

# Educational Communications Board

(LFB Budget Summary Document: Page 138)

## LFB Summary Item for Which an Issue Paper Has Been Prepared

| <u>Item #</u> | <u>Title</u>                                  |
|---------------|---|
| 2             | Reduce GPR Funding and Positions (Paper #265) |





## Legislative Fiscal Bureau

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May 12, 2015

Joint Committee on Finance

Paper #265

### **GPR Base Budget Reduction (Educational Communications Board)**

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#### **CURRENT LAW**

The Educational Communications Board (ECB) has a GPR adjusted base of \$7,970,700 and 35.14 positions.

#### **GOVERNOR**

Reduce funding by \$2,484,200 GPR annually and delete 15.8 GPR positions beginning in 2015-16 from the following appropriations: (a) instructional technology general program operations (\$1,647,300 and 8.6 positions); (b) Milwaukee Area Technical College (\$211,900); and (c) programming (\$625,000 and 7.2 positions). Increase the amount needed to be generated by ECB in gifts, grants, contracts, leases, instructional material, and copyrights by \$2,484,200 PR annually and increase the number of positions authorized for that appropriation by 15.8 PR positions beginning in 2015-16.

In addition, delete statutory language requiring ECB to contract with the Milwaukee Area Technical College (MATC) for television facilities access, programs produced by the Technical College that are of statewide interest, or both, and the related appropriation. The bill would also delete the requirement that ECB expend at least \$140,200 annually from its GPR appropriation for programming, a PR appropriation, or its federal grants appropriation for the development and periodic update of instructional television programs that are specific to this state for use in schools.

## DISCUSSION POINTS

1. The Educational Communications Board (ECB) is charged with planning, constructing, developing, and maintaining the state's radio and television broadcasting systems for the presentation of educational, informational, public service, and noncommercial instructional programs. ECB partners with the UW-Extension's Division of Broadcasting and Media Innovations to provide Wisconsin Public Radio (WPR) and Wisconsin Public Television (WPT). According to their annual reports, WPR has 450,000 weekly listeners and WPT has 537,000 weekly viewers. Both WPR and WPT report having more than 50,000 active members who provide financial support for their operations. In general, UW-Extension is responsible for providing WPR and WPT programming and ECB is responsible for broadcasting that programming statewide. The statewide broadcast interconnect system owned and maintained by ECB also serves as the backbone of the emergency alert and the Amber alert systems with commercial TV and radio stations receiving these alerts from the state system. In addition, ECB develops and disseminates Wisconsin-specific materials for use in K-12 classrooms and purchases other instructional materials on behalf of K-12 schools statewide.

2. ECB currently has five GPR appropriations. The table below compares ECB's GPR adjusted base budget to its GPR under the Governor's budget.

### ECB's GPR 2014-15 Base Budget and 2016-17 Amounts Under the Bill

| <u>Funding</u>   | <u>General<br/>Program<br/>Operations</u> | <u>Energy<br/>Costs</u> | <u>Debt<br/>Service</u> | <u>MATC</u> | <u>Transmitter<br/>Operation</u> | <u>Programming</u> |
|------------------|---|-------------------------|-------------------------|-------------|----------------------------------|--------------------|
| 2014-15 Base     | \$2,941,000                               | \$868,200               | \$2,860,200             | \$211,900   | \$16,000                         | \$1,073,400        |
| 2016-17 Changes  |   |                         |                         |             |                                  |                    |
| This Item        | -1,647,300                                | 0                       | 0                       | -211,900    | 0                                | -625,000           |
| Other Items      | <u>48,400</u>                             | <u>-1,500</u>           | <u>-241,600</u>         | <u>0</u>    | <u>0</u>                         | <u>-105,400</u>    |
| 2016-17 Net      | \$1,342,100                               | \$866,700               | \$2,618,600             | \$0         | \$16,000                         | \$343,000          |
| <u>Positions</u> |   |                         |                         |             |                                  |                    |
| 2014-15 Base     | 27.94                                     | 0.00                    | 0.00                    | 0.00        | 0.00                             | 7.20               |
| 2016-17 Changes  |   |                         |                         |             |                                  |                    |
| This Item        | -12.00                                    | 0.00                    | 0.00                    | 0.00        | 0.00                             | -7.20              |
| Other Items      | <u>-7.34</u>                              | <u>0.00</u>             | <u>0.00</u>             | <u>0.00</u> | <u>0.00</u>                      | <u>0.00</u>        |
| 2016-17 Net      | 8.60                                      | 0.00                    | 0.00                    | 0.00        | 0.00                             | 0.00               |

