Educational Telecommunications Network Commission

OVERVIEW

Commission Background

The Ohio Educational Telecommunications Network Commission (OET) was created in 1961 and is governed by an eleven-member commission. The mission of OET is to ensure the coherent development of public telecommunications services for the citizens of Ohio, with a particular commitment for their application to education. To accomplish this, OET provides independent expertise and support to Ohio's educational television stations, educational radio stations, radio reading services, instructional television foundations, and other agencies of state government. OET currently employs 35 full-time equivalents (FTE's) that provide services and assistance to 12 public television stations, 8 educational technology stations, including SchoolNet, 34 educational radio stations, 9 radio reading services and the Statehouse News Bureau.

Funding Sources and Priorities in the Recommended Budget

The executive recommendation for the upcoming biennium would provide $11,304,116 in FY 2002 (a 0.6 percent decrease) and $11,337,651 in FY 2003 (a 0.3 percent increase). While the executive recommendation contains a 0.6 percent decrease in fiscal year 2002, General Revenue Fund (GRF) appropriations would actually decrease by 3.0 percent. The 6.8 percent increase in GSF appropriations in FY 2002 and 4.3 percent increase in FY 2003 represents the continuation of the trend over the last five years for a greater proportion of OET expenditures to be supported by non-GRF revenue. Specifically, Affiliate Services and High Definition Television funding were the object of this trend as evidenced by FY 2000 spending in those areas. This trend of increasing the proportion of non-GRF spending was driven primarily by sizeable increases in funding received through the SchoolNet initiative for the provision of technology and media services to the educational community and now for digital conversion as required by the FCC for all stations by May 2003.

In FY 2000, one major line item was a one-time subsidy appropriation of $12 million for High Definition Television, line item 374-604. This appropriation was made from State Special Revenue Funds (the original source was GRF surplus funds) and was a flow-through subsidy payment to the public television stations across the state for new or modified transmission towers and equipment. These towers are estimated to cost $1 million each. Given time constraints, delays by the FCC in issuing construction permits, and limited contractors to do the work, none of the work has actually started at this time, although funds are encumbered. Even so, the May 2003 deadline for conversion still stands.

OET priorities as expressed in the executive recommendation are personal services, maintenance, subsidy payments to affiliates, and support for the Statehouse News Bureau. Tradeoffs made by the executive and the agency in order to fund continuation of OET priorities required foregoing the acquisition of certain

replacement equipment. However, since OET is providing more services as a result of the new fiber optic system and since the equipment associated with the system is also relatively new, available resources that might otherwise have been needed for equipment would instead be directed to support existing OET staffing levels.

ADDITIONAL FACTS AND FIGURES

Educational Telecommunications Network Commission Staffing Levels				
Division	**2000**	**2001**	**2002**	**2003**
Administration/Fiscal/IT	9	9	9	9
Programming/Traffic	6	6	6	6
Radio Reading Services	2	2	2	2
Educational Services	2	2	2	2
Engineering	16	16	13	8
Totals	**35**	**35**	**32**	**27**

- Currently OEB employs a staff of 35 with no additional positions proposed for the upcoming biennium. Under the executive recommendation OET will need to eliminate three staff positions in FY 2002 and five in FY 2003. Some of this reduction comes as a result of a restructuring of the organization.

- From FY 1996 to FY 2001 OET has added six positions, primarily in Educational Services and Engineering divisions.

Educational Telecommunications Network Commission Operating Expenses						
Category	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Personal Services	$1,535,154	$1,715,601	$1,889,609	$1,952,801	$1,906,717	$2,036,624
Purchased Services	$94,612	$125,102	$109,393	$75,000	$76,500	$78,030
Maintenance	$1,250,402	$1,625,629	$1,284,433	$1,619,589	$1,647,356	$1,650,555
Equipment	$251,804	$165,378	$55,518	$50,214	$221,742	$320,235
Subsidy	$6,366,783	$6,194,476	$7,054,825	$7,672,584	$7,451,801	$7,252,207
Totals	**$9,498,755**	**$9,826,186**	**$10,393,778**	**$11,370,188**	**$11,304,116**	**$11,337,651**

Note: These amounts do not include a one-time capital equipment subsidy of $12 million in FY 2000.

