



UNIVERSITY OF HAWAI'I SYSTEM

TESTIMONY

SB 959, SD 2

Relating to Cable Television

Testimony Presented Before the
House Committee on Finance

March 31, 2005

by

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Chair Takamine and Members of the Committee:

I am here to testify in support of SB 959, SD 2, to amend Section 440G-15, HRS, to distribute one-third of all fees collected for the provision of cable service in the County of Maui to Maui Community College (MCC) and the Maui Department of Education (DOE) to equally share the annual allocations from PEG franchise fees with government and public entities. As a concerned citizen as well as Chancellor of MCC, the only accredited public institution of higher education serving Maui county, I have witnessed the decline of resources from these fees to public and higher education.

This bill would restore a fair portion of the PEG franchise fees to educational entities that are fully accredited by the Western Association of Schools and Colleges. These resources are crucial to address needs in education identified as priority by the most recent Focus Maui Nui survey, the County of Maui, the Maui Chamber of Commerce, and the Maui Economic Development Board Strategic Plan.

Prior to the formation of AKAKU in 1997, PEG access funds were distributed by the Maui PEG Consortium. Under the Maui PEG Consortium, MCC/DOE received approximately one-third of the PEG access funds and had a voice in the Consortium. Since the formation of AKAKU, the PEG access funds for MCC/DOE have steadily declined. Last year AKAKU decided to give no funds to MCC/DOE, effectively eliminating all funds for public and higher education in the

County of Maui. This is contrary to the verbal commitment made by AKAKU to continue to fund education at one-third with the dissolution of the consortium. AKAKU was reminded of this “one-third” commitment by the Mayor of the County of Maui at its last Board meeting on March 8, 2005. In lieu of funding education, AKAKU has amassed close to \$1 million which has been held and not been released to fund education.

Also, under AKAKU, education has no voice. The two education members on the AKAKU Board who were once voting members but whose status was changed by the AKAKU Board to ex-officio members and have no vote. For the Committee’s information, I have attached to my testimony a brief history of PEG access in Maui County, especially pertaining to the funding of educational access.

We continue to work with the leadership of AKAKU to resolve issues relating to the distribution of PEG access operating funds. I am pleased to report that together we have crafted a draft Agreement that provides MCC/DOE with a one-third share of the PEG and Annual Capital Funds. In addition a provision was included to provide MCC/DOE with “future funding” payments to compensate MCC/DOE for the lack of past funding by AKAKU. Also, issues relating to Board seats and Channel Capacity have been agreed upon.

This draft Agreement has been adopted by the Executive Committee of AKAKU, but to date has not been endorsed by the full AKAKU Board. We continue to work with AKAKU to fully adopt the Agreement, which we believe to be fair to all parties, accounts for the unfunded years, acknowledges AKAKU’s commitment to continue the one-third funding to education when the consortium was dissolved, and reflects the past and potential educational benefits of PEG access funds for MCC/DOE.

It is our hope that we will be able to finalize our draft Agreement with AKAKU, however, without this Agreement in place, it is important that SB 959, SD 2, be passed to ensure that education will receive its fair share of PEG access funds.

Your support of this measure will positively affect the entire public and higher education system by providing increasingly significant resources that would allow students on Lanai, Molokai, and Maui to access expanded and improved levels of learning through cable television. This includes access to educational services and programs such as credit and non-credit courses, arts and humanities programs, and life-long learning programs. Cable TV instruction has historically ensured that firefighters, police officers, nurses, teachers, businesspersons and other professionals seeking degrees for career advancement may access these opportunities from remote communities on Lanai, Molokai and Maui. This also includes distance learning between MCC and our local high schools.

Thank you for this opportunity to testify in support of SB 959, SD 2.

EDUCATIONAL ACCESS ON MAUI

The following is an outline and brief history of PEG access in Maui County, especially pertaining to the Educational access. It is presented to address a funding error recently made by the Board of Directors of Akaku, who are currently charged with the responsibility of allocating PEG resources for Maui County.

Background

- 1983 - MCC began distance learning services on cable TV including a mixture of live classes, satellite, and pre-taped telecourses with facilities built by successfully competing for a Federal Title III grant.

- 1987 - SkyBridge was built through another federal grant linking Moloka'i, Lanai, and Hana to MCC campus in Kahului with live two-way video. The studio at MCC was upgraded, improving TV production capabilities for cable as well.

- 1989 - The Maui PEG Planning Committee was created by the DCCA, comprised of MCC, DOE, County, and non-profit agency representatives.

- 1992 - DCCA established the Maui PEG Consortium as an advisory body for distribution of PEG franchise fees. The Consortium hired an Executive Director to create and manage a Public Access entity. A Public channel was started on Maui.