3. ECB uses the funding provided through its general program operations appropriation to support its delivery and administrative divisions. The delivery division is divided into two units: the department of field engineering and the operations center.

4. The field engineering department has a total budget of \$2,240,200 of which \$1,455,900 is GPR provided through the general program operations appropriation and \$784,300 is program revenue. The field engineering department, which currently consists of 17.0 FTE positions, operates and maintains ECB's statewide broadcast interconnect system which includes six

television and 34 radio transmitter sites, six TV translator sites, 28 National Oceanic and Atmospheric Administration (NOAA) weather stations, and numerous microwave relay stations. ECB indicates that the majority of these sites operate unattended but that field staff are required to perform regular inspections and to service the sites when necessary. The broadcast interconnect system is used to broadcast WPR and WPT throughout the state and serves as the state relay network for state and federal emergency messaging through the emergency alert system (EAS) and the Amber alert system. ECB indicates that current staffing levels are the minimum necessary to ensure optimal network reliability. (A separate budget provision would delete a 1.0 media supervisor-advanced position from the field engineering department related to the Office of Marketing in the Department of Tourism.)

5. The operations center has a total budget of \$1,238,300 of which \$339,300 is GPR provided through the general program operations appropriation and \$899,000 is program revenue. The operations center is located at ECB's headquarters in Madison and is primarily responsible for the transmission of WPR and WPT programming throughout the state via the statewide broadcast interconnect system. The operations center has also been designated as the state's primary site for EAS and houses EAS and Amber alert equipment. ECB indicates that the operations center is highly automated and that operations staff, which currently consists of 12.78 FTE, primarily respond to maintenance issues. While it may be possible to further automate the operations center in the future if there are improvements in technology, ECB indicates that doing so at this time would reduce the reliability of transmissions made from the operations center.

6. The administrative division has a total budget of \$1,850,400 of which \$1,138,500 is GPR provided through the general program operations appropriation and \$711,900 is program revenue. Staff of the administrative division currently consists of 4.0 executive positions, 3.0 finance positions, and 4.0 information technology (IT) positions. A separate provision of the Governor's budget would require the Department of Administration (DOA) to provide all IT services for ECB, delete ECB's 4.0 IT positions, and reallocate the funding related to those positions (\$293,300 GPR and \$54,900 PR) to supplies and services to pay DOA charges. Similarly, another provision of the Governor's budget would transfer ECB's human resources, payroll, finance, budget, and procurement services to DOA, delete ECB's 3.0 finance positions, and reallocate the funding related to those positions (\$241,700 GPR) to supplies and services to pay DOA charges. If approved, these provisions would reduce ECB's ability to absorb the proposed GPR base budget reduction within its administrative division. These provisions will be addressed in separate Legislative Fiscal Bureau budget papers under DOA.

7. The education division, also known as Wisconsin Media Lab, has a total budget of \$1,500,400 of which \$1,073,400 is GPR provided through the programming appropriation and \$427,000 is program revenue. The Wisconsin Media Lab creates and delivers Wisconsin-specific content for use in K-12 classrooms. Media Lab currently offers 16 Wisconsin-specific series with 139 individual videos and related learning activities. In addition, Media Lab licenses commercially available content selected in consultation with the Department of Public Instruction and teacher advisory groups and makes that content available to all of the school districts in the state at no cost to those districts. Media Lab currently offers 80 educational series with a total of 370 hours of video programming. As a member of the Public Broadcasting System, ECB is also able to provide

Wisconsin teachers with access to the PBS Learning Media collection which includes over 100,000 assets. All of the educational content offered by Wisconsin Media Lab, including the Wisconsin-specific programs, the licensed programs, and the PBS Learning Media collection, is available online allowing teachers and students to access it at all times. ECB reports that downloads of content offered by the Wisconsin Media Lab totaled 279,476 in 2013-14.

