the digital signal, unique broadcast hours were historically less than 10,000 per year. The digital signal enables MPT to broadcast three channels instead of one. Each channel – MPT; MPT I; and V-Me, the Spanish-language channel – is a stand-alone channel with its own programming, though some of the same programs may be broadcast on MPT and MPT II at different times.

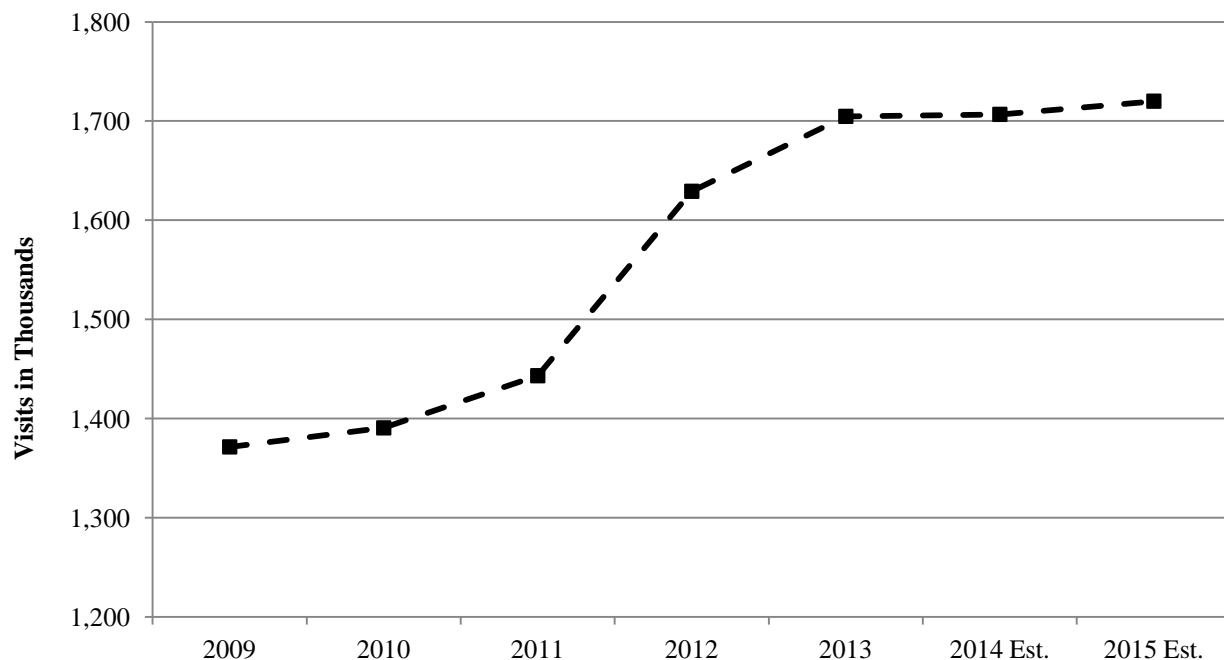
Exhibit 2 also shows a dramatic increase in viewing households, from 736,000 in 2012 to 1 million in 2013. This increase is due to Nielsen using People Meters, a new way of measuring viewers. In addition to providing greater accuracy, the new technique also revealed that District of Columbia-area viewers had not previously been counted.

To attract and retain members (viewers who contribute financially to MPBC), the agency conducts four broadcast pledge drives each year and sends approximately 1.7 million pieces of direct mail. The direct mail contract totals about \$350,000 each year, and the number of members has averaged 59,585 since fiscal 2006.

### 3. Online Visits Continue to Increase

MPBC strives to provide learning opportunities through educational programs and services. Due to budget constraints, K-12 broadcasts were eliminated in fiscal 2010. Instead, MPBC focuses its K-12 educational efforts on Thinkport.org, an online resource for teachers, parents, and childcare providers that offers a lesson plan builder, teacher-to-teacher discussion groups, and student activity guides. Content created through Maryland's Race to the Top (RTTT) grant will be available through Thinkport. MPBC is collaborating with the Maryland State Department of Education (MSDE) to test and evaluate science, technology, engineering, and mathematics resources; to develop instructional resources for students and online professional development courses for teachers; and to create public service announcements over a three-year period as part of this effort. These RTTT activities are supported by \$3 million from the federal grant. As shown in **Exhibit 3**, the number of visitors to MPBC's online education website increased 4.6% between fiscal 2012 and 2013, to 1.7 million visits, which MPBC attributes to word of mouth and the website's usefulness to teachers, students, and parents. MPBC expects visits to the website to level off at 2013 levels in 2014 and 2015.

**Exhibit 3**  
**Education Website Usage**  
**Fiscal 2009-2015 Est.**



Source: Governor's Budget Books, Fiscal 2009-2015



## Fiscal 2014 Actions

### Proposed Deficiency

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel IT system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel, the Department of Information Technology, and the State Retirement Agency, respectively. For MPBC, these total \$142,131 in general funds.

