

February 20, 2015

To: House Appropriations Committee  
From: Holly Groschner, President, Vermont PBS (VPBS)

Thank you for the opportunity to testify on Thursday February 19<sup>th</sup> in support of the Governor's recommendation for an appropriation to Vermont PBS of \$547,683 and thank you for the opportunity to augment my testimony with this follow up statement.

**Results Based Accountability (posted on your wall): "How much? How well? Is anyone better off?"**

- VPBS is the only public television licensee in Vermont and serves 100% of Vermont households over-the-air and 93% by cable or satellite. It holds frequency licenses that it is required by the FCC to use to serve the public.
- VPBS operates four program channels 24 hours per day, 7 days per week: the main channel, VPBS Plus, World and Create. Based on Neilson ratings, the VPBS main channel has 97,094 average unduplicated U.S. viewers each week (a few are from NH and upstate NY; Quebec is excluded).
- Vermont PBS mission is to serve the community, especially including the underserved, in civic, educational, and informational content. There are no commercial interruptions, nor commercial or political influence over content.
- Impact example: 33% of broadcast time on the main channel is highly rated educational programs for younger children: a high quality free resource to homes, in-home daycares and pre-schools. In the November test week, approximately 18,000 unduplicated children between 2 and 11 were viewers, per Neilson.
- Impact example: In the November test week, approximately 63,000 unduplicated adults over age 50 were viewers of programs ranging from public affairs to science to drama.
- Impact example: 100% of Vermont households will have access to a series of eight major Discover Jazz Festival performances.
- Impact example: The new, VPBS Plus channel is a major resource for a Vermont partners. We showcase high quality creative content produced by partners including Vermont Independent Filmmakers, The Flynn Center and Discover Jazz Festival, Mad River Media, and the Vermont Humanities Council to name a few. The productions range from "Freedom and Unity, The Vermont Movie", to "Discover Jazz on Vermont PBS", to the documentary film on the iconic Vermonter Kenley Squier "His Life so Far", to the recent lecture on free thought and free speech by author Salman Rushdie.

**Response to your final question: "what would be the consequence of reduced funding?"**

**Evidence of running a tight financial ship**

- Over 25 years, the VPBS operating budget increased at an average compounded rate of 1.4%.
- Over 25 years, the state appropriation has been reduced from \$1.135 million to \$.548 million.
- Over 25 years, the state appropriation has declined from 25% to 9% of the operating budget.
- The Governor's recommended appropriation would represent a 7<sup>th</sup> year of level funding.
- The pay scale at Vermont PBS is substantially below market for equivalent positions.

- The station has deferred filling three senior positions vacated in the last two years. Salaries are already depressed below market standards.

**Immediate consequence of reduced funding**

- Reduced funding would require Vermont PBS to take the Vermont out of PBS, impacting our ability to serve the community with Vermont content. This has the potential to thwart proposals presently in-house for programming responsive to state issues in education, the ability to expand non-commercialized news and civic information, and access to the arts to our most rural communities. Content production is the future of Vermont PBS, and the opportunity to provide Vermonters access to airwaves is a cost effective ways to bring a range of services to our communities.
- Given our consolidation of staff positions in 2008-2009, reduced funding could impact the capacity to operate. Worse, staffing is already stretched to the point that we are missing opportunities to serve the state using our frequencies and network to expand public digital services – with opportunities to serve the state initiatives in public security, libraries, and schools.
- Running a tight ship allows us to budget for “breakeven” operations – without drawing down “endowment” funds. A cut to the appropriation would impair VPBS’ ability to fill key staff positions without incurring an operating loss.
- Every \$4.00 in state appropriation leverages \$1.00 in the federal funding formula. Conversely, a reduction will negatively impact the federal grant.
- Managing a cut through non-staff cost reductions would most directly impact our standard tools for fundraising. This risks a downward spiral impact on annual viewer contributions.

**Theoretical approaches to managing a downward spiral of operating revenue**

- Draw down “endowment”: the endowment can be a cushion in an emergency, but using it to supplement operations is a poor long term strategy and formula for failure.
- Outsource functions to WGBH Boston (per New Hampshire Public Broadcasting which was cut from the state budget a few years ago) represents a loss of control over content, maintenance, development, responsiveness, local significance and community service.
- Fail to respond to Vermont or evolve: Short of outsourcing key functions like engineering, master control, development, etc. there is very little room to reduce staffing. Production, as noted above, is strategically critical around the development of local content and the meaningful participation of Vermont PBS in serving our communities, but, it is discretionary when compared to engineering – without which the station could not broadcast at all.

**Conclusion**

Vermont has made a 50 year long commitment to financially supporting public broadcasting. The station has done an outstanding job over many years of running a tight ship and diversifying revenue to reduce dependence on state funding. The Vermont appropriation is 9% of our operating budget and makes a very important contribution to the station’s mission of serving 100% of Vermont households with educational and inspirational programming.