8. WPT does not serve the city of Milwaukee and southeastern Wisconsin. That area of the state is served by Milwaukee Public Television (MPTV), which is licensed to and operated by the Milwaukee Area Technical College (MATC). In recognition of this, a GPR appropriation under ECB provides funding for ECB to contract with MATC for television facilities access, programs of statewide interest that are produced by MATC, or both. According to the MPTV personnel, this funding, currently \$211,900 GPR annually, is used to support the production of two programs, "Outdoor Wisconsin" and "Around the Corner with John McGivern," both of which film in locations throughout the state. The funding is also used to purchase statewide rights for certain artistic performances, including performances of the Milwaukee Symphony Orchestra and the Milwaukee Ballet, allowing those performances to be broadcast by both MPTV and WPT. MPTV also supports Wisconsin Media Lab in southeastern Wisconsin by providing media lab content on its website, attending educational conferences, and working with schools in that region.

9. In 2013-14, ECB's expenditures totaled \$18.09 million. Of this amount, \$7.83 million was state GPR, including \$2.91 million in GPR debt service, \$0.11 million was transferred from DOA for the operation of the emergency weather system, and \$10.15 million was program revenue. These figures exclude expenditures related to the Wisconsin Public Broadcasting Foundation (WPBF), a nonprofit corporation organized and maintained by ECB under current law. The federal funding ECB receives from the Corporation for Public Broadcasting (CPB), which has averaged \$1.8 million in recent years, is included in the program revenue amount. The remainder of ECB's program revenue comes primarily from membership contributions and underwriting. Over the most recent five years, ECB's program revenue expenditures have increased by an annualized rate of 4%.

10. When compared to other public broadcasting entities, the portion of ECB's budget that comes from state funds is relatively high. Based on ECB's financial statements, which include WPBF's revenues and expenditures, state funds represented 36.4% of total revenues, excluding capital contributions, in fiscal year 2013. When ECB's and WPBF's revenues are combined with the revenues of WHA radio and television, the entities responsible for public broadcasting under UW-Extension, state appropriations for public broadcasting and UW System support for WPR and WPT represented 39.4% of all WPR and WPT revenues in fiscal year 2013. By comparison, 19.3% of total public broadcasting revenues came from state and local governments and public colleges and universities in fiscal year 2013, according to a report prepared by the Corporation for Public Broadcasting (CPB). Because ECB and WHA radio and television receive a relatively high proportion of their funding from state appropriations and UW System support when compared to public broadcasting nationwide, it could be argued that the amount of state support for ECB be reduced.

11. The Governor's budget bill would reduce funding for ECB by \$2,484,200 GPR annually and delete 15.8 GPR positions and increase ECB's appropriation for gifts, grants, contracts,

leases, instructional material, and copyrights and the number of positions authorized for that appropriation by the same amount. Based on ECB's expenditure data, which shows that program revenue expenditures have increased by an annualized rate of 4% over the most recent five years, it is unlikely that ECB would be able to generate an additional \$2,484,200 PR, which would be equal to an increase of 24.5% over the 2013-14 level, in each year of the biennium. If program revenue expenditures were to increase by 4% annually during the current year and in each year of the 2015-17 biennium, these expenditures could exceed the 2013-14 level by \$828,000 in 2015-16 and by \$1,267,000 in 2016-17. These amounts are less than the increase in program revenues proposed by the Governor by \$1,656,200 in 2015-16 and by \$1,217,200 in 2016-17. If the Governor's proposal were to be approved and ECB were unable to increase program revenues by the specified amounts, it would have to substantially reduce its operations.