### Proposed Budget

The fiscal 2015 allowance is approximately \$2.8 million lower than the fiscal 2014 working appropriation, as shown in **Exhibit 4**. One-time programming in fiscal 2014 related to the War of 1812 celebrations results in a reduction of about \$3.2 million in special funds.

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel and the State Retirement Agency. These total \$153,212 across all funds.

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

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$7,699	\$19,533	\$1,498	\$1,426	\$30,157
2015 Allowance	<u>8,067</u>	<u>17,563</u>	<u>971</u>	<u>784</u>	<u>27,384</u>
Amount Change	\$368	-\$1,970	-\$527	-\$643	-\$2,772
Percent Change	4.8%	-10.1%	-35.2%	-45.1%	-9.2%

#### Where It Goes:

##### Personnel Expenses

Annualized fiscal 2014 cost-of-living adjustment and increment.....	\$340
Retirement contribution rate change .....	129

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**Where It Goes:**

Other fringe benefit adjustments .....	-5
Increments and other compensation.....	-126
Employee and retiree health insurance.....	-314
Turnover adjustments.....	-389

**Equipment replacement and maintenance**

Master Lease Payments .....	259
Replacement of transmission and other equipment.....	240
Maintenance and replacement of general facility electronics .....	110
Contracted equipment repairs and maintenance.....	43
Other supplies, and new and replacement equipment .....	12

**Other Changes**

Contracting out master control services .....	434
Gifts to subscribers.....	123
Printing of program guide .....	61
Communications .....	56
Out-of-state travel for production of Maryland Public Television programming .....	49
MathPath resources for teaching elementary math (less personnel changes) .....	-87
Race to the Top educational online programming for Maryland State Department of Education .....	-643
War of 1812 one-time programming in fiscal 2014.....	-3,176
Other.....	112

**Total** **-\$2,772**

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum due to rounding.

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**Personnel Savings and the Contracting of Master Control Services**

Personnel costs decrease by \$365,558 despite the fact that there is no change in the number of regular employees at MPBC. The savings are achieved mainly due to a large increase in the turnover rate, from 4.0% in the current year working appropriation to 7.4% in the fiscal 2015 allowance. Since January 1, 2012, MPBC has had vacancy rates that fluctuate between 6.2% and 9.7%, which is the rate at the time of this writing. The increased turnover rate will require MPBC to keep approximately 5 additional positions vacant in fiscal 2015 than would have been required under the previous rate.

The increase in the turnover rate is needed to accommodate a change in how MPBC will staff its master control services. Master control is the technical focus of a broadcast television station and is the final point before a television signal is transmitted over the air. The commission has decided to contract out its master control services, which will likely be done from a remote site rather than at

MPBC's Owings Mills studio. The fiscal 2015 allowance includes \$433,950 in general funds for this purpose.

MPBC estimates five or six PINs are dedicated to its master control services function. The conversion from handling the duties in-house to outside contracting will likely not happen at the beginning of fiscal 2015, preventing the abolition of the related positions in the fiscal 2015 allowance.

### **Equipment Replacement**

Nearly 15 years after digital conversion, much of MPBC's transmission equipment is nearing the end of its useful life, necessitating replacement purchases, increased maintenance, and a corresponding increase in costs in the fiscal 2015 allowance.

Highlights of those increases include:

- a \$110,000 increase in funds for replacement of general electronic equipment, such as lighting systems, audio equipment, and editing systems;
- a \$240,340 increase for replacement technology, such as exciters required at transmission towers and testing equipment for transmission of the station signals; and
- a \$259,000 increase in installment payments for the State master lease program. Items purchased with this program include replacement cameras, studio equipment, and monitors.

In addition to these increases, the *Capital Improvement Program* includes funding for fiscal 2015 and beyond for transmission systems replacement. This is discussed more fully in the MPBC capital analysis.

## ***Recommended Actions***

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1. Add the following language:

Provided that 5 positions shall be abolished by June 30, 2015.

**Explanation:** Maryland Public Broadcasting Commission (MPBC) will start contracting out its master control services, eliminating the need for approximately 5 MPBC employees. The June 30, 2015 deadline allows MPBC adequate time in which to make the transition from in-house staffing to contracting out for master control services.

## ***Current and Prior Year Budgets***

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$7,799	\$14,761	\$1,392	\$1,026	\$24,978
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	2,015	4	0	2,020
Reversions and Cancellations	-25	-1,425	-237	-259	-1,946
<b>Actual Expenditures</b>	<b>\$7,775</b>	<b>\$15,351</b>	<b>\$1,159</b>	<b>\$768</b>	<b>\$25,053</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$7,725	\$15,560	\$1,489	\$1,426	\$26,200
Budget Amendments	117	3,973	9	0	4,099
<b>Working Appropriation</b>	<b>\$7,841</b>	<b>\$19,533</b>	<b>\$1,498</b>	<b>\$1,426</b>	<b>\$30,299</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

MPBC closed out fiscal 2013 \$74,234 over its legislative appropriation. Approximately \$1.9 million in special funds was added by budget amendment in order to produce educational programming. Cancellations of \$1.4 million in special funds and \$237,028 in federal funds were made due to projects not proceeding as quickly as originally anticipated. For example, funding for Maryland Farm & Harvest was moved into fiscal 2014 due to hiring delays, and additional fundraising that could not be accomplished before the end of fiscal 2013 was required for the production of the Chaplains project. A \$258,732 reimbursable fund cancellation was made due to changes made to MSDE's RTTP project. MSDE needed additional time to develop curriculum guidelines, which delayed MPBC's development of teacher course requirements and implementation of online resources for students.