- If the executive recommendation is adopted, appropriations for equipment will increase by 341.6 percent in FY 2002 and increase by 44.4 percent in FY 2003. This increase comes totally through the General Services Fund and will be used to replace existing equipment when needed.

Spending by Fund Group						
Revenue Fund	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
GRF	$7,698,908	$7,857,667	$8,237,289	$8,616,913	$8,362,306	$8,270,065
GSF	$1,799,847	$1,968,519	$14,156,489	$2,753,275	$2,941,810	$3,067,586
Totals	**$9,498,755**	**$9,826,186**	**$22,393,778**	**$11,370,188**	**$11,304,116**	**$11,337,651**

- The executive recommendation for total funding (GRF and GSF) decreases by 0.6 percent in FY 2002 and increases by 0.3 percent in FY 2003.

- The executive recommendation for GRF funding decreases by 3.0 percent in FY 2002 and 1.1 percent in FY 2003. GSF funding meanwhile would add $2,941,810 in new appropriations in FY 2002 (a 6.8 percent increase) and also increase by 4.3 percent in FY 2003.

ANALYSIS OF EXECUTIVE PROPOSAL

Ohio Educational Telecommunications

Purpose The mission of the Ohio Educational Telecommunications Network Commission is to insure the coherent development of public telecommunications services with particular commitment to the application of telecommunications to education.

The following table shows the line items that are used to fund the Ohio Educational Telecommunications Network Commission, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
GRF	374-100	Personal Services	$1,651,717	$1,776,524
GRF	374-200	Maintenance	$940,080	$929,133
GRF	374-300	Equipment	$48,708	$47,201
GRF	374-401	Statehouse News Bureau	$263,724	$255,567
GRF	374-404	Telecommunications Operating Subsidy	$5,458,077	$5,261,640
4F3	374-603	Affiliate Services	$2,941,810	$3,067,586
Total funding: Ohio Educational Telecommunications			**$11,304,116**	**$11,337,651**

In examining the priorities of the Governor's recommendations, this analysis looks at both GRF and non-GRF supported spending. Specific items in the executive recommendation that this analysis will focus on include:

- ***Personal Services***
- ***Maintenance***
- ***Telecommunications Operating Subsidy***
- ***Statehouse News Bureau***

Personal Services

Program Description: Provides funds for payroll and fringe benefits for the staff of the Ohio Educational Telecommunications Network Commission. Authorization to expend funds in the case of the GRF Personal Services line item (374-100) is provided in section 3353.03 of the Ohio Revised Code.

Funding Source: The proposed funding for personal services is supported by both the GRF and the GSF, with the overwhelming majority of the funding coming from the GRF.

Line Items: Line items GRF 374-100 (Personal Services) and GSF line item 374-603 (Affiliate Services) support OET personal services expenditures. Of the Affiliate Services funds, $255,000 is allocated to personal services in FY 2002 and $260,100 in FY 2003, both representing increases of 2% over the previous year.

Implication of the Executive Recommendation: The executive recommendation proposes $1,651,717 in FY 2002 and $1,776,524 in FY 2003 to support OET staffing costs. The recommendation, if adopted, would result in a 3.0 percent decrease in FY 2002 and a 7.6 percent increase in FY 2003.

Earmarking: There are no earmarks related to this item.

Permanent and Temporary Law: There are no changes in permanent or temporary law that would impact personal service appropriations or expenditures.

Maintenance

Program Description: Provides funding to support OET maintenance requirements at numerous sites across the state.

Funding Source: Proposed maintenance funding would be provided by both the GRF (line item 374-200) and the GSF (line item 374-603). A slight majority of the funding for maintenance comes from the GRF, in particular, 57% in FY 2002 and 56% in FY 2003.

Line Items: Line items funding OET maintenance are GRF 374-200 (Maintenance) and GSF line item 374-603 (Affiliate Services).

Implication of the Executive Recommendation: The executive recommendation proposes total appropriations of $1,647,356 in FY 2002 and $1,650,555 in FY 2003 to support OET maintenance obligations in the previously listed line items. The recommendation, if adopted, would result in a 1.7 percent increase in FY 2002 and a 0.2 percent increase in FY 2003.

Earmarking: There are no earmarks related to this item.