12. The Executive Budget Book indicated that the 12.0 GPR positions that would remain at ECB under the Governor's proposal should support Amber alert and other transmission functions. However, the GPR funding and positions provided in the Governor's budget bill would be insufficient to fund the field engineering department, which is responsible for maintaining and operating the broadcast interconnect, and the operations center, which transmits EAS and Amber alert messages, at their current levels. If the Committee wishes to maintain GPR funding at its current level for the field engineering department and the operations center, the Committee could provide \$1,795,200 GPR annually and 16.0 positions through ECB's general program operations appropriation. This would be \$453,100 annually and 4.0 positions more than provided under the Governor's bill. This alternative would provide no funding for ECB's administrative division.

13. Another reason to continue to provide GPR funding for ECB's field engineering department would be to ensure that state residents continue to have access to WPR and WPT programming. In particular, WPT airs educational programming for young children which can be a valuable resource for parents. While it may be possible to generate a sufficient amount of program revenue through donations and underwriting to maintain and operate transmitters in urban areas, it may be more difficult to do so in rural areas that lack population density. The use of state GPR to support the ECB's field engineering department may be appropriate to support the continued broadcast of educational programs for young children in rural areas.

14. Not all states use public radio and television networks as the state relay network for disseminating emergency alerts and Amber alerts. Some states use networks maintained and operated by the state emergency management agency or the state police while other states rely on private broadcasters to relay such alerts. If the Committee does not wish to maintain GPR funding for ECB's field engineering department and the operations center, the Committee could direct the Division of Emergency Management in the Department of Military Affairs to identify an alternative network for use as the state relay network. However, it is unlikely that an alternative network could be identified and ready for use by July 1, 2015, when the GPR budget reductions for ECB would take effect. For that reason, the Committee may also wish to delay the reduction to ECB's GPR general program operations appropriation until July 1, 2016.

15. In the past, educational material was broadcast via the radio, television, and other broadcast media. Currently, all of ECB's educational resources are available via the internet. Given

ECB no longer broadcasts educational materials using its interconnect system, it could be argued that ECB is no longer the appropriate state agency to create Wisconsin-specific educational materials and license additional education content for use in K-12 classrooms. The Governor's budget would reduce ECB's appropriation for programming, which is used to support the Wisconsin Media Lab, by \$625,000 annually such that funding for that appropriation would be \$337,500 in 2015-16 and \$343,000 in 2016-17. As an alternative, the Committee could delete ECB's programming appropriation and the statutory language specifying that the development and dissemination of instructional materials be one of ECB's duties.

16. As discussed in this paper, the Governor's budget would make substantial reductions to ECB's GPR funding and positions. In addition 8.5 positions would be deleted from ECB under separate budget provisions that would transfer ECB's IT, human resources, payroll, finance, budget, and procurement services to DOA, consolidate marketing services in the Department of Tourism, and delete long-term vacancies. Because the Governor's proposal would make major changes to ECB, the Committee may wish to restore some portion of the proposed reduction and direct the Legislative Council to establish a committee to review issues related to ECB and make recommendations regarding ECB's funding, duties, and organization prior to the next biennial budget cycle. Issues to be considered by such a committee could include: (a) the appropriate level of state funding for ECB; (b) if a lower amount of state funding is appropriate, over what period of time should funding be reduced; (c) whether ECB should continue to be a provider of materials for K-12 education; (d) whether ECB should continue to serve as the state relay for the EAS and Amber alert systems and what other networks, if any, could perform this function; and (e) whether ECB should continue to operate as an independent board or be merged with the broadcast and media innovations division of UW-Extension either as a part of the UW System or an independent state agency.

