

**From Wayne's World to YouTube:
Communications Funding in an Era
of Diminishing Cable Revenues**

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OLO Report 2023-12

Executive Summary

December 12, 2023

The County Council requested this Office of Legislative Oversight (OLO) report to examine the structural soundness of the Cable Fund and the sufficiency of projected future year cable television revenues to continue to support government telecommunications and public information activities.

The County’s Cable System

Federal law governs the operation of cable systems in the United States. Cable operators must a “franchise” from a state or local government that permits an operator to construct/operate a cable system using the public right-of-way. Franchises in Maryland are issued by local governments and Montgomery County is the local “franchise authority” for the non-incorporated areas of the County and for most local municipalities.

The County has three cable franchises – with Comcast of Potomac, LLC, Verizon Maryland, LLC, and Starpower Communications, LLC (doing business as Astound Broadband). Comcast’s and Verizon’s franchise agreements expired in 2021 and the companies continue to operate under the terms of the expired agreements pending ongoing negotiations with the County. Starpower’s franchise agreement expires in 2031.

The County charges the cable operators a franchise fee of 5% of gross revenue, the maximum amount allowed under federal law. All funds from the franchisees flow into the County’s Cable Fund, which is separate and distinct from the County’s General Fund. Cable Fund resources can only be spent under a budget approved by the Council in accordance with an annual Cable Communications Plan proposed by the County Executive. Unlike Montgomery County, many jurisdictions across the country direct cable franchise revenues to their general funds to support general government spending.

Cord Cutting and Cable Fund Revenue and Expenditures

Cord cutting has caused a 38% decline in U.S. cable subscribers between 2014 and 2023 as viewers turn to what they perceive as less costly and more convenient options, such as video streaming services. County cable subscribers peaked at over 268,000 in 2015/ 2016 and have declined 24% to just over 202,000 in 2023. In the U.S. and Montgomery County, seniors are the demographic group most likely to retain cable service. A recent survey of County residents found that Black residents are more likely than others to identify cable television as a preferred source of information.

Because of the phenomenon of “cord cutting” – cable subscribers canceling cable subscriptions in favor of other viewing options – cable operators’ revenues have decreased with a corresponding decrease in the County’s cable franchise revenues. Cable Fund revenue decreased 32% from FY17 to FY24, from \$31.7M to \$21.7M, and revenues are projected to decrease an average of 8.3% annually from FY24 through FY29 and “current projections show [Cable Fund] revenue halved by FY31.”

Cable Fund expenditures declined 27% from FY17 to FY24, from a peak of \$29.4M to \$21.5M. The largest decline has been transfers to the General Fund, declining 87% from \$5.82M in FY17 to \$0.75M in FY24. The use of some Cable Fund expenditures is restricted (obligated to municipalities or for capital investments) and some unrestricted.

FY17 and FY24 Cable Fund Revenues

Revenue Source	FY17 Actual Revenues	FY24 Projected Revenues	Percent Change
Franchise Fees	\$18,080,040	\$12,704,332	-29.7%
PEG Capital Revenues	\$7,559,641	\$4,484,207	-40.7%
PEG Operating Revenues	\$5,410,922	\$3,138,392	-42.0%
All Other Revenues	\$695,790	\$1,417,490*	103.7%
TOTAL REVENUES	\$31,746,393	\$21,744,421	-31.5%

** Includes \$1.0 million for capital expenditures in return for MMC receiving \$0.5 million in PEG operating funding in FY23, FY24, and FY25.

FY17 and FY24 Cable Fund Expenditures (\$ thousands)

	FY17 Approved	FY24 Approved	Percent Change
Expenditures of RESTRICTED Resources	\$9,000	\$7,411	-17.7%
Restricted County Capital Expenditures	\$5,152	\$4,114	-20.1%
Municipal Operating Support	\$1,215	\$1,398**	15.1%
Municipal Franchise Fee Distribution	\$1,268	\$959	-24.4%
Municipal Capital Support	\$1,365	\$940	-31.1%
Expenditures of UNRESTRICTED Resources	\$20,357	\$14,118	-30.6%
Montgomery Community Media	\$2,604	\$3,047	17.0%
Community Technology*	\$1,589	\$1,719	8.2%
Montgomery College	\$1,621	\$1,707	5.3%
MCPS	\$1,743	\$1,681	-3.6%
FiberNet Operations*	\$3,784	\$1,524	-59.7%
County Media (PIO, Council, M-NCPPC)*	\$1,786	\$1,495	-16.3%
Community Engagement*	\$847	\$1,227	44.8%
General Fund Transfers	\$5,818	\$749	-87.1%
Digital Equity*	\$0	\$748	--
Connect Montgomery Alliance	\$565	\$222	-60.7%
TOTAL EXPENDITURES	\$29,357	\$21,529	-26.7%

* Includes proportional allocation of FY24 County Gov. compensation cost increases.

** Includes \$0.5 million in PEG operating funding for MMC in return for County receiving \$1.0 million for capital expenditures in FY23, FY24, and FY25.

Cable Fund Unrestricted Spending

Among other things, unrestricted Cable Fund revenues have routinely supported two telecommunications-related endeavors: (1) FiberNet, the County’s fiber optic telecommunications network, and (2) staffing and program development for public access, educational, and governmental (“PEG”) cable channels provided by the cable companies as a part of their franchise agreements.

FiberNet. County FiberNet construction began in 1995 to support the Advanced Transportation Management System and Local Area Network. Today, FiberNet connects to 628 sites to provide internet service; voice, data, and video transmissions; and other mission-critical functions such as public safety radio and mobile data systems. Agencies served by FiberNet include:

- County Government
- Montgomery County Public Schools
- Montgomery College
- Washington Suburban Sanitary Commission
- MD-National Capital Park & Planning Commission
- Housing Opportunities Commission, and
- Multiple municipalities

In recent years, the County Executive has moved most FiberNet operations funding from the Cable Fund to Department of Technology and Enterprise Business Solutions operating budget to insulate FiberNet from the continued revenue loss in the Cable Fund. In 1999, the Council approved a “chargeback” policy for agencies using FiberNet to contribute funding to FiberNet operations and maintenance. A 2005 revised chargeback policy endorsed by the Council and requiring agencies to pay a monthly fee per FiberNet site was never implemented.

PEG Channels. Federal law allows cable franchising authorities to require a set-aside of some number of cable channels for public, educational, and governmental access and use. Each of the County’s three franchise agreements requires the set-aside of PEG channels and there currently are nine PEG channels in the County. Six receive funding from unrestricted resources in the Cable Fund. The other three receive franchise fees and other revenues generated by cable subscribers in municipalities but receive no discretionary (non-restricted) funding from the Cable Fund.

Channel	Public, Educational, or Government	Unrestricted Funds?
County Cable Montgomery	Government	Yes
Montgomery Community Media – Access 19	Public Access	Yes
Montgomery Community Media – Channel 21	Public Access	Yes
Montgomery College Television	Educational	Yes
MCPS Television	Educational	Yes
Condado TV (Spanish language)	Educational/Government	Yes
Montgomery Municipal Cable	Government	No
Rockville 11	Government	No
Takoma Park City TV	Government	No

PEG Channels (cont.). All County PEG Channels broadcast timely and locally-oriented programming, including County and municipal legislative sessions; Board of Education sessions; elected official press conferences and town hall meetings; local news/public interest pieces; information about government programs and services; and coverage of local community, cultural, and sports events. These programs primarily include “fresh” content, i.e., programs broadcast live or produced shortly before airing on the PEG cable channels.

However, the combined broadcast hours of the five non-municipal PEG channels substantially exceed the airtime needed for locally-oriented programming and most additional content is not tailored specifically for Montgomery County audiences. OLO found many programs were produced five or more years ago and outside of the County. Examples include shows relating to health, arts/culture, religion, science, history, and international affairs, with many shows broadcast multiple times in a week.

Unrestricted Cable Fund resources for the five PEG channels supports staff, broadcast studios, and equipment for each entity. However, as cable subscribers have declined, PEG channels increasingly share content via internet-based platforms (e.g., YouTube, Twitter, Instagram). Staffing and equipment previously used to produce cable television content are now primarily used to produce short pieces (e.g., under four minutes) specifically designed for social media and similar platforms. The County does not have access to PEG channel viewership data; however, a recent survey found that only 5% of County residents receive information about County services/activities/events from cable television.

The Connect Montgomery Alliance (CMA) is an association of County PEG channel operators that includes County Cable Montgomery, Montgomery Community Media, MCPS-TV, MCTV, Montgomery Municipal Cable, Takoma Park TV, and Rockville Channel 11. Cable Fund resources support CMA operating costs including the cost of a part-time coordinator to assist in the collaboration and marketing of PEG content and productions. Since FY17, Cable Fund spending for CMA decreased almost 61%, primarily from the shift of closed captioning and other costs to Community Engagement. In the past decade, each Council-approved Cable Communications Plan has contained text encouraging shared resource use among PEG channels. To date, limited PEG channel resource sharing has occurred.

Digital Divide

A “digital divide” exists when certain demographic groups have disproportionate access to communications technology. Data from 2021 show that 92% of White and Asian County residents have access to high-speed broadband service compared to 83% of Black and Hispanic County residents. About 90% of County households without a person aged 65+ have high-speed broadband service compared to 84% of households with at least one person aged 65+. Resources from the County’s Cable Fund support a set of digital equity programs including free computers for low-income residents, free high-speed internet service to low-income and special needs residential communities, technology training for seniors, and extension of broadband service to rural areas.

Interagency Governance

Currently, no single entity or position has binding authority to coordinate PEG channels resource sharing, prioritize programming, or manage spending. PEG channels address common concerns and coordinate activities through the CMA, but the group lacks authority to mandate budgetary actions. In addition, an interagency technology coordination group that the Council charged with developing and implementing a FiberNet cost sharing strategy has not met since before the pandemic.

Taxing of Telecommunication Services

Currently, federal law does not regulate video streaming services such as Netflix and Hulu in the same way as it regulates cable. Many local jurisdictions have attempted to tax or receive fees from video streaming services, which have routinely challenged the legality of these taxes in court, sometimes successfully, sometimes not. Whether courts will uphold certain attempts to tax video streaming services is unsettled in some jurisdictions. The cities of Chicago and Evanston, Illinois have successfully implemented amusement taxes on streaming services.

Maryland law limits local jurisdictions' taxing authority, prohibiting, for example, local taxation of alcoholic beverages, gasoline, and motor vehicle registrations. And with very limited exceptions, local Maryland jurisdictions cannot implement sales and use taxes – general consumption taxes on the purchase of goods or services at the point of sale. Outside of these types of state prohibitions, the Council has broad taxing authority under County law.

Discussion Questions and Recommendations

OLO Discussion Questions: OLO offers five discussion questions for Council consideration.

- 1. Is the current structure of funding portions of County telecommunications and public information expenditures through cable television franchise revenues sustainable? Does the current structure for funding telecommunications investments align with the current state of technology, information dissemination, and customer preferences?**

OLO has concluded that the current structure of funding County telecommunications and public information activities through cable franchise revenues is most definitely not sustainable and does not align with the current state of technology, information dissemination, and customer preferences. The Council should consider how to modify the County's telecommunications budget to reflect current conditions more accurately.

- 2. Should the County continue its policy of channeling cable franchise revenues into a Special Fund separate from the General Fund?**

OLO suggests that the Council review the advantages and disadvantages of retaining or eliminating the Cable Television Special Fund and decide – one way or the other – how to proceed in future budgets.

3. As the Cable Fund revenues continue to decline, do strategies exist to reduce spending on activities historically supported by the Fund? How should the County prioritize the use of increasingly scarce Cable Fund dollars?

OLO suggests that the Council consider how best to prompt PEG channels to share resources in a manner that reflects the budget squeeze prompted by plummeting Cable Fund revenues. Given shifts in how both governments and individuals disseminate information, the Council should engage in a discussion with stakeholders as to whether consolidation of cable television PEG channel airtime could reduce costs while still providing locally oriented content to those who still view cable television.

4. What possible methods exist to generate additional resources for County telecommunications operations and infrastructure and public information activities?

Councilmembers may wish to consider the advantages and disadvantages of strategies to replace lost cable franchise revenues including establishing a new tax, generating revenue from FiberNet, re-evaluating FiberNet chargebacks, earmarking certain existing resource streams to support telecommunications and public information activities, and raising telecommunication infrastructure application fees.

5. Is the current governance structure appropriate to oversee restructuring of interagency telecommunications and public information spending and resource sharing?

OLO suggests that the Council discuss governance structures that can best implement Council-directed policies for PEG channel resource sharing and best coordinate interagency telecommunication practices.

OLO Recommendations: OLO has concluded that the current structure of funding County telecommunications and public information activities through cable franchise revenues is not sustainable and does not align with the current state of technology, information dissemination, and resident preferences. A new paradigm is necessary to re-invent how the County funds items previously supported by the Cable Fund.

Phase One: OLO recommends the Council take the following initial steps to re-invent how the County funds items previously supported by the Cable Fund.

- **Recommendation #1: Governance:** OLO recommends that the Council establish a PEG channel governing entity, if possible, by the end of FY24. The Council should decide on the structure of the PEG channel governing body after soliciting input from the County Executive, MCPS, Montgomery College and the members of the Connect Montgomery Alliance on the composition and organizational structure of the governing entity. In a related but separate matter, OLO further recommends that the Council direct the ITPCC to reconvene to consider future funding strategies for FiberNet.

- **Recommendation #2: Potential New Revenue Sources**: OLO recommends the GO Committee collect information and consider options regarding establishment of an excise tax on video streaming services.
- **Recommendation #3: Telecommunications Infrastructure Fees**: OLO recommends the Council request that the Executive submit an Executive Regulation updating telecommunications infrastructure application fees to reflect the current costs of processing these applications.

Phase Two: OLO recommends two subsequent steps to follow the establishment of the governance structure described in Recommendation #1.

- **Recommendation #4a: PEG Channel Resource Sharing Plan**: The Council should direct the newly established PEG channel governing entity to develop a resource sharing plan to reduce collective PEG spending on facilities, equipment, and/or staffing.
- **Recommendation #4b: PEG Channel Programming Priority Plan**: Following completion of the resource sharing plan, the Council should direct the PEG channel governing entity to develop a programming priority plan. This plan should identify the types of PEG programming that is most essential to the residents of Montgomery County and should identify strategies for directing finite resources to the highest priority programming.

Phase Three: OLO recommends three additional steps, all related to whether the County should continue to dedicate resources exclusively for telecommunications and public information purposes.

- **Recommendation #5a: Cable Television Special Fund**: OLO recommends that the Council decide on whether to retain the Cable Television Special Fund prior to the FY26 budget review. This timeframe would allow the Council to determine the future of the Special Fund with greater clarity as to whether additional revenues sources may become available and whether progress has been achieved in PEG cost controls.
- **Recommendation #5b: Earmarking Additional Resources**: OLO recommends that the Council consider whether to earmark additional revenue streams for telecommunications and/or public information purposes concurrent with its consideration of whether to retain or abolish the Special Fund.
- **Recommendation #5c: FiberNet Chargebacks**: OLO recommends that the Council consider whether to direct the ITPCC to re-establish FiberNet chargebacks concurrent with its consideration of whether to retain or abolish the Special Fund.

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Chapter 1. Introduction

Cable television transmits video programming to subscribers through physical cable infrastructure (as opposed to a broadcast signal, i.e., radio waves). Cable operators emerged in 1948 in areas of the United States that could not receive television broadcast signals. By 2010, over 105 million U.S. TV households were cable subscribers – some 90% of households with television. The growth of cable television and its expansion into U.S. households peaked in 2001 and then began to decline as other video viewing options perceived as less costly and more convenient grew, such as video streaming services (e.g., Netflix, Hulu, Amazon Prime Video).

The Federal Communications Commission oversees the regulation of cable services in the U.S. Federal law requires cable operators to obtain a franchise from a state or local government to construct or operate a cable system within the public right-of-way. Three companies currently have cable television franchises in Montgomery County – Comcast of Potomac, LLC, Starpower Communications, LLC,¹ and Verizon Maryland, Inc. Each company pays franchise and other fees to the County Government in return for their right to use the public right of way to operate their cable system.

County law requires all funds from the cable franchises flow into the County Government’s Cable Television Communication Fund (the “Cable Fund”), a special revenue fund. Cable Fund resources support various County telecommunications initiatives including, broadband and digital equity programs, Public, Educational, and Government (PEG) programming, and operation of the County’s FiberNet telecommunications network.

The number of cable subscribers in Montgomery County peaked at more than 268,000 in 2015 and 2016 and has steadily declined to just more than 202,000 in 2023. As the number of cable subscribers in the County decreased, revenues into the Cable Fund decreased 31.5% - from a high of \$31.7 million in FY17 to a projected \$21.7 million in FY24.

The County Council requested this Office of Legislative Oversight (OLO) report to examine the structural soundness of the Cable Fund and the sufficiency of projected future year cable television revenues to continue to support government telecommunications and public information activities. This report describes the legal framework that governs cable operators and governs Cable Fund revenue generation and expenditures, the history of the Cable Fund including revenues and expenditure data, and national trends in cable and streaming subscriptions. The report presents the Council with a series of discussion questions and recommendations for future action.

¹ Starpower currently operates under the tradename “Astound Broadband.”

The report is organized as follows:

- **Chapter 2** summarizes the laws and County contracts governing cable television operators and cable franchising authorities in the United States and Montgomery County;
- **Chapter 3** presents an overview of private and County broadband infrastructure and services and discusses disparities in broadband access and “digital equity” efforts in the County;
- **Chapter 4** provides a brief history of cable television and describes the trend of declining cable subscriptions known as “cord cutting;”
- **Chapter 5** describes the requirement established in County law for the County Executive to prepare, and for the County Council to approve, a “Cable Communications Plan;”
- **Chapter 6** describes the programming content currently broadcast on County public, educational, or governmental (PEG) cable television channels provided by the cable operators;
- **Chapter 7** details annual revenues and expenditures from the Cable Fund and the declines in revenues and expenditures that have occurred in recent years;
- **Chapter 8** describes how other jurisdictions derive revenue from telecommunication sources such as video streaming services;
- **Chapter 9** summarizes OLO major findings; and
- **Chapter 10** presents discussion questions and recommendations for Council consideration.

Methodology and Acknowledgements. Office of Legislative Oversight (OLO) staff members Aron Trombka and Leslie Rubin conducted this study, with assistance from Karen Pecoraro. To prepare this report, OLO gathered information through online research, document reviews, data analysis, and interviews with County Government staff, representatives from the organizations that operate the seven public, educational, and government (PEG) access channels in Montgomery County, and representatives from Montgomery County Public Schools. OLO received a significant level of cooperation from everyone involved in this study and greatly appreciates the information shared and the insights provided by all who participated. In particular, OLO thanks the following:

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Chapter 2. Regulation of Cable and Montgomery County Cable Franchises

Cable television is a service that transmits video programming to subscribers through a coaxial or fiber optic cable as opposed to a broadcast signal (i.e., radio waves). Before 1948, television channels broadcast programs via radio waves that were picked up by the antenna of a television set. However, televisions in mountainous regions and remote areas of the U.S. often could not pick up broadcast signals. In response, in 1948, companies began building large antennas on mountains or elevated ground to receive broadcast signals and connected homes directly to the antennas via cables.¹ In 1952, 70 companies were providing cable television services (“cable operators”) to approximately 14,000 subscribers across the U.S. In 2022, there were an estimated 76.0 million cable subscribers in the U.S.²

The Federal Communications Commission (FCC), a U.S. government agency, oversees the regulation of cable operators in the U.S.³ Federal law requires cable operators to obtain a franchise from a state or local government (“franchising authority”) to operate in an area.⁴ In this context, a “franchise” is an authorization by a state or local government to a cable operator to construct or operate a cable system within the public right-of-way.⁵

Numerous states have laws that permit cable operators to receive a statewide franchise agreement and restrict the authority of local governments to require a local franchise agreement. Maryland does not. Cable operators in Maryland receive franchises through local governments.⁶ Montgomery County is the local “franchise authority” for the non-incorporated areas of the County and, by agreement, for most local municipalities. The County’s Office of Broadband Programs (OBP) in Technology & Enterprise Business Solutions (TEBS) administers the County’s cable television franchise agreements.⁷

This chapter summarizes the laws and County contracts relevant to this report governing cable television operators and cable franchising authorities in the United States and, more specifically, in Montgomery County. The chapter is organized as follows:

- Section A summarizes federal law on cable regulation relevant to the topics in this report; and
- Section B describes the County’s cable law and current cable franchise agreements.

¹ [History of Cable TV](#), SeatUp.com Blog.

² [Number of Cable TV Subscriptions](#), Business Environment Profiles – United States, IbisWorld.

³ See [47 U.S.C. § 521](#), et seq. Established under the Communications Act of 1934, the FCC “regulates interstate and international communications by radio, television, wire, satellite and cable.” FCC, [What We Do](#).

⁴ 47 U.S.C. § 541.

⁵ 47 U.S.C. § 522.

⁶ Md. Code Ann., Local Government Article, [§ 1-708\(c\)](#); [§ 5-204\(d\)\(2\)](#); [§ 10-312](#).

⁷ [About OBP](#), Office of Broadband Programs, TEBS. See also, Montgomery County Code (MoCo Code), [Chapter 8A](#), Cable Communications.

A. Federal Law Governing Cable Franchises

The Communications Act of 1934, which established the FCC, originally authorized the agency to regulate telephone, telegraph, and radio communications. As technology has progressed, the FCC's jurisdiction has expanded to include regulation of cable television and the internet. The discussion in this chapter is limited to the regulation of cable television and more specifically, to the laws and regulations governing payments from cable operators to cable franchise authorities.

Beginning in 1965, the FCC asserted jurisdiction over cable operators and began issuing rules establishing standards and requirements governing franchises, signals, ownership, and other areas. Congress adopted the Cable Communications Policy Act of 1984 (Cable Act), which officially codified the FCC's authority over cable service in federal law.⁸ Congress amended the Cable Act in 1992⁹ and 1996.¹⁰ Among other things, the Cable Act governs:

- Cable operator ownership;
- Fee payments from cable operators to government entities;
- Franchise provisions and renewals;
- Limits on franchising authorities;
- Subscriber rates and privacy; and
- Jurisdictional boundaries.¹¹

The FCC has issued regulations interpreting the Cable Act.¹² Beginning in 2007, the FCC has issued several orders amending its interpretation of the Cable Act.¹³ The FCC issued the latest order (the "Third Order") in 2019. Executive Branch staff report that these and other FCC orders over the years have narrowed regulatory and community media requirements for cable operators.

Cable operators use public rights-of-way to house the cables that distribute TV signals to cable subscribers – typically placing cable underground or on poles owned by local utility companies.¹⁴ In return for the use of the right-of-way, franchising authorities may:

⁸ [Public Law 98-549](#), 98 Stat. 2779.