Permanent and Temporary Law: There are no changes in permanent or temporary law that would impact personal service appropriations or expenditures.

Telecommunications Operating Subsidy

Program Description: Subsidizes the operating costs of OET affiliated educational television stations, public radio stations, and radio reading services, as well as supporting certain OET operational costs. These funds are distributed to the educational television stations, educational radio stations, and radio reading services pursuant to an allocation formula developed by OET. Authority to expend funds in the case of the Telecommunications Operating Subsidy line item was established in Amended Substitute House Bill 291 of the 115th General Assembly.

Funding Source: The sole source of funding for the Educational Telecommunications Subsidy is the GRF.

Line Items: 374-404 (Telecommunications Operating Subsidy) is the sole line item funding this item.

Implication of the Executive Recommendation: The executive recommendation proposes appropriations of $5,458,077 in FY 2002 and $5,261,640 in FY 2003, a decrease of 4.6 percent and 3.6 percent respectively. These appropriations would be used to provide support in the form of subsidy payments to OET affiliates statewide. This level of funding will not allow for any additional services to affiliates who are interconnected through the fiber optic system. Subsidy payments to OET affiliates are determined and allocated by formula, with 67.5 percent going to 12 educational television stations, 22.5 percent to 13 educational radio stations, and 10.0 percent to 9 radio reading services. While the Educational

Telecommunications Subsidy line item experiences inflationary increases and would support OET affiliates in maintaining their current level of operations, the appropriation would not support affiliates in undertaking new initiatives. This being said however, it must be noted that OET public television and radio affiliates also receive funding from local and federal sources. In FY 2000, OET received a one-time appropriation of $12 million to begin the conversion to digital television. The FCC requires all television stations to be converted by May 2003.

Earmarking: There are no earmarking provisions associated with this item.

Permanent and Temporary Law: There are no changes in permanent or temporary law that would impact personal service appropriations or expenditures.

Statehouse News Bureau

Program Description: Subsidizes operations of the Ohio Public Radio and Televisions' Statehouse News Bureau, a cooperative effort of all public radio and television stations. The Bureau produces daily radio and television reports that cover the activities of state government in Ohio.

Funding Source: Funding for the Statehouse New Bureau comes entirely from the GRF.

Line Items: 374-401 (Statehouse News Bureau) is the sole line item funding Bureau operations.

Implication of the Executive Recommendation: The executive recommendation proposes $263,724 in FY 2002 and $255,567 in FY 2003, a decrease of 3.0 and 3.1 percent respectively. The appropriations would not support an expansion in programming and would likely result in a decrease in the number of reports to radio stations and some programs. Currently, the Bureau has a staff of four and provides daily coverage of legislative and state government activities.

Earmarking: Describe specific provisions that affect this program.

Permanent and Temporary Law: There are no changes in permanent or temporary law that would impact personal service appropriations or expenditures.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

There are no permanent or temporary law provisions with fiscal effects on this agency. Some temporary language was removed related to changes implemented to the Project Equity fund in FY 2000 that do not need to be repeated.

REQUESTS NOT FUNDED

Educational Telecommunications Network Commission						
Fund Line Item	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
GRF 374-100	$1,834,766	1,651,717	$183,049	$1,797,407	$1,776,524	$20,883
GRF 374-200	$1,011,676	$940,080	$71,596	$1,038,427	$929,133	$109,294
GRF 374-300	$142,400	$48,708	$93,692	$110,800	$47,201	$63,599
GRF 200-401	$365,306	$263,724	$101,782	$365,306	$255,576	$109,730
GRF 200-404	$6,124,456	$5,458,077	$666,379	$7,114,524	$5,261,640	$1,852,884
GSF 374-603	$2,990,847	$2,941,810	$49,037	$3,110,847	$3,067,586	$43,261
GSF 374-604	$2,000	$0	$2,000	$2,000	$0	$2,000

Requested items that would not be funded under the recommended budget:

- Staff levels – OET would not be able to follow the recommendations of an 18-month study by a consulting firm to realign the staff in the agency. They may need to layoff a total of five persons over the biennium.

- Maintenance – OET may not be able to maintain the OET Integration System. This is a five million dollar fiber optic system.