## ALTERNATIVES

### A. Delivery and Administration

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to increase the funding provided through ECB's general program operations appropriation by \$453,100 annually with 4.0 positions, so that funding would total \$1,775,200 annually with 16.0 positions. This would fund ECB's field engineering department and operations center at the current level, but would provide no GPR funding for ECB's administrative division.

| ALT A2 | Change to Bill |           |
|--------|----------------|-----------|
|        | Funding        | Positions |
| GPR    | \$906,200      | 4.00      |

3. Modify the Governor's recommendation to increase the funding provided through ECB's general program operations appropriation by \$453,100 in 2015-16 with 4.0 positions, so that



funding would total \$1,775,200 and 16.0 positions in 2015-16. In addition, direct the Division of Emergency Management in the Department of Military Affairs to identify an alternative network for use as the state relay network.

| ALT A3 | Change to Bill |  |
|--------|----------------|--|
| GPR    | \$453,100      |  |

4. Delete provision. This would restore \$1,647,300 of annual funding and 8.60 positions for ECB's field engineering, operations center, and administration.

| ALT A4 | Change to Bill |           |
|--------|----------------|-----------|
|        | Funding        | Positions |
| GPR    | \$3,294,600    | 8.60      |

**B. Wisconsin Media Lab**

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation to delete ECB's GPR programming appropriation with \$337,500 in 2015-16 and \$343,000 in 2016-17. In addition, delete the development and dissemination of instructional materials from ECB's duties.

| ALT B2 | Change to Bill |  |
|--------|----------------|--|
| GPR    | -\$680,500     |  |

3. Delete provision. This would restore \$625,000 of annual funding and 7.20 positions for ECB's GPR programming appropriation. In addition, restore the requirement that ECB expend at least \$140,200 annually from its GPR appropriation for programming, a PR appropriation, or its federal grants appropriation for the development and periodic update of instructional television programs that are specific to this state for use in schools.

| ALT B3 | Change to Bill |           |
|--------|----------------|-----------|
|        | Funding        | Positions |
| GPR    | \$1,250,000    | 7.20      |

**C. Milwaukee Area Technical College**

1. Approve the Governor's recommendation.

2. Delete provision, which would restore \$211,900 annually for this purpose.

| ALT C2 | Change to Bill |
|--------|----------------|
| GPR    | \$423,800      |

**D. Program Revenue Appropriation**

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to reestimate ECB's PR appropriation for gifts, grants, contracts, leases, instructional materials, and copyrights to reduce funding by \$1,656,200 in 2015-16 and \$1,217,200 in 2016-17, which would result in a net increase of \$828,000 in 2015-16 and \$1,267,000 in 2016-17. These funding reductions would establish total appropriation amounts consistent with 4% annual increases in these revenues.

| ALT D2 | Change to Bill |
|--------|----------------|
| PR     | -\$2,873,400   |

**E. Study Committee**

1. Direct that the Legislative Council establish a study committee to review issues related to ECB and make recommendations regarding ECB's funding, duties, and organization by December 1, 2016. Specify that the committee should consider the following issues: (a) the appropriate level of state funding for ECB; (b) if a lower amount of state funding is appropriate, over what period of time should funding be reduced; (c) whether ECB should continue to be a provider of materials for K-12 education; (d) whether ECB should continue to serve as the state relay for the EAS and Amber alert systems and what other networks, if any, could perform this function; and (e) whether ECB should continue to operate as an independent board or be merged with the broadcast and media innovations division of UW-Extension either as a part of the UW System or an independent state agency.

2. No provision.

Prepared by: Emily Pope

## **EDUCATIONAL COMMUNICATIONS BOARD**

### **LFB Summary Items for Which No Issue Paper Has Been Prepared**

| <u>Item #</u> | <u>Title</u>                  |
|---------------|-------------------------------|
| 1             | Standard Budget Adjustments   |
| 4             | Fuel and Utilities Reestimate |
| 8             | Eliminate Long-Term Vacancies |
| 9             | Lapse Requirement             |

### **LFB Summary Items to be Addressed in a Subsequent Paper**

| <u>Item #</u> | <u>Title</u>   |
|---------------|--|
| 3             | Debt Service Reestimate  |
| 5             | Provision of Information Technology Services by Department of Administration |
| 6             | Transfer Functions and Delete Positions for DOA Shared Agency Services       |
| 7             | Consolidate Marketing Services in Tourism                                    |
| 10            | Affiliation Agreement with the UW System                                     |