⁹ Cable Television Consumer Protection and Competition Act of 1992, [Public Law 102-385](#), 106 Stat. 1460.

¹⁰ Telecommunications Act of 1996, [Public Law 104-104](#), 110 Stat. 56.

¹¹ [Cable Television](#), Policy Division, FCC.

¹² [47 Code of Federal Regulations §§ 70-79](#).

¹³ [First Order](#) (2007), [Second Order](#) (2007), [Reconsideration Order](#) (2015), [Third Order](#) (2019), FCC

¹⁴ 47 U.S.C. § 541(a)(2); [Cable Television](#), Policy Division, FCC.

- Require that cable operators pay the franchising authority a franchise fee;
- Require that cable operators provide some of their channel capacity for public access, educational, and/or governmental use (called “PEG” channels); and
- Require that cable operators provide capacity for educational and governmental use on communication networks constructed by cable companies that typically are available only to non-residential subscribers – called “institutional networks” or “I-Net”.¹⁵

The Cable Act limits franchise fees to a maximum of 5% of a cable operator’s gross annual revenue derived “from the operation of the cable system to provide cable services” in the jurisdiction.¹⁶ The Act excludes certain payments by a cable operator to a franchise authority from inclusion in the 5% franchise fee, including:

- Any tax, fee, or assessment of general applicability by the franchising authority;
- Capital costs required by a franchising authority for cable operator provision of PEG channels; and
- Costs paid by a cable operator associated with the award or enforcement of a franchise.¹⁷

B. Montgomery County Cable Franchise Agreements

Chapter 8A of the Montgomery County Code outlines County law on the regulation of cable franchises.¹⁸ The laws sets franchise fees at 5% of a franchisee’s gross revenue, the maximum amount allowed under federal law.¹⁹ The law also requires that all funds received by the County from a cable franchisee be spent only under a budget approved by the Council and in accordance with an annual cable communications plan proposed by the County Executive.²⁰ See Chapter 5 for more detail on the cable communications plan and budget requirements.

Requirements in the law include:

- Cable operators must receive a franchise from the County to operate a cable system;
- A cable system must have a minimum of 54 channels available for use;
- A process for review of an application for a franchise or a change to a franchise;
- Minimum insurance, facility, and service requirements for franchisees; and
- Prohibitions on discrimination in providing services to cable subscribers.²¹

¹⁵ 47 U.S.C. §§ 531, 542.

¹⁶ 47 U.S.C. § 542(b).

¹⁷ 47 U.S.C. § 542(g)(2).

¹⁸ Montgomery County Code (MoCo Code), [§ 8A-1, et seq.](#)

¹⁹ *Ibid.* § 8A-12(a).

²⁰ MoCo Code, § 8A-27.

²¹ *Ibid.* §§ 8A-4, -8, -10, -11, -15.

This section provides:

- A brief description of the primary components of franchise agreements; and
- A more detailed description of the revenue and/or other goods that cable operators will provide under the agreements.

1. Franchise Agreement Information

Montgomery County awarded its first cable franchise to Tribune-United in 1983. The County currently has cable franchise agreements with three companies – Comcast of Potomac, LLC, Starpower Communications, LLC,²² and Verizon Maryland, Inc. The status of each franchise agreement is:

Cable Franchisee	Original Franchise	Current Contract Began	Current Contract Expiration
Comcast of Potomac, LLC	1998	April 1, 2016	<i>Dec. 31, 2021</i>
Starpower Communications, LLC	1999	July 1, 2016	June 30, 2031
Verizon Maryland, Inc.	2006	Nov. 28, 2006	<i>Nov. 27, 2021</i>

Verizon’s and Comcast’s franchise agreements expired in 2021 and Starpower’s expires in 2031. In November 2021, Verizon and Comcast sent separate letters to the County indicating that each company would continue to provide cable service under the terms of the expired franchise agreements as the County and the companies negotiate renewed agreements. As of the release of this report, the County and cable operators have not signed new franchise agreements and are still in negotiations.

Among other things, the franchise agreements:

- Authorize the cable operators to construct, operate, and maintain a cable system in the County’s right-of-way “for the sole purpose of providing Cable Service”;²³
- Authorize the County to administer the franchise agreements on behalf of municipalities that want to participate in the agreements (see Table 2-1 below);²⁴
- Describe the areas in the County where the cable operator will provide service and when they are required to expand service to additional areas in the County;²⁵
- Outlines minimum requirements for the technological capabilities of the infrastructure;²⁶

²² Starpower currently operates under the tradename “Astound Broadband.”

²³ Comcast § 2.1.1; Starpower § 2(a)(1); Verizon § 2.1.1.

²⁴ Comcast § 2.1.2; Starpower § 2(a)(3); Verizon § 2.1.2.

²⁵ Comcast § 3.1; Starpower Exhibit B; Verizon § 3.1.

²⁶ Comcast § 5; Starpower § 5; Verizon § 5

- Establishes minimum customer service standards expected of the cable operator;²⁷ and
- Requires the system be built to be able to interconnect with the County’s institutional network by direct fiber optic connection.²⁸

The Verizon and Comcast franchise agreements include language stating that the cable operators also intend to provide non-cable services via the cable infrastructure.²⁹

The franchise agreements state that the County will administer the franchise agreements and County law for participating municipalities.³⁰ The next table lists the municipalities included in each contract. The Comcast and Verizon franchise agreements include the same 18 municipalities. The Starpower franchise agreement includes 14.

Table 2-1. Participating Municipalities Listed in Cable Franchise Agreements

Comcast	Starpower	Verizon
Barnesville		Barnesville
Brookville		Brookville
Chevy Chase Section 3	Chevy Chase Section 3	Chevy Chase Section 3
Chevy Chase Section 5	Chevy Chase Section 5	Chevy Chase Section 5
Chevy Chase View	Chevy Chase View	Chevy Chase View
Chevy Chase Village	Chevy Chase Village	Chevy Chase Village
Town of Chevy Chase	Town of Chevy Chase	Town of Chevy Chase
Garrett Park	Garrett Park	Garrett Park
Glen Echo	Glen Echo	Glen Echo
Kensington	Kensington	Kensington
Laytonsville		Laytonsville
North Chevy Chase	North Chevy Chase	North Chevy Chase
Poolesville		Poolesville
Rockville	Rockville	Rockville
Somerset	Somerset	Somerset
Takoma Park	Takoma Park	Takoma Park
Washington Grove	Washington Grove	Washington Grove
Village of Martin’s Additions	Village of Martin’s Addition	Village of Martin’s Additions

Source: Comcast Exhibit A, Starpower Exhibit A, Verizon Exhibit A

The city of Gaithersburg negotiates and administers its own cable franchises. Starpower does not operate in Barnesville, Brookville, Laytonsville, or Poolesville.

²⁷ Comcast Exhibit C; Starpower § 9; Verizon Exhibit D.
²⁸ Comcast § 5.1.13; Starpower 5(d); Verizon § 5.1.13
²⁹ Comcast § 2.2; Verizon § 2.2.
³⁰ Comcast § 2.1.2; Starpower § 2(a)(2), (3); Verizon § 2.1.2.

2. Monetary and Material Requirements in the Franchise Agreements

The franchise agreements require the cable operators to provide the County:

- A franchise fee;
- Financial grants to support PEG and institutional network capital expenses (see Chapter 7);
- Cable service to public buildings; and
- Channel capacity for public access, educational, and/or governmental (PEG) use – Comcast - up to 14 channels; Starpower - up to 13 channels; Verizon - up to 11 channels.

In addition, Comcast, as a part of its franchise agreement, built part of the County’s Institutional Network (“I-Net”), which consists of fiber and associated facilities that link educational and governmental facilities in the County. The next table summarizes these requirements for each cable operator.

Table 2-2. Summary of Relevant Requirements in Latest Montgomery County Cable Franchise Agreements

	Comcast	Starpower	Verizon
Franchise Fees	5% of franchisee’s annual gross revenues from operation of the cable system in the franchise area (§ 7.1)	5% of franchisee’s gross revenues from operation of the cable system in the franchise area (§§ 1(t), 8(a))	5% of franchisee’s annual gross revenues from operation of the cable system in the franchise area (§ 7.1)
PEG and I-Net Grants	3% of franchisee’s annual gross revenues for “PEG and institutional network capital expenses as determined by the County” (§ 6.2)	3% of franchisee’s gross revenue for “PEG and Institutional Network purposes as determined by the County.” (§ 8(b))	3% of franchisee’s annual gross revenues for “PEG and institutional network capital expenses” (§ 6.2)
Cable and Internet Services	Basic cable service, converters, and some infrastructure to public buildings served by Comcast when the agreement goes into effect, plus service to 3 additional public buildings per year for the term of the agreement (§ 3.3); 50 cable modems and internet service “currently installed and in use by County agencies” (Exhibit D)	Cable service for four locations in City of Takoma Park; service at one PEG location in a participating municipality with at least 100 subscribers; service to all MCG and MCPS owned or operated facilities w/in 500’ of the cable system (§ 7(n)); provision of cable channel signals that the County may convert to internet protocol television (IPTV) signals for distribution over FiberNet (Exhibit F)	Cable service for up to 100 buildings used for public purposes, converters, and some infrastructure (§ 3.3)
PEG Services	Up to 14 PEG channels (of which up to 5 will be HD channels) (§ 6.1)	Up to 13 SD PEG channels w/ interface enabling activation as HD channels (§ 7(a), (b)); capacity for up to 40 hours of video-on-demand PEG programming of the County’s choosing (§ 7(i))	Up to 11 PEG channels w/ option for County to request 2 more analog access channels (13 total) (§ 6.1.1)
Institutional Network	“[A]n exclusive, irrevocable, and indefeasible right to use the C-Net,” which are fiber and facilities build by Comcast under a 1998 franchise agreement and make up part of the County’s Institutional Network (along with Fibernet) (Exhibit D)	“Shall provide an institutional network acceptable to the County” (§ 7(o)); In lieu of an institutional network: discounted high speed internet service connectivity, cable modem service, IP addresses, Metro Ethernet connections in Takoma Park, COB (Exhibit F)	n/a

Chapter 3. Broadband Communications in Montgomery County

The term “broadband” refers to the transmission of wide bandwidth data over a high-speed connection. Broadband transmissions may occur via various types of technology. Cable television was one the earliest forms of broadband communication. Today, broadband is most commonly associated with internet accessed via cable modem, fiber optic, satellite, and wireless connections. This chapter presents an overview of private and County broadband infrastructure and services. The chapter further discusses disparities in broadband access and “digital equity” efforts to redress these disparities.

A. Private Broadband Infrastructure and Services

The private sector provides a range of broadband services to County residents and businesses. Currently, the most ubiquitous means of providing broadband access is through wired fiber optic connections and wireless connections. Fiber optic technology converts electrical signals carrying data into light and then transmits the light through transparent glass fibers to the customer’s fixed location device. Wireless technology uses a radio link to connect the service provider with a customer’s mobile or fixed location device. To deliver broadband services to customers, private companies rely on network infrastructure including physical structures such as cables laid in public rights-of-way, telecommunications towers, and switching center¹ buildings.

Private telecommunications companies use these technologies to deliver internet, streaming, and cellular telephone services to the devices of customers who pay subscription fees or other charges to the provider. Available services include cable television, on-demand or live video streaming, landline telephone, cellular telephone, fixed location internet, mobile internet, and other services sold either individually or in bundles. See Chapter 4 of this report for a discussion of recent trends in consumer broadband preferences.

No-cost programming is still available to County residents via over-the-air broadcast television and radio, which remain available to those who have a working television antenna and receiver. Recently, the private sector has begun to offer free or low-cost streaming services to those who have internet service. Most free or low-cost broadcast and streaming services generate revenue from advertisements where programming is interrupted by commercials that cannot be skipped.

¹ A switching center is a facility that connects different telecommunication modes, such as connections between mobile users in one network and mobile users in another network.

B. County Broadband Infrastructure – FiberNet

Montgomery County’s government-owned fiber optic telecommunications network is known as “FiberNet.” The County established FiberNet in 1995 to support the County’s local area network (LAN) as well as the Department of Transportation’s Advanced Transportation Management System, a communications system that links traffic signals, traffic incident detection devices, variable message signs, roadway video cameras, traffic advisory broadcasting equipment, and other related infrastructure. In subsequent years, the County expanded the use of FiberNet to accommodate a wide range of government broadband communications requirements. Today, FiberNet provides the high-speed telecommunications infrastructure and LAN for County agencies including the County Government, Montgomery County Public Schools, Montgomery College, Maryland-National Capital Planning Commission, Washington Suburban Sanitary Commission, Housing Opportunities Commission, and multiple municipalities.

FiberNet provides internet service to County agencies and supports voice, data, video transmissions, and other mission-critical functions such as the County’s public safety radio and mobile data systems. The Department of Technology and Enterprise Business Solutions (TEBS) operates a 24-hour Network Operations Center to monitor FiberNet service and security and to conduct network maintenance and repairs to retain service levels and to respond to disruptions. TEBS also upgrades equipment to ensure that FiberNet continues to have sufficient capacity to meet the growth in demand for broadband capacity among County agencies.

At present, FiberNet consists of approximately 650 miles of fiber connecting 628 sites. About three-quarters of the network infrastructure is installed aurally as attachments to utility poles; the remaining quarter transverses County-owned underground conduit. Over the past three decades, the County has continually upgraded FiberNet to accommodate ever-growing telecommunications requirements, expanding bandwidth and functionality to meet current and projected long-term requirements in a cost-effective manner. The most recent iteration of the network, known as “FiberNet 3,” will enhance the ability to support cloud services, data storage and retrieval, and video transmission. In addition, the County recently extended FiberNet to access a Tier 4 data center in Ashburn, Virginia. (A Tier 4 data center meets the highest standards for fault tolerance and redundancy with expected service uptime of 99.995%.)

The County has funded capital construction of FiberNet infrastructure through a combination of revenues from cable franchisees, County resources (both current revenue and bond funding), and federal assistance. Revenues from cable franchisees include grants used to support the construction of FiberNet, the County’s “institutional network.” The County also received federal support for FiberNet construction, most notably, from the American Recovery and Reinvestment Act of 2009 and the American Rescue Plan Act of 2021.

C. Digital Equity

In today's society, access to technology and broadband service is essential for residents to succeed in education, find employment, obtain government services, and participate in civic and cultural activities. A "digital divide" exists when certain demographic groups have disproportionate access to communications technology.

The National Digital Inclusion Alliance (NDIA) defines the digital divide as "the gap between those who have affordable access, skills, and support to effectively engage online and those who do not. As technology constantly evolves, the digital divide prevents equal participation and opportunity in all parts of life, disproportionately affecting people of color, Indigenous peoples, households with low incomes, people with disabilities, people in rural areas, and older adults."²

Census data indicate the presence of a digital divide among Montgomery County residents. Data from 2021 show that 92% of White and Asian residents in the County have access to high-speed broadband service; in contrast, only 83% of Black and Hispanic residents enjoy similar access. In addition, about 90% of County households without a person aged 65 or older have high-speed broadband service, while 84% of households with at least one person aged 65 or older have access to that technology.³

Digital equity initiatives work to counteract the digital divide. The NDIA defines digital equity as "a condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy."⁴ Resources from the County's Cable Fund support a set of digital equity programs collectively known as "Montgomery Connects." According to TEBS, the goal of Montgomery Connects "is for every resident and business to be part of our shared digital world.... by helping people to get access to computer devices, needed technology training, affordable home broadband services and subsidies, and public Wi-Fi access points."⁵ Montgomery Connects programs include:

- **Free Loaner Laptop Computers:** The County's "Computer for You" program provides new loaner laptop computers to low-income County residents. The County originally distributed 57,000 laptops to residents and is now working to distribute an additional 62,000 laptops to low-income households. Eligible residents include library patrons and students who certify they do not have a computer as well as those who qualify for the Supplemental Nutrition Assistance Program

² National Digital Inclusion Alliance, *The Words Behind Our Work: The Source for Definitions of Digital Inclusion Terms*, <https://www.digitalinclusion.org/definitions/>.

³ US Census Bureau, *American Community Survey for Montgomery County, Maryland, 5-year Estimates Public Use Microdata Sample for 2021*.

⁴ *Op. cit.*, National Digital Inclusion Alliance.

⁵ Montgomery County Department of Technology and Enterprise Business Solutions, *Montgomery Connects*, <https://montgomerycountymd.gov/obp/montgomery-connects.html>.

(SNAP), Medicaid, Supplemental Security Income, Veterans Pension and Survivors Benefit, Free or Reduced-Price School Lunch, Pell Grants, Receive Housing Choice Vouchers, Project-Based Rental Assistance or live in a household with earnings less than 200% of the federal poverty rate. TEBS estimates that, to date, 85% of computers were distributed to households earning less than \$50,000 per year, 74% went to Black and Latino residents, 64% were distributed to Black and Latino residents in households earning less than \$50,000 per year, 39% were distributed to Black and Latino residents in households earning less than \$25,000 per year, 13% when to seniors aged 60 and older, and 89% of computers went to seniors earning less than \$50,000 per year.

- Internet Service Subsidy: TEBS assists residents enroll in the Federal Affordable Connectivity Program (ACP) that offers a subsidy up to \$45 per month for qualified residents who apply to new or existing internet services. Eligible residents include those enrolled in a qualifying benefit program (e.g., SNAP, Medicaid), or earn less than 200% of the federal poverty rate.
- MoCoNet: The MoCoNet program delivers free, high-speed internet service to low-income and special needs residents living in select housing communities. At present, this program provides in-home Wi-Fi connectivity, security and other services to residents of six communities located in Rockville, Silver Spring, and Takoma Park. The County is in the planning stage to expand MoCoNet to two additional properties; the County currently is preparing a grant application for funding to expand MoCoNet to at least 13 additional locations.
- Wi-Fi at County Buildings: FiberNet provides Wi-Fi and broadband service at all County libraries and community centers, as well as most government buildings and many HHS health centers and clinics, where low-income residents may access free internet service and use free computers.
- Senior Planet Montgomery: Senior Planet Montgomery is a joint initiative between the County and AARP to provide technology training to adults 60 years of age and older. This initiative offers online and in-person classes on topics such as choosing a new computer, video conferencing, protecting online privacy, and use of cell phone apps to more than 4,000 residents annually.
- Rural Broadband: The County has surveyed the Agricultural Reserve to identify unserved areas and gaps in broadband infrastructure. Working with the federal and State of Maryland governments as well as private internet service providers, the County is working to fund and construct the fiber infrastructure to close internet service gaps.

Chapter 4. Viewership Trends

This chapter provides a brief history of cable television and describes the trend of declining cable subscriptions known as “cord cutting.”

A. Brief Overview of the History of Cable Television

The first transmission of broadcast television channels via cable occurred in Arkansas, Oregon, and Pennsylvania in 1948. Rural communities that had poor reception of broadcast television signals erected large antennas at high elevation sites. Cable lines then transmitted the broadcast signals received by the antennas to subscribing homes in distant locations. By the 1960s, cable televisions had expanded to about 800 local systems throughout the United States. National cable networks (such as HBO, C-SPAN, ESPN, and CNN) emerged in the 1970s and early 1980s.¹ Montgomery County awarded its first cable franchise in 1983. As detailed in Chapter 2, major federal legislation governing cable communications in the United States was enacted in 1984 and amended in 1992 and 1996.

The number of cable networks and the number of homes with cable television grew rapidly into the 21st Century. As observed by *Forbes*, “in the early 2010s the cable television industry was in its zenith. In October 2010, over 105 million U.S. TV households were pay-TV subscribers, a penetration of over 90% of TV homes.”² By 2014, cable television generated more than \$10 billion in advertising revenue, surpassing that of broadcast television for the first time.³

B. Cord Cutting

The growth of cable television and its expansion into more and more U.S. households ended abruptly in the mid-2010s as the practice of “cord cutting” became commonplace. The term, “cord cutting,” refers to the canceling of cable subscriptions in favor of other video viewing options that are perceived as less costly and more convenient. Alternative video options typically require an internet connection and may also require the viewer to pay a subscription fee. Most consumers continue to receive wired internet service from the same company that provided cable television, but the internet-based service is defined as broadband not cable, and is not subject to cable franchise fees.

As cord cutting precipitated a decrease in cable subscriptions, revenue to governments in the form of franchise and other subscription-based fees suffered a parallel decline. As a corollary affect, the

¹ NCTA, Cable’s Story, <https://www.ncta.com/cables-story>.

² “The Rise And Fall Of Cable Television,” *Forbes* (Nov. 2, 2020). Pay TV subscribers includes both cable and satellite television subscribers.

³ *Ibid.*

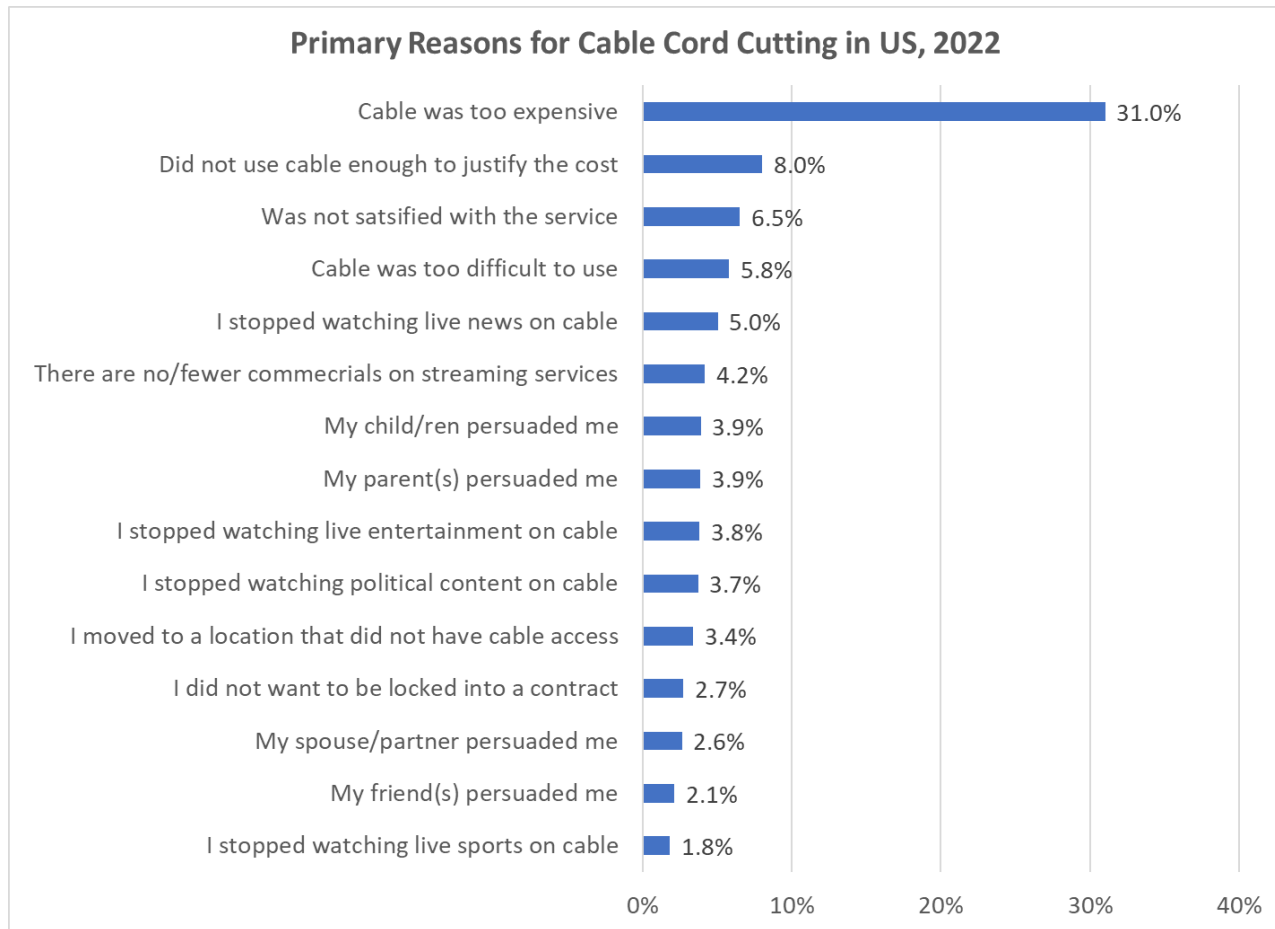
reduction in cable subscribers prompted PEG channels in Montgomery County and throughout the U.S. to adopt alternative technologies (such as the Internet and social media) to share content with interested audiences.

