

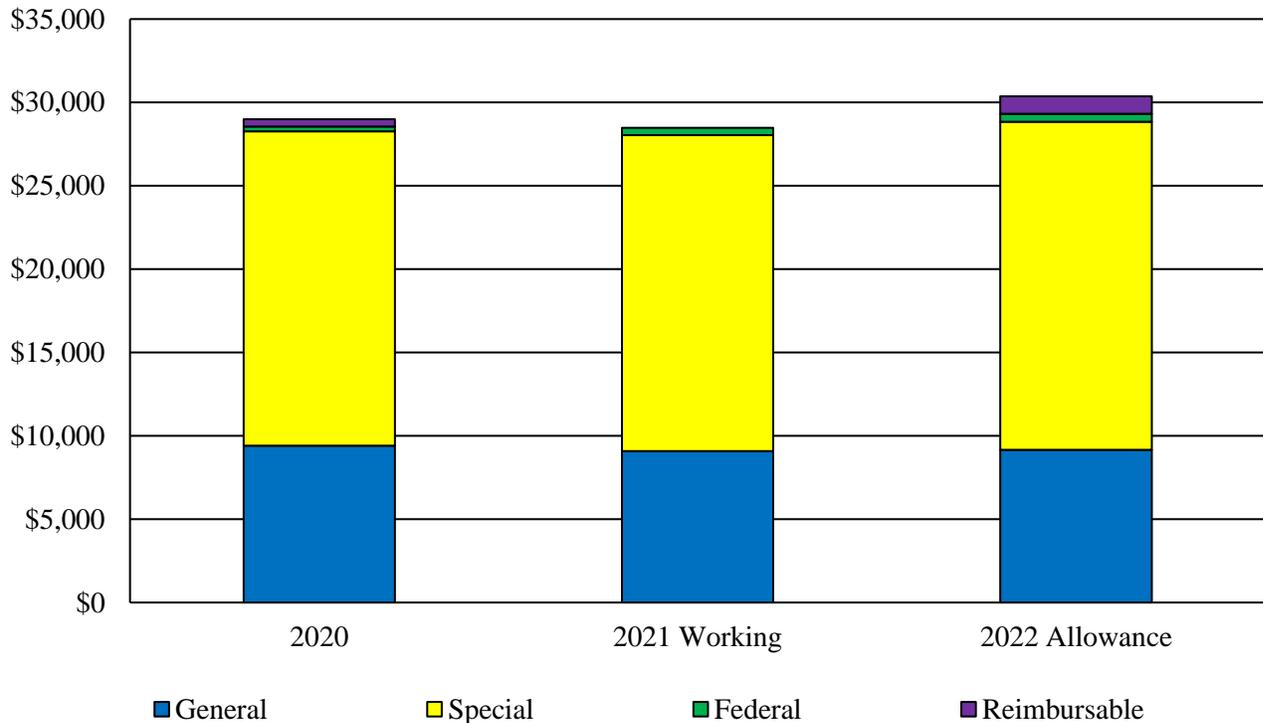
R15P00
Maryland Public Broadcasting Commission

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

Fiscal 2022 Budget Increases \$1.9 Million, or 6.6%, to \$30.4 Million
(\$ in Thousands)



Note: The fiscal 2021 appropriation includes general salary increases. The fiscal 2022 allowance includes contingent reductions, and annualization of general salary increases.

Fiscal 2020

MPT received a one-time fiscal 2020 grant of \$200,000 of COVID-19 relief funding from the federal Coronavirus Aid, Relief, and Economic Security Act. Funding was distributed by the Corporation for Public Broadcasting (CPB) and added to the agency's fund balance for CPB grant funding. The funds were primarily used for personnel expenses in order to address budget constraints caused by the COVID-19 pandemic. The agency also received \$310,000 in general funds from the State's Contingent Fund due to revenue shortfalls caused by the pandemic.

Additionally, a budget amendment transferred \$600,000 in special funds and \$110,000 in federal funds to fund the production of certain on-air programming, and reimbursable fund budget amendments totaling \$437,000 were processed. Reimbursable funds received in fiscal 2020 were from the Maryland Department of Health (MDH) for the development of public service announcements providing information on the COVID-19 pandemic for a variety of media platforms.