- Equipment – OET would not be able to purchase any major replacement equipment. Therefore, they may not be digital-ready by the federal deadline of May 2003.

- Subsidies – The reduction in subsidies may lead to some of the educational television stations not meeting the FCC May 2003 deadline for converting to digital, which would result in the ceasing of their operations.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

Fund	ALI	ALI Title	2000	Estimated 2001	Executive 2002	% Change 2001 to 2002	Executive 2003	% Change 2002 to 2003
OEB Educational Telecommunications Network Commission								
GRF	374-100	Personal Services	$ 1,762,719	$1,702,801	$ 1,651,717	-3.0%	$ 1,776,524	7.6%
GRF	374-200	Maintenance	$ 823,311	$868,227	$ 940,080	8.3%	$ 929,133	-1.2%
GRF	374-300	Equipment	$ 52,971	$50,214	$ 48,708	-3.0%	$ 47,201	-3.1%
GRF	374-401	Statehouse News Bureau	$ 265,507	$271,880	$ 263,724	-3.0%	$ 255,567	-3.1%
GRF	374-404	Telecom. Operating Subsidy	$ 5,332,781	$5,723,791	$ 5,458,077	-4.6%	$ 5,261,640	-3.6%
General Revenue Fund Total			**$ 8,237,289**	**$ 8,616,913**	**$ 8,362,306**	**-3.0%**	**$ 8,270,065**	**-1.1%**
140	374-601	Fees & Grants	$ 45	$0	$ 0	N/A	$ 0	N/A
4F3	374-603	Affiliate Services	$ 2,156,444	$2,753,275	$ 2,941,810	6.8%	$ 3,067,586	4.3%
5D3	374-604	High Definition Television	$ 12,000,000	$0	$ 0	N/A	$ 0	N/A
General Services Fund Group Total			**$ 14,156,489**	**$ 2,753,275**	**$ 2,941,810**	**6.8%**	**$ 3,067,586**	**4.3%**
Total All Budget Fund Groups			***$ 22,393,778***	***$ 11,370,188***	***$ 11,304,116***	***-0.6%***	***$ 11,337,651***	***0.3%***

General Revenue Fund

GRF 374-100 Personal Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$1,456,077	$1,663,897	$1,762,719	$1,702,801	**$1,651,717**	**$1,776,524**
	14.3%	5.9%	-3.4%	**-3.0%**	**7.6%**

Source: GRF

Legal Basis: ORC 3353

Purpose: This line item provides funds for payroll and fringe benefits for the Ohio Educational Telecommunications Network Commission.

GRF 374-200 Maintenance

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$785,183	$826,389	$823,311	$868,227	**$940,080**	**$929,133**
	5.2%	-0.4%	5.5%	**8.3%**	**-1.2%**

Source: GRF

Legal Basis: ORC 3353

Purpose: This line item provides funds for maintenance for the Ohio Educational Telecommunications Network Commission.

GRF 374-300 Equipment

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$68,925	$149,255	$52,971	$50,214	**$48,708**	**$47,201**
	116.5%	-64.5%	-5.2%	**-3.0%**	**-3.1%**

Source: GRF

Legal Basis: ORC 3353

Purpose: This line item provides funds for equipment for the Ohio Educational Telecommunications Network Commission.

GRF 374-401 Statehouse News Bureau

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$261,038	$259,538	$265,507	$271,880	**$263,724**	**$255,567**
	-0.6%	2.3%	2.4%	**-3.0%**	**-3.1%**

Source: GRF

Legal Basis: Originally established by the Controlling Board on November 26, 1979

Purpose: Funds from this line item subsidize the Ohio Public Radio and Televisions' Statehouse News Bureau, a cooperative effort of all public radio and television stations. The News Bureau produces daily radio and television reports that cover the activities of the Ohio legislature, the administration and state agencies. This program has existed since about 1972, but had previously been funded from the commission's maintenance line item.

GRF 374-404 Telecom. Operating Subsidy

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$5,127,685	$4,958,588	$5,332,781	$5,723,791	**$5,458,077**	**$5,261,640**
	-3.3%	7.5%	7.3%	**-4.6%**	**-3.6%**

Source: GRF

Legal Basis: Originally established by Am. Sub. H.B. 291 of the 115th G.A.

