

# **State of Alaska FY2020 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 2018**

- 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. Coastal stations alerted residents during the January 2018 tsunami warning and broadcast live up to date information about local community evacuation mandates.
- *Alaska's Energy Desk*, a collaborative journalism unit, expanded to include new partners and contributed significant content for state and national news programs. Producing high-quality coverage of energy issues, including the 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. The Energy Desk Podcast *Midnight Oil* was downloaded over a million times, spawning a second season to focus on climate change issues facing Alaska.
- Improved government access programming on all digital platforms. 360 North, a year-round Alaska public affairs channel, provided Gavel Alaska during Legislative sessions, and original Alaska content including Supreme Court proceedings, coverage of Alaska Federation of Natives Convention, Alaska Weather, Debate for the State, AARP Alaska, Evening at Egan, Talk of Alaska, Indie Alaska as well as Alaska history, science and public affairs programs.
- Managed ARCS Digital Conversion Project for SOA, overseeing acquisition, testing, deployment and installation of new equipment resulting in conversion of more than 105 village sites to digital multichannel television service, including ongoing management of early component failure resolution.
- Managed and coordinated statewide ARCS television program service without any major system-wide shutdowns, failures or outages.
- 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 consolidate further 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.

**Key RDU Challenges**

**Satellite Uplink Equipment Replacement** - This core piece of infrastructure is past its 11-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 and backup components fail. A capital budget request to rebuild this critical infrastructure has been submitted.

**Community Service** – Providing daily local news, public safety information, civic engagement programming and community based services to residents across the state despite the impact of lower State of Alaska (SOA) revenue, federal matching funds and a difficult economy for local fundraising.

**Alaska Emergency Alert System** - The collaboration between ARCS, public radio and television broadcasters, and the SOA's Division of Homeland Security and Emergency Management produces a multi-layered diverse alerting system serving all Alaska with distribution of critical alerts and warnings. 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. ARCS television signals in rural communities provide year-round 24/7 access to emergency information for viewers in their homes.

**Engineering Support for Underserved Areas** - Centrally managed engineering emphasizes service to small and rural stations with the greatest need. Funding an additional engineer would reduce wait time for the 18 stations highly dependent upon this service.

**Expansion of Local News Content** - Public media must increase production of local, regional and statewide content for distribution across digital platforms to remain relevant in the changing media environment. 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.

**Administrative Support** - The Alaska Public Broadcasting Commission'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 FY2020 Alaska stations must continue to pursue strategic restructuring and effective 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 local 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.

**Digital Conversion** - Capital Budget funds launched the ARCS Digital Conversion project to address the federally mandated conversion of television services from analog to digital, and to significantly expand public service programming for rural residents. Major benefits of converting ARCS to digital include increased and improved services and the replacement of 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 funding 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 FY2020

Managers and local governing boards of stations implemented a range of FY2016 and FY2017 budget decisions due to State of Alaska reductions. The Alaska economy in FY2018 and FY2019 has not offered strong fundraising opportunities further challenging recovery from state budget cutbacks. Despite efforts to increase revenue from the community, cuts to operating expenses and services occurred at all stations. The following impacts will continue in FY2020 if the funding continues to be reduced:

- The role of Alaska’s public media stations as participants in the EAS system is to help the State effectively warn the public of tsunamis, severe weather, child abductions and other emergencies. Their ability to successfully fulfill that role is directly affected by the strength of their systems. Funding cuts and funding stagnation work against that mission. 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 FY2020: 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 FY2020 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 Media's Statewide News, the daily statewide Alaska news service for stations is at risk. Collaborative news shows like Alaska News Nightly will collapse if stations can no longer afford to invest in the daily statewide news service or retain locally funded reporters.
- National network programs from American Public Media and Public Radio International are reduced 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 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 continues to threaten in FY2020 as federal funding losses are realized. 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. Staff turnover at stations large and small is a problem.

**ARCS Digital Conversion Project:** This project replaces all analog transmitters at remote ARCS broadcast sites with new generation digital equipment. 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 continues to improve service. Additional improvements to maintain the rural satellite downlink sites require additional funding. 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.

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

*All dollars shown in thousands*

	FY2018 Actuals				FY2019 Management Plan				FY2020 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
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
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	2,036.6	0.0	0.0	2,036.6	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	779.0	200.0	0.0	979.0	779.5	100.0	0.0	879.5	779.5	100.0	0.0	879.5
<b>Totals</b>	<b>3,495.6</b>	<b>200.0</b>	<b>0.0</b>	<b>3,695.6</b>	<b>3,496.1</b>	<b>100.0</b>	<b>0.0</b>	<b>3,596.1</b>	<b>3,496.1</b>	<b>100.0</b>	<b>0.0</b>	<b>3,596.1</b>

**Public Communications Services**  
**Summary of RDU Budget Changes by Component**  
**From FY2019 Management Plan to FY2020 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>
<b>FY2019 Management Plan</b>	<b>3,496.1</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>	<b>3,596.1</b>
<b>FY2020 Governor</b>	<b>3,496.1</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>	<b>3,596.1</b>