

R15P00

Maryland Public Broadcasting Commission

Fiscal Year 2026 Operating Budget

Response to Department of Legislative Services Analysis

MARYLAND HOUSE OF DELEGATES

Appropriations Committee

Education and Economic Development

Delegate Stephanie M. Smith, Chair

February 5, 2025

and

MARYLAND SENATE

Budget and Taxation Committee

Education, Business and Administration

Senator Nancy J. King, Chair

February 6, 2025



SUMMARY

Your committee is considering an FY26 Executive Budget that damages MPT in two distinct ways: First and most severe is the BRFA proposal to repeal the 2017 legislation that provides a future years' funding formula that protects your public TV network from the vagaries of political whims when it comes to federal and state funding. The second damage comes from a cut of \$778K from our operating budget.

The proposed FY26 budget with its “contingent” reduction of \$778K eliminates the intent of the General Assembly. It cuts the legislatively approved funding for the Center for Maryland History Films and other critical, already-begun activities at Maryland Public Television. This center, thanks to the General Assembly, recently produced nationally viewed and acclaimed shows about Marylanders Harriet Tubman and Frederick Douglass and will premiere its next nationally televised documentary on Thurgood Marshall later this year. Moreover, the cut could halt new documentary production on the historical Maryland State House intended for national audiences.

The legislature's mandated funding of the center (via the formula) and other MPT projects provides certainty. Show productions start and are built on guaranteed funding in future years. Production cannot occur on a year-to-year basis. Elimination of the legislature's funding plan nullifies any assured program production by the center, and if the **Center for Maryland History Films** does not produce these shows – and their accompanying curriculum-based educational content – about Marylanders and Maryland, who will? No one.

Finally, these proposed cuts come at a time when MPT faces other jeopardy arising from funding threats at the federal level to public broadcasting in the U.S.

Please oppose the repeal of the law [Maryland Code, Education Article, § 24-204(d)] to allow your statewide network to retain the enacted funding formula.

Introduction: highlights of the year

The team at Maryland Public Television conveys its sincere thanks to the State of Maryland for the FY25 appropriation that has fueled a wide variety of educational, engagement, and programming initiatives for the benefit of the citizens of Maryland.

As noted above, General Assembly funding beginning in 2017 enabled us to launch the Center for Maryland History Films. Thus, we were able to share with the nation two noteworthy MPT films focused on Marylanders Harriet Tubman and Frederick Douglass and shown in all top 100 U.S. markets – and viewed by a combined audience of 12.9 million people. As we alluded to above, these films set the stage for still another history production – a documentary about Maryland-native Supreme Court Justice Thurgood Marshall – that is now in the works for a fall 2025 national PBS premiere.

Serious threats that jeopardize our future

A new administration in the Nation's Capital has certainly raised fears that steps taken on the national level will severely impact our state. We see that threat in these ways:

- A new administration in Washington has voiced its intention to remove funding to the Corporation for Public Broadcasting, the source of radio and TV stations' federal financial support.
- Similarly, if federal grants to Maryland's numerous governmental agencies dwindle, the revenue earned by our ad agency division (the Maryland State Ad Agency – which has served state agency clients since 2017) will drop as well, and the messages we create for these clients – such as the Maryland Department of Health on opioid dangers – will be halted.
- If there's belt-tightening impacting federal employees (upwards of 150,000 reside in Maryland), we expect our membership rolls and associated revenue to fall as the employees suffer downgrading or loss of their jobs.
- Direct federal grants to MPT's education enterprise from the U.S. Department of Education could cease if that federal unit is eliminated or its funding frozen, as has been threatened. Merely one example: Since 1995, MPT has partnered with the Department of Education in the *Ready To Learn* project to develop high-quality educational media and resources to advance critical early learning skills for children ages 2-8 to help them succeed in school, work, and life.

Closer to home, the proposed budget and analyst recommendation zeroing in on MPT's Center for Maryland History Films could make the Thurgood Marshall documentary our last. Without funding certainty, there are no future productions about Maryland and its people.

Still other threats:

Even as we express gratitude for your past support and endorsements, we call your attention to the analyst's recommendation in support of the proposed Executive Budget for MPT for FY26 – a recommendation we strongly oppose.

Here is our own analysis:

OPPOSE: Repeal of funding formula law enacted in 2017

The Executive Budget proposes the repeal of a law that passed unanimously in the Senate and overwhelmingly in the House in 2017. This statutory requirement ensures that MPT will be funded at the level of its current-year appropriation and increased by a percentage equal to the state's General Fund growth. When the Senate and the House spoke via this legislation, they were protecting MPT from the uncertainties of federal funding, the uncertainty of Special Funds revenue, and unpredictable swings in media consumption patterns and so on.

