

**House Appropriations and Budget Committee
Career Technology Subcommittee
Performance Review Agency Questions**

Objective: To gather information and gain insight into agency performance and strategies used to adjust to funding reductions and maintenance levels, and to ascertain the agency's perspective on strategies, measures, performance, inputs, outcomes, programs and fiscal needs to be used to develop the FY-14 agency budget.

Please provide the following information.

1. Agency mission statement, including program goals, cost and effectiveness, program and performance measures and objectives;

OETA's mission is to provide educational and public television programming and services to the people of Oklahoma on a coordinated statewide basis. OETA's creative use of telecommunications technologies delivers essential, life changing educational and public television programs and value-added services that enriches the quality of life for all Oklahomans.

The intent of OETA is to assure that new broadcast technologies benefit all citizens of the state. This opens new opportunities for more educational content, improved local services, more coverage of state government and innovative bandwidth management. With the right investment in equipment & personnel, the state of Oklahoma will be able to provide instant, statewide, essential two-way communication for emergencies/public safety, training and citizen involvement via OETA's broadcast spectrum and ancillary bandwidth.

2. Authorized and actual FTE; FY-12 actual expenditures and FY-13 budgeted expenditures;

<u>Program</u>	<u>FTE</u>	<u>FY12 Actual (000's)</u>	<u>FTE</u>	<u>FY13 WP (000's)</u>
Administration	5.3	421	5.0	425
Programming/Production	28.8	1,817	31.5	1,999
Technical Services	23.8	2,406	24.5	2,584
Information Technology	0	0	0	39
Total	57.9	4,644	61.0	5,047

3. Funding sources for each program;

<u>Administration</u>	<u>FY12 Actual</u>	<u>FY13 BWP</u>
General Revenue	386	390
Revolving	35	35
Total	421	425
<u>Programming/Production</u>		
General Revenue	1,454	1,456
Revolving	363	543
Total	1,817	1,999

Technical Services

General Revenue	2,029	1,938
Revolving	337	646
Federal Funds	40	0
Total	<u>2,406</u>	<u>2,584</u>

Information Technology

General Revenue	0	39
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4. Components of each program illustrating that it is unique, necessary and unduplicated by other agency services or programs.

OETA is the only licensed statewide public television network in Oklahoma and all functions (programming, production and technical) provide a unique service to the state.

Administration:

Core activities of this program are: Agency planning, system design, research, budgeting, fiscal controls, supervision, direction, compliance with the Federal Communications Commission (FCC) and state rules and regulations and evaluation. Personnel, benefits, and salary administration are also conducted here. All legal, contract and grants administration is done in this program. Authority governance is handled within this program as well as representation at the local, state, regional and national levels. This program provides the general administration, planning, management and financial controls for the Authority.

Programming/Production:

The Programming/Production program selects, acquires, schedules and promotes the broadcast schedule of the OETA network. This program is charged with the design, development, production and delivery of the tremendous volume of Oklahoma productions created by OETA. A needs assessment of the audience is supported by the annual member survey and this instrument joins other research data in supporting the design of the program service. This leads to opportunities for cooperative initiatives with other state agencies, offices, and organizations. The OKLAHOMA NEWS REPORT is the major production of this division. OETA provides the only statewide weekly television news program that offers consistent coverage of legislative news to all Oklahomans. This is particularly the case when the Legislature is convened. OETA provides more coverage of the legislative session than all the other electronic media combined. OETA keeps the best interests of the people in mind when the statewide news programming is produced and it makes a major contribution toward the state's understanding of the statewide issues of the day. In addition to The Oklahoma News Report, OETA regularly presents other local productions: Stateline, Gallery, Oklahoma Capitol Connections, Oklahoma Forum, Oklahoma Gardening, Writing Out Loud, A Conversation With..., Outdoor Oklahoma, Horizon and many more.

Broadcasting/Technical:

The OETA Network is a complex technical installation operating across the state, including 14 translator stations and 4 full-power digital transmitters. These 18 transmitting towers span the state, from Boise City and Altus to Ponca City and Idabel, and all points in between. These various locations are all served from the network headquarters in Oklahoma City. OETA is the only statewide broadcast system available, either commercial or non-commercial. This statewide reach makes the continued operation of the system essential to the safety of its citizens. The system can be used to communicate instantly and simultaneously all across Oklahoma in times of emergency or disaster. The system supplies more than 35,000 hours of programming annually, twenty-four hours per day, 365 days per year with two separate broadcast streams and two cable-only streams. The staff is responsible for operating within FCC standards, maintaining all equipment, designing bid specifications, installation and service all equipment. All network origination comes from the network technical center in Oklahoma City with programming from local production in Oklahoma City, and Tulsa, the Public Broadcasting Service (PBS), other networks such as the National Educational Telecommunications Association and syndicated program services. The Tulsa operation produces local programming, including news and current affairs programs, for statewide distribution. The station also provides regionally specific programming for the Eastern portions of Oklahoma.

