



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #280

Fuel and Utility Expenses (ECB)

[LFB 2003-05 Budget Summary: Page 140, #4]

CURRENT LAW

Base funding for the Educational Communications Board's fuel and utility expenditures is \$411,500 GPR annually.

GOVERNOR

Provide \$9,400 GPR in 2003-04 and \$11,500 GPR in 2004-05 for fuel and utility expenses for the ECB, as increases to base level funding.

DISCUSSION POINTS

1. SB 44 would provide total funding of \$420,900 GPR in 2003-04 and \$423,000 GPR in 2004-05 for ECB's fuel and utility appropriation to reflect projected fuel and utility cost expenses in the 2003-05 biennium. However, SB 44 would not provide ECB with funding for additional fuel and utility costs that will be incurred during 2003-05 related to the digital television transmission. SB 44 would also reduce funding for ECB's three GPR state operation appropriations by \$1,028,500 annually, which would represent a 20% reduction to each.

2. According to the executive budget instructions, agencies with new or expanded facilities were instructed to include an advisory decision item in their formal budget request, which, although it has no dollar request impact, identifies the need and the methodology used to calculate it. In its advisory decision item request, ECB requested \$150,000 GPR annually to provide full funding for the electrical costs related to implementing digital television transmission.

3. The FCC has required that all public television broadcasters convert to digital

television by May 1, 2003, or face a loss of license. The ECB is in the process of converting its five television stations and intends to meet this deadline for four of its five television stations. Due to construction delays, the fifth transmission site at Wausau will not be available for digital broadcasting until August, 2003. The agency has filed for an extension for the Wausau site.

4. Based on current electrical costs incurred during the past year, kilowatt use estimates obtained from the manufacturers of digital television transmitters, and a broadcast schedule of approximately 20 hours per day/seven days per week, average annual utilities costs are estimated to be \$30,000 per site per year. Full funding for the five sites is \$150,000 per year, although initial costs in 2003-04 are projected to be \$147,500.

5. ECB indicates that the new digital service will be in addition to the current analog service. The FCC has required broadcasters to maintain their current analog transmissions until digital televisions are available in at least 60% of consumer households. Based on industry estimates, the period of dual broadcasting could last six years or more. As a result, there would be no immediate fuel and utility savings related to phasing out analog transmission during the 2003-04 biennium.

6. The FCC will require television broadcasters to transmit at least 50% of their programming digitally starting in May, 2003. Starting in May, 2004, television broadcasters will be required to transmit 75% of programming digitally through April, 2005, and 100% digitally thereafter. Alternatively, broadcasters may transmit at 30% power for the full programming schedule in the first year and 50% power in the second year. ECB would prefer to utilize the lower powered transmission option since cable television subscribers with digital television receivers would be able to pick up their entire broadcast schedule.

7. Both of the FCC's minimum transmission options would have the same utility requirements. The total fuel and utility costs related to transmission would be \$80,000 in 2003-04, \$118,800 in 2004-05, and \$150,000 annually thereafter based on current electricity rates. The Committee could choose to provide this additional funding in order for the ECB to meet the FCC minimum transmission requirements and still utilize its digital broadcasting capabilities.

8. If funding for the fuel and utilities expenses related to digital transmission would not be provided, the ECB would either have to ignore the FCC mandates for digital transmission and risk losing their broadcast licenses, or attempt to obtain an emergency exemption from the FCC broadcast requirements. However, the FCC has indicated that they would not provide emergency exemptions. As a result, the ECB would need to come back to JFC and request additional funding under s. 13.10 when the agency's fuel and utility appropriation runs out of funds. Because funding in ECB's GPR state operations appropriations would be reduced by 20% in SB 44, it appears unlikely that monies would be available for transfer from ECB's other appropriations to support ECB's fuel and utilities cost.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$9,400 GPR in 2003-04 and \$11,500 GPR in 2004-05 for fuel and utility expenses for the ECB.

2. Modify the Governor's recommendation to provide an additional \$80,000 GPR in 2003-04 and \$118,800 GPR in 2004-05 for projected fuel and utility costs related to conversion to digital television transmission, with lower powered transmission.

<u>Alternative 2</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$198,800

3. Provide an additional \$147,500 GPR in 2003-04 and \$150,000 GPR in 2004-05 to provide funding for fuel and utility costs related to conversion to digital television transmission, with full powered transmission.

<u>Alternative 3</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$297,500

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