

State of Alaska FY2017 Governor's Operating Budget

Department of Administration Public Communications Services Results Delivery Unit Budget Summary

Public Communications Services Results Delivery Unit

Contribution to Department's Mission

To provide critical programs, local information, public telecommunication and new media services that inform and educate radio listeners throughout bush, rural and urban Alaska; to ensure the infrastructure for the dissemination of non-commercial public radio and related services to un-served and underserved audiences.

Core Services

- See Components.

Major RDU Accomplishments in 2015

- Despite revenue reductions, stations provided another year of service to un-served and underserved audiences across the state with free over the air programming and online services available to all Alaskans regardless of their ability to pay.
- Realized significant cost savings by successfully negotiating deeply discounted program prices with national networks for all stations. Negotiated group health insurance plan for stations.
- Improved government access programming on all digital platforms. Increases in broadband capacity and connectivity between the four TV stations allowed for cost effective content sharing, distribution, and application on all digital platforms.
- Provided cost effective rural engineering service and in state training for station personnel.
- Continuation of the statewide news services from the Alaska Public Radio Network (APRN).
- 360 North provided Gavel Alaska during Legislative sessions and original Alaska content, including Alaska Supreme Court proceedings and coverage of major events like the Alaska Federation of Natives (AFN) Convention, Governor Walker's economic summit in Fairbanks, the Governor's swearing-in ceremony from Juneau and the statewide conference on housing and homelessness.
- Managed and coordinated the statewide ARCS television program service without any major system-wide shutdowns, failures or outages. In the course of the past year, handled over 500 contacts from ARCS sites around Alaska, restoring service in over 50 cases.
- Restored infrastructure and service in 20 rural communities leveraging SOA capital funds to partner with rural communities whose equipment for receiving satellite service and transmitting ARCS had been compromised by extreme environment wear and tear.
- Managed ARCS Digital Conversion Project for SOA, leading efforts through design, prototype, vendor selection, product selection, final design and into deployment phase.
- As a State Satellite Relay Network, participated in and distributed all of the State of Alaska Emergency Alert System (EAS) monthly exercises and actual emergency alerts including tsunami, wildfire and severe storm warnings.
- Emergency alerts including tsunami, wildfire and severe storm warnings.

Key RDU Challenges

Community Service – Revenue reductions make it more difficult for these non-profits to provide daily local news and information programming and community based services to residents across the state.

Engineering Support for Underserved Areas - State funding appropriated in FY12 helped establish a centrally managed engineering service which actively serves bush and rural stations with the greatest need. A third engineer would make the statewide work scope manageable, especially in light of reduced station revenue.

Satellite Uplink Equipment Replacement - All of the original uplink infrastructure equipment was replaced by APBI in 2007 using one time Denali Commission funds. This core piece of infrastructure will pass the 10 year mark this fiscal year; it is in need of replacement and is no longer supported by the manufacturer. Some components of the system have failed and been repaired with spare parts acquired from the used equipment marketplace. Service is now dependent upon in-place backup systems. Services may be significantly jeopardized if further failures occur, or if

backup components fail. Capital funding is required to address this aging infrastructure and a capital budget request is being submitted.

Alaska Emergency Alert System (EAS) - Continuation of the collaborative relationship between ARCS and the SOA Division of Homeland Security and Emergency Management (DHS&EM) alerting systems for the distribution of emergency alert and warning systems is critical. As a Satellite Relay Network ARCS plays a central role in the State of Alaska EAS Plan, and is a designated monitoring assignment choice available to Alaska broadcasters. The ARCS low power television signals in bush communities provide year round 24/7 access to emergency information for rural viewers in their homes.

Local News & Information Content - Public media must increase production of local, regional and statewide content for distribution across digital platforms. This challenge requires new expertise and new financial resources. Over time the improved service level will deepen community engagement and translate into increased private sector support. Public media is a key component of Alaska's communications infrastructure with year round dissemination of news and community information including emergency services, health and safety, education, weather and marine conditions.

Administrative Support - The APBC cannot effectively administer and monitor its obligations on less revenue. Further reductions will result in less oversight of grantee eligibility and compliance, a less prepared and informed Commission, and the possibility that DOA will have to resume all functions related to supporting the APBC and by extension the stations.

Strategic Restructuring - Public radio and television in Alaska is recognized nationally for strategic restructuring and resource realignment initiatives that attain more cost effective scale while improving service. This is difficult, time and resource consuming work. In FY17 Alaska stations must continue to pursue strategic restructuring and forge new partnerships as a means to sustain and improve local service while gaining cost savings and operational efficiencies.

Closed Captions for the Deaf Community - Much of the television programming produced in Alaska isn't closed captioned for people with hearing disabilities, limiting access to televised government coverage of Gavel to Gavel Alaska, as well as important news, information and public affairs programming. The federal requirement for captioning television programming is becoming more stringent.

Federal Mandate: LPTV Digital Conversion - The deadline by which all analog Low Power Television (LPTV) operations must convert to digital is expected to be reinstated by the Federal Communications Commission (FCC) following the completion of spectrum auction activities in mid-2016. The State allocated funds in its FY2014 Capital Budget and launched the ARCS Digital Conversion project to address the impending deadline and embrace the opportunity to significantly expand public service programming for bush residents. Major benefits of converting ARCS to digital include increased and improved digital services and the replacement of the obsolete analog electronics infrastructure with new digital systems.

ARCS Maintenance – Though owned and operated by the State of Alaska, it is rural communities that fund ongoing maintenance while individuals at remote sites provide labor on a volunteer basis. Community organizations provide space and power for antennas and electronics. Costs of maintenance of satellite dish antennas, cables, transmission towers and antennas, and the electronics that support ARCS distribution remain the responsibility of local communities. The fleet of satellite dish antennas has been in service for over 20 years. Limited State funds are currently being applied to select sites where extreme conditions have resulted in unserviceable dish antennas.

