

# R15P00 Maryland Public Broadcasting Commission

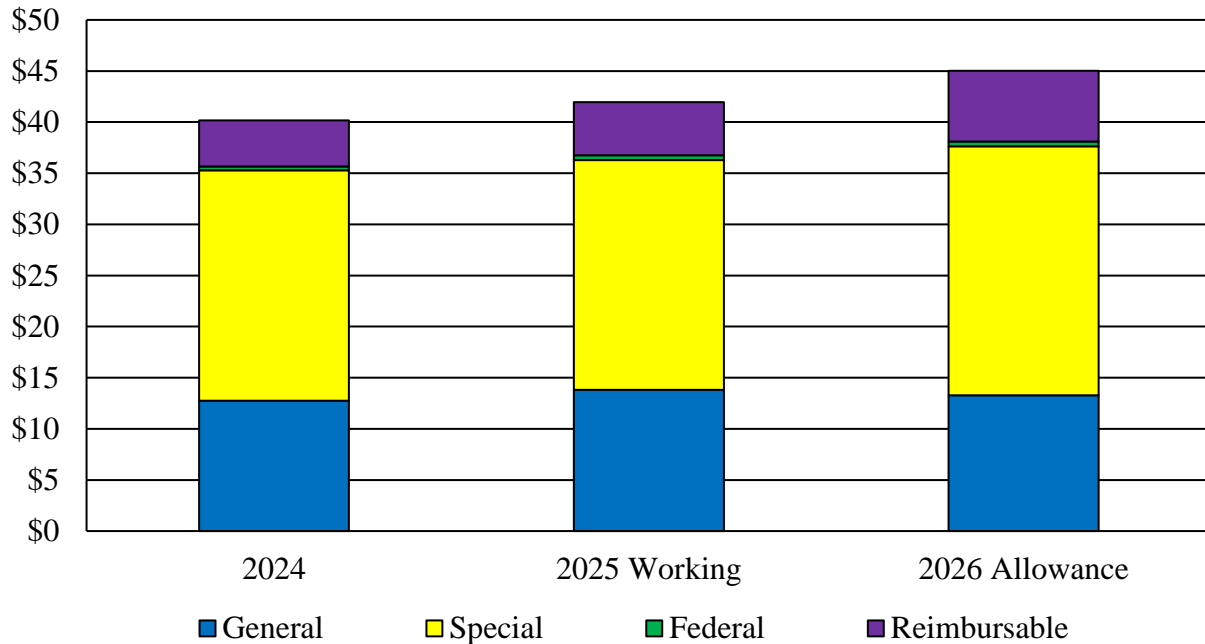
## Program Description

The Maryland Public Broadcasting Commission (MPBC) oversees Maryland Public Television (MPT), which operates and maintains a statewide broadcasting network for educational and cultural television programming. MPT is responsible for the preparation, content, and presentation of its programming, and is also a member of the Public Broadcasting Service (PBS). MPBC is the federal licensee for all broadcasting stations operated by MPT and has six broadcast transmitters located throughout the State. MPBC is governed by an 11-member commission whose members are appointed by the Governor.

## *Operating Budget Summary*

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### Fiscal 2026 Budget Increases \$3.1 Million, or 7.3%, to \$45 Million (\$ in Millions)



Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

For further information contact: Scott Benson

scott.benson@mlis.state.md.us

## **Fiscal 2025**

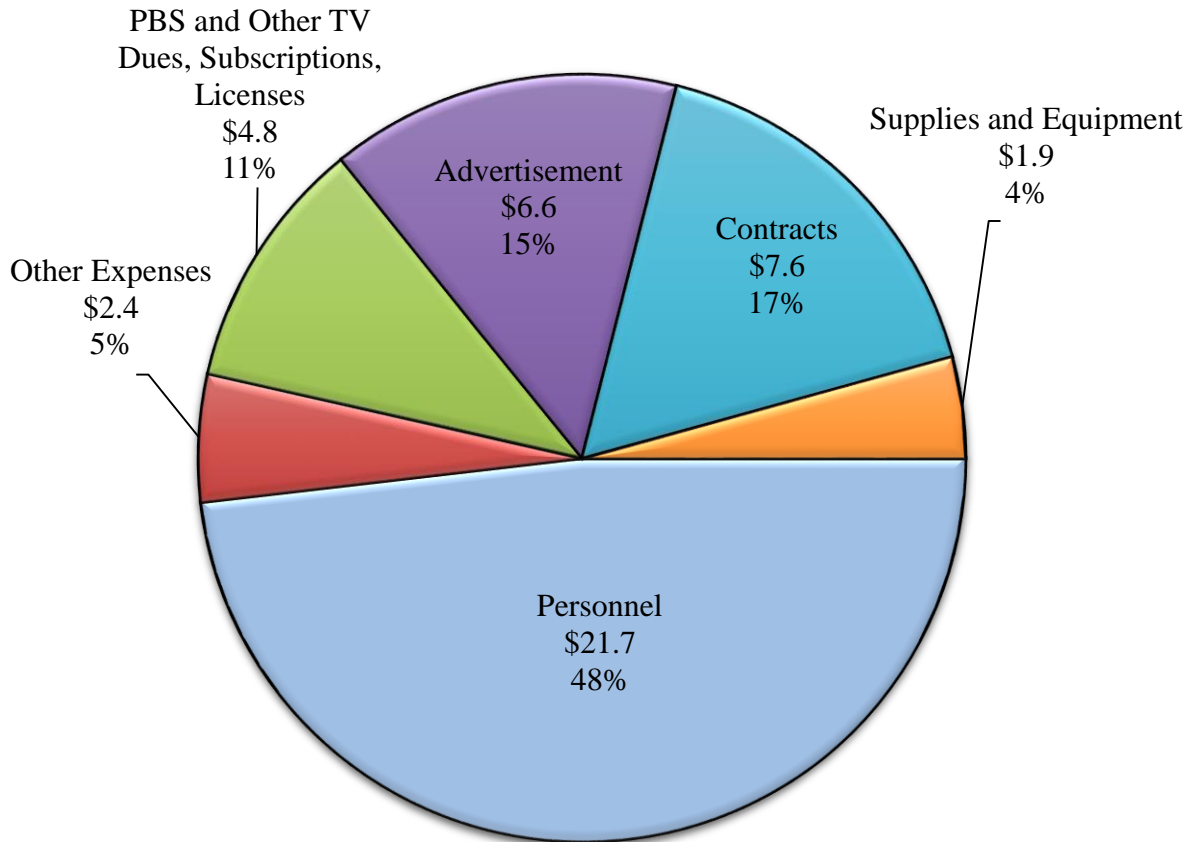
### **Implementation of Legislative Priorities**

Section 21 of the fiscal 2025 Budget Bill added \$500,000 in general funds to the Content Enterprises program to be used for the Center for Maryland History Films. The Center for Maryland History Films produces programming about people, places, and events throughout Maryland's history. MPBC has reported that these funds will be used for a production related to the history of the State House.

## **Fiscal 2026 Overview of Agency Spending**

The fiscal 2026 allowance for MPBC totals \$45 million, accounting for a contingent reduction. As shown in **Exhibit 1**, \$21.7 million (48%) of the fiscal 2026 allowance supports spending for 151 regular and 5.95 contractual personnel. Approximately 17% of the fiscal 2026 allowance supports contracts, including those to maintain MPT computer systems, hardware, online education courses, and servicing check deposits. Advertisement comprises 15% of the fiscal 2026 allowance, which supports spending for purchasing media for public service announcements, buys for the Maryland State Ad Agency projects, which is used by State agencies for marketing and communication, and promoting MPT products on the radio. An additional 11% of the fiscal 2026 allowance supports PBS and other television association dues, subscriptions, and licenses to access national and local programming and sports.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2026 Allowance**  
**(\$ in Millions)**



PBS: Public Broadcasting Service

Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management; Governor's Fiscal 2026 Budget Books

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**Proposed Budget Change**

As seen in **Exhibit 2**, the proposed fiscal 2026 allowance increases by \$3.1 million, or 7.3%, compared to the fiscal 2025 working appropriation after accounting for the contingent reduction. General funds decrease by \$538,000, or 3.9%, primarily due to a \$778,897 contingent reduction. MPBC indicates that this contingent reduction would occur within the Center for Maryland History Films. Reimbursable funds increase by \$1.7 million, or 33.2%, primarily due to the overall increase in advertising from the Maryland Department of Health, which has a multiyear memorandum of understanding with MPBC.

