



October 18, 2019

MEMORANDUM FOR: PEG Access Study Committee
FROM: Vermont Access Network
SUBJECT: AMO Revenue Projections

The following information is provided in explanation of the attached "2030 AMO Budget Projections:"

PEG FEES. We expect cable revenue, as it is currently generated, to see a steady decline in coming years as well-established cord-cutting trends continue.¹ We anticipate more drastic losses over the next 10 years as a result of federal regulatory changes, but the severity of these losses cannot be predicted with currently available information from the cable industry. For these reasons, we project year-over-year losses of approximately 5%. In response to these losses, AMOs will be devoting more resources and time to further diversification of funding sources:

Municipal Funding. Local municipalities will be asked to invest more in their community media centers. This reflects an overall budgetary change from the current amount of 2.5% to 7.5% in 2030.

Underwriting & Fundraising. These revenue sources indicate increased appeals for financial support from businesses, organizations and individuals in service territories to cover some expenses for specific programs, as well as overall expenses. These sources are projected to grow through expanded development work by AMOs and increase five-fold in 10 years.

Fees for Services and Other. The final two categories will change only minimally as AMOs continue to offer the majority of their services at no cost and other funding sources vary between organizations.

NEW FUNDING SOURCES:

Loss Offset Funding. These new funding strategies begin with an allocation of \$500,000, the amount lost in 2018 due to GAAP changes. They grow gradually in successive years to balance some of the loss of cable revenue and would ultimately provide 40% of AMO funding by 2030.

TOTAL PROJECTED REVENUE. The necessary budget growth for all Vermont Access Network members is calculated at a conservative 3% per year. This accounts for COLA increases, regular business expense increases, and health insurance increases that regularly exceed 10% per year. This does not, however, include the cost of any new initiatives, such as expanded statewide services through a new generation VIT or other growth opportunities.

¹ <https://variety.com/2019/digital/news/2019-cord-cutting-data-1203194387/>