Fiscal 2021

Reimbursable fund budget amendments for the agency totaling \$3.2 million have been processed during fiscal 2021. These funds are from MDH and the Maryland Department of Labor for media buys across multiple platforms for public service announcements and other advertising produced for use by those agencies.

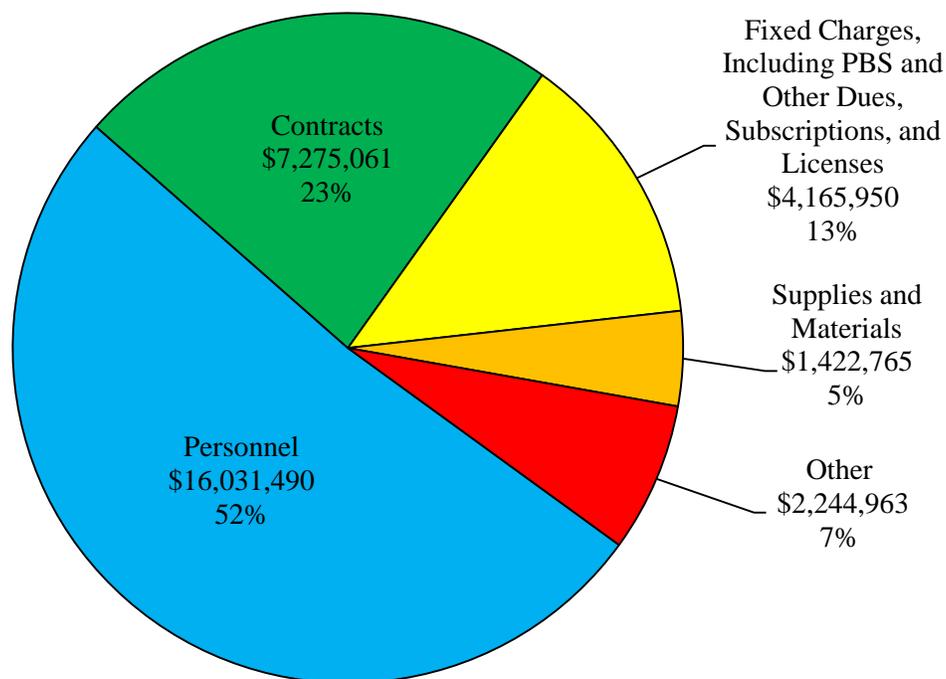
Cost Containment

At its July 1, 2020 meeting, the Board of Public Works (BPW) approved reductions totaling \$326,900 in general funds, \$17,094 in special funds, and \$196 in federal funds. General fund reductions include a one-time elimination of the agency's mandated funding increase for fiscal 2021.

Fiscal 2022 Overview of Agency Spending

As shown in **Exhibit 1**, the total adjusted fiscal 2022 allowance is \$30,365,000. Slightly over half (52%) of the budget consists of regular and contractual personnel expenses, which total \$16 million. The remaining 48% of the budget consists of MPT operating expenses, of which the largest category is contracts mainly related to television production and broadcasting that total \$7.3 million. Fixed charges, which include PBS and other public television dues, subscriptions, and licenses, total \$4.2 million, or 13% of the budget. The remaining 12% of the budget includes supplies and materials, and other operating expenses. The Governor's budget proposal also includes a contingent reduction of \$775,594 that is not yet allocated and is not reflected in this data.

Exhibit 1
Overview of Agency Spending
Fiscal 2022 Allowance



PBS: Public Broadcasting Service

Note: Fiscal 2022 allowance data includes general salary increases but excludes contingent reductions.

Source: Governor’s Proposed Fiscal 2022 Budget

Proposed Budget Change

As shown in **Exhibit 2**, the total adjusted fiscal 2022 allowance increases by a total of \$1,888,000, or 6.6%, from the adjusted fiscal 2021 working appropriation. The largest increase is an additional \$1.2 million for advertising and media services produced for other State agencies. The Maryland State Ad Agency is a recent initiative developed by MPT to serve as a full-service advertising, marketing, communications, and media buying service for State agencies and related organizations. In the current and recent fiscal years, MPT has produced media for various platforms through partnerships with MDH, the Maryland Department of Planning, and other agencies on a variety of topics including the COVID-19 pandemic, the opioid epidemic, problem gambling, the 2020 census, and other issues.