Since the year 1966 – the year of our founding legislation – there have been 14 laws enacted in Maryland dealing with MPT. All of them were supportive of the public-serving mission of our organization and all aided our financial well-being. Senate Bill 1034 that became law on June 1, 2017, was the most visionary and affirming legislation in our history, encouraging MPT to sustain its

reputation as one of the top stations devoted to service to its own citizens and protecting the statewide network from unforeseen fiscal challenges from outside Maryland.

To repeal that landmark law now seems to second-guess the House and Senate commitment to quality television ... to undercut the public safety requirements that our towers, transmitters, and technology support statewide ... and to hamstring the making of entertaining, engaging, and educational content.

OPPOSE: Reduction of \$778K in FY26 appropriation

Slashing \$778K from our General Fund appropriation for FY26 slams the brakes on what we've publicly committed – to the legislature and to our viewers – namely, to further grow the new Center for Maryland History Films.

If you were proud that Maryland brought to the nation the landmark films on Harriet Tubman and Frederick Douglass in 2022 – two productions that aired in 186 separate markets in the U.S. and were viewed by a combined 12.9 million people – then you can appreciate our concern that Tubman and Douglass might be among the first and the last films of a short-lived Center for Maryland History Films, not the pacesetters for all future history programs focused on Maryland.

Remove the money and MPT will broadcast the promised Thurgood Marshall documentary that was funded, but then we'll have to close up shop. Making national films about historic, impactful Marylanders; major events in Maryland history; and noteworthy historic places (such as the State House) is an enterprise that you applauded and funded for its initial years. A \$778K cut will, most assuredly, give you less to applaud about where MPT is concerned. But that is far from all.

The Legislature always praises the reach of our educational activities and the breadth of the community and civic engagement that we achieve. Many persons joined First Lady Dawn Moore in heralding the brand new Maryland Center for Media Literacy & Education (launched in November 2024). You have seen the public safety aspects of our transmission towers and technologies. And you have heard about the record-setting tally of regional Emmy Awards that testify to the quality and high standards of our local productions. **A \$778K cut from a \$14.05 million general fund appropriation (an approximately 6% drop) slices at history and education and community work right down the line and could cause our workforce to be reduced.**

We strongly urge this committee to overturn the analyst's recommendation and the Executive Budget measures proposed for FY26.

Analyst's comments – 1. Audit Findings (page 7)

DLS recommends that \$100,000 should be withheld until MPBC provides a report to the committees discussing the status of corrective actions related to findings regarding the affiliated foundation and retention of documents for OLA review.

On page 7 of the FY26 analysis document, the analyst describes audit findings included in the OLA's 2024 fiscal and compliance report, which included findings with respect to the operations of and MPT's financial interaction with its affiliated foundation.

These findings focused on (1) MPT's inability during the audit to provide documentation to OLA evidencing corrective action taken to address concerns from the OLA about the affiliated foundation or that actions were taken to address concerns from the Joint Audit and Evaluation Committee (JAEC) in 2020; and (2) the movement of funds from MPT to its affiliated foundation and the payment of funds by State agencies to the affiliated foundation in connection with MPT's contractual arrangements with these State agencies for production funding (i.e., underwriting) and for media services provided by Maryland State Ad Agency (MSAA), a division of MPT. **MPT would like to assure the committees that – as described below – all discrepancies and concerns raised by DLS will be fully resolved by June 30, 2025.**

With regard to the first overall concern, MPT will complete and provide documentation of its review of the policies of the affiliated foundation. MPT regrets its oversight to follow through with the corrective actions described in its response letter to the JAEC in 2020. MPT fully appreciates OLA's concern and assures the committees that MPT is committed to (1) a review of the affiliated foundation policies is performed and completed no later than June 30, 2025, and (2) documentation of such review and its outcome is maintained by MPT. MPT began the review of the affiliated foundation policies in earnest beginning in October 2024, following receipt of the OLA's fiscal and compliance report. MPT is working with its Assistant Attorney General (who is also performing a legal review of the policies and the agreement between MPT and the affiliated foundation). This work will yield recommended revisions to the affiliated foundation policies and the agreement between MPT and the affiliated foundation to MPT's governing body, the MPBC, no later than June 30, 2025. MPT is also committed to ensuring that this review process is performed no less often than annually.

