Testimony of Gale A. Brewer, Manhattan Borough President
Regarding the FCC's Second Further Notice of Proposed Rulemaking 18-131
New York City Council Committee on Technology
December 5th, 2018

My name is Gale Brewer, and I am the Manhattan Borough President. I want to thank Chairman Koo and Councilmember Moya for sponsoring Resolution 620 that urges the Federal Communications Commission (FCC) to reject the rules put forth by the Second Further Notice of Proposed Rulemaking 18-131.

As you may know, the new restrictions proposed by the FCC would count services the City negotiated for in cable franchising agreements and fees which fund our public, educational, and governmental access channels (PEGs) towards the existing five percent cap on cable franchising fees. This is yet another attack on local governance by Ajit Pai's FCC and the Trump administration as they look to line the pockets of cable companies at the expense of important services.

New York City PEGs provide immense value to the community. These organizations train nearly 10,000 people a year in video production, editing, graphics, sound and lighting. They provide facilities, technical support, equipment, and free channel time, and they give people representing diverse communities an audience and a voice. Manhattan Neighborhood Network (MNN) alone is the largest media educator in New York City, serving more than 1,200 media students every year. MNN is also the single largest cable-caster of original content in the United States, airing more than 15,000 hours from some 1,000 producers. The majority of PEG's funding comes from the rates negotiated in cable franchising agreements. These revised rules would have a significant impact on a PEG's budget and ability to provide a much needed service to the community.

The new restrictions would also prevent local franchising authorities from negotiating for a percentage of revenue generated by the internet services that cable corporations provide, which further endangers the future of PEGs as cord cutting becomes more and more common. Between July and September of 2018, nearly 1.1 million people cancelled their subscriptions with cable and satellite TV providers according to MoffetNathanson, a media and telecommunications research firm based here in Manhattan. The Leichtman Research Group has reported 12% of American households have 'cut the cord' since 2013. Clearly, cable revenues will suffer in the future as internet streaming becomes more popular. In order to ensure the future of PEGs, we must be able to tap into the growing revenues cable corporations generate from internet service which relies on the same hardware and public property as their pay-TV packages.

Restricting local government's ability to regulate non-cable services is not only a direct threat to the future of PEGs, it also impacts the City's ability to protect New Yorkers. The City must be able to pass laws that provide constituents with privacy and consumer protections that apply to internet service providers. Large corporations have repeatedly mishandled and misused consumer data. Data breaches at Marriott, Dunkin Donuts, and Dell compromised well over 500 million consumers just in the past few months.

Despite the FCC's claim that these rules would reduce barriers to entry and promote competition, they intentionally and significantly reduce costs for incumbent cable TV operators and I firmly believe these proposed rules will more firmly entrench existing companies and dissuade competition.

From my perspective, there is nothing in these proposed rules which provides any measurable benefit to New Yorkers and they threaten to destroy one of the most important ecosystems of small, local, original programing, and information services to underserved communities.