Other budget increases include regular personnel expenses, which increase by \$789,011 due to the annualization of the centrally budgeted 2% cost-of-living adjustment, as well as to implement the

R15P00 – Maryland Public Broadcasting Commission

results of an independent salary review conducted to improve recruitment and retention of staff. Contracts, primarily related to television production and broadcasting, as well as contracts for database services for MPT’s membership program and for fundraising marketing, increase by \$729,000.

Exhibit 2
Proposed Budget
Maryland Public Broadcasting Commission
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimbursable Fund	Total
Fiscal 2020 Actual	\$9,416	\$18,847	\$291	\$437	\$28,992
Fiscal 2021 Working Appropriation	9,078	18,952	446	0	28,477
Fiscal 2022 Allowance	<u>9,155</u>	<u>19,693</u>	<u>467</u>	<u>1,050</u>	<u>30,365</u>
Fiscal 2021-2022 Amount Change	\$77	\$741	\$20	\$1,050	\$1,888
Fiscal 2021-2022 Percent Change	0.8%	3.9%	4.5%	0.0%	6.6%

Where It Goes:	Change
Personnel Expenses	
Regular salaries based on the results of an independent salary review.....	\$435
Annualization of fiscal 2021 general salary increase.....	140
Employee retirement contributions.....	75
Employee and retiree health insurance	66
Unemployment compensation	29
Social Security	28
Other fringe benefit adjustments.....	17
Other Changes	
Advertising services for other State agencies	1,200
Supplies and materials	379
MPT membership database software and fundraising marketing services	359
Contracts for on-air talent and other production costs	225
Other contracts.....	142
Other	90
Capital lease payments to fund studio upgrades	-244
Public Broadcasting Service and other association dues	-278
Unallocated contingent reduction to general fund spending.....	-775
Total	\$1,888

MPT: Maryland Public Television

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

Budget Reconciliation and Financing Act of 2021

The Budget Reconciliation and Financing Act (BRFA) of 2021 includes a provision repealing the provisions of Chapter 816 of 2017 that mandate an increase to general funds for MPBC beginning in fiscal 2019. Under the current mandate, general funds are increased annually by the percentage by which total general fund revenues are projected to increase in the upcoming fiscal year, plus an amount to compensate for lower special fund revenues from certain CPB grant funding. There is a contingent reduction of \$775,594 in general funds associated with this BRFA provision. At this point, it is unclear how the commission plans to implement this reduction. This provision was also proposed in the BRFA of 2020 but was rejected by the General Assembly. BPW later eliminated the mandated funding for fiscal 2021 as part of its cost containment actions.

Personnel Data

	<u>FY 20 Actual</u>	<u>FY 21 Working</u>	<u>FY 22 Allowance</u>	<u>FY 21-22 Change</u>
Regular Positions	145.00	145.00	145.00	0.00
Contractual FTEs	<u>10.40</u>	<u>12.20</u>	<u>12.20</u>	<u>0.00</u>
Total Personnel	155.40	157.20	157.20	0.00