**Exhibit 2  
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>
Fiscal 2024 Actual	\$12,762	\$22,519	\$375	\$4,514	\$40,170
Fiscal 2025 Working Appropriation	13,813	22,461	477	5,201	41,953
Fiscal 2026 Allowance	<u>13,275</u>	<u>24,364</u>	<u>459</u>	<u>6,929</u>	<u>45,027</u>
Fiscal 2025-2026 Amount Change	-\$538	\$1,902	-\$18	\$1,728	\$3,074
Fiscal 2025-2026 Percent Change	-3.9%	8.5%	-3.8%	33.2%	7.3%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Salary increases and related fringe benefits, including fiscal 2025 COLA and increments .....	\$1,441
Turnover expectancy decreases from 4.21% to 4.01% .....	29
Workers’ compensation .....	3
Employee and retiree health insurance .....	-356
<b>Other Changes</b>	
Advertisement due to need to advertise in new marketplaces (streaming services, social media, online platforms).....	1,855
Subscriptions and association fees.....	463
Annual 2.5% rate increase for the Contributor Development Partnership .....	366
New contract that includes increased fees for the Pledge Call Center .....	300
Increased costs to obtain supplies and equipment .....	111
Printing program guides to send to members .....	95
Radios and electronic equipment for production use .....	-300

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Center for Maryland History Films decreases driven primarily by the contingent reduction .....	-1,000
Other Changes .....	68
<b>Total</b>	<b>\$3,074</b>

COLA: cost-of-living adjustment

Note: Numbers may not sum to total due to rounding. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

### **Budget Reconciliation and Financing Act**

A provision in the Budget Reconciliation and Financing Act of 2025 would repeal the statutory requirement that the Governor fund MPBC at the level of the current year appropriation increased by the general fund growth. In addition, it repeals the requirement that the Governor include a general fund appropriation in an amount equal to the difference between the special fund expenditures from two specific federal grants and the amount budgeted in the second preceding year.

As introduced, the fiscal 2026 Budget Bill includes a \$778,897 general fund reduction in MPBC, contingent on legislation reducing the mandate. The Department of Legislative Services (DLS) estimates that based on the general fund growth, the general fund appropriation would have been required to be \$13.9 million in fiscal 2026, which is lower than the fiscal 2026 allowance prior to the contingent reduction (\$14.1 million). However, the fiscal 2026 allowance of general funds, after accounting for the contingent reduction, would be \$13.3 million, a decrease of approximately \$538,000, or 4.1%, compared to fiscal 2025. The \$13.3 million amount after the contingent reduction would be a decrease of approximately \$593,000 compared to what is required under the formula growth.

**Exhibit 3** shows the changes in the out-years, reflecting the impact of not requiring the formula to increase by the estimated general fund growth only and does not calculate any impacts from changes due to the special funds from the federal grants. In fiscal 2027, DLS estimates that the repeal would reduce the appropriation by approximately \$365,000, which would increase to \$2 million in fiscal 2030, assuming MPBC continued receiving funding at the fiscal 2026 level prior to the contingent reduction.

**Exhibit 3**  
**Estimated Impact of Repealing the Mandated Growth**  
**Fiscal 2027-2030 Estimated**  
**(\$ in Thousands)**

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Projected General Fund Growth	2.60%	4.00%	3.40%	3.50%
Previous Year’s General Fund Appropriation	\$14,054	\$14,420	\$14,997	\$15,506
Required Growth Based on General Fund Growth	365	577	510	543
<b>Estimated Mandated General Fund</b>				
<b>Appropriation (Current Law)</b>	<b>\$14,420</b>	<b>\$14,997</b>	<b>\$15,506</b>	<b>\$16,049</b>
Estimated Reduction Due to Mandate Repeal	-\$366	-\$942	-\$1,452	-\$1,995
<b>Estimated General Fund Appropriation (BRFA)</b>	<b>\$14,054</b>	<b>\$14,054</b>	<b>\$14,054</b>	<b>\$14,054</b>

BRFA: Budget Reconciliation and Financing Act

Source: Department of Budget and Management; Department of Legislative Services

***Personnel Data***

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Positions	145.00	151.00	151.00	0.00
Contractual FTEs	<u>15.70</u>	<u>5.95</u>	<u>5.95</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>160.70</b>	<b>156.95</b>	<b>156.95</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	5.89	4.01%
Positions and Percentage Vacant as of 12/31/24	4.00	2.65%
Vacancies Below Turnover	-1.89	

- As of December 2024, there were 4 vacant positions, 3 of which were less than nine months old and one over a year old.