As to the second OLA concern, MPT has (1) determined that it is in the best interest of MPT and the State for MPT to work with the affiliated foundation to have it transfer funds back to MPT no later than June 30, 2025, and (2) changed the structure of contractual arrangements with State agencies so that these contracts (i.e., underwriting contracts) will be made between MPT and the State agencies, with funds paid directly to MPT rather than to the affiliated foundation. In addition, MPT is no longer transferring funds to the affiliated foundation to cover compensation of affiliated foundation employees. Again, MPT assures the committees that it is fully committed to complying with the OLA's recommendations and hopes that its remedial action regarding funds paid to the affiliated foundation will satisfy the OLA and the committee as to this audit finding.

In consideration of the corrective actions described above, MPT strongly encourages the committees to reject the analyst's recommendation to withhold \$100,000 from MPT's operating budget contingent upon MPT's submission of a report of the status of corrective actions taken by MPT to address findings related to the affiliated foundation.

Analyst's comments – 2. MPT Membership and Contributions (page 8)

MPT should comment on the reason for contributions remaining relatively level despite the increase in membership in fiscal 2024.

On page 8, the analyst discusses the relatively steady level of contributions (i.e., membership fees) over a five-year period but questions why a growing membership roster (i.e., number of paid members) in the same period did not account for an even higher revenue amount. It is quite possible to have a soaring number of members with fairly level revenue if those members are predominately at the entry (\$35) level. This is certainly the case in the post-Covid years and the trend is expected to continue. As economically pressed members reduced their ongoing (annual) contributions or join as first-timers, it is logical that more \$35 members show up versus those at the higher giving levels.

Analyst's comments – 3. Original Programming (page 9)

On page 9, the analyst discusses the number and duration of MPT's original programming. There are no requests for comment, but we wish to observe that the Maryland-centric TV series cited by the analyst and others not mentioned – *Destination Maryland*, *Chesapeake Collectibles*, *Made in Maryland*, *Outdoors Maryland* – are not inconsequential from an expense standpoint. We continue to staunchly appeal for State financial support to complement our own fundraising, enabling us to afford to continue these series as well as one-time productions such as the upcoming film on the Maryland State House. Quality television is not inexpensive.

Analyst's comments – 4. MPT Viewership (page 10)

MPT should comment on the decrease in viewership in fiscal 2024.

The analyst on page 10 asks MPT to comment on decreased viewership in FY24. Besides reflecting the Maryland experience during a conspicuously national trend in reduced linear TV viewing, MPT points to the primary reason for viewership decline: The significantly robust competition for viewers emerging from the multiplicity of TV channels and streaming options. MPT itself is aggressively growing its own streaming service.

Analyst recommendation

MPT strongly disagrees with the analyst's recommendation:

- ✓ **We oppose the repeal of the 2017 funding legislation [i.e., *Maryland Code, Education Article, § 24-204(d)*] that was so overwhelmingly enacted by the Maryland Senate and House. Please see Exhibit A, attached.**
- ✓ **We oppose the \$778K contingent reduction in the MPT FY26 appropriation.**
- ✓ **And we oppose the recommendation for the state's withholding \$100,000 from MPT's operating budget.**

EXHIBIT A

The Maryland Legislature created this law. Don't let it be repealed.

MD Code, Education, § 24-204 (d)
Maryland Public Broadcasting Commission

The FY26 Budget Reconciliation and Financing Act proposes repeal of a 2017 law that passed unanimously in the Senate and overwhelmingly in the House.

This statutory requirement ensures that MPT will be funded at the level of its current-year appropriation and increased by the state's General Fund growth. Further, the law provides for the state to step in if federal funding is cut.

When the Senate and the House spoke via this legislation, they protected MPT from the vagaries of federal funding – from threats made by past, present, and future presidential administrations to halt funding for public broadcasting.

Since 1966 – the year of our founding legislation – there have been 14 laws enacted in Maryland dealing with MPT. All were supportive of the public-serving mission of our organization and all helped ensure our ability to continue serving Maryland citizens.

Senate Bill 1034 that became law on June 1, 2017, was the most visionary and affirming legislation in our history – encouraging MPT to sustain its reputation as one of America's leading producers of public TV broadcast content and protecting it from unforeseen fiscal challenges from outside Maryland.

To repeal that landmark law now thwarts House and Senate commitments to quality statewide TV ... undercuts the public safety requirements that our towers, transmitters, and technology support statewide ... and hamstrings the making of educational and engaging Maryland-centric content.