Vacancy Data: Regular Positions

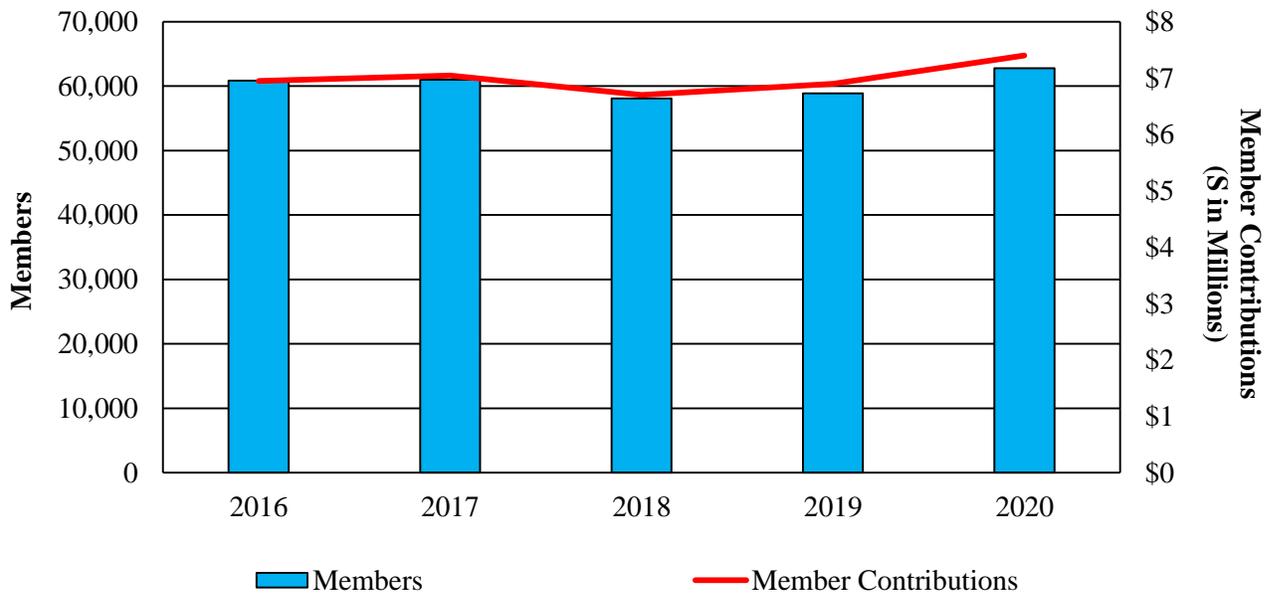
Turnover and Necessary Vacancies, Excluding New Positions	7.02	4.84%
Positions and Percentage Vacant as of 12/31/20	14.00	9.66%
Vacancies Above Turnover	6.98	

Key Observations

1. Members and Membership Contributions

Membership contributions are an essential element of funding for MPT operations. MPT membership is offered to anyone who makes a donation of \$35 or more. **Exhibit 3** shows the total number of members and their total membership contributions. In fiscal 2020, membership increased to 62,800 and membership contributions totaled \$7.4 million. These increases can be attributed to initiatives that began prior to the start of the pandemic to increase membership through a new marketing program and digital fundraising.

Exhibit 3
MPT Membership and Contributions
Fiscal 2016-2020



MPT: Maryland Public Television

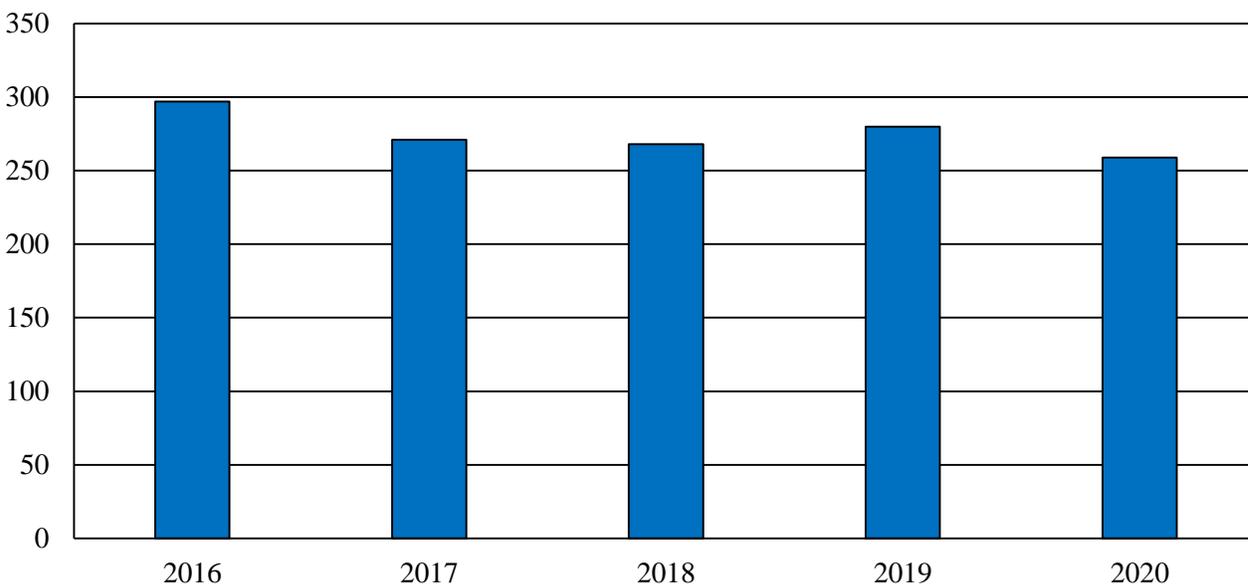
Source: Maryland Public Broadcasting Commission