In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel System. That year, the State spent approximately 48% of this major information technology project's appropriated budget, with the remainder reverted to the general fund. MPBC reverted \$24,709 in general funds for its share of the project. The budget was also amended to include \$4,407 in federal funds and \$72,334 in special funds for the cost-of-living adjustment (COLA).

## **Fiscal 2014**

Salaries increased by \$9,113 from the federal fund, \$107,359 from the general fund, and \$121,432 from the special fund due to the distribution of centrally budgeted funds for the COLA and the salary increment increase.

The special fund appropriation was increased by \$3.9 million in order to accept funds to produce special programming.

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

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	145.00	145.00	145.00	0.00	0%
02 Contractual	23.02	22.97	22.83	-0.14	-0.6%
<b>Total Positions</b>	<b>168.02</b>	<b>167.97</b>	<b>167.83</b>	<b>-0.14</b>	<b>-0.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 11,651,333	\$ 12,868,679	\$ 12,531,210	-\$ 337,469	-2.6%
02 Technical and Spec. Fees	1,027,981	898,709	895,610	-3,099	-0.3%
03 Communication	599,107	591,540	647,645	56,105	9.5%
04 Travel	188,238	149,633	188,237	38,604	25.8%
06 Fuel and Utilities	780,472	785,307	810,491	25,184	3.2%
07 Motor Vehicles	71,299	57,676	55,996	-1,680	-2.9%
08 Contractual Services	8,257,046	12,961,728	9,698,917	-3,262,811	-25.2%
09 Supplies and Materials	932,178	937,011	1,063,230	126,219	13.5%
10 Equipment – Replacement	301,236	104,000	301,236	197,236	189.7%
11 Equipment – Additional	703,309	540,170	838,047	297,877	55.1%
13 Fixed Charges	540,390	404,571	507,036	102,465	25.3%
<b>Total Objects</b>	<b>\$ 25,052,589</b>	<b>\$ 30,299,024</b>	<b>\$ 27,537,655</b>	<b>-\$ 2,761,369</b>	<b>-9.1%</b>
<b>Funds</b>					
01 General Fund	\$ 7,774,728	\$ 7,841,360	\$ 8,138,758	\$ 297,398	3.8%
03 Special Fund	15,351,056	19,532,975	17,639,577	-1,893,398	-9.7%
05 Federal Fund	1,159,039	1,498,190	975,518	-522,672	-34.9%
09 Reimbursable Fund	767,766	1,426,499	783,802	-642,697	-45.1%
<b>Total Funds</b>	<b>\$ 25,052,589</b>	<b>\$ 30,299,024</b>	<b>\$ 27,537,655</b>	<b>-\$ 2,761,369</b>	<b>-9.1%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary**  
**Maryland Public Broadcasting Commission**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Executive Direction and Control	\$ 651,143	\$ 715,738	\$ 816,313	\$ 100,575	14.1%
02 Administration and Support Services	8,782,334	8,991,543	9,395,990	404,447	4.5%
03 Broadcasting	10,694,212	13,366,233	11,508,068	-1,858,165	-13.9%
04 Content Enterprises	4,924,900	7,225,510	5,817,284	-1,408,226	-19.5%
<b>Total Expenditures</b>	<b>\$ 25,052,589</b>	<b>\$ 30,299,024</b>	<b>\$ 27,537,655</b>	<b>-\$ 2,761,369</b>	<b>-9.1%</b>
General Fund	\$ 7,774,728	\$ 7,841,360	\$ 8,138,758	\$ 297,398	3.8%
Special Fund	15,351,056	19,532,975	17,639,577	-1,893,398	-9.7%
Federal Fund	1,159,039	1,498,190	975,518	-522,672	-34.9%
<b>Total Appropriations</b>	<b>\$ 24,284,823</b>	<b>\$ 28,872,525</b>	<b>\$ 26,753,853</b>	<b>-\$ 2,118,672</b>	<b>-7.3%</b>
Reimbursable Fund	\$ 767,766	\$ 1,426,499	\$ 783,802	-\$ 642,697	-45.1%
<b>Total Funds</b>	<b>\$ 25,052,589</b>	<b>\$ 30,299,024</b>	<b>\$ 27,537,655</b>	<b>-\$ 2,761,369</b>	<b>-9.1%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.