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TO THE HOUSE COMMITTEE ON LEGISLATIVE
MANAGEMENT

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

February 11, 2011
2:00 p.m.

TESTIMONY ON H.B.550 – RELATING TO TELEVISION.

TO THE HONORABLE KYLE T. YAMASHITA, CHAIR, JAMES KUNANE TOKIOKA,
VICE CHAIR AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (Department) appreciates the opportunity to testify in support of the intent of House Bill No. 550, Relating to Television. My name is Everett Kaneshige, and I am the Department's Deputy Director.

Section 1 of House Bill No. 550, proposes an analysis of the allocation of cable operator franchise fees to: "(1) Public, education, and government access organizations; (2) Hawaii Public Television Foundation; and (3) the department of commerce and consumer affairs' cable television division to determine the basis and rationale for the distribution of amounts to each entity for fiscal years 2008, 2009, and 2010 and to determine whether the rationale for distribution includes audit costs, and by whom."

The Department supports the analysis in section 1.

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Section 2 of House Bill No. 550 directs the auditor to “contract for a performance review or audit of Olelo Community Television to determine the effectiveness with which it implements its programs and uses its allocated resources” and that “the review or audit shall include but not be limited to an examination of financial records, overall financial health and the use of allocated resources in relation to the services provided, programming results and effectiveness and operating expenses.”

The Department is supportive of the intent expressed in section 2. However, the Department would like to point out that Ōlelo is required to provide the Department with audited financial statements on an annual basis and that information concerning Ōlelo’s programs and resources is provided to the Department which is posted on the Department’s webpage. (This information can be found here: http://hawaii.gov/dcca/catv/peg_access_center). Notwithstanding this, if the Committee still feels it is appropriate to proceed with the audit and review of Ōlelo, the Department would be willing to take the lead on conducting the audit/review.

Thank you for the opportunity to testify on this measure. I would be happy to answer any questions that the committee might have.

February 9, 2011

The Honorable Kyle T. Yamashita
Chair, Committee on Legislative Management
Hawaii State House of Representatives
415 S. Beretania Street, Room 422

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Interim President/CEO

Dear Chair Yamashita, Vice Chair Tokioka and members of the committee;

Subject: Testimony in partial support of HB 550 Relating to Television

My name is Roy Amemiya, President and CEO of 'Ōlelo Community Media, the PEG Access Provider for Oahu. We offer the following comments on HB 550 which among other issues calls for a performance audit of 'Ōlelo.

A similar bill passed the House last session as HB 2902, HD 3 but was not heard in the Senate. According to the Committee report of this Legislative Management Committee, the purpose of the audit was to: 1) analyze the distribution of funds among PEG Access Organizations, Hawaii Public Television, and DCCA's Cable Television Division; and 2) determine whether DCCA should raise the cable operator franchise fee from 4.6 percent to five percent to provide additional funds for public access programming. The committee report also notes that this will enable PEGs to broadcast and caption legislative proceedings.

First off, let me clearly state that 'Ōlelo is not interested in supporting a bill that could be the cause of other organizations such as the other PEGs or PBS Hawaii receiving a smaller percentage of revenues. We do, however, fully support the concept of raising the franchise fee if it would lead to more public access and additional airings of legislative and other government proceedings.

However, we must point out that 'Ōlelo has a separate funding challenge from our neighbor island counterparts. Since 2001, 'Ōlelo has been subject to a funding cap imposed by the DCCA. Removal of this cap would allow us to curb recent operating losses as well as improve and expand our service levels. As long as we are subject to the cap, the raising of the cable operator franchise fee will not result in any additional revenue to 'Ōlelo and expanding our service would be challenging.

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WHEN OUR VOICE THRIVES, SO DOES OUR COMMUNITY.

With regard to the performance audit of 'Ōlelo, all PEGS are required to file annual performance reports with the DCCA and these are public record. These reports contain information on first run programming hours, technical outages, volunteer activity, training results, equipment and facility usage, community building projects and a number of other performance related information. These reports serve as the basis for review by the DCCA in administrating contracts.

Accordingly, while 'Ōlelo is not opposed to having a third party review its performance, we believe we operate in a responsible manner, and if there are specific concerns regarding our practices, we welcome the legislature bringing these to our attention.

In addition to this, a performance audit will provide a major distraction from our primary objectives for 2011 which include transition to new leadership, stabilizing finances, competing for the overall PEG contract, and some very aggressive initiatives including the transition from analog to digital equipment.

In summary, while we appreciate and support this committee's interest in both raising the overall amount of revenues and the programming and captioning of the government sector, we ask that you seriously consider the ramifications of requiring a performance audit of 'Ōlelo.

Thank you for the opportunity to testify.

Aloha,



Roy K. Amemiya, Jr.
Interim President and CEO

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