The agency reports that there has been an increase in individuals wishing to cancel their MPT memberships since the start of the pandemic due to the current economic uncertainty. However, pledge drives have continued, and the most significant fundraising shortfalls have been from other areas including corporate support and donations from small businesses, fundraising events throughout the year that were canceled, and the cancellation of some production contracts due to interruptions caused by the pandemic.

2. Original Programming Produced by MPT

In addition to broadcasting national programming such as programs produced and distributed by PBS, 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*. In addition, original documentaries showcasing the lives of famous Marylanders Harriet Tubman and Frederick Douglass are currently in production and are scheduled for broadcast in calendar 2022. **Exhibit 4** shows the total number of original programs produced by MPT, which declined from 280 in fiscal 2019 to 259 in fiscal 2020. Production was temporarily suspended at the beginning of the pandemic, which led to the cancellation of production contracts for some programs. However, the agency reports filming was able to largely resume during summer 2020 with additional safety protocols in place, and some filming and editing activities were able to continue remotely.

Exhibit 4
MPT Original Programming
Fiscal 2016-2020



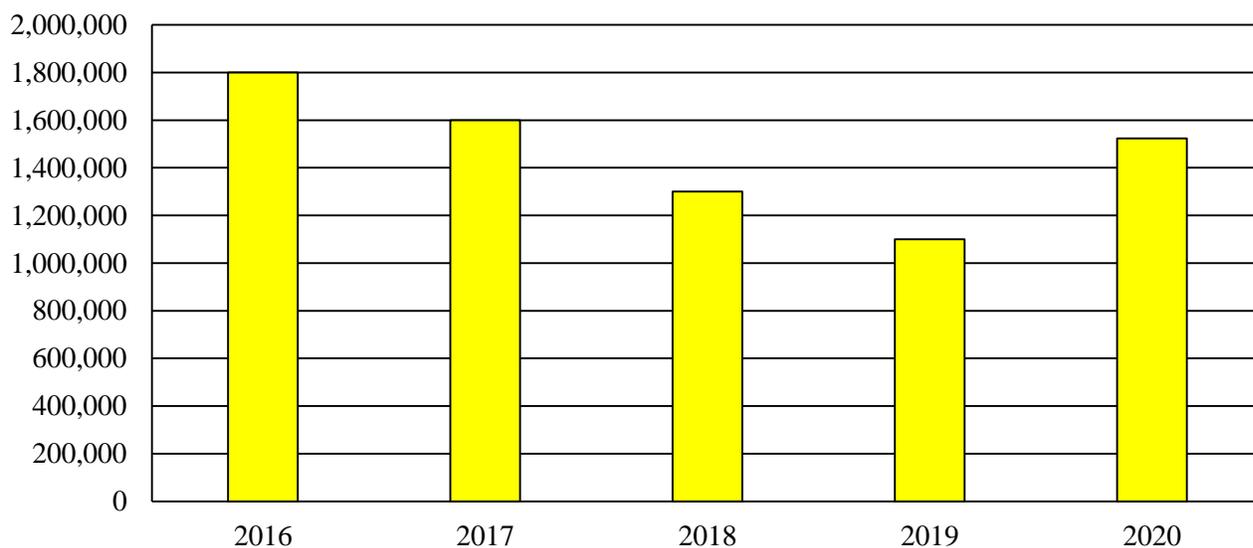
Source: Maryland Public Broadcasting Commission

3. MPT Viewership

Exhibit 5 shows the total estimated viewership for MPT, according to Nielsen ratings. Viewership is defined as the total number of viewers ages two and up in the Baltimore and Washington

designated market area during the year. After declines in viewership over the past few years, viewership increased in fiscal 2020 to approximately 1.5 million viewers. Viewership changes in recent years have fluctuated, and decreases can be attributed to a changing media landscape, where all television broadcasters are losing viewers to online streaming services. However, television viewing in general increased in fiscal 2020 due to the COVID-19 pandemic.

