APBC Work Session #2
FY17 Budget Cuts
April 25, 2016

Overview

Purpose of the Alaska Public Broadcasting Commission (Alaska Statute 44.21.264): The commission is created to encourage and supervise the development of an integrated public broadcasting system for the state and for the coordination of all public broadcasting stations. The primary purpose of the commission is the encouragement and support of noncommercial public broadcasting in the state through the provision of operating and capital grants in support of the delivery of noncommercial programs intended for a general audience by locally controlled nonprofit broadcast stations or telecommunications entities.

As of April 22, 2016 the Alaska Legislature has adopted these FY17 budget reductions for public broadcasting:

- TV revenue is cut 100%
- Radio revenue is cut 27%
- APBC revenue is cut 5%

If these actions stand at the end of the 2016 legislative process:

- FY17 combined total losses = $1.382M.
- FY16/FY17 combined total losses = $2.119M
- State of Alaska (SOA) total investment will have decreased 50% in two years
- SOA investment will be $2.08M, the lowest level since the early 1980s; 74% decrease from historic high.

As a result of these losses, local service levels are in decline across Alaska. It is worth noting that another reduction in SOA funding is forecasted by all parties for FY18.

The goal of the April 29 work session is to review and ratify decisions discussed during the April 15 work session and to provide details on how the Commission plans to allocate FY17 operating funds at the June 17, 2016 quarterly business meeting. This detail will be used to prepare documentation for the June meeting.

Work Session #1 Summary

On the morning of April 15, 2016, the APBC outlined a possible plan of action for allocation of FY17 SOA funding. *These discussions occurred prior to the Conference Committee action that occurred later that afternoon.*

> <u>Radio Station Funding:</u> Commission agreed that if the radio funding cut is 27%, then FY17 radio station operating grants will be calculated using the APBC funding methodology that has been effectively in place since 2009. The established formula brings a measure of stability and predictability to annual funding decisions and operational planning.
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> <u>Rural Engineering Service:</u> APBC remarked that the engineering service is a cost effective and essential service for many rural stations; a successful collaboration between stations and the service provider. The Commission agreed that the engineering service should continue to be fully funded to ensure that stations receive engineering and technical support at this critical time.

Discretionary Fund: Commission agreed that providing funding assistance for system training and or collaboration efforts remains a priority in FY17. The amount to be set aside for the FY17 Discretionary Fund will be discussed at the April 29, 2016 work session. The Commission does not plan to hold any FY17 funds for emergency purposes, no Emergency Fund.

Television Station Funding: Historically television station managers have presented a unified proposal to the Commission for consideration. The Commission assumes the same will occur in FY17. However, if a unified proposal is not presented, then the Commission will address television grant allocations for each station at the June 17, 2016 meeting. If 100% elimination of funding still stands at the end of legislative process, then this topic goes away.

APBC Operations: The APBC acknowledged the value of the work that APBI performs year round in support of the Commission and all stations. APBI stated that due to funding reductions, services will be reduced in FY17. One idea is to meet three times a year instead of four. This will reduce staff work load and station grantee compliance requirements. If SOA funding for the APBC continues to decrease in future years, it is unlikely that APBI will be able to support the APBC and the stations. In lieu of a new contractor providing service, the Department of Administration (DOA) will have to absorb the load.

Background on APBC budget:

FY01-FY15: APBC budget was flat funded by the SOA at $54,200. Each year DOA retained $5,800 for their portion of grants administration. Each year the APBC entered into a Memorandum of Agreement (MOA) with APBI for the remaining $48,300.

FY11-FY15: APBC augmented the MOA amount with $10,000 of discretionary funds to assist in offsetting workload expansion, higher costs of doing business and inflation.

FY16: SOA funding for APBC decreased to $48,700 with DOA retaining $4,000. The balance of $44,700 went to APBI. In FY16, the Commission again augmented the MOA with APBI discretionary funds.

FY01-FY16: Approximately $10,000 spent annually on direct APBC costs. The remainder is spent on staff time and some overhead.

FY17: SOA funding for APBC decreased to $44,400 with DOA retaining $4,000. APBC budget for the APBI MOA will be $40,400. APBI will be operating with approximately 30% less revenue compared to recent years. The FY17 workload will have to be reduced to offset the decrease.