



## Educational Communications Board

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### EDUCATIONAL COMMUNICATIONS BOARD MEETING

ECB Board Room  
3319 West Beltline Highway  
Madison, Wisconsin  
July 15th, 2016  
9:30 a.m.

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#### EXECUTIVE DIRECTOR REPORT

Gene Purcell

The spring and summer months of 2016 have proven to be busy for ECB administration as work is underway on wrapping up the FY16 fiscal year, while also preparing for the operating and capital budget submissions this summer and fall. We'll have more details for you on this during the July 15, 2016 Board meeting.

In the meantime, here are some updates on a variety of other issues:

#### **FCC spectrum auction**

The Federal Communications Commission (FCC) reports that the initial stage of the reverse auction of television spectrum has concluded.

The initial stage assumes a clearing target of 126 MHz and provides an early indication of whether television stations are willing to relinquish their spectrum to the FCC for a certain price. However, this stage of the auction does not provide an indication of whether wireless companies will be willing to pay the initial prices or whether they will need to purchase 126 MHz of spectrum.

Now that this initial stage is complete, the forward auction portion of the process will commence.

This will be the point at which wireless companies become involved in bidding for the available spectrum. If the forward auction generates enough revenues, this initial stage will become the "final stage" of the reverse auction.

But, if the forward auction does not generate enough revenue, then a second stage of the reverse auction will begin, with lower clearing targets and lower prices paid to broadcasters. Again, the forward auction will be conducted, and this process will then continue until the numbers work.



Since ECB is not participating in the auction process, the important part of this process will be when it actually ends. That's because after that point, we will be notified by the FCC whether ECB will be required to move any of its TV stations to new channels in a process known as "repacking."

### **Speaking of Repacking**

Following the completion of the spectrum auction, the FCC will assign new channels to some TV broadcasters, a process the National Association of Broadcasters estimates could affect between 860 to 1164 stations.

At our last meeting in April, I reported on the timing concerns surrounding the repack process – for stations required to participate, the FCC has imposed a time limit of 39 months to complete the work necessary to move channels.

Generally speaking, that work includes purchasing new transmitting equipment and a significant amount of tower work to install it. The costs for each repacking scenario are site-specific, but ECB estimates costs of between \$1 to 2-million per site. Costs for the repack are to be paid for by the FCC by using proceeds from the spectrum auction.

Given the 39 month deadline, it is not possible to use the usual timelines for state procurement. We have been working closely with DOA Legal Counsel and DOA purchasing in the past few months to develop a process which will allow ECB to purchase the necessary equipment and services in a timely fashion.

That work was completed in June and ECB has received the signed paperwork, so now we will be waiting for the auction to end. (Thanks to DOA Purchasing and DOA Legal for wading through this complicated topic).

At this point in the process, I still predict that we are likely to receive notification on whether ECB stations are subject to "repack" late this year or early in 2017.

### **State Budget Update**

I am pleased to report that the Agency operated in the black during FY16, although it should be noted that cuts included in the 2015-2017 state budget required staff cuts to achieve balance and eliminated ECB's ability to license and produce educational media. In addition, cuts to other parts of the ECB budget such as utilities required more program revenue to be devoted to Engineering/Operations.



As we begin the new fiscal year, work is already underway on developing the Operating budget request and Capital budget requests for the coming 2017-2019 biennium.

One item to note is 2015 Wisconsin Act 201 which was enacted on March 1, 2016, which requires state agencies to submit a proposal to reduce the agency's state operations budget for each fiscal year by 5-percent.

Elsewhere, new rules regarding civil service guidelines for state employees became official as of July 1, 2016. Details regarding the new rules are not complete yet, but we expect to have those in hand to be distributed to staff within the next few months. The new rules are designed to streamline human resources processes for state agencies and staff.

### **Federal Budget update**

As of this writing, the House Appropriations Committee recently released its public broadcasting funding recommendations for FY 2019 of \$445 million for Corporation for Public Broadcasting funding. This recommendation for flat funding was approved on Thursday (7/7) in subcommittee, the first step in the House's consideration of this budget item.

However, the House recommendation also included interconnection funding that is \$40 million less than that approved by the Senate Appropriations committee, a difference that will be addressed over the next several weeks. CPB's interconnection request was \$50 million for FY2017.

The President's budget had recommended flat funding for the CPB and Ready to Learn. In addition, the President's budget had recommended funding to continue work on building a new interconnect system for public broadcasting.

It is possible that further action will be taken on this before our July 15 Board meeting and I will plan on having an update available for you then.

Federal funding comprises about 10% of ECB's annual budget.