Facilities Maintenance & Repair – For public broadcasters, almost all sources of federal support for basic broadcast infrastructure have been eliminated, leaving stations with little ability on their own and without capital funds to replace obsolete equipment and keep up with changing technology.

Significant Changes in Results to be Delivered in FY2017

Managers and local governing boards implemented a range of FY16 budget decisions. Despite efforts to increase FY16 revenue from the community, cuts to operating expenses occurred at all stations. Mid-year revisions may bring additional cuts after stations assess year to date local fundraising. The following FY16 impacts will continue in FY17.

- Work force reductions and erosion of compensation and benefits; increased difficulty retaining and recruiting staff. The group buy health insurance plan is at risk as group census drops.
- Alaska Public Radio Network (APRN), daily statewide Alaska news service for stations is clearly at risk. KUAC Fairbanks and KNBA Anchorage dropped APRN in FY16. APRN will collapse if more stations can no longer afford to invest in the statewide news service.
- KTOO-TV Juneau, a PBS member since 1979, has now dropped membership in the national network in order to devote resources towards local programming, statewide legislative coverage, and producing content for 360 North. KTOO is working with PBS to see if the Anchorage station can replace the local PBS service in Southeast, but KTOO will no longer be able to take part in PBS's varied educational, cultural and public affairs initiatives. KTOO's state grant funding for Gavel to Gavel Alaska coverage of the Legislature is being reduced at a time when coverage of the Legislature's activities is more important than ever.
- National network program providers American Public Media and Public Radio International were on the chopping block at the majority of stations. APBI negotiated with both entities to further reduce already heavily discounted group buys. As a result many stations, but not all, were able to keep these programs in FY16. National Public Radio remains on the air as a result of a heavily discounted group buy.
- Most stations will lose federal matching funds from the Corporation for Public Broadcasting (CPB) in FY18: 6% of every dollar for radio and 14% of every dollar for television will be forfeited. Additional federal matching funds may be lost. The bigger threat is future CPB eligibility status. As non-federal funds decline, up to ten Alaska stations will be at risk of losing significant federal funding.
- Urban organizations will be further stressed at a time when they will be increasingly relied upon by rural and bush stations that benefit from collaboration, restructuring and resource alignment. It is difficult to identify the tipping point for integrated service providers, those urban hubs that provide fee based support to rural stations by way of news, engineering, finance, fundraising, representation and administrative services.

Degradation of station capacity and local services that began in FY16 will accelerate in FY17 . Major impacts will be loss of local jobs, the demise of local programming including APRN, loss of national network programs, and further loss of federal funds. For many stations, a downward spiral will gain momentum as small staffs get smaller while workloads increase.

ARCS Digital Conversion Project – This project replaces all analog transmitters at remote ARCS broadcast sites with new generation digital equipment. New equipment carries multi-year warranties reducing the need for associated repair costs during that time period and resulting in reduced costs for communities currently covering repair and replacement expenses for the existing aging system. As sites are converted to digital the full set of video services on the satellite carrier are broadcast through the new transmitters to viewers in their homes representing a 300% increase in service, going from one channel to four, with no increase in operating costs.

Satellite Downlink Equipment Replacement- Refurbishment work at satellite downlink facilities resulting in restoration of services at chronically afflicted sites will come to an end. Several downlink sites have been repaired and/or replaced, however there is more work to do and no funds are designated for ongoing maintenance of this infrastructure. Deflecting costs of maintaining this set of state owned equipment onto individual communities as they become affected by service outages will delay and/or prevent repairs from continuing. Those communities able to are expected to raise funds locally for these repairs, while others may seek funding through legislative representatives in the form of capital grants.

Next Generation Satellite – For the past three decades satellite facilities across Alaska have been receiving service from a single satellite in the sky. Indications from the owner/operator of the current spacecraft are that it will reach the end of its service life by calendar 2018. Planning for satellite service beyond that date, including considerations of a new orbital position that would require physically adjusting and re-aiming hundreds of remote satellite dishes, as well as band changes requiring replacement of satellite dish hardware, should commence in order to allow time for smart decision making and action to take place prior to termination of service on the current spacecraft.

Contact Information

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**Public Communications Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2015 Actuals				FY2016 Management Plan				FY2017 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Public Broadcasting Commission	53.3	0.0	0.0	53.3	46.7	0.0	0.0	46.7	44.4	0.0	0.0	44.4
Public Broadcasting - Radio	3,319.9	0.0	0.0	3,319.9	2,786.6	0.0	0.0	2,786.6	2,036.6	0.0	0.0	2,036.6
Public Broadcasting - T.V.	825.9	0.0	0.0	825.9	633.3	0.0	0.0	633.3	600.0	0.0	0.0	600.0
Satellite Infrastructure	848.2	200.0	0.0	1,048.2	779.5	100.0	0.0	879.5	779.5	100.0	0.0	879.5
Totals	5,047.3	200.0	0.0	5,247.3	4,246.1	100.0	0.0	4,346.1	3,460.5	100.0	0.0	3,560.5

Public Communications Services
Summary of RDU Budget Changes by Component
From FY2016 Management Plan to FY2017 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2016 Management Plan	4,246.1	0.0	100.0	0.0	4,346.1
Proposed budget decreases:					
-Public Broadcasting Commission	-2.3	0.0	0.0	0.0	-2.3
-Public Broadcasting - Radio	-750.0	0.0	0.0	0.0	-750.0
-Public Broadcasting - T.V.	-33.3	0.0	0.0	0.0	-33.3
FY2017 Governor	3,460.5	0.0	100.0	0.0	3,560.5