## ***Key Observations***

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### **1. Audit Findings**

On October 24, 2024, the Office of Legislative Audits (OLA) released a fiscal compliance audit including six findings; two of these findings repeated from the previous fiscal compliance audit. The full list of audit findings can be found in **Appendix 2**.

One finding repeated from the prior audit was that MPBC would not provide documentation proving that corrective action had been taken to address previous concerns regarding its affiliated foundation or that actions were taken to address concerns from the Joint Audit and Evaluation Committee (JAEC). The previous audit found that MPBC did not establish policies with the affiliated foundation to address the terms and conditions of revenue generating activities; how the affiliated foundation's collections should be safeguarded, invested and transferred to MPBC; how rates for underwriting and sponsorship of MPBC programming are set; effective ways to monitor the affiliated foundation to ensure it collected all amounts due; and whether or not annual conflict of interest disclosures from the affiliated foundation were reviewed. As a result, OLA repeated its recommendations that the agency document and retain for audit documentation various reviews of these processes and procedures. In the response to this audit, MPBC indicated that it does not believe that OLA has legal authority to access records associated with the affiliated foundation. In addition, MPBC reported that it did not have any reported conflicts to provide for review. In response to OLA's recommendations, MPBC agreed with two recommendations and disagreed with two. To address the first recommendation, MPBC reported that it began the process of reviewing the Foundation Agreement to determine what areas should be updated, while MPBC has agreed to give OLA access to confidential memorandum that indicate if there is a conflict of interest. Regarding the second recommendation, MPBC says that the standardization of underwriting and sponsorship agreement is not compatible in the business of public television, as every agreement is negotiated differently. For the third recommendation, MPBC's disagreement results from no recommendations being included in the agreed-upon-procedures report completed by an external accounting firm.

An additional OLA finding was that MPBC transferred \$1.3 million in State revenue to the affiliated foundation between fiscal 2020 and 2023. OLA noted that MPBC was unable to justify these transfers. OLA found that MPBC directed State agencies to pay the affiliated foundation for production services. For example, OLA noted that between fiscal 2020 and 2023, MPBC had been paid by 15 State agencies to the affiliated foundation totaling \$900,000. The audit noted that MPBC denied OLA access to documents related to these payments because of the affiliated foundation's status as an independent entity. Additionally, MPBC did not provide explanations for why \$400,000 for advertisements that aired on MPBC's platforms was paid to the affiliated foundation between fiscal 2020 and 2023. Given these findings, OLA has recommended that MPBC stop diverting funds to its affiliated foundation and recover the funds improperly diverted. MPBC disagrees with these audit findings, reporting that the Foundation Agreement was abided by, and the transfer of funds did not violate any procedures. Additionally, MPBC says that OLA miscalculated the \$1.3 million figure by conflating two contractual arrangements – those being

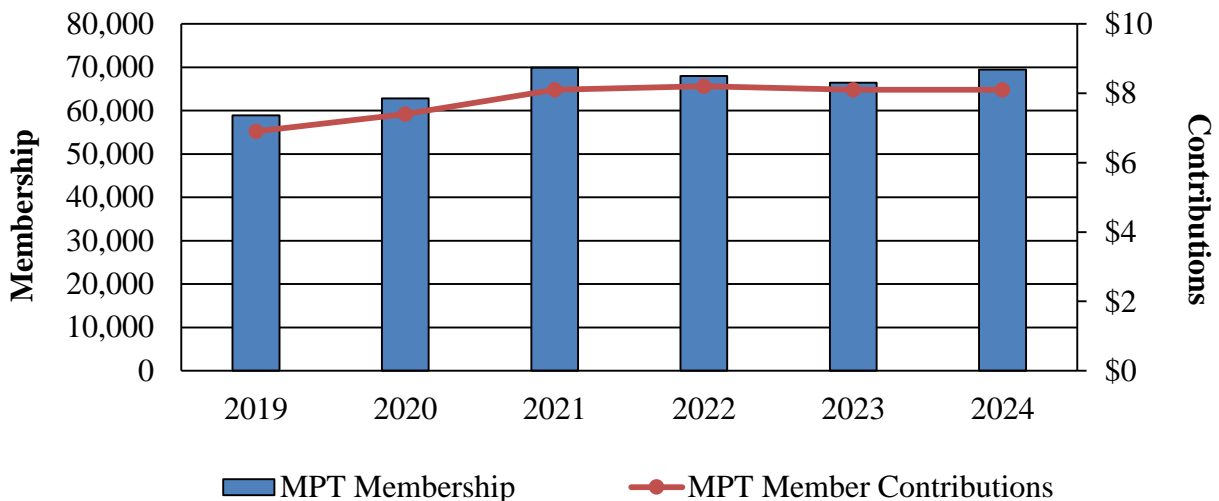
contracts with State agencies regarding the Maryland State Ad Agency and underwriting agreements. In response to OLA’s recommendations, MPBC has agreed with the first recommendation and indicated that it will eliminate the use of the Foundation sponsorship agreement structure to transfer funds, and underwriting funds from State agencies will be paid directly to MPBC. Regarding the second recommendation to recover the transferred funds, MPBC does not agree with OLA and believes that the recovery of funds would be superfluous, given that the affiliated foundation is regularly transferring higher amounts to MPBC.