Purpose: Line item 374-404 Telecommunications Subsidy collapsed 374-402 - Ohio Radio Reading Services, 374-422 - Broadcast Operating and 374-423 - Educational Radio into one line item under Am. Sub. H.B. 117 of the 121st General Assembly. This line item is used to subsidize the operating costs of the Ohio Educational Telecommunications Network Commission's affiliated educational television stations, public radio stations, and public radio reading services. The funds are distributed pursuant to an allocation formula developed by the commission: 67.5% to eight educational television stations; 22.5% to 15 public radio stations; and 10% to nine radio reading services.

General Services Fund Group

140 374-601 Fees & Grants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$113,512	$107,743	$45	$0	**$0**	**$0**
	-5.1%	-100.0%	-100.0%	**N/A**	**N/A**

Source: GSF: levies

Legal Basis: Originally established by the Controlling Board in January, 1969

Purpose: This line item received charges levied for the maintenance of the WOSU/WPBO studio transmitter link, a portion of the Newark translator operation, and tower rental charges paid by public entities such as Northeastern Ohio Universities College of Medicine (NEOUCOM), the Department of Administrative Services' Division of Computer and Information System Services, and the Department of Education.

463 374-601 Fees & Grants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$508,999	$415,934	$0	$0	**$0**	**$0**
	-18.3%	-100.0%	N/A	**N/A**	**N/A**

Source: GSF: fees

Legal Basis: Originally established by the Controlling Board in January, 1969

Purpose: This line item received reimbursement for services provided to stations by the commission which are above the normal level of services. These services include special videotape duplication, uplinking, and pool leasing of educational programming.

4F3 374-602 Project Equity

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$1,177,336	$1,444,842	$0	$0	**$0**	**$0**
	22.7%	-100.0%	N/A	**N/A**	**N/A**

Source: GSF: funds transferred from the Office of Information, Learning and Technology Services (originally from the Department of Education)

Legal Basis: Originally established by the Controlling Board on May 18, 1992

Purpose: These funds are used to support the work of the Education Equity Technology Commission in bringing equal access to information through technology to Ohio's low wealth elementary and secondary classrooms. The commission was created in Am. Sub. H.B. 298 of the 119th General Assembly. Funds are provided by the Ohio Department of Education and are used pursuant to contracts with the department. Most funds are used for development and operations of interactive classroom programming. In Am. Sub. H.B. 117 of the 121st General Assembly, project equity activities were combined with the SchoolNet initiative. The Controlling Board transferred line item, SchoolNet, from the department to the Office of Information, Learning and Technology Services on March 3, 1997.

4F3 374-603 Affiliate Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$0	$0	$2,156,444	$2,753,275	**$2,941,810**	**$3,067,586**
	N/A	N/A	27.7%	**6.8%**	**4.3%**

Source: GSF: Receipts formerly deposited into the Project Equity Fund (Fund 4F3), Fees and Grants Fund (Fund 140), and the Fees and Grants Fund (Fund 463). These receipts are: reimbursement for services; charges for the maintenance of equipment; payments from contracts or grants; and any other receipts received by the commission. The single largest revenue source are moneys formerly deposited into the Project Equity Fund, which are provided as part of the SchoolNet initiative to improve the access to educational technology among low wealth school districts.

Legal Basis: Created in Am. Sub. H.B. 283 of 123rd G.A.

Purpose: Receipts deposited into the fund shall be used to facilitate operations of the commission including the purchase, repair, and maintenance of equipment; leasing or purchasing of educational programming; professional development programs and services; administrative expenses; legal fees; and tape purchase and media library maintenance.The single largest source of revenue for this line item are moneys formerly deposited in the Project Equity Fund (Fund 4E3), which are provided as part of SchoolNet initiative to improve access to educational technology among low wealth school districts through the provision of programming services.

5D3 374-604 High Definition Television

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$0	$0	$12,000,000	$0	**$0**	**$0**
	N/A	N/A	-100.0%	**N/A**	**N/A**

Source: GSF: GRF Transfer

Legal Basis: Created in Am. Sub. H.B. 283 of the 123rd General Assembly

Purpose: To provide support to Ohio's public television stations in acquiring transmitter hardware necessary to carry out the conversion to high definition technology.