C. Cord Cutting and the Decline of Cable Television

Several factors contributed to the rapid change in viewership practices away from cable television. Most notably, the advent of video streaming services offered consumers more flexible options than cable television. While cable television requires a physical connection to a fixed-location device, video streaming services provide video content directly to viewers via an internet-connected device (e.g., computer, apps on mobile devices, video game consoles, SmartTVs).

In addition, while most programming on most cable channels is interrupted by advertisements, many streaming services offer advertisement-free content (at times, through a premium subscription). In addition, cable television mostly features scheduled programming while streaming services better meets the needs of today's consumers who prefer on-demand content that is accessible at times most convenient to the viewer.

Over and above the factors mentioned above, cable television has become less attractive to many consumers because of its perceived higher cost relative to alternative technologies. A 2022 consumer survey listed the 20 primary reasons given for cord cutting. As shown in the chart below, the high cost of cable television registered as the most common reason for cord cutting.

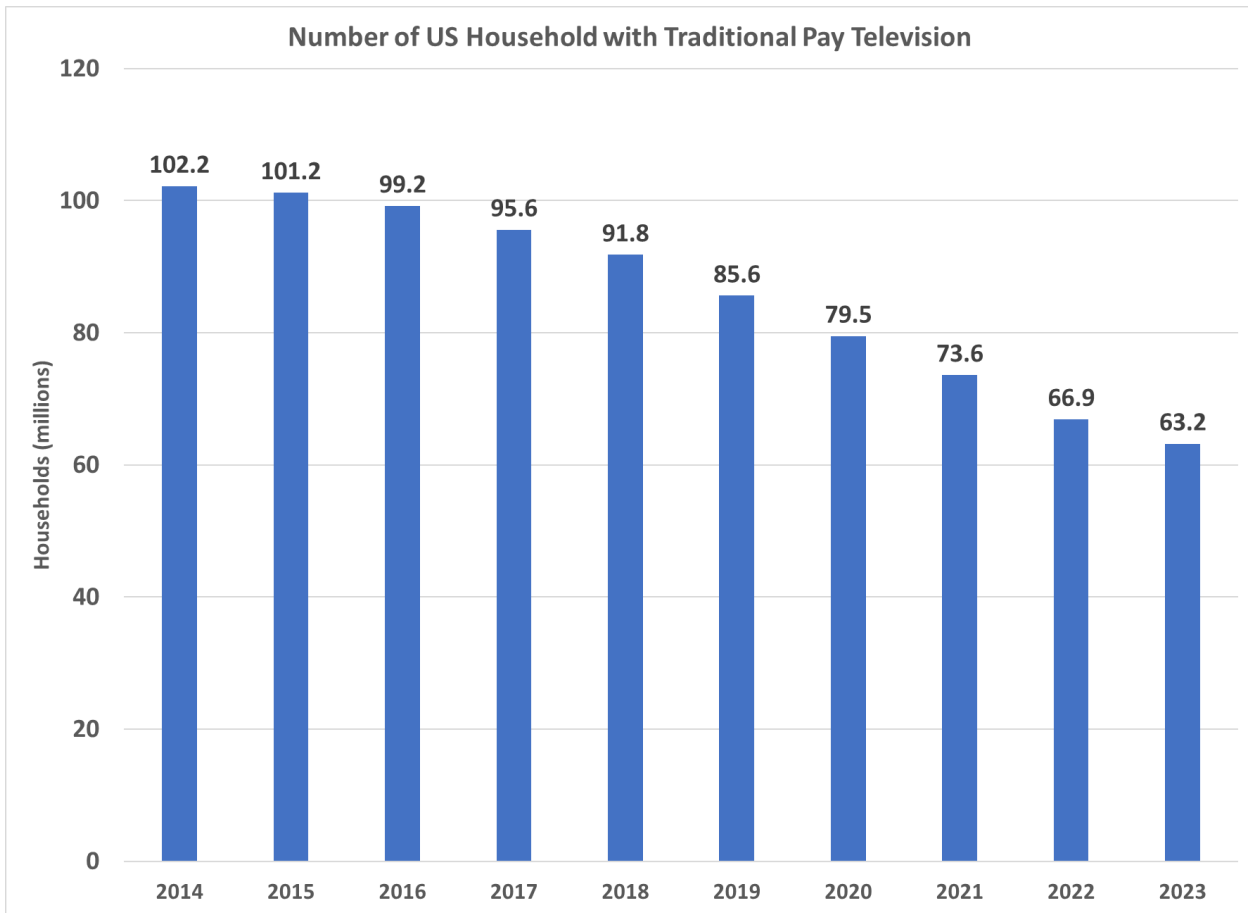


Source: Statista, “[Primary reasons for cutting the cord in the United States as of 2022](#)” (March 22, 2022)

Cord cutting has had a pronounced effect on the number of households that subscribe to cable television services both nationally and in Montgomery County. As shown in the chart below, the number of U.S. households with traditional pay television⁴ has dropped from 102 million in 2014 to 63 million in 2023, a 38% decline over the course of one decade.⁵

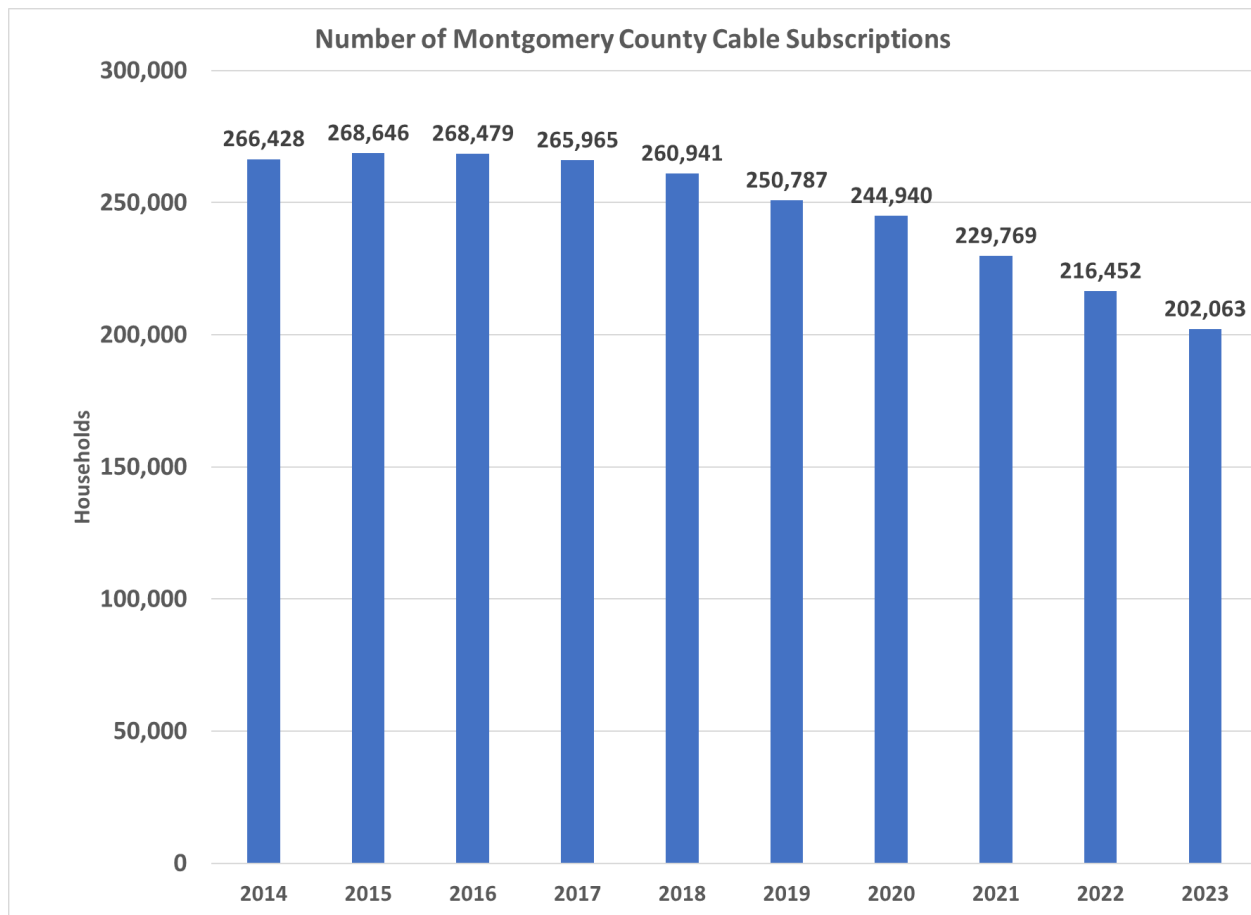
⁴ For this data set, the term “traditional pay television” refers to cable, satellite, and telephone service provider television.

⁵ Source: nScreenMedia, [US Traditional Pay TV](#).



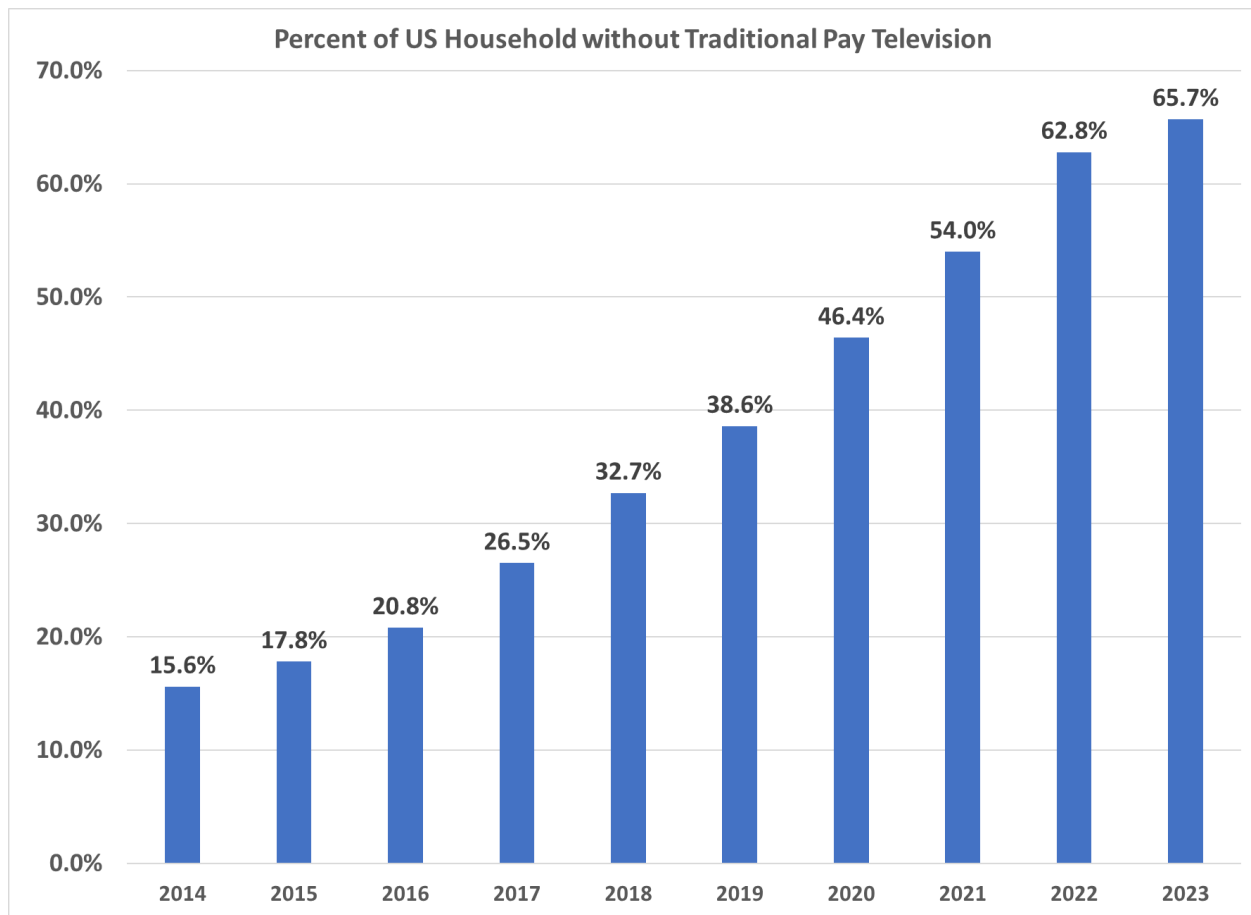
In Montgomery County, the number of cable television subscribers has also dwindled over the past decade, albeit at a lesser rate of decline experienced nationally. Approximately one half of County households currently subscribe to cable. In the County, the number of cable subscribers exceeded 266,000 in 2014, peaked at more than 268,000 in 2015 and 2016, then commenced on a steady decline to just more than 202,000 in 2023. All told, the number of cable television subscribers fell 24% from 2014 to 2023.⁶

⁶ Source: Montgomery County Department of Technology and Enterprise Business Solutions.



The decline of cable television appears to be a trend unlikely to reverse itself. An ever-growing percentage of U.S. households no longer view video programming via traditional pay (that is, cable or satellite) television. As evident from the table on the following page, nearly two out of every three U.S. households in 2023 do not have traditional pay television. The absence of cable and other traditional pay television has become the norm in the U.S. Yet, just a decade ago, the opposite was true; in 2014, less than 16% of U.S. homes did not have traditional pay television.⁷

⁷ Source: nScreenMedia, [US Traditional Pay TV](#).



A marked demographic distinction exists among cable television subscribers; access to cable television skews toward older age groups. A 2021 study found that 81% of U.S. residents aged 65 or older received cable or satellite television in their homes. In contrast, only about 34% of U.S. residents aged 18-29 received cable or satellite television. Notably, 61% of U.S. residents aged 18-29 never subscribed to cable or satellite television.⁸ In addition, a recent survey of County residents found that Black residents are more likely than others to identify cable television as a preferred source of information.⁹

⁸ Abby McCain, “[23 Incredible Cord Cutting Statistics \[2023\]: Why Americans Are Moving Away From Cable](#)” (Feb. 26, 2023).

⁹ “Montgomery County Media and Communications Survey and Focus Groups with Residents” (May 18, 2023).

Chapter 5. Cable Communications Plan

This chapter describes the requirement established in County law for the County Executive to prepare, and for the County Council to approve, a “Cable Communications Plan.” The chapter further describes the content of the Plan and the County’s fiscal policy regarding the use of resources in the Cable Television Communication Plan Special Revenue Fund (hereinafter “Cable Fund” or “Fund”). This chapter concludes with a brief comparison of County cable telecommunications budgeting practices with those in other jurisdictions.

A. County Code Requirement

The County Code requires that the Executive annually submit to the County Council a Cable Communications Plan.¹ The Code charges the Council with the responsibility to approve the Plan and further states that “all access grants, franchise fees, and other moneys received by the County from any franchisee may be spent only under a budget approved by the Council and in accordance with the County Cable Communications Plan.”²

Following Council approval of the annual plan, the Executive may transfer up to 10% of budgeted dollars from one major cable communications activity to another.³ This budgetary transfer authority is similar to that in Section 309 of the County Charter that permits the Executive to transfer up to 10% of an operating budget appropriation from one division to another within the same department.

B. Content of Cable Communications Plan

Neither the County Code nor County regulations specify the precise revenue or expenditure categories to be included in the Cable Communications Plan. However, the Code gives general guidance on the content of the Plan stating that the document should be “at a level of detail and according to procedures similar to the detail and procedures the Council uses to adopt the County budget.”⁴

The Council annually approves the Cable Communications Plan in the form of an operating budget resolution that includes background information citing relevant sections of the County Code and franchise agreements. The resolution also contains general provisions addressing items such as the management of funds and mandated procurement procedures. The resolution includes a “Cable Communications Plan Description” that sets forth specific strictures, limitations, and preferences for

¹ Montgomery County Code § 8A-27(b).

² *Ibid.* § 8A-27(a).

³ *Ibid.* § 8A-27(e).

⁴ *Ibid.* § 8A-27(c).

Cable Fund expenditures. The resolution concludes with a detailed multi-page table displaying line item level budgeted Cable Fund revenues and expenditures for the upcoming fiscal year. Chapter 7 of this report contains a more detailed discussion of Cable Fund revenues and expenditures. A copy of the FY24 Approved Cable Communications Plan appears in Appendix A.

C. Special Revenue Fund

The County established the Cable Fund as a special revenue fund, that is, a fund used for the receipt and use of resources which by law and policy must be kept distinct from General Fund revenues. As such, the Cable Fund is considered a “non-tax supported fund.” All franchise fees and related cable telecommunications revenues are deposited into the Cable Fund and may be spent exclusively on expenditures consistent with the budget established in the Cable Communications Plan. As stated in the FY24 Approved Cable Communications Plan:

This Cable Communications Plan constitutes the County’s formal direction for the use of resources required to be provided [via franchise agreements] ... In FY 2024, these resources must be deposited by the County in its Cable TV Special Revenue Fund, and this Cable Communications Plan directs the use of the revenues in this Fund.

The Cable Fund account balance refers to the resources remaining in the fund after expenditures have been deducted from available revenues. As described in Chapter 7, Cable Fund revenues have been steadily falling since FY17. Despite reductions in budgeted expenditures, the Cable Fund’s account balance has approached – and even dropped below – zero in recent years. For example, in FY23, Cable Fund expenditures exceeded available resources by \$98,000.

In 2005, the Executive developed a Cable Fund balance policy. The policy states:

- 1. In all projected years, the unrestricted cash balance would be targeted to cover six months of: a) Total Personnel, Operating, and Indirect Costs for Franchise Administration, b) Direct County allocated costs to the Cable TV Special Revenue Fund (Currently Personnel costs for the County Attorney, and Personnel and Operating costs for County Cable Montgomery).*
- 2. In order to achieve the first principle, the unrestricted cash balance should be set at a minimum equal to eight percent of the core revenues which include: Franchise Fees and*

*Tower Application Fees along with Interest Income as projected in the Cable Communications Plan.*⁵

In recent years, approved Cable Communications Plans have cited a shorter version of the fund balance policy in a footnote to the Plan's revenue and expenditures table. The footnote in the FY24 approved Plan reads:

Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).

As will be detailed in Chapter 7, approved Cable Communications Plans have not complied with the fund balance policy for several years.

D. Use of Cable Franchise Fees in Other Jurisdictions

As described above, the County directs revenue generated by County cable television franchises to a special revenue fund. The County Code restricts use of fund resources to expenditures authorized in the Cable Communications Plan. The County's cable budgeting approach differs from that of many nearby jurisdictions.

A 2018 study found the most jurisdictions transfer the bulk of cable television franchise fee revenues into the General Fund to support overall government spending; these revenues generally are not targeted directly to fund communications-related expenditures.⁶ Indeed, most jurisdictions in the region follow this practice. Baltimore County, Fairfax County, Prince George's County as well as the Cities of Gaithersburg, Rockville, and Takoma Park each direct franchise fee revenues to their General Fund.

The District of Columbia employs a model similar to that in Montgomery County. In the District, cable television franchise fee revenues are deposited in the Cable Television Special Purpose Revenue Fund. This Special Purpose Revenue Fund is a non-lapsing fund that supports cable television regulatory activities as well as operation of District PEG channels.

⁵ Memorandum from Bruce Romer, Chief Administrative Officer to Thomas Perez, Council President, January 31, 2005 found as attachment to staff report for October 20, 2008 meeting of the County Council's Management and Fiscal Policy Committee.

⁶ Duncan, Stewart and Shaker, Lee, Exploring the Policy Value of Cable Franchise and PEG Fees, Portland State University, 2018, https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1055&context=comm_fac

Chapter 6. Public, Educational, and Government Channel Programming

This chapter describes the programming content currently broadcast on County public, educational, or government (PEG) cable television channels. Note that additional information about other PEG channel-funded activities appears in Chapter 7 of this report.

A. Background

Federal law permits – but does not mandate – local franchising authorities to require cable television operators to set aside a specified number of channels for PEG use that are reasonable to meet future cable-related community needs and interests.¹ The Federal Communications Commission (FCC) offers the following general descriptions of PEG channel categories.

- **Public** access channels are available for use by the general public. They are usually administered either by the cable operator or by a third party designated by the franchising authority.
- **Educational** access channels are used by educational institutions for educational programming. Time on these channels is typically allocated among local schools, colleges and universities by either the franchising authority or the cable operator.
- **Governmental** access channels are used for programming by local governments. In most jurisdictions, local governments directly control these channels.²

The County has entered into cable television franchise agreements with three cable operators, Comcast, Starpower, and Verizon. Each of the agreements requires the operators to set aside 11 or more channels for PEG use.

B. County PEG Channels

This section provides information about the programming broadcast on the nine cable television PEG channels in the County. Six of these PEG channels – County Cable Montgomery, Access 19, Montgomery Channel 21, Montgomery College Television, Montgomery County Public Schools Television, and Condado TV – receive discretionary (non-restricted) funding from the Cable Fund as described in greater detail in Chapter 7. The subsections below describe the content shown on these five PEG channels along with tables displaying samples of the programs broadcast in September 2023. Three of the PEG channels – Montgomery Municipal Television, Rockville 11, and Takoma Park Television – receive franchise fees and other revenues generated by cable subscribers in municipalities

¹ 47 U.S.C. § 531.