**DLS recommends that \$100,000 should be withheld until MPBC provides a report to the committees discussing the status of corrective actions related to findings regarding the affiliated foundation and retention of documents for OLA review.**

## 2. MPT Membership and Contributions

Membership contributions from MPT members make up the largest share of special funds in the MPBC budget and are an essential element of funding for MPT operations. MPT membership is available to anyone who donates \$35 or more. As shown in **Exhibit 4**, after two years of declining membership, membership in fiscal 2024 increased by 2,973, or 4.5%, compared to fiscal 2023.

**Exhibit 4**  
**MPT Membership and Member Contributions**  
**Fiscal 2019-2024**  
**(\$ in Millions)**



MPT: Maryland Public Television

Source: Department of Budget and Management; Maryland Public Broadcasting Commission

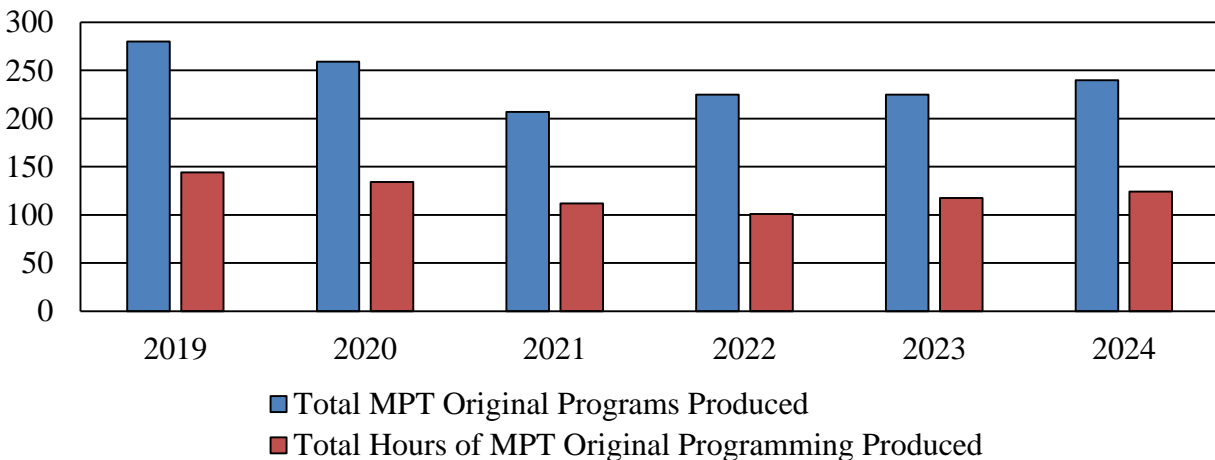


Membership contributions remained level between fiscal 2023 and 2024 at \$8.1 million. Membership contributions had increased for three consecutive fiscal years between 2019 and 2021 but have since remained consistent despite changes in the number of members. **MPT should comment on the reason for contributions remaining relatively level despite the increase in membership in fiscal 2024.**