Maui cable franchise funds were allocated for P, E, and G services starting in 1993 with a five year plan that was largely adhered to. As the following table shows, Education received just slightly less than one third of the budget. In FY1998, the Consortium could not reach consensus on how funds were to be allocated. As an incentive to the Consortium to resolve these conflicts, the DCCA put a hold on funds and restricted use to base operating expenses only, hence the drop to 18.6%.

FISCAL YEAR	UH (MCC)	DOE	TOTAL	EDUCATION %
1993	54,000	28,400	253,530	32.5
1994	55,625	29,100	295,774	28.6
1995	58,406	30,555	310,563	28.6
1996	61,327	32,083	326,091	28.6
1997	80,181	26,266	346,486	30.7
1998	55,196	25,556	434,849	18.6
1999	44,430	25,556	525,000	13.3
2000	0	0	540,000	0
2001	0	0	600,000	0
2002	52,000	0	600,000	9
2003	0	0	625,000	0
2004	0	0	732,900	0
2005	0	0	812,729	0

More Recent Developments

- October, 1997 - A Community Communication Needs Assessment is commissioned by the Maui PEG Consortium. The top three challenges for Maui County are defined as:
 - Stagnant economy
 - Education system not meeting needs
 - Growth, increasing urbanization, strain on resources
- October, 1997 - A Strategic Plan for PEG Access Services in Maui County is submitted to the DCCA by the Maui PEG Consortium and Akaku: Maui Community Television. Three key community communication needs are defined:
 - Real-time dialogue with local government for all communities.
 - Education opportunities, especially those that are outside of traditional educational offerings.
 - Maui-centered news, events and civic affairs programming.
- November, 1997 - The Maui PEG Consortium was dissolved and Akaku becomes the agency for PEG management on Maui.
- May, 1998 - Akaku submits and passes FY98-99 annual budget, allocating \$80,800 (15.1%) for Education (MCC and DOE combined).
- June, 1998 - MCC submits a counter proposal requesting \$107,710 for higher education PEG funds. No response is received.
- November, 1998 - MCC & DOE representatives meet with Akaku. It is agreed that rather than participating in a statewide agreement with HENC (whereby 25% of franchise fees will go to an Oahu and Maui combined Education fund), Maui County will reach an agreement between Akaku, MCC and DOE. DOE & MCC ask for 1/3rd of total funds available (the E third), with a minimum 3-year contract.
- February, 1999 - Akaku Board of Directors passes a motion to allocate MCC \$44,430. Terms of contract only applied through June 30, 1999.

Conclusion

It is evident that historically, education received a fair 28-32% of PEG funds. This permitted MCC and the DOE to support and strengthen our vital distance education services and outreach efforts. Since Akaku took over the administration of PEG funds on Maui, they have cut educational funding to \$96,000.00 for the fiscal years 1999-2004. This reduction has occurred despite an annual increase in cable access franchise fees allocated to Akaku through Oceanic Time Warner Cable. Negative effects of these actions upon the college include the reduction in quality of services and instruction to cable TV students due to staff reductions, lack of ability to meet escalating student and community demand for distance education services, and the of inability to upgrade physical plant operations, including DTV format conversion from aging analog master control operations (currently in use) to digital and automated programming systems.

Education is responsible for half of the programming appearing on the four Maui PEG channels. MCC produces approximately 45 hours of new, original, local programming in the form of live credit classes and community education programs weekly. MCC also absorbs the full burden of equipping, maintaining, and operating the Education channel (MCC-TV) and programming it 24/7/365. These services represent substantial in kind and out of pocket costs to the College on behalf of county-wide community access services.

In exchange for these vital community contributions, MCC is requesting a fair appropriation of the PEG resources to help offset the substantial costs of supporting these efforts. While we support the public access and government access missions, we ask that the educational needs be given equal consideration. The DCCA's support of the Olelo-HENC agreement underscores the State's commitment to the concept of using PEG funds to bring comprehensive educational programs that meet both the broad and the specific needs of our growing populations. The educational community cannot maintain the current training and programming needs, or meet the escalating demand for cable classes and life-long learning via cable TV without the full funding that the State intended us to receive when they set up the PEG structure.

The college would like to see PEG access funds fairly distributed between the three access channels, Public, Education and Government. This means a yearly allocation of 30% of the total PEG franchise fees should be reserved for Education access (divided between both DOE & MCC based on their needs) and these funds should be allocated as soon practical. In addition, funding that has not been released to Educational access since 1999, must also be released. These funds are currently held in reserve by Akaku and are currently being used as investment funds. Based on 15% per year (30% divided between MCC & DOE), the college and the DOE should have received past funding amounting to approximately \$850,000 to \$1 million for fiscal years 1999-2005.