² Federal Communications Commission, [Public, Educational, and Governmental Access Channels](#), (Dec. 9, 2015).

but receive no discretionary (non-restricted) funding from the Cable Fund (see Chapter 7). The subsections for these PEG channels include a brief description of their programming.

Channel	Public, Educational, or Government	Unrestricted Funds?
County Cable Montgomery	Government	Yes
Montgomery Community Media – Access 19	Public Access	Yes
Montgomery Community Media – Channel 21	Public Access	Yes
Montgomery College Television	Educational	Yes
MCPS Television	Educational	Yes
Condado TV (Spanish language)	Educational/ Government	Yes
Montgomery Municipal Cable	Government	No
Rockville 11	Government	No
Takoma Park City TV	Government	No

1. County Cable Montgomery

The County Cable Montgomery (CCM) PEG channel provides information about Montgomery County Government services, operations and events. CCM programming includes emergency communications; County Council sessions; County Executive and County Council press conferences, community meetings, and special events; public affairs programming, public service announcements, live traffic camera video, community event bulletin boards, and other content directed toward County residents and businesses. Technical operations, social media, financial, and procurement support is provided by the Department of Technology & Enterprise Business Solutions, with content for the channel primarily produced by the County’s Public Information Office (PIO) and the Council’s Legislative Information Office (LIO). The PIO and LIO offices are each responsible for programming half of the CCM cable broadcast schedule.

Table 1 displays a sample of programming broadcast on CCM during September 2023. On many days, particularly weekdays when the County Council holds meeting, the CCM broadcast schedule includes much live programming. County Executive and County Council press briefings and community events as well as weekday rush hour traffic camera feeds supplement the live CCM content. Most of the remaining broadcast schedule consists of pre-recorded, produced programs, including several programs in Spanish. As shown in Table 1, most programs broadcast on CCM in September 2023 were produced either in the current year or within the last three years.

In reviewing the CCM broadcast schedule, OLO noted some repetition of several programs within daily and weekly schedules.

Communications Funding in an Era of Diminishing Cable Revenues

Most CCM programs aired on cable television can also be viewed live and on-demand via the Internet. In addition, the CCM web page contains links to additional content not currently on the cable broadcast schedule.

Table 1
County Cable Montgomery (CCM)
Cable Broadcast Programming Sample – September 2023

Program Name	Description	Production Date*
50+ in Montgomery	News and information of interest to seniors	2023
Council in Brief	Summary of recent Montgomery County Council activity	2023
County Council Sessions	Live and recorded broadcasts of full Council and Committee sessions	2023
County Executive Media Briefing	Weekly briefings and periodic news conferences by the County Executive	2023
Made in Montgomery	Profiles of successful businesses and businesspeople	2023
Make a Difference	Interviews and information about volunteering in the County	2023
MoCo Storyboard	People and places of interest to County residents	2023
Montgomery Al Dia	News and information in Spanish	2023
Traffic Cameras	Live traffic cameras of major roads	2023
Home Front	Information about the lives of County veterans, their families, and services available to them	2022
Bottom Line	Issues, people and topics of interest to County residents	2021
Did You Know	Information about various departments, services, programs, and partners of the County government.	2019
A Closer Look	In-depth examination of County historical events and community issues	2018
My Green Montgomery	Information about environmental concerns and conditions in the County	2018

* Production date of one program broadcast in September 2023

2. Montgomery Community Media – Access 19 and Montgomery Channel 21

The County’s public access PEG channel is called “Access 19.” Montgomery Community Media (MCM) manages the Access 19 PEG channel that features programming presented by County residents. As stated by the MCM Chief Executive Officer:

“The role of public access in Montgomery County has always been to provide a free speech platform for residents, which encourages expression, civic engagement, community building and participatory media. MCM continues to fill that role for the county.”

Most content on Access 19 falls in one of three categories: (1) educational, fitness and health, and humanities programming; (2) religious and faith-based programming; and (3) short news, public service, and public interest pieces. Access 19 did not air any live programs in September 2023; all content consisted of pre-recorded, produced programs. Tables 2a, 2b, and 2c display a sample of programming broadcast on Access 19 during September 2023. Table 2a shows a sample of long-format (five minutes or longer) Access 19 programs, excluding religious and faith-based programs. As shown in Table 2a, only a few long-format programs broadcast on the Access 19 channel in September 2023 were produced within the last three years. Access 19 programming includes several programs in Spanish.

Table 2b shows a sample of long-format Access 19 religious and faith-based programs. In the sample, OLO observed that all religious and faith-based content on Access 19 was either produced seven or more years ago or did not show a program production date. Most of these programs displayed web links; however, in many cases, OLO found that the web links featured on these programs were no longer in operation. In addition, many Access 19 religious-based programs were produced outside of Montgomery County and/or featured services at houses of worship located out of the County.³

Table 2c shows a sample of short-format (less than five minutes) Access 19 news, public service, and public interest programs broadcast in September 2023. All of the short-format content aired that month was produced in 2023. In addition, each of these programs focused on current topics and events occurring in Montgomery County. MCM schedules short-format programming during gaps between long-format shows. In reviewing the Access 19 broadcast schedule, OLO found some days with up to five short-format programs and other days with no short-format programming.

³ MCM policy requires that content from out-of-County sources be submitted by a County resident.

Table 2a
Montgomery Community Media – Access 19
Cable Broadcast Programming Sample (Long Programs >5 minutes) – September 2023

Program Name	Description	Production Date*
En Sintonia	County public affairs series in Spanish	2023
Standing with Lilies	Podcast to show the power of self-love, resilience, and courage	2023
Where the Creators Meet	Arts program	2023
Hola Montgomery	Stories about Spanish speaking immigrants to the County	2020
Manage Your Damn Money	Personal finance advice and conversations about money	2020
Small Business Network	Information and guidance for small businesses from Montgomery County Economic Development Corporation	2020
Law School for the Public	Information presented about residents’ legal rights and obligations	2019
Our Voice	Information about mental health issues	2019
Forward Motion	Panel discussion program	2018
Perils for Pedestrians	Discussion of ways to improve pedestrian mobility and safety	2018
International Definition	Program with information about engineering, science, technology, and community development	2017
Rock Your Block	Highlights about individuals who make an impact on the community	2017
Congratulations! You’re In!	Information for high school students applying for college	2016
Eardrumz	Music program	2016
Jazz Encounters	Jazz music program	2016
Silver Spring Jazz Festival	Recording of performances at 2015 event	2015
Relatively Speaking	Talk show about family issues	2014
Softball Perspectives	Information on the game of softball	2014
Vegetarianism: The Noble Way of Living	Vegetarian recipes and cooking tips and information about the benefits of vegetarianism	2014
Hope Garden Children's Ballet Theatre	Children’s dance performance	2012
Getting Fit	Exercise program targeted toward baby boomers	2009
Washington My Home	Chinese language program	2008

* Production date of one program broadcast in September 2023

Table 2b
Montgomery Community Media – Access 19
Cable Broadcast Programming Sample (Long Programs >5 minutes) – September 2023
Religious Programs

Program Name	Description	Production Date*
In the Cool of the Day	Religious programming	2016
It’s Getting Better All the Time!	Religious programming	2015
Repentance and Holiness	Religious programming	2012
Ark of Safety	Religious programming	not available
Come Be Fed!	Religious programming	not available
Cristo Es El Camino	Religious programming in Spanish	not available
Inspirational Word	Religious programming	not available
Ministerio "Palabra de Vida Eterna"	Religious programming	not available
Shiloh Hour	Religious programming	not available
Waves of Glory	Religious programming	not available

Table 2c
Montgomery Community Media – Access 19
Cable Broadcast Programming Sample - (Short Programs <5 minutes) – September 2023

Program Name	Description	Production Date*
Barber Shop Closes	News short	2023
Childhood Hunger	News short	2023
First Sheetz in Montgomery County	News short	2023
HHM Serenade 2023	Short about Hispanic Heritage Month celebration	2023
Lexy Silverstein	Short about recent high school graduate involved in sustainable fashion	2023
MCFRS in Maui	Short on MCFRS mission to Maui	2023
MCPS Investigation (Spanish)	News short on investigation of school administrator accused of harassment	2023
MonkeyCon 2023	Community interest short	2023
Overdose Awareness Day	Public health short	2023
Police Drone Pilot Project	Short about MCPD pilot video drone program to help respond to emergencies	2023
Poll Worker Recruitment	Community service short	2023
Skate Park	Community input short	2023
Small Press Expo	Community interest short	2023
Wheaton Windows	Short about public arts project	2023

* Production date of one program broadcast in September 2023

Montgomery Channel 21 broadcasts news, public affairs, arts, and entertainment programming created by MCM as well as content created by County residents. Most Channel 21 content falls in one of three categories: (1) overnight NASA channel; (2) educational, fitness and health, and humanities programming; and (3) short news, public service, and public interest pieces. Channel 21 did not air any live programs in September 2023; all content consisted of pre-recorded, produced programs.

Every day from midnight until 6:00am, Channel 21 broadcasts the NASA Channel. The NASA Channel is the television service of the National Aeronautics and Space Administration that broadcasts both live and recorded programming 24 hours a day. NASA streams this channel via the internet. As the content on the NASA channel is in the public domain, many local cable television providers in the United States carry this programming.

Tables 2d and 2e display a sample of programming broadcast on Channel 21 during September 2023. Table 3a shows a sample of long-format (five minutes or longer) Channel 21 programs. Channel 21 programming includes several programs in Spanish. Some long-format programs broadcast on Access 19 in September 2023 also were broadcast on Channel 21 in the same month.

As shown in Table 2d, many long-format programs broadcast in September 2023 were produced more than three years ago. Several older programs displayed web links; in many cases, OLO found the web links featured on these programs were no longer in operation.

Table 2e shows a sample of short-format (less than five minutes) Channel 21 news, public service, and public interest programs broadcast in September 2023. All short-format content aired that month was produced in 2023. As with Access 19, each Channel 21 short-format program focused on current topics and events occurring in Montgomery County. MCM schedules short-format programming during gaps between long-format shows. In reviewing the Channel 21 broadcast schedule, OLO found some days with up to four short-format programs, and other days with no short-format programming. Most short-format programs broadcast on Channel 21 in September 2023 were also broadcast on Access 19 in the same month.

Table 2d
Montgomery Community Media – Montgomery Channel 21
Cable Broadcast Programming Sample (Long Programs >5 minutes) – September 2023

Program Name	Description	Production Date*
21 This Week	Public affairs program	2023
Democracy Now!	Independent global news show	2023
En Sintonia	County public affairs series in Spanish	2023
Maria Martinez Interview	Interview about issues for minority/women entrepreneurs	2023
Standing with Lilies	Podcast to show the power of self-love, resilience, and courage	2023
Where the Creators Meet	Arts program	2023
Studio 501c3	Program for nonprofit organizations	2022
Arts EnPower	Youth-produced series about people who use their art to impact their community	2021
Grown Folks Dancing	Footage of adult line dancing	2021
Small Business Network	Information for small businesses	2021
Black Artists in Montgomery County	Profile of life and work of local artists	2020
Hola Montgomery	Stories about Spanish speaking immigrants to the County	2020
Ernie Joselotiz and the Playwrights Forum	Arts program	2018
FIGHT Pro Wrestling	Recording of professional wrestling event	2018
Telling Your Story with Terrel and Nic	Stories and interviews of people facing different challenges	2018
Silver Spring Blues Festival	Performances at 2017 music event	2017
The HappyNess Journey	Stories on overcoming challenges to happiness	2017
Afrika Plus	News, music and entertainment of interest to the African community	2016
Eardrumz	Music program	2016
From Single to Mingle	Seminar on dating	2016
Hope Garden Children's Ballet Theatre	Children's dance performance	2016
La Gioia di Musica	Concert performed by family members	2015
The Reluctant Chef: Oatmeal	Cooking show	2015
Yala Live	Discussion of personal health, fitness, and sexuality	2015
Fresh TV	Music program	2013
Silver Screen Test	Quiz show about movies	2010

* Production date of one program broadcast in September 2023

Table 2e
Montgomery Community Media – Montgomery Channel 21
Cable Broadcast Programming Sample - (Short Programs <5 minutes) – September 2023

Program Name	Description	Production Date*
Childhood Hunger	News short	2023
County Ag Fair - New Calf	Community interest short	2023
Gabrielle Zwi	Short about local musician	2023
HHM Serenade 2023	Short about Hispanic Heritage Month celebration	2023
Laurie Anne Sayles, MCPS Interview	Interview with Councilmember about school administrator accused of harassment	2023
Maria Martinez Interview	Interview with Maryland official about issues for minority and women entrepreneurs	2023
MCFRS in Maui	Short on MCFRS emergency mission to Maui	2023
MCPS Absenteeism	News short	2023
MCPS Investigation	News short on investigation of school administrator accused of harassment	2023
Poll Worker Recruitment Day	Community service short	2023
Skate Park	Community input short	2023
Small Press Expo	Community interest short	2023

* Production date of one program broadcast in September 2023

MCM provided the following description of their PEG channel programming and scheduling process:

“Time slots on MCM’s public access channels are determined by a few factors. Longtime volunteer producers creating series programming have regular time slots that they re-apply for every season, which is currently a 13-week cycle. Stand-alone (individual) programs and public service announcements are scheduled monthly, to fill in any gaps left by regular series programming. Live programs or timely content is added as it is created and submitted. Community members submit programs regularly by uploading shows and notifying MCM’s programming department, which manages scheduling.”

Access 19 and Channel 21 programs air on cable television and can be viewed live via the Internet. Some content is also available on demand from the MCM webpage and on its YouTube channel. In addition, the MCM webpage contains links to additional content not currently on the cable broadcast schedule.

3. Montgomery College Television

Montgomery College Television (MCTV) produces informational, educational and entertainment programming. Most MCTV content falls into one of four categories: (1) College events; (2) information about career paths and educational opportunities at the College; (3) educational and human interest programs; and (4) exercise programs. MCTV programming includes some content in Amharic and several programs in Spanish. MCTV airs two County-produced Spanish language programs during times when CCM broadcasts live traffic coverage.

Table 3a displays a sample of programming broadcast in long-format (ten minutes or longer) programming that aired on MCTV during September 2023. These long-format programs include live and recorded broadcasts of College events such as a town hall meeting, sporting events, and lectures. The MCTV cable schedule features long-format programs introducing prospective students to information about careers in particular fields as well as coursework and other educational opportunities offered by the College. MCTV also broadcasts long-format general educational and human interest programs on topics such as parenting and ethnic identity. In September 2023, the MCTV schedule included locally-produced exercise programs airing from 5:30am through 7:30am daily.

MCTV also airs some short-format (less than 10 minutes) programs that, for the most part, highlight information about career paths and educational opportunities at the College. Table 3b displays a sample of short-format program episodes aired in September 2023 in a series addressing career opportunities and early college opportunities for high school students.

Live and pre-recorded MCTV programs aired on cable television can also be viewed simultaneously via the Internet. Most MCTV programs can also be viewed on-demand on the MCTV YouTube channel. The YouTube channel contains links to many other videos that previously aired on MCTV. At times, MCTV rebroadcasts archived programs as seasonally or topically appropriate (for example, past interviews with local veterans during Veteran's Day week).

Table 3a
Montgomery College Television
Cable Broadcast Programming Sample (Long Programs >10 minutes) – September 2023

Program Name	Description	Production Date*
Athenaeum Symposia	Lecture series featuring prominent guests speaking on social justice and other topics	2023
En Sintonia	County public affairs series in Spanish	2023
MC Lecture Series	Recordings of periodic lectures on topics of interest to the community	2023
Men’s College Soccer	Live and recorded coverage of Montgomery College sporting events	2023
Mi Escuela Es Su Escuela	Spanish language program about Montgomery College educational and career opportunities	2023
Montgomery Al Dia	News and information of interest to the Hispanic community	2023
Montgomery Can Code	Showcase of prototype apps created during Montgomery Can Code Summer Camp	2023
Montgomery College Equity Summit	Panel discussion about Montgomery College as a Hispanic Serving Institutions	2023
President's Town Hall Meeting	Live and recorded town hall question and answer meeting with College President	2023
Why It Matters	Topics involving scientific and social data with College faculty	2023
Women’s College Soccer/Volleyball	Live and recorded coverage of Montgomery College sporting events	2023
Real Students Real Talk	Conversations with Montgomery College students about diversity	2020
Tu Raza: The Diaspora of Spanish-Speaking Countries	Montgomery College panel discussion on Latino identity, race and cultural influence	2020
Careers in Social Sciences	Panel discussion about social sciences careers and Montgomery College program options	2019
Fit Fabulous and Over 50	MCTV created home exercise show for older adults	2019
Women in Broadcasting	Interviews with women in local media about careers in broadcasting	2019
Inspirational Parenting	Topics and guidance about parenting	2018
Feel the Burn	MCTV created exercise program	2017
Generación Latina	Montgomery College students and alumni share the importance of heritage in their educational pursuits and careers	2017
Smithsonian Faculty Fellows Showcase	MC professor discusses the experience she had during her fellowship with the Smithsonian Faculty Fellowship Program	2017

* Production date of one program broadcast in September 2023

Table 3b
Montgomery College Television
Cable Broadcast Programming Sample - (Short Programs <10 minutes) – September 2023

Series Name	Episode Topic	Production Date
Career Exploration at Montgomery College	Business Analytics	2023
	HVAC Fundamentals	2021
	Architecture	2020
	Radiologic (X-ray) Technology	2019
	Construction Management	2017
	Hospitality Management	2017
Early College at Montgomery College	Chemistry/Biochemistry	2022
	Data Science	2022
	Behavioral Health	2021
	Cloud Computing	2021
	Dual Enrollment	2021
	Biotechnology	2020
	Computer Design	2020
	Cybersecurity	2020

4. MCPS Television

Cable Fund resources help fund Montgomery County Public Schools (MCPS) communications activities, including MCPS Television (MCPS-TV). MCPS-TV produces programs for MCPS staff, parents, and students as well as for the community at large. MCPS-TV also operates a Spanish language PEG channel called Condado TV. MCPS-TV cable television programming consists of two types of content: (1) MCPS produced programs; and (2) acquired content.

Table 4a displays a sample of MCPS-TV produced programs aired by the PEG cable channel in September 2023. MCPS-TV produced programs include live and recorded broadcasts of Board of Education meetings and Superintendent press conferences. In addition, MCPS-TV currently broadcasts a limited number of locally-produced programs on school- and student-related topics including Sports Insight, a series that profiles athletes in a variety of sports; Career Pathways, a series which profiles successful graduates in different fields; and To The Point, a curriculum-based talk series which covers developments in math, science, history and technology and other topics. On most days in September 2023, MCPS-TV produced programs comprised approximately a combined four hours of content broadcast on the PEG cable channel.

MCPS-TV annually broadcasts live more than 50 Board of Education meetings as well as other live events including budget forums (in both English and Spanish) and events related to academic achievement, wellness and security, pedestrian safety, student and family support, mental health and

crisis support, cultural connectivity for new residents, LGBTQ+ information, special education services, and bus route schedules.

The majority of the MCPS-TV cable television broadcast schedule consists of acquired programming. MCPS-TV purchases cable television broadcast rights for educational enrichment programs produced by third-party entities. A team of MCPS academic specialists screen available educational enrichment programs and recommends which programs are suitable for broadcast. Educational enrichment programs aired on MCPS-TV are intended for the community at-large and are not part of the instructional curriculum of MCPS. Table 4b displays a sample of the acquired content that aired on the PEG channel in September 2023. MCPS-TV estimates about half of acquired content programs were produced within the past five years and that nearly all the programs were produced within the past ten years.

In reviewing the MCPS-TV schedule, OLO noted some repetition of acquired content within daily and weekly programming schedules.

Of note, MCPS-TV purchases cable television broadcast rights for acquired content. The PEG channel does not have sufficient resources to purchase rights to show this third-party content via the internet. As such, a larger portion of the MCPS-TV broadcast schedule is available for viewing on cable television exclusively and cannot be accessed on-demand from the MCPS-TV web page or YouTube channel. Conversely, the MCPS-TV web page and YouTube channel contains content not scheduled on the PEG cable channel, primarily recently produced short pieces (three minutes or less). In FY23, MCPS produced more than 500 short videos produced that are available for viewing from the MCPS website and YouTube channel. Table 4c shows a sample MCPS-TV content available on the YouTube channel.

MCPS-TV produced programs are available both live and on demand via the MCPS-TV website and YouTube channel. Spanish language programs are available on demand on the MCPS-TV en Español YouTube channel. The MCPS-TV YouTube channel also features locally-produced videos in languages other than English, including Chinese, Amharic, French, Korean, Vietnamese, and Portuguese.

Table 4a
Montgomery County Public Schools Television
Cable Broadcast Programming Sample – MCPS Produced Content – September 2023

Program Name	Description	Production Date*
Board of Education Meetings	Live and recorded broadcasts of full Board and Committee meetings	2023
High School Preview	Information for 8 th graders about high school options and the admission process	2023
Press Conferences	Press conferences by MCPS Superintendent and other MCPS officials	2023
MCPS Waymaking	Series that highlights mental health and well-being resources for staff and students	2022

* Production date of one program broadcast in September 2023

Table 4b
Montgomery County Public Schools Television
Cable Broadcast Programming Sample – Acquired Content – September 2023

Program Name	Production Date
10 Reasons You Should Never Try Vaping	Approximately half of acquired content produced within the past five years. Almost all acquired content produced within the past ten years.
Angry Planet - Cabo Verde Volcano	
Duckling Gets A Cookie	
Edison: The Wizard of Light	
Get Along Monsters - No More Teasing	
Goldilocks and the Three Dinosaurs	
Helping Young Teens Succeed in Middle School	
Highlights for Kids - Amazing Animals!	
Into the Outdoors - Careers In Agriculture & Soy Production	
Into the Outdoors - Dam Removal and River Restoration	
Into the Outdoors - Plant Diversities	
Isaac Newton: A Tale of Two Isaacs	
Les Misérables & Victor Hugo	
Life in a War Zone - Montgomery County During the Civil War	
Ocean Vet Series - Humpback Whales	
Scholastic Song and Music - Reading to Your Bunny	
Teen Kids News	
Travel Thru History - Belize	
Understanding Social Anxiety	

Table 4c
Montgomery County Public Schools Television
Sample of YouTube Content – September 2023

Program Name	Production Date
Innovative Schools: Arcola & Roscoe Nix Elementary Schools	2023
Leadership Training Institute at Kennedy High School	2023
MCPS Drive for Supplies 2023	2023
MCPS Moment: 2023 New Educator Orientation	2023
MCPS Moment: Summer Graduation Ceremony 2023	2023
Stone Mill Elementary Selected as a 2023 National Blue Ribbon School	2023
Things to Know (Weekly series about MCPS events)	2023

5. Montgomery Municipal Cable

Montgomery Municipal Cable (MMC) is the PEG channel that supports County municipalities that do not have their own cable television channels. MMC was designed to increase community awareness by broadcasting municipal events, educational programs and interviews with elected officials and other noteworthy individuals.

