

State of Alaska FY2018 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 2016

- 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 and despite losses in State of Alaska revenue.
- A special journalism unit called *Alaska's Energy Desk* was created. It is devoted to producing high-quality coverage of energy issues, including impact of oil and gas development on Alaska's economy, the federal-state relationship and the high cost of energy in rural Alaska. The unit produces coverage for radio, TV and the web.
- Improved government access programming on all digital platforms. 360 North, a year-round Alaska public affairs channel, provided Gavel Alaska during regular, special and extended Legislative sessions, and original Alaska content including Supreme Court proceedings, coverage of Alaska Federation of Natives Convention, Sealaska Heritage Foundation's Celebration and statewide conference on housing and homelessness.
- Managed ARCS Digital Conversion Project for SOA, overseeing acquisition, testing, deployment and installation of new equipment resulting in conversion of more than 50 village sites to digital multichannel television service, including ongoing management of early component failure resolution.
- As a State Satellite Relay Network, participated in and distributed all of the State of Alaska Emergency Alert System emergency alerts including tsunami, wildfire and severe storm warnings, as well as all monthly and annual exercises.
- Realized significant cost savings by successfully negotiating deeply discounted program prices with national networks for all stations. Negotiated group health insurance plan for stations.
- Provided cost effective rural engineering service and in-state training for station personnel.
- Encouraged partnerships, collaborations, strategic restructuring between licensees as a means to further consolidate common services and functions in order to maintain program delivery while reducing expenses.
- Increases in broadband capacity and connectivity between the four TV stations allowed for cost effective content sharing, distribution, and application on all digital platforms.
- Managed and coordinated statewide ARCS television program service without any major system-wide shutdowns, failures or outages. Each year APBI handles more than 500 contacts from ARCS sites around Alaska, assisting, aiding or directly working to restore service in more than 50 cases annually.

Key RDU Challenges

Community Service – Providing daily local news, public safety information, civic engagement programming and community based services to residents across the state while losing State of Alaska (SOA) revenue and federal matching funds.

Alaska Emergency Alert System - The collaboration between ARCS and the SOA's Division of Homeland Security and Emergency Management alerting systems for distribution of emergency alert and warning systems is critical. A Satellite Relay Network, ARCS, plays a central role in the SOA EAS Plan as a "designated monitoring assignment" for Alaska broadcasters required to maintain compliance with FCC regulations, including new national level alerting protocols. Concurrently, the ARCS low power television signals in bush communities provide year round 24/7 access to emergency information for rural viewers in their homes.

Engineering Support for Underserved Areas - Centrally managed engineering service serves the system with

emphasis with emphasis on bush and rural stations with the greatest need. A third engineer would make the statewide work scope and service more efficient and effective.

Expansion of Local News Content - In the digital age, 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. 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. Sustaining these services is further challenged by rising fixed costs, and lost federal and state 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 is past its 10 year service mark and is in need of replacement. This system is no longer supported by the manufacturer. As components of the system fail they are being repaired or replaced with spare parts acquired from the used equipment marketplace. Continued service is now dependent upon these secondhand components and in-place backup systems. Services may be significantly jeopardized if further failures occur, or if backup components fail.

Administrative Support - The APBC's ability to effectively administer and monitor the APBC's obligations is diminished, 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 FY2018 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.

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, some of which have been in service for 30 years, continue to serve as the distribution backbone of public communications services in rural Alaska.

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. SOA FY2014 Capital Budget funds 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.

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 Alaska, as well as important news, information and public affairs programming. The federal requirement for captioning television programming is becoming more stringent.

Facilities Maintenance & Repair – For public broadcasters, almost all sources of federal support for basic broadcast infrastructure have been eliminated, leaving stations with little ability to replace obsolete equipment and keep up with changing technology.

Significant Changes in Results to be Delivered in FY2018

Managers and local governing boards of stations implemented a range of FY2016 and FY2017 budget decisions due to SOA reductions. Despite efforts to increase revenue from the community, cuts to operating expenses and services occurred at all stations. Mid-year budget revisions may bring additional cutbacks after stations assess year to date local fundraising. The following impacts will continue in FY2018 if the funding continues to be reduced:

- Workforce reductions and erosion of compensation and benefits; increased difficulty retaining, recruiting and training staff. The group health insurance plan is at risk as group census drops.
- Most stations start losing federal matching funds from the Corporation for Public Broadcasting (CPB) in FY2018: an additional 6% of every dollar for radio and 14% of every dollar for television will be forfeited. Additional federal matching funds will be lost in FY2019 as a result of FY2017 reductions. The bigger threat is future CPB grant eligibility status. As non-federal funds decline, stations are at risk of losing significant federal funding.
- Alaska Public Radio Network (APRN), the daily statewide Alaska news service for stations is at risk. APRN will collapse if stations can no longer afford to invest in the daily statewide news service.
- KTOO-TV Juneau dropped PBS membership in order to devote limited resources towards local programming, statewide legislative coverage, and producing content for 360 North. KAKM Anchorage now provides PBS in Southeast. KTOO can no longer take part in PBS's educational, cultural and public affairs initiatives.
- National network programs from American Public Media and Public Radio International are being dropped at the majority of stations. National Public Radio remains on the air as a result of a heavily discounted group buy.
- 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.
- The APBC's ability to effectively administer and monitor the APBC's obligations is diminished, 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.

The degradation of station capacity and local services that began in FY2016 will accelerate in FY2018. Major impacts will be loss of local jobs, the demise of local programming services, 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 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 over three decades satellite facilities across Alaska have been receiving service from a satellite positioned at a single point in the sky. Discussions with the owner/operator of the current spacecraft and alternative satellite operators/owners indicate that when the existing satellite reaches end of service in 2018 no replacement is planned for the occupied orbital position. 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, and required upgrades and/or changes to the installed system of satellite dish hardware – should commence to allow time for decision making and action to take place prior to termination of service on the current spacecraft.

Contact Information

Contact: Steve Hamlin, Interim Co-director Public Broadcasting Commission

Phone: (907) 264-6305

Fax: (907) 586-5692

E-mail: steve@akpb.org

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

All dollars shown in thousands

	FY2016 Actuals				FY2017 Management Plan				FY2018 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	46.7	0.0	0.0	46.7	46.7	0.0	0.0	46.7	46.7	0.0	0.0	46.7
Public Broadcasting - Radio	2,786.6	0.0	0.0	2,786.6	2,036.6	0.0	0.0	2,036.6	2,036.6	0.0	0.0	2,036.6
Public Broadcasting - T.V.	633.3	0.0	0.0	633.3	633.3	0.0	0.0	633.3	633.3	0.0	0.0	633.3
Satellite Infrastructure	779.5	200.0	0.0	979.5	779.5	100.0	0.0	879.5	779.5	100.0	0.0	879.5
Totals	4,246.1	200.0	0.0	4,446.1	3,496.1	100.0	0.0	3,596.1	3,496.1	100.0	0.0	3,596.1

Public Communications Services
Summary of RDU Budget Changes by Component
From FY2017 Management Plan to FY2018 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>
FY2017 Management Plan	3,496.1	0.0	100.0	0.0	3,596.1
One-time items:					
-Public Broadcasting Commission	-2.3	0.0	0.0	0.0	-2.3
-Public Broadcasting - T.V.	-633.3	0.0	0.0	0.0	-633.3
Adjustments which continue current level of service:					
-Public Broadcasting Commission	2.3	0.0	0.0	0.0	2.3
-Public Broadcasting - T.V.	633.3	0.0	0.0	0.0	633.3
FY2018 Governor	3,496.1	0.0	100.0	0.0	3,596.1