

**APBC FY16 Budget Cut  
Work Session Discussion Paper  
May 4, 2015**

**Alaska Statute – Alaska Public Broadcasting Commission**

**AS 44.21.264. Purpose of the Commission**

*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. The commission may support stations and entities that also engage in the delivery of instructional, for-credit programs, and the commission may provide funds for those purposes, but the primary purpose of Commission funds is the support of activities that result in the delivery of general audience, noncommercial material.*

**State Revenue**

In lieu of significant new revenue or a sudden and significant rise in the price and production of oil, Governor Walker and the Legislature will be making more big cuts next year. Governor Walker proposed 18% in year one of a three year budget cutting plan and there are legislators ready to zero out the State's investment in public broadcasting. For planning purposes, it is prudent to assume additional cuts will occur before funding stabilizes. If the Commission agrees, then we need to take a long view and consider investing funds in a manner that will provide a measure of stability for non-commercial media in Alaska. To that end, we need to think in terms of services and not stations. Given the potential complexity of the topic, and the close proximity of the new fiscal year, it is unlikely that we can develop and implement a plan in FY16, but there may be elements to put in place now with a goal of full implementation in FY17.

**Lay of the Land**

It has been more than 20 years since the APBC faced funding cuts such as those just passed by the legislature. There is no road map or blue print on how to proceed, but we do have our own history as guidance. Deep budget cuts more than 20 years ago gave rise to CoastAlaska, APBI, the APRN merger with APM and the creation of the Alaska One television service which recently morphed into Alaska Public Television. These large scale system changes shared a common motivational premise, preservation of locally relevant services; not preservation of organizational structure. These efforts and outcomes were station lead but they also occurred in response to Commission guidance. That combination is needed again in order to maintain a high level of service in communities statewide.

On April 1, stations learned that a 23% cut is the best possible outcome in terms of how much revenue will be allocated to the Commission for distribution. Managers were advised to assume a 23% cut as a placeholder budget number. There were too many unknowns to tell them otherwise – final amounts, legislature intent language, Commission decisions. We were focused on a community based advocacy campaign to fight the Senate 100% cut and then to shore up support in the Conference Committee for the House 23% cut.

On April 25, the Conference Committee finalized the numbers. Two months before the start of the fiscal year. It is unrealistic to think that significant structural changes between stations will occur by July 1, 2015. There is little time to develop and implement a new plan. It is realistic to expect and see movement along those lines in FY16 with FY17 being the target year for new cost sharing initiatives to take hold.

The fact that there is no intent language from the legislature is significant. It indicates a level of appreciation by legislators that urban based entities are already providing services to rural audiences and stations; a point that we made throughout the FY16 budget process.

## Options

These are not the only options. And of course you could establish various hybrid versions as well. But for the sake of initial focus, these are suggested:

1. Across the board cuts per the formula. Managers have already spent time preparing for this potential outcome. A 23% cut brings significant impact, direct and indirect, for all stations. It will motivate them to pursue resource realignment as well as cost and/or service sharing initiatives in FY16, especially when viewed in the context of expecting another significant cut in FY17. No APBC intent language.
2. Across the board cuts per the formula (same as above option). Add Commission intent language. Such as:
  - X% of APBC grant must be spent on shared services/costs in FY16.
  - FY17 grantee requirement - meaningful, measurable, shared services, shared costs.
3. Adjust formula in order to attain a certain outcome such as preserving funding levels for a category of stations or service providers. APBC intent language or not.
4. Have urban grantees receive a higher % cut. APBC intent language or not.

When considering these options, and perhaps others, it is important to ask: what is the objective, the desired outcome, in selecting a particular option?

## Other Questions & Issues

- FY16 Discretionary Fund: \$50k comes out of radio revenue. Fund this in FY16? If so, at what level, for what purpose? The primary use of these dollars in recent years has been for in state training for system personnel, or held for potential emergencies, along with a few special projects.
- Rural engineering service: \$200k comes out of radio revenue. Fund this in FY16? If so, at what level?
- TV group proposal: historically they have presented a unified proposal. Will that be the case again this year?
- Stations potentially at risk of losing CPB funding if SOA funding cuts continue.

The pressure to change is real, not theoretical. Several managers are already taking steps in that direction. Ideally, the APBC will come to an understanding of how to implement cuts in a timely manner. The goal of this work session is to review this information, hear additional ideas and questions from Commissioners, and if possible, see what direction the APBC will most likely pursue, and for what purpose.

We will then determine what, if any, additional information needs to be generated in support of making a decision. We will reconvene on May 20. Hopefully, at that time, there will be some clarity on how the Commission will allocate FY16 operating grants. If not, then we will meet again on June 4<sup>th</sup>.

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