MMC Participating Municipalities

Town of Barnesville,	Town of Glen Echo,
Town of Brookeville,	Town of Kensington,
Chevy Chase Village,	Town of Laytonsville,
Section 3 of the Village of Chevy Chase,	Town of Poolesville,
Section 5 of the Village of Chevy Chase,	Town of Somerset,
Town of Chevy Chase,	Town of Washington Grove,
Town of Chevy Chase View,	Village of Martin’s Additions, and
Town of Garrett Park,	Village of North Chevy Chase

Some of the municipalities provide online access to legislative sessions and other community events via live and/or recorded streaming.

For the majority of its broadcast schedule, MMC airs non-municipal content including health, community interest, cooking, and exercise programs. The MMC web page offers a link to watch the channel live via the internet. Some programs that air on MMC can be viewed on-demand from the MMC web page. In addition, the MMC webpage contains links to additional content not currently on the cable broadcast schedule.

6. Rockville 11

Rockville 11 is the PEG Channel operated by the City of Rockville. This channel was created to deliver news and information about Rockville’s government to city residents. The channel airs live and rebroadcasted coverage of meetings held by the Mayor and Council, the Planning Commission, the Historic District Commission, and the Board of Appeals. In the fall of 2023, Rockville 11 also broadcast candidate forums and other election-related programs. The remainder of the Rockville 11 broadcast schedule consists of community bulletin boards as well as pre-recorded, produced programming focusing on Rockville’s legislative news and information, programs, projects, and services. The program schedule includes several Spanish language programs produced by the County’s Public Information Office and the County Council’s Legislative Information Office.

Rockville 11 programming airs on cable television and can also be viewed live via the Internet. In addition, the Rockville 11 YouTube web page contains links to additional content not currently on the cable broadcast schedule.

7. Takoma Park City TV

Takoma Park City TV is the PEG Channel operated by the City of Takoma Park and provides news and information about the Takoma Park government. The channel airs live and rebroadcast coverage of City Council meetings. In the fall of 2022, the channel broadcast candidate forums and other election-related programs. The remainder of the channel’s broadcast schedule consists of pre-recorded, produced public health, public interest, and public affairs programs, including several programs in Spanish. Takoma Park City TV programming airs on cable television and can also be viewed live via the Internet. Some content is also available on demand from the channel’s webpage and on its YouTube channel. In addition, the Takoma Park City TV YouTube webpage contains links to additional content not currently on the cable broadcast schedule.

C. Alternative Means for Disseminating PEG Channel Content

PEG channels are a product of the advent of cable television nearly a half century ago. At that time, local governments and educational institutions lacked a non-print means to disseminate information broadly to their communities. In addition, individuals and organizations had no platform to broadly share their perspectives to large audiences. PEG channels were created to fill those voids through an emerging media, cable television.

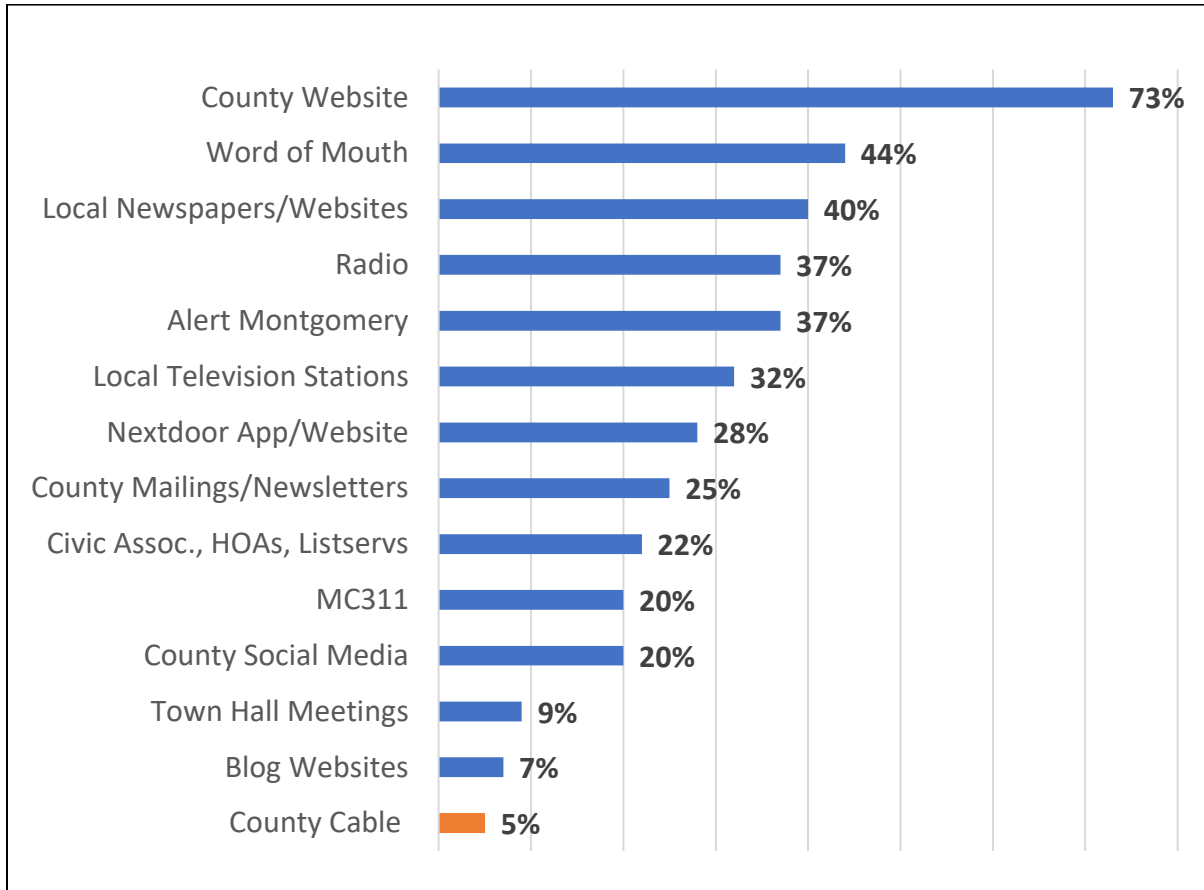
Today, alternative means exist for the public, educational institutions, and governments to disseminate large amounts of information to their target audiences. The internet and social media are now the preferred means of exchanging information for many individuals, organizations, and institutions.

Streaming services and podcasts are now the primary means for many people to access news and entertainment. For many residents, these forms of media have supplanted cable television as the telecommunications mode of choice. As documented in Chapter 4, nearly two-thirds of U.S. households do not have access to cable. However, approximately half of County households currently subscribe to cable television.

These trends have significantly affected how County agencies transmit information to the public. Cable providers do not provide viewership data on County PEG channels; nonetheless, evidence exists that few County residents learn about local government activities and programs via cable television. In the winter of 2021-2022, the County conducted a survey of a representative sample of residents to learn about public services and the “livability” of the County. One survey question inquired how residents receive information about County services, activities, and events. As shown in the next chart, the survey showed that only 5% of residents receive such information from cable television, the lowest rate of all sources. Nonetheless, given that the County has a population greater than one million, 5% of residents represents more than 50,000 people.

**Montgomery County
2021 National Community Survey⁴**

Please indicate which of the following potential sources for information, if any, that you use to get information about County services, activities, and events. (Please mark all that apply.)



The declining role cable television plays in the dissemination of public information is a product of the changing ways that people intake information. Cable television generally is a form of “appointment watching,” wherein a viewer must know what program is airing at a particular time and must be available at that time to watch the program. In contrast, much of the information available on the internet and through social media is available on-demand and can accommodate spontaneous viewing decisions, a method much preferred by many residents.

In discussions with County PEG channel operators, OLO learned that changes in the mode of disseminating information has altered the approach to producing PEG channel content. For many years, some County PEG channels produced long-format programs tailored to fill cable television

⁴ Montgomery County 2021 National Community Survey, <https://www.montgomerycountymd.gov/OPI/Resources/Files/2022/2021-NCS-Report.pdf#page=34>

schedule time slots. With the emergence of social media, PEG channels pulled out portions of long-format programs to create short pieces suitable for social media. In recent years, some PEG channel content producers have reversed the process. With the rapid growth of social media, some PEG channels now create the bulk of their new content in social media length pieces and, at times weave these shorter pieces together to form longer programs for broadcast on cable television. Some PEG channels take a hybrid approach. In the case of live sports and town hall meetings, for example, short video "promos" are created for use on cable, social media, e-newsletters, and websites to promote attendance or participation. When the live event airs on cable and is streamed on the internet, social media allows for real time audience interaction.

This redirection of production emphasis is emblematic of a dominant trend in County agency communications strategies. Staffing and equipment resources that PEG channels previously had directed exclusively toward cable television production and broadcast are increasingly being utilized to produce content specifically designed for social media, YouTube and other internet and application-based platforms or to transform cable content for dissemination via internet-based platforms.

Chapter 7. Cable Fund Revenues and Expenditures

This chapter details the sources of revenues deposited into the Cable Fund as well as the categories of expenditures supported by Fund resources. The chapter further documents the decline in Cable Fund revenues, and the accompanying decrease in Fund expenditures that has occurred in recent years.

A. Revenue Sources

This section provides an overview of the major revenue sources for the Cable Fund. In most recent years, payments from cable television franchisees comprise about 95% of annual Cable Fund revenues.

1. Franchise Fees

The County Code requires cable television franchisees to pay the County a fee equal to 5% of gross revenues “in consideration of the privilege ... for the use of public rights-of-way to construct and operate a cable system.”¹ Franchise fee payments are due quarterly through the duration of the franchise agreement. The County Code further obligates the franchisee to file quarterly financial statements showing gross revenues received by the franchisee and the number of subscribers in each participating municipality.² In addition, the County has the authority to inspect and audit the franchisee’s books and records to verify the accuracy of the financial statements as well as the calculation of gross revenues that determine the amount of the quarterly franchise fee payments.³

For FY24, franchise fees will contribute a projected \$12.7 million or 58% of total anticipated Cable Fund revenues.

2. PEG Grants

Each of the three franchise agreements stipulate that the franchisee provide grants to the County and participating municipalities to support Public, Educational, and Government (PEG) purposes and for the County’s institutional network, FiberNet. These payments, referred to as “PEG Grants,” are set at 3% of the franchisee’s gross revenues. For FY24, PEG Grants will contribute a projected \$7.6 million or 35% of total anticipated Cable Fund revenues.

¹ Montgomery County Code, Section 8A-12(a).

² *Ibid.*, Section 8A-12(c).

³ *Ibid.*, Section 8A-12(e).

Provisions of the three franchise agreements differ in regard to how the County may expend PEG Grant revenue.

- The Verizon franchise agreement mandates that the County expend all PEG Grant revenues on capital investments. As stated in the Verizon agreement, PEG Grant revenues must be used for capital expenditures including, but not limited to “studio facilities, studio and portable production equipment, editing equipment, and program playback equipment” as well as “equipment, capacity, computers, dark fiber, and other similar expenses for the institutional network.”
- The Starpower franchise agreement contains PEG Grant provisions similar to those in the Verizon agreement.
- The Comcast franchise agreement allows the County to expend some or all of PEG Grant revenues on “non-capital” (i.e., operating) expenses under certain conditions. Under the terms of this agreement, the County may spend up to one-third of PEG Grant revenue on non-capital expenses without any matching conditions or requirements. For the remaining two-thirds of the PEG Grant, the County may allocate all or a portion of that amount for non-capital purposes equal to the amount the County and entities that manage or program PEG channels expended for non-capital expenditures in the prior year. All appropriations to PEG entities, including municipal channels, count towards this match requirement.

3. Telecommunication Infrastructure Application Fees

In 2003, the County established the Transmission Facilities Coordination Group (TFCG) to review applications submitted by telecommunications service providers for installation of telecommunication infrastructure (primarily towers) in Montgomery County⁴ (with the exception of telecommunications infrastructure in certain County municipalities, including Barnesville, Brookeville, Gaithersburg, Laytonsville, Poolesville, Rockville, and Washington Grove).

The same 2003 regulation that created the TFCG review process also established an application fee structure. The County charges an application fee of \$2,000 for new telecommunications infrastructure proposed to be located in a land use zone that permits this type of facility by right; the County charges a \$2,500 application fee for new infrastructure located in a zone that requires either conditional use approval or mandatory referral for this type of facility. The County further charges \$500 for modification of an approved application and \$1,000 for an application involving co-location of the telecommunications infrastructure with other facilities. In addition, owners of approved

⁴ Code of Montgomery County Regulations, Section 02.58E.01.06

telecommunications infrastructure must submit an annual plan to the TFCG accompanied by an annual fee of \$500. The County has not amended these fees since 2003.

The Cable Fund received an estimated \$250,000 in telecommunications tower application review fees in FY23 based on the fee structure established in 2003. The application fee is intended to cover costs incurred by the County to review applications; however, the fee structure has not been updated in two decades.

For FY24, telecommunication infrastructure application fees will contribute a projected \$250,000, a little more than 1% of total Cable Fund revenues.

4. Interest Earned

The County deposits Cable Fund resources in an interest-bearing account with a financial institution. Interest earned accrues to the Cable Fund balance. For FY24, interest will contribute a projected \$167,000, less than 1% of total Cable Fund revenues.

5. Other Revenues

The Cable Fund receives occasional, usually relatively small, infusions of money from other miscellaneous sources. For FY24, other revenues are projected at \$1.4 million, or about 6.5% of total revenues. This amount includes a temporary three-year (FY23 through FY25) boost of \$1.0 million annually resulting from an agreement with Montgomery Municipal Cable (MMC). MMC receives PEG Grants for smaller municipalities; these funds include revenues restricted for capital uses (see above). MMC amassed a surplus of restricted capital funding but needed additional operating support. The County and MMC agreed that MMC would provide \$1.0 million in capital revenue annually to the County in FY23, FY24, and FY25, and in return the County provide an additional \$500,000 in PEG operating funding to MMC during the same three years. The additional Cable Fund revenue is restricted for capital uses.

B. Restrictions on Use of Certain Revenues

Some Cable Fund revenues are restricted for use for specific types of expenditures. These restrictions fall into to two categories.

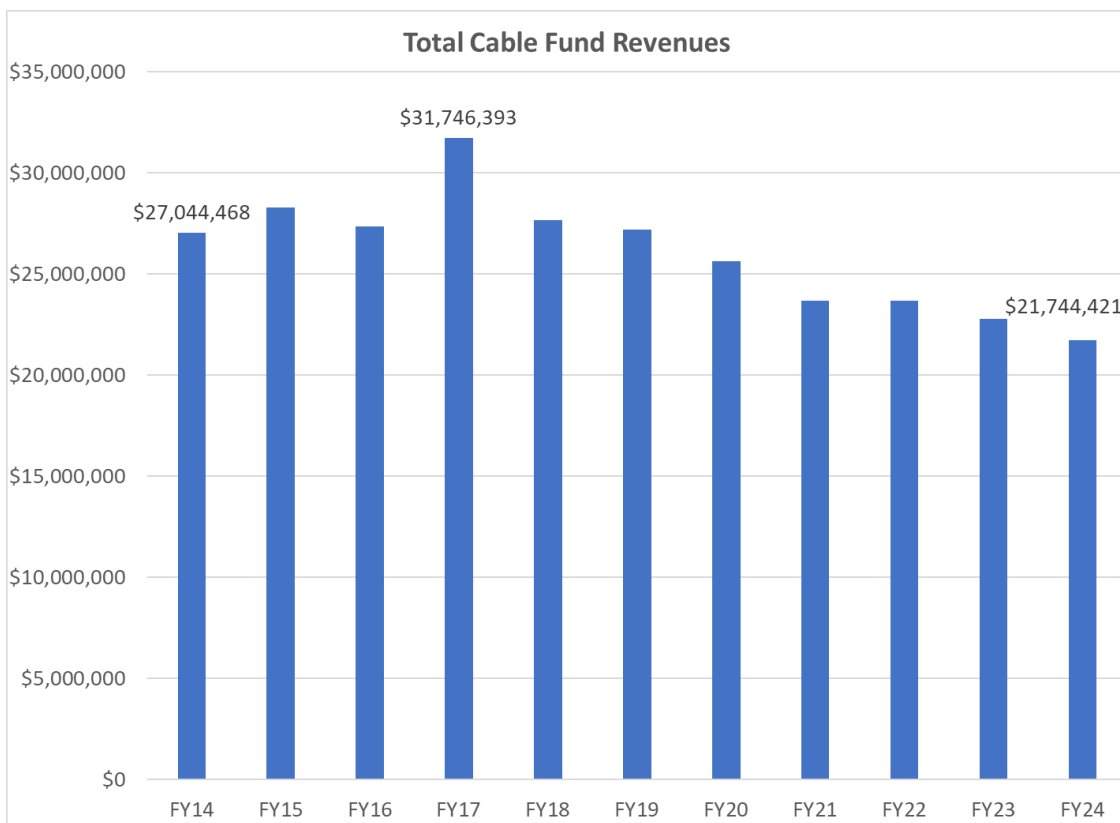
1. Municipal Revenues: The County serves as the franchise manager responsible for receiving franchise fees and PEG grants from franchisees for cable services provided to residents of

municipalities.⁵ The County must transfer revenues received from municipal subscribers to the municipalities under terms set forth in agreements between the County and municipalities.

- 2. Capital Revenues: As described above, certain PEG Grant revenues are restricted for use on capital expenditures.

C. Cable Fund Revenues

Cable Fund revenues peaked in FY17, generating more than \$31.7 million in that year. However, as shown in the chart below, Cable Fund revenues have declined steadily in each subsequent years, dropping to a projected level of \$21.7 million in FY24, a decrease of 31.5% compared to the FY17 peak.



The three largest Cable Fund revenue sources – franchise fees, PEG capital revenues, and PEG operating revenues – have each experienced large declines in revenue generation since FY17. The approved FY24 operating budget projects that franchise fee revenues will fall 29.7% below FY17 actual revenue generation. This rate of decline is mostly consistent with the projected 29.1% decrease in

⁵ As the City of Gaithersburg maintains independent franchise agreements, the County does serve as the collection agent for this municipality.

Communications Funding in an Era of Diminishing Cable Revenues

cable subscribers between FY17 and FY24. FY24 PEG capital revenues and PEG operating revenues are projected to fall 40.7% and 42.0%, respectively, below FY17 actuals.

Revenue Source	FY17 Actual Revenues	FY24 Projected Revenues	Percent Change
Franchise Fees	\$18,080,040	\$12,704,332	-29.7%
PEG Capital Revenues	\$7,559,641	\$4,484,207	-40.7%
PEG Operating Revenues	\$5,410,922	\$3,138,392	-42.0%
All Other Revenues	\$695,790	\$1,417,490*	103.7%
TOTAL REVENUES	\$31,746,393	\$21,744,421	-31.5%

** Includes \$1.0 million for capital expenditures in return for MMC receiving \$0.5 million in PEG operating funding in FY23, FY24, and FY25.

The Office of Management and Budget projects that Cable Fund revenues will continue to decline steadily in upcoming years. The Executive’s Recommended FY24-FY29 Fiscal Plan notes that “cord cutting is accelerating due to efforts by major telecom providers to change their business models; this has a direct impact on Cable Fund revenue which is driven by Cable Subscriber revenue for Comcast, Starpower, and Verizon.”⁶ The Fiscal Plan projects that Cable Fund revenues will decrease by an annual average of 8.3% from FY24 through FY29, resulting in a cumulative 35.2% revenue decline over the six-year period. Moreover, the Fiscal Plan notes that “current projections show [Cable Fund] revenue [will be] halved by FY31.”

D. Cable Fund Expenditure Trends

In FY17, Cable Fund revenues peaked. That year, budgeted expenditures from the Fund totaled \$29.4 million. As revenues declined in subsequent years, Cable Fund budgeted expenditures have followed a similar downward path with total FY24 expenditures budgeted at \$21.5 million, a 26.7% drop since FY17. The table below compares FY17 and FY24 Cable Fund approved expenditures.

⁶ Executive Recommended Fiscal Plan, Fiscal Years 2024-2029, April 6, 2023, page 7-3, https://www.montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy24/psprec/FY24-29_FiscalPlan.pdf

Comparison of FY17 and FY24 Cable Fund Approved Expenditures
(\$ thousands)

	FY17 Approved	FY24 Approved	Percent Change
Expenditures of RESTRICTED Resources	\$9,000	\$7,411	-17.7%
Restricted County Capital Expenditures	\$5,152	\$4,114	-20.1%
Municipal Operating Support	\$1,215	\$1,398**	15.1%
Municipal Franchise Fee Distribution	\$1,268	\$959	-24.4%
Municipal Capital Support	\$1,365	\$940	-31.1%
Expenditures of UNRESTRICTED Resources	\$20,357	\$14,118	-30.6%
Montgomery Community Media	\$2,604	\$3,047	17.0%
Community Technology*	\$1,589	\$1,719	8.2%
Montgomery College	\$1,621	\$1,707	5.3%
MCPS	\$1,743	\$1,681	-3.6%
FiberNet Operations*	\$3,784	\$1,524	-59.7%
County Media (PIO, Council, M-NCPPC)*	\$1,786	\$1,495	-16.3%
Community Engagement*	\$847	\$1,227	44.8%
General Fund Transfers	\$5,818	\$749	-87.1%
Digital Equity*	\$0	\$748	--
Connect Montgomery Alliance	\$565	\$222	-60.7%
TOTAL EXPENDITURES	\$29,357	\$21,529	-26.7%

* Includes proportional allocation of FY24 County Government compensation cost increases.

** Includes \$0.5 million in PEG operating funding for MMC in return for County receiving \$1.0 million for capital expenditures in FY23, FY24, and FY25.

Total restricted Cable Fund expenditures have fallen 17.7% from the FY17 approved Cable Communications Plan to the FY24 approved Plan. Three of the four restricted expenditure categories experienced a decline in FY17-FY24 budgeted expenditures. One category, Municipal Operating Support, experienced a budget increase during this time period as a result of a temporary agreement with MMC as explained above.

