

- 1.66% GRF decrease in FY 2002 and a 4.97% increase in FY 2003
- Digital convergence by May 2003

Educational Telecommunications Network Commission

Meegan M. Michalek, Economist

ROLE

The Ohio Educational Telecommunications Network Commission (OEB¹) was created in 1961 and is governed by an eleven-member commission. The mission of OEB 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, OEB 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. OEB currently provides services and assistance to 12 public television services, 8 educational technology stations, including SchoolNet, 34 educational radio stations, 9 radio-reading services, and the Statehouse News Bureau.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
33	\$11.3 million	\$11.9 million	\$8.3 million	\$8.7 million	Am. Sub. H.B. 94

OVERVIEW

The budget provides \$11,321,187 in FY 2002 (a 1.1 percent increase) and \$11,934,401 in FY 2003 (a 5.4 percent increase). While there is a slight increase in OEB funding for FY 2002, funding via the General Revenue Fund (GRF) actually declined 1.7 percent for the same fiscal year. However, there is a 5 percent spending increase in FY 2003 from the GRF. Most of the funding increases have resulted from non-GRF sources. Funding from the General Services Fund (GSF) increased by 9.6 percent from FY 2001 and by 6.7 percent from FY 2002. 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

¹ This Commission formerly was known as the Ohio Educational *Broadcasting* Network Commission (the name was changed in 1995). It continues to be designated in the state's accounting system by the acronym of its earlier name.

by the FCC for all stations by May 2003. Excluding the increase from the transfer of the Ohio Government Telecommunications Studios from the Capitol Square Review and Advisory Board, the budget for OEB decreased by 2.5 percent in FY 2002 and increased by 1.0 percent in FY 2003. The enacted budget produced final funding levels 0.2 percent and 5 percent higher than the proposed executive budget for FYs 2002 and 2003.

The largest component of the OEB budget is contained in line item 374-404, Telecommunications Operating Subsidy. This line item, which is slated to receive appropriations of \$5,161,158 and \$4,975,406 in FYs 2002 and 2003 respectively, comprises 41.7 and 45.6 percent of the total operating appropriations in the respective years and experiences decreases of 8.0 and 3.6 percent respectively. These moneys are used to provide subsidy payments to OEB affiliates statewide. While the Educational Telecommunications Subsidy line item supports OEB affiliates in maintaining their current levels of operation, the appropriation does not support affiliates undertaking new initiatives. Subsidy payments to OEB affiliates are determined and allocated by a 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. The educational television and radio stations do receive matching funds from the federal government.

The largest percentage increase for FY 2003 comes from the Ohio Government Telecommunications Studio, which will have a 125.9 percent increase to \$896,642 in FY 2003. This is a new line item in the budget for this biennium. The studios are transferred to OEB in January 2002 from Capitol Square Review and Advisory Board. This has resulted in \$396,981 in funding for FY 2002 and \$896,642 in FY 2003.

The budget also provides GRF appropriations of \$1,561,863 in FY 2002 and \$1,697,881 in FY 2003 to support OEB staffing costs (a decrease of 8.3 percent in FY 2002 and increase of 7.6 percent in FY 2003). This level of funding will not allow for the current staff levels to be maintained. Under this budget, OEB 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.

The largest percentage increase in spending in FY 2002 comes from line item 374-300, which is equipment. Funding stands at \$46,059 for FY 2002, a 52.4 percent increase from the previous year. That funding will decrease by 3.1 percent in FY 2003 to \$44,633. This increase is part of the effort to become digitally compliant by the year 2003.

The budget also provides the Statehouse News Bureau with \$249,377 in FY 2002 and \$241,664 in FY 2003, a decrease of 6.4 and 3.1 percent respectively. This level of funding 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.


BUDGET ISSUES

DIGITAL CONVERGENCE

In FY 2000, one major line item was a one-time subsidy appropriation of \$12 million for High Definition Television, line item 374-604. The appropriation was made from State Special Revenue Funds (the original source was GRF surplus funds) and was a flow-through subsidy payment to public television

stations across the state for new or modified transmission towers and equipment. These new digital transmitters are needed at each of Ohio's 12 licensed educational television station locations. They are necessary for the digital conversion that will allow stations to customize their program schedules to meet the educational needs of their audience. The towers are estimated to cost \$1 million each. The federal government has issued a May 2003 deadline for digital conversion to be complete.

OHIO GOVERNMENT TELECOMMUNICATIONS STUDIOS

Am. Sub. H.B. 94 transferred operation of the Ohio Government Telecommunications (OGT) studio from the Capitol Square Review and Advisory Board to OEB. This transfer becomes effective in January 2002. The OGT studio is a state-of-the-art, digital component facility located on the ground floor of the Statehouse. OGT is responsible for the broadcast coverage of House and Senate sessions and committee hearings as assigned, handling all teleconferences, and creating educational programming. Appropriations for the studios are unchanged from the original executive request, but the appropriations were divided between Capitol Square and OEB based on the transfer date. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 1999:</i>	<i>FY 2000:</i>	<i>FY 2001:</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
<i>OEB Educational Telecommunications Network Commission</i>									
GRF	374-100	Personal Services	\$ 1,663,897	\$ 1,762,719	\$1,688,926	\$ 1,561,863	-7.52%	\$ 1,679,881	7.56%
GRF	374-200	Maintenance	\$ 826,389	\$ 823,311	\$737,354	\$ 888,940	20.56%	\$ 878,588	-1.16%
GRF	374-300	Equipment	\$ 149,255	\$ 52,971	\$21,632	\$ 46,059	112.92%	\$ 44,633	-3.09%
GRF	374-401	Statehouse News Bureau	\$ 259,538	\$ 265,507	\$263,723	\$ 249,377	-5.44%	\$ 241,664	-3.09%
GRF	374-402	Ohio Government Telecommunications	\$ 0	---		\$ 396,981	N/A	\$ 896,642	125.87%
GRF	374-404	Telecommunications Operating Studio	\$ 4,958,588	\$ 5,332,781	\$5,490,552	\$ 5,161,158	-6.00%	\$ 4,975,406	-3.60%
General Revenue Fund Total			\$ 7,857,667	\$ 8,237,289	\$ 8,202,186	\$ 8,304,377	1.25%	\$ 8,716,815	4.97%
463	374-601	Fees & Grants	\$ 415,934	\$ 0		\$ 0	N/A	\$ 0	N/A
140	374-601	Fees & Grants	\$ 107,743	\$ 45		\$ 0	N/A	\$ 0	N/A
4F3	374-602	Project Equity	\$ 1,444,842	\$ 0		\$ 0	N/A	\$ 0	N/A
4F3	374-603	Affiliate Services	---	\$ 2,156,444	\$2,043,864	\$ 2,941,810	43.93%	\$ 3,067,586	4.28%
5D3	374-604	High Definition Television	---	\$ 12,000,000		\$ 0	N/A	\$ 0	N/A
4T2	374-605	Government Television/Telecommunica	---	---		\$ 75,000	N/A	\$ 150,000	100.00%
General Services Fund Group Total			\$ 1,968,519	\$ 14,156,489	\$ 2,043,864	\$ 3,016,810	47.60%	\$ 3,217,586	6.66%
<i>Educational Telecommunications Network Commissio</i>			\$ 9,826,186	\$ 22,393,778	\$ 10,246,051	\$ 11,321,187	10.49%	\$ 11,934,401	5.42%