This division assures that all these programs are delivered 24 hours a day, 7 days a week according to an established schedule. This program constitutes the technical infrastructure of the OETA Network, including design, development, purchase, installation, maintenance and daily operation. Further, the long-term technical systems planning is accomplished in this program. It is important to emphasize that OETA is on-air seven days a week, 52 weeks a year.

5. What strategies would you employ in response to flat funding or a five percent reduction in appropriated funding?

Under flat funding, OETA would work hard to maintain existing programs and educational services. Under another 5% budget reduction in State support, on top of past reductions of nearly \$1.4 million, we would look for additional funding elsewhere and look at what functions of OETA would be impacted. Satellite distribution of the signal to 14 rural transmitters, production of Oklahoma programs and outreach efforts to teachers and parents statewide would be first to be affected. A number of Oklahoma stories would not be told and archived for future generations; educational services to our children will be lessened and the ability to improve the quality of life for Oklahomans will be reduced. OETA could possibly lose the ability to provide production services to some rural areas.

6. If applicable, how will potential federal sequestration/reduced federal funds affect the agency and programs, and what contingencies are in place?

In the past OETA received federal grants from NTIA (National Telecommunications and Information Administration). These grants were for capital equipment only and are no longer available. As the digital equipment ages funds will be required to replace the equipment. Some federal grants are received from time to time by the OETA Foundation and utilized for OETA. We would have to look for an alternative funding source to manage the deficit. We hope that we would not be obligated to an influence which could be counter to Oklahoman values.

OETA receives \$9,348 from the FBI for tower rental on a yearly basis. The impact of this action should be minimal to the agency at this time.

7. What are your personal services costs, including professional services, as a percentage of your total budget? Which positions have received salary increases in FY-12 - FY-13?

- FY12 personal cost was 78.1% of total budget. FY13 is estimated to be 76.5%*

During FY12 and FY13 there were three employees that were promoted to different positions that received salary increases. The positions they vacated were not filled.

- Production Director to Senior Director resulted in a \$4,270 yearly increase.*
- Assistant Traffic Manager to Assistant Operations Manager resulted in a \$3,000 yearly increase.*
- Accountant to Associate Finance Officer resulted in a \$2,400 yearly increase.*

8. What are your vacancy and turnover rates? What have you done with any funds accumulated from vacancies? What strategy, if any, do you utilize to retain key personnel?

The turnover rate for FY12 was 11.7%. OETA had a total of seven positions vacant during the year and was able to only fill four. The turnover rate during FY11 was 10.5% with seven positions vacant and only three being filled. The positions were left vacant in order to offset the budget reduction during the last several years and any savings from positions that were not filled was used for other continuing operating expenses such as increase in benefits, utilities, etc. Our actual FY12 FTE count was 57.9 which is far below the FY08 FTE actual of 66.7 which was the count before the major appropriations reductions. OETA at one time was authorized 84 FTE.

OETA has employees that are loyal and believe in what OETA provides to the citizens of Oklahoma. Most of our employees are very skilled and

knowledgeable and could easily find employment in the private sector which offers better salaries. On average employees with OETA have been here for at least ten years with many over 20.

9. Please provide the status of any implementation activities related to the information technology reforms enacted in the last three years regarding your agency with the Chief Information Officer in the Office of Management and Enterprise Services (OMES)?

Alex Petit with OMES has reviewed OETA's equipment and his recommendations have been implemented. Because OETA does not purchase any IT equipment with state funds and because most computer-based equipment is considered broadcasting equipment there has not been any formal consolidation at this time.

10. Do you currently contract with OMES for shared services, or have you contacted or been contacted by OMES regarding their providing certain shared services to your agency that are currently accomplished in-house? Which services? Have you realized net savings?

OETA works closely with other agencies such as the Oklahoma Regents for Higher Education and its OneNet service. OETA also cooperates with the Wildlife Department, Oklahoma Department of Transportation, Oklahoma Department of Career and Technology Education, Oklahoma Department of Agriculture and various law enforcement agencies to maximize coverage of state communication services. Although we have not contracted with OMES at this time for shared services, we do expect to in the future.

11. Do you consult with other agencies to share strategies related to decreasing costs? If so, what have you shared and what costs have decreased and what has been the impact on programs, services, etc.?

See question 10.

12. To what extent have you explored the cost effectiveness of initiating or expanding the privatization of certain functions, service delivery or programs of your operations?

OETA continues to look for ways to improve efficiencies and to be more cost effective in all areas of our operations. Service and Program delivery to the statewide transmission system is contracted through PBS in order for our signal to be distributed to all 18 transmitters throughout Oklahoma. This means satellite distribution is the most cost effective way to reach all Oklahomans. The cost of fiber connectivity or leasing our own satellite transponder is cost prohibitive. We intend to explore

further the opportunities to initiate or expand possible avenues of privatization of our operations and services through a statewide strategic plan in the Spring/Summer of 2013.

13. Identify specific revenue sources for each of your agency's revolving/disbursement funds and provide totals for FY-11 and FY-12. What have your carryover funds been the past two fiscal years? Please note any significant revenue trends regarding any specific funding source.