Total FY24 approved unrestricted Cable Fund expenditures have fallen by \$6.2 million from FY17, a decrease of 30.6%. The largest decline in unrestricted expenditures from a single category came from General Fund transfers, which fell from \$5.82 million to \$0.75 million from FY17 to FY24, a \$5.07 million reduction. As Cable Fund resources have grown increasingly scarce in recent years, the County has elected to transfer fewer and fewer dollars to the General Fund. Past year reductions in General

Fund transfers served as a buffer against reductions in other categories. However, with the FY24 General Fund transfers budget down to \$0.75 million, this category has limited capacity to serve as a budget buffer in upcoming years.

FiberNet Operations expenditures represent the second largest reduction in unrestricted Cable Fund spending. The FY24 approved Cable Communications Plan budgets \$1.52 million (including a proportional allocation of compensation cost increases), down from \$3.78 in FY17. As discussed in more detail below, the reduction in Cable Fund resources directed toward FiberNet operations has been a strategic decision return a portion of FiberNet operating costs to the General Fund.

Two unrestricted expenditure categories had large budget increases from FY17 to FY24. Montgomery Community Media (MCM) budget expenditures increased 17% from \$2.60 million in FY17 to \$3.05 million in FY24. The FY24 Community Engagement budget of \$1.23 million represents a 45% increase over the FY17 funding level of \$0.85 million.

E. Cable Fund Expenditures – Restricted Revenue

This section describes the four categories of restricted Cable Fund expenditures, presented in descending order of expenditure amount budgeted in the FY24 Cable Communications Plan. Each subsection summarizes the use of funds by category, presents information about FY24 budgeted resources by dollar amount and percent of total expenditures.

1. Restricted County Capital Expenditures

As detailed in the description of “PEG Grants” earlier in this chapter, the County receives revenue from franchisees that must be spent on capital expenditures such as video production equipment and FiberNet infrastructure. The FY24 approved Cable Communications Plan budgets \$4.11 million (or about 19% of total expenditures) for restricted capital spending. The amount of these expenditures is a function of franchisee gross revenues, and so, have declined steadily in recent years corresponding to the decrease in the number of cable television subscribers in the County.

2. Municipal Operating Support

The County transfers PEG Grant non-capital (that is, operating) revenues to participating municipalities in proportion to percentage of subscribers residing in those municipalities or based on an agreement with the County. The FY24 approved Cable Communications Plan budgets \$1.40 million (about 6% of total expenditures) for municipal operating support. Of note, Municipal Operating Support is the sole restricted expenditure category to have a higher budgeted amount in FY24 than in FY17 (see table on

page 48). This amount includes a temporary three-year (FY23 through FY25) boost of \$0.5 million annually resulting from an agreement with MMC in which the County provides an additional \$0.5 million in PEG operating funding to MMC in return for \$1.0 million in capital revenue to the County. Absent this temporary agreement, the Municipal Operating Support would have declined by 26.1% from FY17 to FY21.

3. Municipal Capital Support

The County transfers PEG Grant capital revenues to participating municipalities in proportion to percentage of subscribers residing in those municipalities or based on an agreement with the County. The FY24 approved Cable Communications Plan budgets \$0.94 million (about 4% of total expenditures) for municipal capital support. These expenditures also have declined steadily in recent years corresponding to the decrease in cable subscribers in municipalities.

4. Municipal Franchise Fee Distribution

The County transfers franchise fee revenues to participating municipalities in proportion to percentage of subscribers residing in those municipalities or based on an agreement with the County. The FY24 approved Cable Communications Plan budgets \$0.96 million (about 4% of total expenditures) for municipal franchise fee distribution. These expenditures too have declined in recent years corresponding to the decrease in cable subscribers in municipalities.

F. Cable Fund Expenditures – Non-Restricted Revenue

This section describes ten categories of non-restricted Cable Fund expenditures, presented in descending order of expenditure amount budgeted in the FY24 Cable Communications Plan. Each subsection summarizes the use of funds by category, presents information about FY24 budgeted resources by dollar amount and percent of total expenditures, and when relevant compares the FY24 budget with the FY17 budget for that category.

Note the Cable Fund is not the sole source of funding for most of the expenditures categories described below. General Fund, grant, and other resources also provide support.

1. Montgomery Community Media

The County contracts with the non-profit Montgomery Community Television (doing business as Montgomery Community Media, or MCM) to produce cable programming for County residents. MCM operates two PEG channels. Access 19 features programming created by County residents.

Montgomery Channel 21 broadcasts public affairs, arts, and entertainment programming created by MCM as well as content created by County residents. MCM programs air on cable television and can be viewed live via the Internet.

MCM provides media education and training to County residents including youth summer camps and classes for adults to improve their media skills and create content. MCM has undertaken a grant-funded initiative to serve youth from diverse backgrounds and low-income households. MCM has run media literacy programs at Takoma Park Middle School, Bel Pre Elementary School, Montgomery Village Middle School, and other public schools.

MCM offers fee-based media production services (such as access to studios and equipment) to County businesses and residents. MCM operates two video production studios; one in Rockville, the other in Silver Spring. The Silver Spring studio is located in the Housing Opportunities Commission's Alexander House and is intended to provide media training targeted to seniors and youth.

The FY24 approved Cable Communications Plan budgets \$3.0 million (about 14% of total expenditures) for MCM. The FY17 approved Cable Communications Plan budgeted \$2.6 million (equal to about 9% of total Fund expenditures) for MCM. Thus, Cable Fund spending for MCM has increased by 17% over the past seven years. Major drivers for MCM cost increases include higher personnel costs and the County-mandated increase for contracts to non-profits. In addition to the Cable Fund, MCM receives revenue from fundraising and program fees.

See Chapter 6 for information about MCM cable television programming.

2. Community Technology

The Cable Fund is the sole funding source for the "Community Technology" activity of the Office of Broadband Programs (OBP) within TEBS. The Community Technology program (formerly known as the "Cable Office") is responsible for administering cable television franchise agreements for the County and participating municipalities, facilitating and coordinating the entry of providers of telecommunications services, managing the government access channel, and resolving issues regarding County cable and communications technology. In addition, Community Technology provides installation and network support for "MoCoNet," the County's internet service for low income and special needs residents of certain County affordable housing developments.

The FY24 approved Cable Communications Plan budgets \$1.7 million (about 8% of total expenditures) for Community Technology. The FY17 approved Cable Communications Plan budgeted \$1.6 million (about 5.5% of total Fund expenditures) for Community Technology.

3. Montgomery College

Cable Fund resources help fund Montgomery College communications activities, including Montgomery College Television (MCTV). MCTV produces informational, educational and entertainment programming. In addition, MCTV operations directly support the educational mission of the College. Students enrolled in the College’s Broadcast Media Production courses receive training in the field and at MCTV’s video studio on the Rockville campus where they experience production of MCTV coverage of athletics, performing arts, and news events.

The FY24 approved Cable Communications Plan allocates \$1.7 million (about 8% of total Fund expenditures) to Montgomery College. The FY17 approved Cable Communications Plan allocated about \$1.6 million to the College, an amount equal to about 5.5% of total Fund expenditures for that year. Cable Fund resources supplement College funding of MCTV.

Please see Chapter 6 for information about MCTV cable television programming.

4. Montgomery County Public Schools (MCPS)

Cable Fund resources help fund Montgomery County Public Schools (MCPS) communications activities, including MCPS Television (MCPS-TV). MCPS-TV produces programs for MCPS staff, parents, and students as well as for the community at large. MCPS-TV operates a video production studio at the Carver Educational Services Center in Rockville.

The FY24 approved Cable Communications Plan allocates \$1.7 million (about 8% of total Fund expenditures) to MCPS. The FY17 approved Cable Communications Plan also allocated about \$1.7 million to MCPS, an amount equal to about 6% of total Fund expenditures for that year. Cable Fund resources supplement MCPS funding of MCPS-TV.

Please see Chapter 6 for information about MCPS-TV cable television programming.

5. FiberNet Operations

FiberNet is the County’s electro-optical fiber communication network (also known as the “institutional network”) that supports voice, public-safety, traffic management, data, Internet, wireless, and video

transmissions among public facilities. Both the General Fund and the Cable Fund contribute resources for on-going FiberNet operating costs.

The FY24 approved Cable Communications Plan budgets \$1.5 million (about 7% of total expenditures) for FiberNet operating costs. The FY17 approved Cable Communications Plan budgeted \$3.8 million (equal to about 13% of total Fund expenditures) on FiberNet operations, decreasing by 60% since FY17.

The reduction in Cable Fund resources directed toward FiberNet operation has been a strategic decision to reverse the trend of using the Cable Fund to support FiberNet so as to insulate the FiberNet operating budget from the effects of the Fund revenue loss. As stated in a Council Staff memorandum to the Government Operations and Fiscal Policy Committee, “the Executive has begun the necessary process of shifting mission-critical elements such as FiberNet maintenance from the Cable Plan to other general fund-supported budgets (such as within TEBS) in order to anticipate and manage the continuous decline of franchise revenues while funding necessary investments in digital infrastructure.”⁷

6. County Media

Cable Fund resources support a portion of personnel costs and operating expenses for the County’s Public Information Office (PIO), the Council’s Legislative Information Office (LIO), and M-NCPPC. These resources support communications staffing, media production, and video streaming of events.⁸ The PIO operates a video production studio in the Executive Office Building, the LIO operates a video production studio in the Council Office Building. Cable Fund resources supplement General Fund support for County media activities.

The FY24 approved Cable Communications Plan budgets \$1.5 million (about 7% of total expenditures) for County Media. The FY17 approved Cable Communications Plan budgeted \$1.8 million (about 6% of total FY17 Fund expenditures) for PIO and LIO County Media. Cable Fund spending for County media has decreased by 16% since FY17.

PIO and LIO programming are broadcast on County Cable Montgomery (CCM) cable television channel, streamed live and recorded for viewing via the County website and YouTube. Please see Chapter 6 for information about CCM cable television programming.

⁷ Memorandum from Dr. Costis Toregas to Government Operations and Fiscal Policy Committee, April 21, 2023, <file:///F:/OLO/Aron/Cable%20Fund/FY24%20GO%20Cable%20Plan%20Budget%20Memo.pdf>.

⁸ Video streaming for events such as County Executive media briefing, County Council meetings, and Planning Board meetings.

7. Community Engagement

The OBP “Community Engagement” program oversees the technological aspects of County Government communication efforts including cable television technical management, remote and onsite live streaming, website creation and content management, social media outreach, video production, and podcast production and distribution. The FY24 approved Cable Communications Plan budgets \$1.2 million (about 6% of total expenditures) for Community Engagement. The FY17 approved Cable Communications Plan budgeted \$0.8 million (about 3% of total Fund expenditures) for Community Engagement. FY24 funding for Community Engagement increased 45% from FY17 to FY24, largely as a result of the transfer of several functions (including closed captioning, local community engagement programming, production vehicle support, and technical operations center support) from other budget line items to the Community Engagement budget.

8. General Fund Transfers

The Cable Fund is a special revenue fund used for the receipt and use of resources which by law and policy must be kept distinct from General Fund revenues. County budgeting protocols permit the transfer of resources from one fund to another. As a special revenue fund, the Cable Fund may transfer resources to the County Government and M-NCPPC General Funds to cover the cost of administrative, financial, human resource, and legal support provided by tax-supported departments and offices. In response to budgetary pressures caused by declines in tax revenues during the Great Recession, the County shifted some costs from the General Fund to the Cable Fund. In the early 2010s, approved Cable Communications Plans added chargebacks for departmental positions that supported Cable Fund activities, increased FiberNet-related personnel costs charged to the Cable Fund, and shifted some PIO and LIO personnel costs from the General Fund to the Cable Fund

With the decline in Cable Fund revenues in recent years, the dollar amount of General Fund transfers in the Cable Communications Plan also declined. The FY24 approved Cable Communications Plan budgets \$0.75 million (about 3% of total expenditures) for General Fund transfers. In contrast, the FY17 approved Cable Communications Plan budgeted \$5.8 million (about 20% of total Fund expenditures) on General Fund transfers. This category of spending has decreased by more than 87% since FY17, by far the largest drop of any Cable Fund expenditure.

9. Digital Equity Programs (Montgomery Connects)

Cable Fund resources support “Montgomery Connects,” the County’s digital equity and inclusion initiative. Montgomery Connects programs include Computer for You (that distributes laptop computers to low-income County residents), Affordable Connectivity (that assists residents enroll in a

federal broadband subsidy program}, Rural Broadband (that works to eliminate broadband access gaps in the County's Agricultural Reserve), Senior Planet (that offers classes for seniors to learn new online skills), and MoCoNet (that delivers free, high-speed internet to affordable housing communities). In addition to Cable Fund resources, Montgomery Connects has received grant assistance for several of its programs. (See Chapter 3 of this report for a more detailed discussion of Montgomery Connects.)

The FY24 approved Cable Communications Plan budgets \$0.7 million (about 3.5% of total expenditures) for the digital equity programs. The County digital equity programs were funded by the General Fund in FY17. Many County digital equity programs also receive funding from grants and other sources.

10. Connect Montgomery Alliance

The Connect Montgomery Alliance (CMA) is an association of County PEG channel operators. CMA membership includes County Cable Montgomery, Montgomery Community Media, MCPS-TV, MCTV, Montgomery Municipal Cable, Takoma Park TV, and Rockville Channel 11. Cable Fund resources support CMA operating costs including the cost of a part-time coordinator to assist in the collaboration and marketing of PEG content and productions.

The FY24 approved Cable Communications Plan budgets \$0.2 million (1% of total expenditures) for the CMA. The FY17 approved Cable Communications Plan budgeted \$0.6 million (about 2% of total Fund expenditures) for the CMA. Thus, Cable Fund spending for CMA has decreased by almost 61% over the past seven years. The majority of this decrease resulted from the shift of closed captioning and other costs to Community Engagement (see Subsection 7 above).

G. Cable Fund Balance

Chapter 5 of this report describes the history of the Cable Fund balance policy. For several years, the approved Cable Communications Plan has included a footnote that reads:

Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).

The FY24 approved Cable Communications Plan estimates the Cable Fund will end in FY23 with a fund deficit of \$98,000. For FY24, the Plan anticipates an end-of-year fund balance of \$117,000, or about 0.7% of total non-restricted fiscal year revenues. The projected fund balance falls far below the policy level and provides further evidence of fiscal stress facing the Cable Fund.

H. PEG Channel Resource Sharing

As discussed in Chapter 5 of this report, the Council resolutions that approve the annual Cable Communications Plans include provisions that set forth specific strictures, limitations, and preferences for Cable Fund expenditures. The Council-approved FY23 and FY24 Cable Communications Plans contain text that promotes the shared use of the resources among PEG channels:

The Council wishes to encourage the most cost-effective operations of the PEG Channels and has directed the [Connect] Montgomery Alliance to enhance the sharing of equipment, facilities, and personnel, and to jointly support digital equity. All funds appropriated for PEG equipment replacement must be administered by the Office of Broadband Programs and Infrastructure Modernization. Before spending any funds for this purpose, the Connect Montgomery Alliance must report to the Council and the Executive on their plans for the purchase and allocation of replacement equipment. The Council intends that preference be given to purchases of equipment and facilities that can be shared by more than one PEG Channel.

The Council encourages the municipal co-franchisors to develop plans for purchasing equipment, using engineering expertise available from the other PEG Channels and the Office of Community Engagement, and acquiring equipment that facilitates the sharing of resources with other PEG channels.

Before the Connect Montgomery Alliance may spend funds allocated for PEG joint Programming/Promotion, the Alliance must report its Work Plan for FY2024 to the Council and the Executive.

The FY24 Connect Montgomery Alliance (CMA) Strategic Plan submitted to the Council appears in Appendix B of this report. OLO notes the CMA's Strategic Plan makes no mention of any effort to share resources among PEG channels. However, at an April 2023 worksession of the Council's Government Operations and Fiscal Management Committee, the CMA mentioned that its members are working on strategies to address the downturn in Cable Fund revenues. OLO asked the CMA to describe the strategies under consideration by the group. The paragraphs below are excerpts from the CMA response. (The full text of the CMA response appears in Appendix C.)

On the cost-saving side, there are three main areas of savings for consideration: costs associated with physical space for the four countywide and three municipal operations, operational costs that include equipment, software, captioning, warranties, maintenance, etc., and lastly, personnel.

The members of CMA are discussing ways that physical space could be shared. In the near term (over approximately nine to twelve months at the earliest), one or more master control operations could be centralized, adding additional cable and streaming channel playout to an existing master control media storage and automation system, similar to how the CMA launched and hosted the Corona Montgomery channel for 17 months....

An approach of this nature would allow channels to migrate when ready, which could be a significant savings over replacing aging hardware systems at each CMA location every 5 to 7 years or building a new hub. A joint master control also would save on personnel, annual warranty/maintenance expenses, and energy costs, providing support to organizations that have no engineering staff, lack the skill to perform systems installations, or have to pay for annual service contracts.

Likewise, there is the potential to reduce the CMA footprint by partnering on studio use for content creation, potentially saving money on leasing space, expensive control room equipment replacement, warranties, utility costs, insurance, and future camera replacements or virtual sets. Most CMA studios are in use during typical work hours but free on evenings and weekends when some access users and volunteers prefer to work on their projects. Generally speaking, the various CMA studios are used less frequently than pre-COVID levels as the desire for video in the field, in the form of short clips and social media content continues to drive program lengths from the typical hour or half-hour to five or 15 minutes. This sharing could happen with a few months' notice and an agreed-upon MOU.

Additionally, the group is discussing potentially creating protocols for sharing staff members for assignments like video shoots, press events, and community activities. A "pool camera" has often been used in large media markets or events to feed multiple outlets to avoid duplication....

Finally, the group continues to evaluate equipment purchases across all member agencies to identify cost savings associated with group purchases, share insights and hands-on experience, and eliminate any unnecessary equipment requests. The pooling of some equipment is also being considered as the group moves forward to avoid duplicating equipment purchases for similar purposes, such as news and event information gathering.

As part of our due diligence, CMA managers met with two consultants this summer who are experienced with media access centers. They suggested a universal broadcast facility or "hub" with contract staffing to serve all the county's public, education, and government channels. This approach would fundamentally restructure operations and staffing across each agency, and a

leadership team would need to be selected to oversee operations with a memorandum of understanding to allocate airtime and resources across participating CMA members....

OLO notes that the PEG channels joined forces early in the Covid pandemic to launch a shared public information outlet, including a shared cable channel known as “Corona Montgomery.” For about two years, Corona Montgomery provided County residents with timely information about government and community services, programs and other information related to the pandemic.

I. Interagency Technology Coordination and Governance

As Cable Fund resources grow increasingly scarce, a governance mechanism will be needed to oversee and coordinate the sharing of resources and the prioritization of spending. At present, however, no active interagency entity performs this role. OLO notes an interagency technology coordination group exists on paper but has been dormant since 2019.

In 1984, the County Council established a committee, the Interagency Technology Policy and Coordination Committee (ITPCC) to coordinate technology policy among County agencies. As stipulated by the Council, ITPCC membership is comprised of the most senior leadership including the County Chief Administrative Officer, the MCPS Superintendent, the President of Montgomery College, the Chair of the Montgomery County Planning Board, the General Manager of the Washington Suburban Sanitary Commission, and the County Council Staff Director⁹ (ex officio).

A 1994 Council Resolution updated the duties of the ITPCC to include the following responsibilities:

- *To promote and enhance the coordination of technological innovation among and within the various agencies of government in Montgomery County...*
- *To create a communication vehicle by which the various agencies of government can assist the County Council and each other to develop sound and efficient public policies to evaluate alternative uses of these technologies....*
- *To facilitate the coordinated implementation of such countywide policies through the mutual development of practical plans, proposals, and recommendations concerning individual agency expenditures for electronic hardware, software, equipment, and related issues.*
- *To provide a discussion forum for the sharing and evaluation of information pertaining to such new technologies, including their various economic, social, and operational costs and benefits.*¹⁰

⁹ The position of Council Staff Director has subsequently been renamed the Council Executive Director.

¹⁰ County Council Resolution 12-758, July 19, 1994

Although the ITPCC has not met since September 2019, the approved FY24 operating budget continues to describe the Committee as the interagency entity that oversees technology policy. As stated in the text for the ITPCC non-departmental account in the approved operating budget:

By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.

J. FiberNet Chargebacks

As described earlier in this chapter, in recent years, approved Cable Communications Plans have included reduced dollars for FiberNet operations as the County has shifted FiberNet funding to the General Fund. As the County built out FiberNet, the ITPCC began an effort to set aside funds from all participating agencies to support its operation and maintenance.

In May 1999, the County Council approved a policy calling for the establishment of a “chargeback” policy, in which agencies would contribute to the operation and maintenance of FiberNet proportionally based on measures of the costs incurred to extend the network to each agency’s facilities. In essence, the 1999 directive sought a means to allocate the original network build out capital costs FiberNet users. As directed by the Council, the ITPCC developed, and agencies implemented, the original FiberNet chargeback system intended to recoup past capital costs.

In 2004, the ITPCC reported to the Council that the chargeback system based on past capital costs was no longer workable and recommended revising the policy to require agencies to pay a monthly fee per site served by FiberNet to fund ongoing operational and future equipment replacement costs. The Council endorsed this revised approach in 2005 and the County eliminated the original chargeback system. However, a new per site fee structure was never implemented. As a result, the County Government currently pays all FiberNet operating and capital costs using resources from the General and Cable Funds.

Chapter 8. Other Revenue Sources

The Council asked OLO to research how other jurisdictions derive revenue from telecommunications sources other than cable – video streaming services in particular (e.g., Netflix, Hulu, Amazon Prime Video, Sling TV). Video streaming services provide video content directly to viewers via an internet-connected device (e.g., computer, apps on mobile devices, video game consoles, SmartTVs) without having to permanently download the content.¹

Numerous jurisdictions around the country have attempted to tax video streaming services in recent years in a variety of ways. Video streaming services have routinely challenged the legality of these taxes in court, sometimes successfully, sometimes not. Legal challenges are currently ongoing and the question of whether courts will uphold certain attempts to tax video streaming services is unsettled in some jurisdictions.

Currently, federal law does not regulate video streaming services in the same way as it regulates cable services.² In 2014, the Federal Communications Commission (FCC) began a discussion of whether to redefine “multichannel video programming distributors” (MVPDs), the class of companies that include FCC-regulated cable and satellite television providers, to include video streaming services.³ Ultimately the FCC did not change the definition of MVPDs and in 2023, FCC Chairwoman Jessica Rosenworcel sent a letter to Senator Charles Grassley explaining that existing federal law, as written, does not allow the FCC to include video streaming services in the definition of MVPDs.⁴

As a local jurisdiction, Montgomery County is bound by state law that governs and limits how the County can implement taxes. With the exception of the discussion of sales and use taxes, this chapter primarily examines attempts by local jurisdictions (as opposed to states) to tax video streaming services.

