

Ordinance to Fund CAN TV: Arguments **FOR** the ordinance

What does this ordinance accomplish?

The ordinance:

- is consistent with the Chicago Cable Ordinance goal that CAN TV be funded to serve the public
- assures that CAN TV receives 1% of gross revenues for PEG use from state video franchise holders.

Does this ordinance mean that either the cable or state video providers will have to pay more than is already required?

No. The companies do not pay more under the ordinance.

Does the ordinance require a payment out of the City's 2009 budget?

No. That section of the original ordinance will be addressed at a later date.

Does the ordinance solve problems caused by CAN TV's outdated funding formula?

No. The City still needs to take affirmative steps to solve that problem.

Does this ordinance help stem budget cuts at CAN TV?

No. Significant budget cuts are anticipated at CAN TV in the future unless issues associated with CAN TV's current funding structure are resolved.

Doesn't the state funding help make CAN TV whole?

No. AT&T is the only state franchise holder to date. Because its operation in Chicago is just starting, the ordinance won't result in much revenue in the next several years.

Does the City receive state funding?

Yes. The City receives a 5% franchise fee, just as it does from cable providers. In addition, as of 2009, the City collects a 4% amusement tax on top of the 5% franchise fee.

Is there anything illegal about the ordinance?

Absolutely not. Any suggestion to the contrary is misleading.

What facility or organization will help handle CAN TV clients if CAN TV can't provide the same level of service?

There is no other organization that provides training, equipment and facilities for use of cable channels to the public, nonprofits, educational institutions and government entities that rely on CAN TV.

How will state funds be allocated?

With passage of this ordinance, the City receives 5% of gross revenues from state video franchise holders, CAN TV receives 1% - the same funding arrangement that existed when CAN TV was set up in the early 80's.

Ordinance to Fund CAN TV: **Responses to critics of this ordinance**

The City can't afford to provide funds given its own budget crises.

This ordinance provides no funds to CAN TV from the City's budget.

Why can't CAN TV use its reserve to fund the operation?

The CAN TV reserve covers a year of operating support, equipment replacement and improvements, and sets aside funds to address CAN TV's facility needs. Reducing the reserve doesn't solve the funding issues.

Does the ordinance violate the state statute or require that state providers like AT&T pay CAN TV more than state law requires?

No. The ordinance doesn't change how much AT&T pays or violate the statute in any way. The only compliance issue the City has with AT&T is AT&T's continued failure to comply with state law regarding PEG carriage. Commissioner Reyes has notified AT&T that it must bring its U-Verse system for PEG access into compliance with Illinois law.

The City operates channels. Those channels are entitled to funding.

The City receives the majority of funding from cable revenues to use as it chooses. That figure grows each year. Since 2002, the City's 5% franchise fee has increased 75% to an anticipated \$22 million this year. In comparison, CAN TV funding from cable companies has dropped 26% in the past three years to less than \$2 million dollars to operate five cable channels.

CAN TV already gets enough money from cable.

Cable revenues have been growing at a rate of 5-7% each year, as has the City's franchise fee. This year, without a solution to CAN TV's outdated funding structure, CAN TV funding from cable will drop to the level of a decade ago.

The City is not responsible for CAN TV funding.

CAN TV was created by city ordinance. The ordinance calls for CAN TV to be adequately funded to serve the public. For 25 years, CAN TV has served that purpose and thousands of Chicago residents and groups rely on its services to communicate about health issues, job opportunities, arts events, and educational opportunities.

It's the 21st century with channels proliferating and technology advancing. Securing a viable future for CAN TV assures that the public can participate in those advancements through meaningful access to cable television, a goal consistent with the vision for cable in Chicago.