Exhibit 5
MPT Viewership
Fiscal 2016-2020



Source: Maryland Public Broadcasting Commission

MPT has been an informational resource during the pandemic, broadcasting both national and Maryland-specific news programming, as well as educational programming targeted to children and students who are participating in at-home learning. *Direct Connection*, for example, aired a program early on in the pandemic that featured a question and answer format with medical experts from local health organizations to answer viewer questions about the coronavirus. *Maryland Farm and Harvest* has also dedicated programming to explore the impacts of the pandemic on agriculture across the state. MPT also broadcasted a total of 10,394 hours of education programming for children during fiscal 2020. Through its “At-Home Learning” initiative, educational programming structured by age group was broadcast on a coordinated schedule. Through cooperation with the Maryland State Department of Education, programming was chosen that would supplement educational curriculum.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	July 1, 2015 – June 17, 2019
Issue Date:	June 2020
Number of Findings:	4
Number of Repeat Findings:	1
% of Repeat Findings:	16.6%
Rating: (if applicable)	n/a

Finding 1: Maryland Public Broadcasting Commission (MPBC) did not establish formal policies and procedures to address revenue generating activities of its affiliated foundation. MPBC also did not effectively monitor the affiliated foundation and could not document that it received and reviewed conflict of interest disclosures for foundation board members and officers.

Finding 2: **MPBC policies and procedures were not sufficiently comprehensive and certain critical provisions were not approved by MPBC’s governing commission. The review disclosed that MPBC did not obtain approval for certain exempt procurements and did not publish certain nonexempt contract awards on *eMaryland Marketplace* as required.**

Finding 3: MPBC did not obtain and review the required independent control review of its fundraising services vendor and, as a result, certain security concerns over fundraising data were not identified by MPBC and addressed with the vendor timely.

Finding 4: MPBC had not performed, or did not adequately perform, monthly reconciliations of its donor collections to its donor database for the period from August 2018 to August 2019.

*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 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u> <u>Appropriation</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21 - FY 22</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	145.00	145.00	145.00	0.00	0%
02 Contractual	21.60	12.20	12.20	0.00	0%
Total Positions	166.60	157.20	157.20	0.00	0%
Objects					
01 Salaries and Wages	\$ 14,107,893	\$ 14,501,219	\$ 15,150,517	\$ 649,298	4.5%
02 Technical and Spec. Fees	498,236	607,383	624,970	17,587	2.9%
03 Communication	450,517	540,732	483,562	-57,170	-10.6%
04 Travel	113,435	189,943	195,143	5,200	2.7%
06 Fuel and Utilities	687,444	790,361	820,361	30,000	3.8%
07 Motor Vehicles	58,557	64,640	65,894	1,254	1.9%
08 Contractual Services	7,413,981	5,347,121	7,275,061	1,927,940	36.1%
09 Supplies and Materials	811,845	1,043,620	1,422,765	379,145	36.3%
10 Equipment – Replacement	97,662	30,259	98,482	68,223	225.5%
11 Equipment – Additional	785,541	825,250	581,521	-243,729	-29.5%
13 Fixed Charges	3,966,514	4,419,888	4,165,950	-253,938	-5.7%
Total Objects	\$ 28,991,625	\$ 28,360,416	\$ 30,884,226	\$ 2,523,810	8.9%
Funds					
01 General Fund	\$ 9,416,415	\$ 9,030,988	\$ 9,818,748	\$ 787,760	8.7%
03 Special Fund	18,847,098	18,883,073	19,548,927	665,854	3.5%
05 Federal Fund	291,112	446,355	466,551	20,196	4.5%
09 Reimbursable Fund	437,000	0	1,050,000	1,050,000	N/A
Total Funds	\$ 28,991,625	\$ 28,360,416	\$ 30,884,226	\$ 2,523,810	8.9%

Note: The fiscal 2021 appropriation does not include general salary increases. The fiscal 2022 allowance does not include contingent reductions or annualization of general salary increases.