### 3. MPT Original Programming

In addition to broadcasting nationally available programming such as programs produced and distributed by PBS and other PBS member stations, MPT also produces and broadcasts its own original programming, which has a local focus. Popular examples of local programming highlighting Maryland include Maryland Farm and Harvest, State Circle, and Direct Connection. Additionally, a few new productions will be released in fiscal 2026 such as Flee North and East Towson. As shown in **Exhibit 5**, MPT reported declines in original programming in fiscal 2020 and 2021 due to interruptions and limits on production activities resulting primarily from the COVID-19 pandemic. In addition to the declines caused by the COVID-19 pandemic, MPT also eliminated one of its public affairs series and began focusing on both digital as well as short-form programming. The number of original programs increased to 225 in fiscal 2022, but programming remained the same in fiscal 2023. The total number of original programs produced by MPT increased to 240 in fiscal 2024. Despite the increase in fiscal 2024, the number of original programs remains below levels prior to the pandemic. Total hours of MPT original programming increased to 124.2 hours in fiscal 2024, a 5.7% increase compared to fiscal 2023.

**Exhibit 5**  
**MPT Original Programming**  
**Fiscal 2019-2024**



MPT: Maryland Public Television

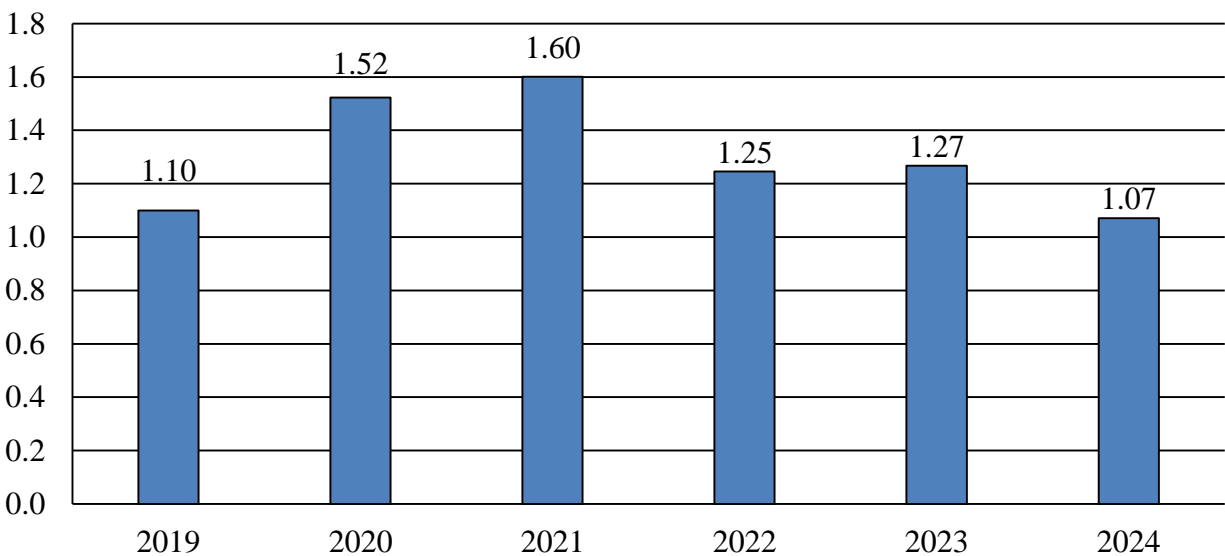
Source: Department of Budget and Management; Maryland Public Broadcasting Commission

#### 4. MPT Viewership

Viewership is defined as the total number of viewers ages two and older in the Baltimore City and Washington, D.C. designated market area during the year. As shown in **Exhibit 6**, viewership trends in recent years have fluctuated and were impacted in part by nationwide trends of increased television viewership during the height of the pandemic, as Americans spent more time at home. Fiscal 2023 saw a slight increase from fiscal 2022. MPT credited this increase to programming such as the Harriet Tubman-Frederick Douglass documentaries released that fiscal year. Total estimated viewership declined from 1.3 million in fiscal 2023 to 1.1 million in fiscal 2024, a decrease of 15.5%, and is slightly below the viewership level in fiscal 2019, with fiscal 2019’s total viewership being 30,000 viewers higher. **MPT should comment on the decrease in viewership in fiscal 2024.**

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**Exhibit 6**  
**Maryland Public Television Viewers**  
**Fiscal 2019-2024**  
**(in Millions)**



Source: Department of Budget and Management; Maryland Public Broadcasting Commission

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## ***Operating Budget Recommended Actions***