¹ Salvatore Cocchiario, “[Saved by *Labell*: Local Taxation of Video Streaming Services](#),” 87 *Fordham L. Rev.* 1613 (2019). While the majority of internet subscribers in the United States receive internet access from direct wireline connections, (e.g., a physical line like fiber optic cable, hybrid coaxial cable, or copper telephone wire), a portion of internet subscribers receive internet access through non-wired means (e.g., fixed wireless connections, satellite, mobile connections). “[How Do Americans Connect to the Internet?](#)” Pew Fact Sheet (July 7, 2022).

² Cocchiario, *Saved by *Labell**,” at p. 1619. Note that at its meeting on October 19, 2023, the FCC approved a notice of proposed rulemaking to reclassify broadband (internet service) as a “telecommunications service” rather than its current classification as an “information services.” Classifying broadband as an information service would bring it under the FCC’s jurisdiction and regulation authority. See John Eggerton, “[FCC Reasserts Authority Over Internet Access](#),” *Multichannel News* (Oct. 19, 2023).

³ *Ibid.* at p. 1630.

⁴ [Letter from FCC Chairwoman to Senator Grassley](#) (March 24, 2023).

This chapter is organized as follows:

- Section A describes the limits of Montgomery County’s taxing authority;
- Section B describes various approaches to taxing video streaming services, including sales and use taxes, amusement taxes, and “taxing” video streaming services like cable providers;
- Section C describes other possible funding opportunities; and
- Section D includes useful definitions from the Internet Tax Freedom Act.

A. Limits on Montgomery County’s Taxing Authority

Maryland law establishes the limits of Montgomery County’s taxing authority. For example, state law prohibits local jurisdictions from taxing a variety of goods and services including alcoholic beverages, gasoline, and motor vehicle registrations. Outside of the prohibitions in state law, Montgomery County law gives the Council broad taxing authority.⁵

With very limited exceptions in state law, local Maryland jurisdictions are not permitted to implement sales and use taxes, which are general consumption taxes on the purchase of goods or services at the point of sale and typically are a percentage of the sales price.⁶ Consequently, several Montgomery County taxes are excise taxes, which are taxes on specific goods and services. Excise taxes are frequently set at a flat rate (e.g., Maryland’s gasoline tax of \$0.3610 per gallon of gas). Montgomery County currently imposes an excise tax on fuel energy use, room rentals, telephone lines, e-cigarettes, and amusements.⁷

B. Taxing Video Streaming Services

This section describes other jurisdictions’ (including the State of Maryland’s) attempts to implement taxes on video streaming services. Video streaming services have legally challenged many of these attempts in court.

- Section 1 explains how the Internet Tax Freedom Act impacts taxing of video streaming services;
- Section 2 describes taxes on video streaming companies that currently are in effect; and
- Section 3 describes jurisdictions’ efforts to treat video streaming services in the same manner as cable providers and the status of those current efforts.

⁵ Montgomery County Code § 52-17(a).

⁶ Maryland Code Ann., Tax – General, § 11-102(c).

⁷ Montgomery County [Department of Finance](#).

1. The Internet Tax Freedom Act

As noted above, video streaming services provide video content directly to viewers via an internet-connected device.⁸ Jurisdictions that tax video streaming services must do so while complying with the requirements in the federal Internet Tax Freedom Act (ITFA). Congress enacted the ITFA “to establish a moratorium on the imposition of state and local taxes that would interfere with the free flow of interstate commerce over the internet.”⁹ The ITFA prohibits state and local governments from:

- Taxing internet access; and
- Imposing multiple or discriminatory taxes on electronic commerce.¹⁰

Originally enacted in 1998 and extended many times, Congress made the ITFA permanent in 2016.¹¹ The law regulates taxes on internet access and electronic commerce – prohibiting taxes entirely on internet access but prohibiting only “multiple or discriminatory taxes” on electronic commerce. A state and a political subdivision of the state each imposing a sales and use tax is not considered “multiple taxation” under the ITFA.¹²

Understanding the descriptions of the taxing approaches in the rest of this chapter does not require a precise understanding of details of the ITFA. However, some readers may be interested in the definition of the terms in the act, such as “electronic commerce” or “multiple taxes.” For those that are interested, the definitions can be found in Section D at the end of this chapter.

⁸ Salvatore Cocchiari, “[Saved by Label: Local Taxation of Video Streaming Services](#),” 87 *Fordham L. Rev.* 1613 (2019). While the majority of internet subscribers in the United States receive internet access from direct wireline connections, (e.g., a physical line like fiber optic cable, hybrid coaxial cable, or copper telephone wire), a portion of internet subscribers receive internet access through non-wired means (e.g., fixed wireless connections, satellite, mobile connections). “[How Do Americans Connect to the Internet?](#)” Pew Fact Sheet (July 7, 2022).

⁹ Ball, Milan, “[The Internet Tax Freedom Act and Federal Preemption](#),” Congressional Research Service *In Focus* (Oct. 18 2021).

¹⁰ ITFA, 47 U.S.C. § 151, note (§ 1101).

¹¹ Stupak, Jeffrey M., [The Internet Tax Freedom Act: In Brief](#), Congressional Research Service (Apr. 13, 2016). See also [Public Law 114-125](#) (Feb. 24, 2016).

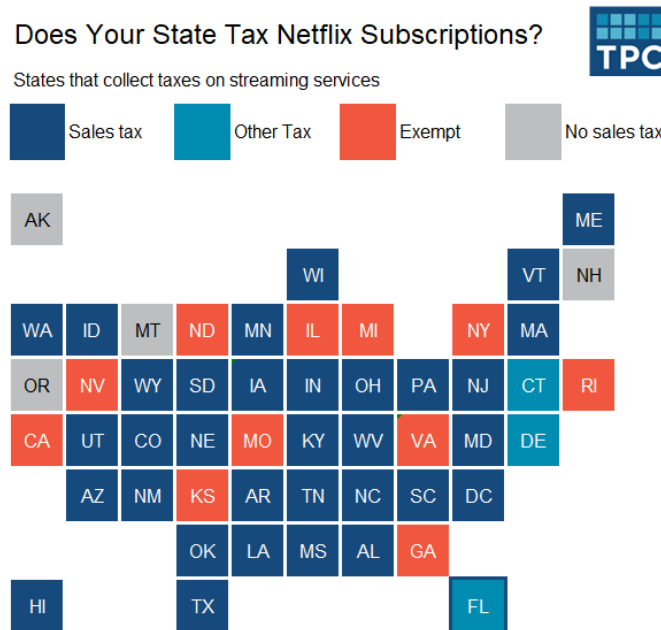
¹² 47 U.S.C. § 151, note (§ 1105(6)(B)).

2. Taxes on Video Streaming Services Currently in Effect

a) Sales Taxes

At least 33 states, including Maryland, impose a sales and use tax on video streaming services.¹³ Maryland began collecting its 6% sales and use tax on streaming services in 2021.¹⁴ As noted above, with limited exceptions, Maryland state law strictly limits counties’ ability to implement sales and use taxes. The next figure shows a map created by the Tax Policy Center showing whether and how states taxed video streaming services.

Figure 8-1. State Taxing of Video Streaming Services



Sources: Federation of Tax Administrators’ and state tax reports.
Note: Delaware does not levy a general sales tax but streaming services are required to pay its gross receipts tax. Connecticut levies a special 1% sales tax on streaming services. Florida levies a 7% communications service tax on streaming services in addition to its general sales tax.

Source: [Tax Policy Center](https://www.taxpolicycenter.org)

¹³ Elaine S. Povich, “[Cities and States Find New Ways to Tax Streaming Services](#),” Stateline (Jan. 18, 2022); see also [Business Tax Tip #29: Sales of Digital Products and Digital Code](#), Comptroller of Maryland (“A monthly charge for streaming audio and video is subject to sales and use tax.”).

¹⁴ The Maryland legislature amended state law in 2020 to make digital products subject to the state’s sales and use tax. [HB 9032](#), Maryland General Assembly (2020). The governor vetoed the bill in May 2020 and the General Assembly overrode the veto in February 2021.

b) Chicago and Evanston, Illinois Amusement Taxes

In 2015, the Comptroller of the City of Chicago issued a ruling that the city's existing definition of "amusement" included video streaming services and, consequently, video streaming services were subject to the city's 9% amusement tax.¹⁵ Both taxpayers that used video streaming services and the video streaming services themselves separately sued the city, unsuccessfully challenging the imposition of the tax.

In the taxpayer lawsuit, an Illinois state trial court ruled in favor of the city, finding, among other things, that Chicago's application of its amusement tax to video streaming services did not violate the Internet Tax Freedom Act, federal and state Constitutions, or state law. The taxpayers filed an appeal with the Illinois Court of Appeals, which upheld the trial court ruling in favor of the city in September 2019.¹⁶ The taxpayers appealed that decision to the Supreme Court of Illinois, which declined to review the case in March 2020.¹⁷

Apple also sued the city in 2018, alleging violations of the U.S. Constitution and the Internet Tax Freedom Act.¹⁸ Apple's suit was put on hold while the taxpayer suit moved through the courts. Following the Illinois Court of Appeals' ruling in the taxpayer case, the judge in the Apple case dismissed Apple's case while giving Apple the option to amend its arguments and refile the case. In July 2022, however, Apple and the City of Chicago jointly agreed to dismiss the case, with news media suggesting that Apple wanted to avoid the possibility that a court would decide that the tax was legal.¹⁹

In 2020, the City of Evanston, Illinois, just north of Chicago, amended its amusement tax to include streaming services. In 2021, Chicago's amusement tax revenue from streaming services was \$31.3 million.²⁰ Evanston collected \$810,651 in amusement tax in FY2021 and \$942,080 in FY2022.²¹

3. Attempts to Treat Video Streaming Services Like Cable Providers

Some states regulate cable providers at the state level, allowing cable companies to enter into state-level franchise agreements to provide service in local jurisdictions. In some of these states, some local jurisdictions have argued that these state laws also cover video streaming, which would require streaming services to obtain franchises and pay franchise fees like cable providers. Note that cable

¹⁵ The city comptroller found that the existing tax law included "charges paid for the privilege to witness, view or participate in amusements that are *delivered electronically*." City of Chicago [Amusement Tax Ruling #5](#) (June 9, 2015) (emphasis in original). Cocchiari, "Saved by *Labell*," at p. 1627.

¹⁶ [Labell v. City of Chicago](#), 147 N.E.3d 732 (Ill. Ct. App. Sept. 30, 2019).

¹⁷ [Labell v. City of Chicago](#), Ill. Sup. Ct. (Mar. 25, 2020), [Petition for Leave to Appeal Denied](#).

¹⁸ Winston Cho, "[Apple Settles Suit Against Chicago Over City's Tax on Streaming Services](#)," *The Hollywood Reporter* (July 21, 2022).

¹⁹ Brandon Vigliarolo, "[Apple v. Chicago streaming service tax battle ends in hushed settlement](#)," *The Register* (July 25, 2022).

²⁰ Elaine S. Povich, "[Cities and States Find New Ways to Tax Streaming Services](#)," *Stateline* (Jan. 18, 2022).

²¹ [City of Evanston 2024 Proposed Budget](#), at p. 46 (Oct. 6, 2023).

franchise fees are not taxes (there are legal distinctions between the two) but they provide a stream of revenue to governments in a similar way to a tax. Note that Maryland does not have a similar law regulating cable franchises at the state level (see Chapter 2).

While the laws in these cases vary somewhat between states, numerous courts have rejected local government arguments that video streaming services fall into the same category as cable providers – in California, Tennessee, Louisiana, Arkansas, and Georgia.²² At least one case is pending where a court has not ruled on the merits of the argument.

Courts' reasoning that streaming services are not covered under state laws that regulate cable providers has included:

- The requirement to hold a franchise is linked to a company's construction or operation of services in the public right-of-way. Because video streaming services do not build or own the internet infrastructure in the rights-of-way that delivers service to their subscribers, they are not subject to state franchise laws.
- State cable franchise laws grant power to state government actors to regulate cable franchises. Local governments do not have the right to bring a lawsuit to try to enforce state law.

A Missouri case currently is being litigated in state court in *City of Creve Coeur v. Netflix*. A court has not yet ruled on the merits of the case. In 2023, a Missouri state senator introduced a bill in the legislature that would have changed state law to expressly exempt video streaming services from treatment as a cable provider (ending any ambiguity about whether a video streaming service falls under the same definition as a cable provider) but the bill was not enacted.²³

C. Other Possibilities

Conversations with Executive Branch staff provided some additional considerations for funding opportunities. As noted in Chapter 3, the County's latest upgrade of the FiberNet network significantly expanded the bandwidth available to the County. The expanded bandwidth could allow the County to lease some of the bandwidth to other municipalities, nonprofit organizations, and/or private schools.

²² [City of Lancaster \(California\) v. Netflix, Inc.](#), 202 Cal. Super. LEXIS 7497 (Sept. 20, 2021); [Knoxville \(Tennessee\) v. Netflix](#), 656 S.W.3d 106 (Tenn. 2022); [City of Kenner \(Louisiana\) v. Netflix, Inc.](#), 366 So.3d 642 (Louisiana Ct. App. May 3, 2023); [City of Ashdown \(Arkansas\) v. Netflix, Inc.](#), 52 F.4th 1025 (8th Cir. Nov. 8, 2022); [Gwinnett Cnty. \(Georgia\) v. Netflix, Inc.](#), 885 S.E.2d 177 (Georgia Ct. App. Mar. 8, 2023).

²³ See Cocchiari, "Saved by *Labell*," at p. 1632; see also Kurt Erickson, "[Taxes on streaming video services targeted in Missouri Capitol](#)," *St. Louis Post Dispatch* (Feb. 7, 2023).

In addition, much of the content that originally was available only to cable subscribers via PEG channels is now available as streaming content on PEG channel internet sites and/or YouTube to anyone with an internet connection. Only cable subscribers, however, are paying for access to the content via their cable subscriptions. An option to consider is putting non-public meeting content that is streamed online behind a paywall – where non-cable subscribers would have to pay a fee to view the content. An example of content that could generate significant interest on streaming platforms is live broadcast of high school and Montgomery College sports.

D. Definitions from Internet Tax Freedom Act

This section includes relevant definitions from the ITFA, which states:

No State or political subdivision thereof may impose any of the following taxes:

- (1) Taxes on Internet access.
- (2) Multiple or discriminatory taxes on electronic commerce.²⁴

The law regulates taxes on internet access and on electronic commerce – prohibiting taxes entirely on internet access but prohibiting only “multiple or discriminatory taxes” on electronic commerce.

Internet Access – 47 U.S.C. § 151, note (§ 1105(5))

“The term ‘Internet access’—

(A) means a service that enables users to connect to the Internet to access content, information, or other services offered over the Internet;

(B) includes the purchase, use or sale of telecommunications by a provider of a service described in subparagraph (A) to the extent such telecommunications are purchased, used or sold—

- (i)** to provide such service; or
- (ii)** to otherwise enable users to access content, information or other services offered over the Internet;

(C) includes services that are incidental to the provision of the service described in subparagraph (A) when furnished to users as part of such service, such as a home page, electronic mail and instant messaging (including voice- and video-capable electronic mail and instant messaging), video clips, and personal electronic storage capacity;

(D) does not include voice, audio or video programming, or other products and services (except services described in subparagraph (A), (B), (C), or (E)) that utilize Internet protocol or any successor protocol and for which there is a charge, regardless of

²⁴ 47 U.S.C. § 151, note (§ 1101(a)).

whether such charge is separately stated or aggregated with the charge for services described in subparagraph (A), (B), (C), or (E); and

(E) includes a homepage, electronic mail and instant messaging (including voice- and video-capable electronic mail and instant messaging), video clips, and personal electronic storage capacity, that are provided independently or not packaged with Internet access.

Electronic Commerce – 47 U.S.C. § 151, note (§ 1105(3))

“The term ‘electronic commerce’ means any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, offer, or delivery of property, goods, services, or information, whether or not for consideration, and includes the provision of Internet access.”

Multiple Tax – 47 U.S.C. § 151, note (§ 1105(6))

“(A) **In general.**— The term ‘multiple tax’ means any tax that is imposed by one State or political subdivision thereof on the same or essentially the same electronic commerce that is also subject to another tax imposed by another State or political subdivision thereof (whether or not at the same rate or on the same basis), without a credit (for example, a resale exemption certificate) for taxes paid in other jurisdictions.

(B) **Exception.**— Such term shall not include a sales or use tax imposed by a State and 1 or more political subdivisions thereof on the same electronic commerce or a tax on persons engaged in electronic commerce which also may have been subject to a sales or use tax thereon.

(C) **Sales or use tax.**— For purposes of subparagraph (B), the term ‘sales or use tax’ means a tax that is imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property or services as may be defined by laws imposing such tax and which is measured by the amount of the sales price or other charge for such property or service.”

Discriminatory Taxes - 47 U.S.C. § 151, note (§ 1105(2))

“The term ‘discriminatory tax’ means—

(A) any tax imposed by a State or political subdivision thereof on electronic commerce that—

- (i) is not generally imposed and legally collectible by such State or such political subdivision on transactions involving similar property, goods, services, or information accomplished through other means;
- (ii) Is not generally imposed and legally collectible at the same rate by such State or such political subdivision on transactions involving similar property, goods, services, or information accomplished through other means,

unless the rate is lower as part of a phase-out of the tax over not more than a 5-year period;

- (iii) imposes an obligation to collect or pay the tax on a different person or entity than in the case of transactions involving similar property, goods, services, or information accomplished through other means;
- (iv) establishes a classification of Internet access service providers or online service providers for purposes of establishing a higher tax rate to be imposed on such providers than the tax rate generally applied to providers of similar information services delivered through other means; or

(B) any tax imposed by a State or political subdivision thereof, if—

- (i) the sole ability to access a site on a remote seller’s out-of-State computer server is considered a factor in determining a remote seller’s tax collection obligation; or
- (ii) a provider of Internet access service or online services is deemed to be the agent of a remote seller for determining tax collection obligations solely as a result of—
 - (I) the display of a remote seller’s information or content on the out-of-State computer server of a provider of Internet access service or online services; or
 - (II) the processing of orders through the out-of-State computer server of a provider of Internet access service or online services.”

Chapter 9. Major OLO Findings

This chapter summarizes the major findings of this Office of Legislative Oversight (OLO) report.

Cable Television Background

Finding #1. Cable television transmits video programming to subscribers through physical cable infrastructure (as opposed to a broadcast signal, i.e., radio waves).

Before 1948, television channels broadcast programs via radio waves that were picked up by the antenna of a television set. However, televisions in mountainous regions and remote areas of the U.S. often could not pick up broadcast signals. In response, in 1948, companies began building large antennas on mountains or elevated ground to receive broadcast signals and connected homes directly to the antennas via cables. Congress adopted the Cable Communications Policy Act of 1984 (Cable Act), which officially codified the Federal Communications Commission’s (FCC) authority over cable operators in federal law.

In the U.S., private telecommunications companies provide cable television service to customers who typically pay subscription fees to the provider. Cable operators use public rights-of-way and communication towers to lay the cables that distribute TV signals to subscribers. The same companies may also provide internet, streaming, cellular telephone, and other broadband services through the same infrastructure used to provide cable services.

Finding #2. The U.S. Federal Communications Commission oversees regulation of cable service in the United States. The federal Cable Communications Policy Act of 1984 governs cable operators. The Cable Act requires cable operators to obtain a franchise from a state or local government to operate a cable system in an area.

A cable “franchise” is a government authorization to a cable operator to construct or operate a cable system within the public right-of-way. Numerous states have laws that permit cable operators to receive a statewide franchise. Cable operators in Maryland receive franchises through local governments. Montgomery County is the local “franchise authority” for the non-incorporated areas of the County and for most local municipalities.

In return for cable operators’ use of the right-of-way, the Cable Communications Policy Act of 1984 (“Cable Act”) permits franchising authorities to:

- Require that cable operators pay the franchising authority a franchise fee;
- Require that cable operators provide channel capacity for public access, educational, and/or governmental use (called “PEG” channels) to meet local needs; and
- Require that cable operators provide capacity for educational and governmental use on communication networks constructed by cable companies that typically are available only to non-residential subscribers – called “institutional networks” or “I-Net”. The County’s institutional network is called FiberNet.

The Cable Act limits cable franchise fees (paid by a cable operator to the franchise authority) to a maximum of 5% of a cable operator’s gross annual revenue derived “from the operation of the cable system to provide cable services” in the jurisdiction.

Federal law permits (but does not require) local franchising authorities to require cable operators to set aside a specified number of channels for PEG use. Public access channels are available for use by the general public and typically are administered either by the cable operator or by a third party designated by the franchising authority. Educational institutions use educational access channels for programming. Programming on these educational channels is typically allocated among local schools, colleges, and universities by either the franchising authority or the cable operator. Governmental access channels are used for programming by local governments. In most jurisdictions, local governments directly control these channels.

Montgomery County Cable Franchises

Finding #3. Chapter 8A of the Montgomery County Code outlines County law on the regulation of cable franchises. Montgomery County currently has cable franchise agreements with Comcast of Potomac, LLC, Verizon Maryland, LLC, and Starpower Communications, LLC (doing business as Astound Broadband).

Comcast’s and Verizon’s franchise agreements expired in 2021 and Starpower’s expires in 2031. In November 2021, Verizon and Comcast sent separate letters to the County indicating that each company would continue to provide cable service under the terms of the expired franchise agreements as the County and the companies negotiate renewed agreements. As of the release of this report, the County and cable operators have not signed new franchise agreements and are still in negotiations.

Among other provisions, County law sets franchise fees at 5% of a franchisee’s gross revenue, the maximum amount allowed under federal law. The law also requires that all funds received by the County from a cable franchisee be spent only under a budget approved by the Council and in accordance with an annual Cable Communications Plan proposed by the County Executive. The Office

of Broadband Programs (OBP) in the Department of Technology & Enterprise Business Solutions (TEBS) administers the County's cable TV franchise agreements.

Finding #4. The County's cable franchise agreements establish the parameters for the operation of cable franchises in the County. The terms and conditions that apply to cable providers and to the County are very similar in all of the agreements.

Among other things, the franchise agreements:

- Authorize the cable operators to construct, operate, and maintain a cable system in the County's right-of-way "for the sole purpose of providing Cable Service";
- Outline minimum requirements for the technological capabilities of the infrastructure;
- Establish minimum customer service standards expected of the cable operator; and
- Require that the systems be built to be able to interconnect with the County's institutional network by direct fiber optic connection.

The County government administers the franchise agreements on behalf of 18 municipalities under the Comcast and Verizon agreements and for 14 municipalities under the Starpower agreement.

The franchise agreements require the cable operators to provide the County:

- A franchise fee;
- Financial grants to support PEG and institutional network capital expenses;
- Cable service to public buildings; and
- Channel capacity for PEG use – Comcast – up to 14 channels, including five high definition (HD) channels; Starpower – up to 13 channels; Verizon – up to 11 channels.