The revolving fund of OETA is used to receive funds from private sources that include tower rental, duplication and production services (Oklahoma Hall of Fame, Foundation for Excellence, etc), miscellaneous refunds or reimbursements, program underwriting, onetime subsidies, etc. The funds can vary year to year depending on productions and any subsidies received.

<u>Source</u>	<u>FY11 (000's)</u>	<u>FY12 (000's)</u>	<u>FY13 (000's)</u>
Tower Rental	115	112	111
Production Services	236	124	130
Program Matching Funds	250	244	255
Subsidy (estimated)	0	0	149
Miscellaneous	24	10	3

Carry over funds are required every year for the operating budgets. These funds are used to offset any budget reduction received (current or past) and also since appropriations are received on a monthly basis these funds are used during the first quarter when payments for payroll, utilities, etc exceeds the monthly appropriation.

Carryover funds in the amount of \$432,000 and \$160,000 for FY11 and FY12 respectively. Carry over funds in the amount of \$565,000 were available in FY13. We are anticipating a very small carryover into FY14 and will need a least the amount carried into FY13 for operating expenses in FY14.

14. What costs elements are included in your administrative program? Are certain administrative costs allocated throughout your budget?

The administrative program does not carry most of the cost for the agency since most expenses are related to production expenses, tower rental and utilities that are mainly attributed to the towers. The administrative program does however carry the cost of five administrative personnel, Executive Director, Deputy Director of Finance, Associate Finance Officer, Certified Procurement Officer/Administrative Assistant and Secretary/Receptionist. Also the cost of office supplies, workers compensation, OMES fees for accounting, postage expense.

15. Have you undertaken or contemplated the elimination of any programs and, if so, what do you perceive to be the impacts of such eliminations?

OETA has eliminated the nightly newscast of "the Oklahoma News Report" which has now moved to a weekly newscast. The elimination of the nightly newscast has resulted in a less informed citizenry about Oklahoma history, politics, our diverse culture and the arts. We will continue to monitor and review existing programming and their impact on Oklahoma as we meet the challenge of reduction in state funding. We are in the process of developing a new statewide strategic plan for OETA and will review current programs and determine their value and impact to all Oklahomans.

16. Please add any other information you believe to be essential for the Legislature to know concerning your agency's budget structure, performance, inputs and outcomes.

Whether educating our children, preserving Oklahoma history or entertaining our seniors, OETA's core services are only possible through a combination of continued state funding and private support. For every \$1 received from the State of Oklahoma, OETA (which is locally owned and controlled) raises almost \$3. OETA treats its audience as citizens, not consumers. Its value is proven: 1.8 million Oklahomans watch OETA each week, making it the most-watched public television network in the United States.

Oklahoma's economic and social prosperity depends on a highly literate population. The 10 fastest-growing jobs in Oklahoma require workers with higher than average literacy skills.

On a national scale, increasing literacy also reduces crime and \$73 billion per year of unnecessary health expenses attributed to poverty. Yet, nearly half of our children are not prepared to succeed when they enter kindergarten; children in poverty are at an even greater disadvantage, especially in literacy skills. Seventy percent of all 8th graders and 65 percent of all 12th graders read below their grade level.

Not all children have access to the best schools or curricula, but 99 percent have access to OETA programs, mobile devices and the Internet. Today, OETA along with its numerous electronic applications is literally the state's largest classroom; it is the number one media content source for preschool teachers and the undisputed leader in children's programming. Almost 80 percent of children ages 2 - 11 watch these programs and thousands access OETA's online resources every month. OETA is free, over the air and accessible to all - thanks in large part to State Funding.

Dozens of empirical studies and rigorous research have proven that OETA children's programs result in dramatically improved literacy skills, narrowing the achievement gap between low-income and middle-income kids and increasing their desire to read and visit libraries and bookstores. The impact on preparing preschoolers for school, especially among low-income families, is nothing less than astounding.

Research also demonstrates that students achieve higher levels of academic success when involved with fine arts. Our own personal experiences prove the transformative power of the arts to bring people together, break down barriers, expand our horizons and help our spirits soar. Yet schools are cutting arts programs and commercial television has all but abandoned the arts. OETA, through many of our partnerships, is the only way many viewers, especially older, lower-income, ethnic minority and rural Oklahomans, can participate in arts events. OETA provides Oklahomans with local arts content through the award-winning series Gallery, which focuses on our state's artists, performers and uniquely Oklahoma works of art.

OETA also provides a safe place on the dial for Oklahoma families, serving as a trusted guide in an increasingly cluttered media landscape. Consistently rated by the Roper Poll as the most trusted among nationally-known organizations (including Congress and the courts), public television funding stands second only to military funding in terms of excellence in value. In fact, nearly 80 percent of the general public supports continued government funding.

The value derived from this public-private partnership of OETA unquestionably reaps enormous dividends - not only educational and cultural, but economic as well. Far from being a cultural luxury or a simple "TV station," OETA is a proven statewide asset, an asset that must be preserved and protected in order to ensure a bright, healthy future for all Oklahomans.