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1. Add the following language to the general fund appropriation:

.provided that \$100,000 of this appropriation made for the purpose of administrative expenses may not be expended for that purpose until the Maryland Public Broadcasting Commission (MPBC) submits a report to the budget committees providing information on the status of corrective actions taken to address findings related to the affiliated foundation and the retention and provision of documents to the Office of Legislative Audits (OLA) included in the fiscal compliance audit released by OLA in October 2024 . Specifically, the report shall address actions to review procedures related to its collections process, underwriting and sponsorship agreements; monitoring of revenue generating activities; review of annual conflict of interest disclosures; and eliminating payments of certain State funds to the affiliated foundation. The report shall be submitted by October 1, 2025, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** In October 2024, OLA released a fiscal compliance audit for MPBC including six findings. This language restricts funds until MPBC submits a report regarding the status of actions taken to address the findings related to the affiliated foundation contained within the audit.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Actions taken or planned to be taken to address findings related to the affiliated foundation in the fiscal compliance audit released in October 2024.	MPBC	October 1, 2025

**Appendix 1  
Audit Findings**

Audit Period for Last Audit:	June 18, 2019, to June 20, 2023
Issue Date:	October 2024
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33%
Rating: (if applicable)	

**Finding 1:** **MPBC would not provide documentation to support corrective action taken to address concerns with its affiliated foundation in response to our preceding audit report recommendations and a JAEC letter of concern.**

**Finding 2:** MPBC could not justify the diversion of approximately \$1.3 million in State revenue to the affiliated foundation during the period fiscal 2020 through 2023.

**Finding 3:** MPBC continued to use the services of a vendor for several years after the related contract had expired and did not adequately ensure amounts invoiced were proper.

**Finding 4:** **MPBC did not always comply with State procurement regulations for its nonexempt procurements and intergovernmental cooperative purchasing agreements including documenting bid openings and publishing contract awards on eMaryland Marketplace Advantage.**

**Finding 5:** Supervisory reviews of corporate purchasing card activity logs were not always documented and did not use available Level 3 data to help ensure the propriety of the purchases, as required.

**Finding 6:** MPBC did not segregate the duties of cash receipts and maintaining accounts receivable records, as required.

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 2**  
**Object/Fund Difference Report**  
**Maryland Public Broadcasting Commission**

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	145.00	151.00	151.00	0.00	0%
02 Contractual	15.70	5.95	5.95	0.00	0%
<b>Total Positions</b>	<b>160.70</b>	<b>156.95</b>	<b>156.95</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 19,739,000	\$ 19,866,247	\$ 20,982,382	\$ 1,116,135	5.6%
02 Technical and Special Fees	883,367	685,765	711,982	26,217	3.8%
03 Communication	487,272	505,474	621,590	116,116	23.0%
04 Travel	159,220	230,107	239,749	9,642	4.2%
06 Fuel and Utilities	1,041,933	960,194	960,194	0	0%
07 Motor Vehicles	111,274	152,074	99,165	-52,909	-34.8%
08 Contractual Services	12,281,956	13,225,560	15,430,730	2,205,170	16.7%
09 Supplies and Materials	676,200	950,251	1,145,152	194,901	20.5%
10 Equipment – Replacement	52,809	847,593	582,093	-265,500	-31.3%
11 Equipment – Additional	187,246	176,665	181,376	4,711	2.7%
13 Fixed Charges	4,549,839	4,353,077	4,851,669	498,592	11.5%
<b>Total Objects</b>	<b>\$ 40,170,116</b>	<b>\$ 41,953,007</b>	<b>\$ 45,806,082</b>	<b>\$ 3,853,075</b>	<b>9.2%</b>
<b>Funds</b>					
01 General Fund	\$ 12,762,180	\$ 13,813,424	\$ 14,054,383	\$ 240,959	1.7%
03 Special Fund	22,518,918	22,461,311	24,363,572	1,902,261	8.5%
05 Federal Fund	375,034	477,453	459,453	-18,000	-3.8%
09 Reimbursable Fund	4,513,984	5,200,819	6,928,674	1,727,855	33.2%
<b>Total Funds</b>	<b>\$ 40,170,116</b>	<b>\$ 41,953,007</b>	<b>\$ 45,806,082</b>	<b>\$ 3,853,075</b>	<b>9.2%</b>

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.