**Please oppose the repeal of
MD Code, Education, § 24-204 (d).**

THE 2017 LAW

§ 24-204. Powers and duties of Commission, MD EDUC § 24-204

West's Annotated Code of Maryland

Education (Refs & Annos)

Division IV. Other Education Provisions [Titles 21-End] (Refs & Annos)

Title 24. Miscellaneous Education Agencies (Refs & Annos)

Subtitle 2. Maryland Public Broadcasting Commission (Refs & Annos)

MD Code, Education, § 24-204

§ 24-204. Powers and duties of Commission

Currentness

EXCERPT

General fund appropriations

(d)(1) Beginning in fiscal year 2019, and for each fiscal year thereafter, the Governor shall include in the annual budget bill a General Fund appropriation to the Commission in an amount not less than the General Fund appropriation for the current fiscal year as approved in the State budget as enacted by the General Assembly and increased by the percentage by which the projected total General Fund revenues for the upcoming fiscal year exceed the revised estimate of total General Fund revenues for the current fiscal year, as contained in the December report of estimated State revenues submitted by the Board of Revenue Estimates to the Governor under [§ 6-106 of the State Finance and Procurement Article](#).

(2)(i) In addition to the appropriation required under paragraph (1) of this subsection, if the actual amount of special funds in special fund code R15304 Community Services Grant and CPB Grant in budget code R15P00 Maryland Public Broadcasting Commission received by the Commission in the second previous fiscal year is lower than the amount that was budgeted for the Commission as approved in the State budget as enacted by the General Assembly for the second previous fiscal year, the Governor shall include in the annual budget bill, for the upcoming fiscal year, a General Fund appropriation to the Commission in an amount not less than the difference between the actual funds and the budgeted funds.

(ii) The general funds appropriated under subparagraph (i) of this paragraph may not be included in the calculation under paragraph (1) of this subsection for any subsequent fiscal year.

1 SECTION 2. AND BE IT FURTHER ENACTED, That, for fiscal year 2025, the
2 Governor [shall] **MAY** include in the annual budget bill an appropriation of \$12,000,000 to
3 the 9-8-8 Trust Fund established under § 7.5-5A-02 of the Health – General Article.

4 **Chapter 275 of the Acts of 2023**

5 **[SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,**
6 That the Maryland Department of Health shall apply to the Substance Abuse and Mental
7 Health Services Administration at the Center for Mental Health Services for federal
8 planning, development, and implementation grant funds related to certified community
9 behavioral health clinics for fiscal year 2025.]

10 **[SECTION 2. AND BE IT FURTHER ENACTED** That the Maryland Department of
11 Health shall apply to the Substance Abuse and Mental Health Services Administration at
12 the Center for Mental Health Services for inclusion in the state certified community
13 behavioral health clinic demonstration program for fiscal year 2026.]

14 **Chapter 717 of the Acts of 2024**

15 **SECTION 8. AND BE IT FURTHER ENACTED**, That, notwithstanding any other
16 provision of law, and unless inconsistent with a federal law, grant agreement, or other
17 federal requirement, or with the terms of a gift or settlement agreement, for fiscal years
18 2024 through 2028, net interest on all State money allocated by the State Treasurer under
19 § 6-226 of the State Finance and Procurement Article to special funds or accounts, and
20 otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall
21 accrue to the General Fund of the State, with the exception of the following funds:

22 **[(42) Strategic Energy Investment Fund;]**

EXCERPT

23 **SECTION 7. AND BE IT FURTHER ENACTED**, That Section(s) 24-204(d) of
24 Article – Education of the Annotated Code of Maryland be repealed.

25 **SECTION 8. AND BE IT FURTHER ENACTED**, That Section(s) 7-717 of Article –
26 Health – General of the Annotated Code of Maryland be repealed.

27 **SECTION 9. AND BE IT FURTHER ENACTED**, That Section(s) 16-503 of Article –
28 Local Government of the Annotated Code of Maryland be repealed.

29 **SECTION 10. AND BE IT FURTHER ENACTED**, That Section(s) 2-701 and 2-702
30 and the subtitle “Subtitle 7. Inheritance Tax Revenue Distribution” and 7-201 through
31 7-234 and the subtitle “Subtitle 2. Inheritance Tax” of Article – Tax – General of the
32 Annotated Code of Maryland be repealed.

33 **SECTION 11. AND BE IT FURTHER ENACTED**, That Section(s) 10-702 of
34 Article – Tax – General of the Annotated Code of Maryland be repealed.

Testimony submitted by:

Larry D. Unger - President & Chief Executive Officer
Maryland Public Television / Maryland Public Broadcasting
Commission

February 3, 2025