The next table summarizes fees and goods and services required from each cable operator.

**Summary of Relevant Requirements in
Latest Montgomery County Cable Franchise Agreements**

	Comcast	Starpower	Verizon
Franchise Fees	5% of franchisee’s annual gross revenues from operation of the cable system in the franchise area (§ 7.1)	5% of franchisee’s gross revenues from operation of the cable system in the franchise area (§§ 1(t), 8(a))	5% of franchisee’s annual gross revenues from operation of the cable system in the franchise area (§ 7.1)
PEG and I-Net Grants	3% of franchisee’s annual gross revenues for “PEG and institutional network capital expenses as determined by the County” (§ 6.2)	3% of franchisee’s gross revenue for “PEG and Institutional Network purposes as determined by the County.” (§ 8(b))	3% of franchisee’s annual gross revenues for “PEG and institutional network capital expenses” (§ 6.2)
Cable and Internet Services	Basic cable service, converters, and some infrastructure to public buildings served by Comcast when the agreement goes into effect, plus service to three additional public buildings per year for the term of the agreement (§ 3.3); 50 cable modems and internet service “currently installed and in use by County agencies” (Exhibit D)	Cable service for four locations in City of Takoma Park; service at one PEG location in a participating municipality with at least 100 subscribers; service to all MCG and MCPS owned or operated facilities w/in 500’ of the cable system (§ 7(n)); provision of cable channel signals that the County may convert to internet protocol television (IPTV) signals for distribution over Fibernet (Exhibit F)	Cable service for up to 100 buildings used for public purposes, converters, and some infrastructure (§ 3.3)
PEG Services	Up to 14 PEG channels (of which up to five will be HD channels) (§ 6.1)	Up to 13 standard definition PEG channels w/ interface enabling activation as HD channels (§ 7(a), (b)); capacity for up to 40 hours of video-on-demand PEG programming of the County’s choosing (§ 7(i))	Up to 11 PEG channels w/ option for County to request two more analog access channels (13 total) (§ 6.1.1)
Institutional Network	“[A]n exclusive, irrevocable, and infeasible right to use the C-Net,” which are fiber and facilities build by Comcast under a 1998 franchise agreement and make up part of the County’s Institutional Network (along with Fibernet) (Exhibit D)	“Shall provide an institutional network acceptable to the County” (§ 7(o)); In lieu of an institutional network: discounted high speed internet service connectivity, cable modem service, IP addresses, Metro Ethernet connections in Takoma Park and COB (Exhibit F)	n/a

Finding #5. County law requires that all funds from cable franchisees flow into the Cable Fund – a special revenue fund. Annually, the County Executive is required to propose a Cable Communications Plan that outlines the spending from the special revenue fund and the Plan is subject to Council approval.

The Cable Fund, as a special revenue fund, is for the receipt and use of resources which by law and policy must be kept distinct from General Fund revenues. All franchise fees and related cable telecommunications revenues are deposited into the Cable Fund and may be spent exclusively on expenditures consistent with the budget established in the Cable Communications Plan.

Neither the County Code nor County regulations specify the precise revenue or expenditure categories to be included in the Cable Communications Plan. However, the Code gives general guidance on the contents of the Plan, stating that the document should be “at a level of detail and according to procedures similar to the detail and procedures the Council uses to adopt the County budget.”

Finding #6. Most jurisdictions transfer the bulk of cable television franchise fee revenues into the General Fund to support overall government spending; these revenues generally are not dedicated directly to fund communications-related expenditures.

Baltimore County, Fairfax County, Prince George’s County as well as the Cities of Gaithersburg, Rockville, and Takoma Park each direct franchise fee revenues to their General Fund. In the District of Columbia, cable television franchise fee revenues are deposited in the Cable Television Special Purpose Revenue Fund that supports cable television regulatory activities as well as operation of District PEG channels.

Cord Cutting

Finding #7. “Cord cutting” refers to cable subscribers canceling cable subscriptions in favor of other viewing options that typically require an internet connection and a separate subscription for video content. Across the U.S., the number of cable subscribers declined 38% between 2014 and 2023 as viewers turn to what they perceive as less costly and more convenient options, such as video streaming services.

In 2014, over 102 million U.S. households had traditional pay television (cable) subscriptions. In 2023, that number dropped to just over 63 million households – with nearly two out of three households foregoing traditional pay television. The number of cable subscribers in Montgomery County peaked at more than 268,000 in 2015 and 2016 and has steadily declined to just more than 202,000 in 2023, a decrease of 24%. At present, nearly two out of every three U.S. households in 2023 do not have traditional pay television (i.e., cable and satellite, and telephone service provider television). Both in

the U.S. and Montgomery County, seniors are the demographic group most likely to retain cable service. In addition, a recent survey of County residents found that Black residents are more likely than others to identify cable television as a preferred source of information.

Cable Fund Revenues and Expenditures

Finding #8. As the number of cable subscribers in the County decreased between FY17 and FY24, revenues into the Cable Fund decreased 31.5% and expenditures from the fund decreased 27%. Revenues are projected to decrease an average of 8.3% annually through FY29.

Comcast, Starpower, and Verizon each pay the County a franchise fee equal to 5% of their gross revenue from County cable subscriptions “in consideration of the privilege ... for the use of public rights-of-way to construct and operate a cable system.” Each franchise agreement also requires payment of “PEG Grants” equal to 3% of gross revenues to support PEG channels, and the County’s institutional network, FiberNet. In most recent years, payments from cable television franchisees comprise about 95% of annual Cable Fund revenues.

Cable Fund revenues peaked at \$31.7 million in FY17 and have dropped 31.5% to a projected \$21.7 million in FY24. The County’s Fiscal Plan projects that Cable Fund revenues will decrease an average of 8.3% annually from FY24 through FY29, a cumulative 35.2% revenue decline over the period. Moreover, the Fiscal Plan notes that “current projections show [Cable Fund] revenue [will be] halved by FY31.”

Comparison of FY17 and FY24 Cable Fund Approved Revenues

Revenue Source	FY17 Actual Revenues	FY24 Projected Revenues	Percent Change
Franchise Fees	\$18,080,040	\$12,704,332	-29.7%
PEG Capital Revenues	\$7,559,641	\$4,484,207	-40.7%
PEG Operating Revenues	\$5,410,922	\$3,138,392	-42.0%
All Other Revenues	\$695,790	\$1,417,490*	103.7%
TOTAL REVENUES	\$31,746,393	\$21,744,421	-31.5%

* Includes \$1.0 million for capital expenditures in return for MMC receiving \$0.5 million in PEG operating funding in FY23, FY24, and FY25.

The category of All Other Revenues includes fees charged to telecommunications service providers and telecommunications franchisees to review applications to install telecommunication infrastructure. The County established this fee structure in 2003 and has not amended the fee schedule since.

Communications Funding in an Era of Diminishing Cable Revenues

Some Cable Fund revenues are restricted for specific uses. For example, the County collects franchise and other fees received for cable subscriptions of residents of municipalities and must transfer these revenues to the municipalities. In addition, PEG Grant revenues are restricted for use on capital expenditures.

Mirroring the decline in revenues, Cable Fund expenditures peaked in FY17 at \$29.4 million and declined to \$21.5 million (budgeted) in FY24, a 27% decrease. In the same time period, expenditures of non-restricted resources (resources not contractually required to be transferred to municipalities or spent on capital investments) declined by \$6.2 million or 31%.

Comparison of FY17 and FY24 Cable Fund Approved Expenditures (\$ thousands)

	FY17 Approved	FY24 Approved	Percent Change
Expenditures of RESTRICTED Resources	\$9,000	\$7,411	-17.7%
Restricted County Capital Expenditures	\$5,152	\$4,114	-20.1%
Municipal Operating Support	\$1,215	\$1,398**	15.1%
Municipal Franchise Fee Distribution	\$1,268	\$959	-24.4%
Municipal Capital Support	\$1,365	\$940	-31.1%
Expenditures of UNRESTRICTED Resources	\$20,357	\$14,118	-30.6%
Montgomery Community Media	\$2,604	\$3,047	17.0%
Community Technology*	\$1,589	\$1,719	8.2%
Montgomery College	\$1,621	\$1,707	5.3%
MCPS	\$1,743	\$1,681	-3.6%
FiberNet Operations*	\$3,784	\$1,524	-59.7%
County Media (PIO, Council, M-NCPPC)*	\$1,786	\$1,495	-16.3%
Community Engagement*	\$847	\$1,227	44.8%
General Fund Transfers	\$5,818	\$749	-87.1%
Digital Equity*	\$0	\$748	--
Connect Montgomery Alliance	\$565	\$222	-60.7%
TOTAL EXPENDITURES	\$29,357	\$21,529	-26.7%

* Includes proportional allocation of FY24 County Government compensation cost increases.

** Includes \$0.5 million in PEG operating funding for MMC in return for County receiving \$1.0 million for capital expenditures in FY23, FY24, and FY25.

The bulk of the decline in unrestricted expenditure came from a single category, General Fund transfers, declining 87% from \$5.82 million in FY17 to \$0.75 million in FY24. Past year reductions here served as a

buffer against reductions in other categories. However, with only \$0.75 million budgeted for General Fund transfers in FY24, the category has limited capacity to serve as a buffer in upcoming years.

FiberNet Operations expenditures represent the second largest reduction in unrestricted spending, declining from \$3.78 million in FY17 to \$1.52 million in FY24. The County has moved many resources directed toward FiberNet operations out of the Cable Fund and into TEBS operating budget to insulate FiberNet from the effects of the revenue loss.

At the same time, two unrestricted expenditure categories had large budget increases from FY17 to FY24. Montgomery Community Media budget expenditures increased 17% from \$2.60 million in FY17 to \$3.05 million in FY24. FY24 funding for Community Engagement (which includes cable television oversight, management and technical support, remote and onsite live streaming, website creation and content management, social media outreach, video production, and podcast production and distribution) increased 45% from FY17 to FY24, largely as a result of the transfer of several functions (including closed captioning, local community engagement programming, production vehicle support, and technical operations center support) from other budget line items to the Community Engagement budget.

Finding #9. Since 1995, Montgomery County has been building a County government-owned fiber optic telecommunications network known as “FiberNet,” which provides high-speed telecommunications connection within and among County agencies and municipalities.

The County established FiberNet in 1995 to support the Department of Transportation’s Advanced Transportation Management System, a communications system that links traffic signals, traffic incident detection devices, roadway video cameras, and other related infrastructure. Today, FiberNet provides the high-speed telecommunications connections within and among County agencies including the County Government, Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, Housing Opportunities Commission, and multiple municipalities.

FiberNet supports internet service as well as voice, data, and video transmissions as well as other mission-critical functions such as the County’s public safety radio and mobile data systems and residential MoCoNet service at select affordable housing developments. TEBS operates a 24-hour Network Operations Center to monitor FiberNet service and security. At present, FiberNet consists of approximately 650 miles of fiber connecting 628 sites.

Finding #10. A “digital divide” exists when certain demographic groups have a disproportional access to communications technology. Data from 2021 show that 92% of White and Asian County residents have access to high-speed broadband service compared to 83% of Black and Hispanic County residents.

In addition, about 90% of County households without a person aged 65 or older have high-speed broadband service compared to 84% of households with at least one person aged 65 or older. Resources from the County’s Cable Fund support a set of digital equity programs including free loaner computers for low-income residents, delivery of free high-speed internet service to low-income and special needs residential communities, technology training for seniors, and extension of broadband service to rural areas.

Finding #11. Since at least 2011, the Council-approved Cable Communications Plans have contained text that promotes the shared use of the resources among PEG channels. To date, limited PEG channel resource sharing has occurred.

Each year for the past decade, the Council-approved Cable Communications Plan has included a provision directing the PEG channels to share resources. Language from the two most recent Cable Communications Plans (FY23 and FY24) states:

The Council wishes to encourage the most cost-effective operations of the PEG Channels and has directed the [Connect] Montgomery Alliance (CMA) to enhance the sharing of equipment, facilities, and personnel, and to jointly support digital equity.... The Council intends that preference be given to purchases of equipment and facilities that can be shared by more than one PEG channel.

The FY24 CMA Strategic Plan submitted to the Council makes no mention of any effort to share resources among PEG channels. However, at an April 2023 worksession of the Council’s Government Operations and Fiscal Policy Committee, the CMA mentioned that its members are working on strategies to address the downturn in Cable Fund revenues. OLO asked the CMA to describe the strategies under consideration by the group. CMA informed OLO that the group is considering centralizing one or more master control operations facilities, partnering on studio use for content creation, purchasing equipment as a group, and sharing staff for video shoots, press events, and community activities.

OLO notes the PEG channels joined forces early in the Covid pandemic to launch a shared public information outlet, including a shared cable channel known as “Corona Montgomery.” For about two years, Corona Montgomery provided County residents with timely information about government and community services, programs and other information related to the pandemic.

Finding #12. In 1999, the County Council approved a policy to establish a “chargeback”, where agencies would contribute funding for the operation and maintenance of FiberNet. The Council approved a revision to the chargeback policy in 2005, however, that revised chargeback method has not been implemented.

As directed by the Council, the Interagency Technology Policy and Coordination Committee (ITPCC), an interagency technology coordination group developed, and agencies implemented, the original FiberNet chargeback system intended to recoup past capital costs of FiberNet. In 2005, the Council endorsed a revised chargeback policy that would require agencies to pay a monthly fee per site served by FiberNet. However, a new per-site fee structure was never implemented. As a result, the County government currently pays all FiberNet operating and capital costs using resources from the General Fund and Cable Fund.

PEG Channels

Finding #13. PEG (Public, Educational, Government) television channels are provided by cable providers for the purpose of providing platforms for educational and government institutions and the public to disseminate information broadly to their communities. Montgomery County’s three cable operators currently host nine PEG channels.

The County’s cable franchisees – Comcast, Starpower, and Verizon – host nine cable television PEG channels – four government access, two public access, two educational access, and one hybrid government/educational.

Channel	Public, Educational, or Government	Unrestricted Funds?
County Cable Montgomery	Government	Yes
Montgomery Community Media – Access 19	Public Access	Yes
Montgomery Community Media – Channel 21	Public Access	Yes
Montgomery College Television	Educational	Yes
MCPS Television	Educational	Yes
Condado TV (Spanish language)	Educational/ Government	Yes
Montgomery Municipal Cable	Government	No
Rockville 11	Government	No
Takoma Park City TV	Government	No

Finding #14. While all PEG channels broadcast timely, locally-oriented programming, the majority of PEG channel cable broadcast airtime is devoted to content not tailored specifically for a Montgomery County audience.

All County PEG Channels broadcast timely and locally-oriented programming, including broadcasts of:

- County and municipal legislative sessions;
- Board of Education sessions;
- Elected official press conferences and town hall meetings;
- Local news and public interest pieces;
- Information about local government programs and services; and
- Coverage of local community, cultural, and sports events.

For the most part, these locally oriented programs represented “fresh” content, i.e., programs that were broadcast live or were produced shortly before airing on the PEG cable channels. In addition, each PEG channel broadcasts some locally oriented programming in Spanish.

At the same time, the majority of PEG channel cable broadcast airtime is devoted to content not tailored specifically for a Montgomery County audience, including shows relating to health and fitness, personal finance, arts and culture, religion, science, history, and international affairs.

OLO observed that many shows (or series episodes) in this category of PEG programming were broadcast on cable multiple times in the same week. OLO further found that many of these programs were dated, with many programs produced five or more years ago. Most of the programs in this category were produced outside of Montgomery County.

As shown in the table above, the County’s unrestricted Cable Fund resources fund the activities of six PEG channels, County Cable Montgomery, Access 19, Montgomery Channel 21, Montgomery College Television, Montgomery County Public Schools Television, and Condado TV. The combined cable broadcast hours for these six PEG channels substantially exceed the airtime needed to accommodate locally-oriented programming provided on the channels.

Finding #15. As cord cutting precipitated a decrease in cable subscriptions, PEG channels in Montgomery County (and elsewhere) have turned to other platforms (e.g., YouTube, Twitter, Instagram) to share content with interested audiences.

The internet and social media now are the preferred means of exchanging information for many individuals, organizations, and institutions. For many residents, these media forms have supplanted cable television as the telecommunications mode of choice. While cable providers do not provide

viewership data on County PEG channels, a recent survey of County residents found that only 5% of residents receive information about County services, activities, and events from cable television.

Staffing and equipment resources that PEG channels previously had directed exclusively toward cable television production and broadcast are increasingly being utilized to produce content specifically designed for social media, YouTube and other internet and application-based platforms or to transform cable content for dissemination via internet-based platforms. With the rapid growth of social media, some PEG channels now create the bulk of their new content in social media length pieces and, at times, weave these shorter pieces together to form longer programs for broadcast on cable television.

Interagency Governance

Finding #16. At present, no governance entity exists to oversee, coordinate, and implement binding actions to share PEG channel resources and to prioritize Cable Fund spending. In addition, an interagency technology coordination group that the Council charged with developing and implementing a FiberNet cost sharing strategy has not met since before the pandemic (see Finding #12 above).

While the Council's approval of the annual Cable Communications Plan allocates Special Fund dollars for various expenditure categories, no single entity or position exists to develop and implement binding steps to share resources, prioritize programming, and manage spending. The Connect Montgomery Alliance (CMA) provides a valuable avenue for PEG channels to address common concerns and coordinate activities, but the group lacks the authority to mandate budgetary actions. In practice, each PEG provider has had the option to opt out of coordinated media strategies, shared staff resources, and programming priority decisions.

In 1984, the Council charged an interagency technology coordination group, the Interagency Technology Policy and Coordination Committee (ITPCC), with responsibility to coordinate agency technology practices and policies. The ITPCC has not met since September 2019.

Looking Forward

Finding #17. Video streaming services such as Netflix and Hulu provide video content directly to viewers via an internet-connected device (e.g., computer, mobile devices, video game consoles, Smart TVs). Currently, federal law does not regulate video streaming services in the same way as it regulates cable services.

Many local jurisdictions have attempted to tax or receive fees from video streaming services. Video streaming services have routinely challenged the legality of these taxes in court, sometimes

successfully, sometimes not. Legal challenges are currently ongoing and the question of whether courts will uphold certain attempts to tax video streaming services is unsettled in some jurisdictions.

Finding #18. Many state and local jurisdictions have attempted to implement taxes or fees on video streaming services – some successfully, some not. Jurisdictions that successfully tax streaming services must comply with applicable federal and state laws.

Jurisdictions that tax video streaming services must comply with the federal Internet Tax Freedom Act (ITFA), Originally enacted by Congress in 1998 made permanent in 2016, the law regulates taxes on internet access and on electronic commerce – prohibiting taxes entirely on internet access but prohibiting only “multiple or discriminatory taxes” on electronic commerce.

Maryland law establishes the limits of local jurisdictions’ taxing authority, prohibiting, for example, local taxation of goods and services such as alcoholic beverages, gasoline, and motor vehicle registrations. Outside of the prohibitions in state law, Montgomery County law gives the Council broad taxing authority. With very limited exceptions, local Maryland jurisdictions cannot implement sales and use taxes, which are general consumption taxes on the purchase of goods or services at the point of sale. Consequently, several of Montgomery County’s taxes are excise taxes, which are taxes on specific goods and services and frequently set at a flat rate (e.g., Maryland’s gasoline tax of \$0.3610 per gallon of gas).

Finding #19. At the local level, the cities of Chicago and Evanston, Illinois have successfully implemented amusement taxes on streaming services. Other local attempts to “tax” video streaming services have been less successful.

In 2015, the comptroller of the City of Chicago issued a ruling that the city’s existing definition of “amusement” included video streaming services and, consequently, video streaming services were subject to the city’s 9% amusement tax. Both taxpayers and video streaming services sued Chicago over the tax. Chicago won the legal challenge by taxpayers in September 2019. In July 2022, Apple agreed to settle its case against the city and dismiss its lawsuit, with news media suggesting that Apple wanted to avoid the possibility that a court would decide the tax was legal. In 2020, the City of Evanston, Illinois, just north of Chicago, amended its amusement tax to include streaming services. In 2021, Chicago’s amusement tax revenue from streaming services was \$31.3 million. Evanston collected \$810,651 in amusement tax in FY2021 and \$942,080 in FY2022.

Other jurisdictions have taken a different, less successful approach. Some states regulate cable providers at the state level, providing statewide franchises to provide cable service in local jurisdictions. Some local jurisdictions have argued that these state laws also cover video streaming and

require streaming services to obtain franchises and pay franchise fees.¹ While the laws in these cases vary somewhat between states, numerous courts have rejected local government arguments that video streaming services fall into the same category as cable providers – in California, Tennessee, Louisiana, Arkansas, and Georgia. A Missouri case currently is being litigated in state court and a court has not yet ruled on the merits of the case.

Consistently, courts have ruled that the requirement to hold a franchise under various state laws is linked to a company's construction or operation in the public right-of-way. Because video streaming services do not build or own the internet infrastructure in the rights-of-way that delivers service to their subscribers (via the internet), courts have held that they are not subject to state franchise laws.

¹ Legally, the charges that jurisdictions attempt to apply to streaming services in this scenario are fees, not taxes.

Chapter 10. OLO Discussion Questions and Recommendations

This report by the Office of Legislative Oversight (OLO) provides information about the fiscal condition of the County’s Cable Fund and the Fund’s role in supporting County telecommunications activities. This chapter presents discussion questions for Council consideration as well as OLO’s staff recommendations regarding each question.

Discussion Questions

OLO offers the following five discussion questions for Council consideration.

Discussion Question #1: **Is the current structure of funding portions of County telecommunications and public information expenditures through cable television franchise revenues sustainable? Does the current structure for funding telecommunications investments align with the current state of technology, information dissemination, and customer preferences?**

Montgomery County awarded its first cable television franchise in 1983. For the next three decades, cable became an increasingly popular form of telecommunications; by 2010, cable had penetrated more than 90% of U.S. homes. Growth in cable subscribers generated growth in cable franchise fee revenues for many local governments including Montgomery County. By 2017, the County received almost \$32 million (or \$40 million in 2023 dollars) in Cable Fund revenues. The County designated these revenues to fund public, educational, and government (PEG) access channels and the development, operation, and maintenance of FiberNet, the County’s telecommunications network. Moreover, for many years, the Cable Fund transferred significant dollars to the County’s General Fund.

Cable television emerged and flourished at a time when it had little competition for at-home video news, and entertainment. However, the telecommunications landscape shifted tectonically in the 2010s. Over the past decade, an increasing number of former cable subscribers have “cut the cord,” that is, elected to forego cable television in favor of video streaming services, YouTube and other social media, and other less costly and more convenient viewing options. Today, two out of every three U.S. households do not subscribe to cable television service. In Montgomery County, the number of cable subscribers peaked at more than 268,000 in 2015 and 2016, then commenced on a steady decline to just more than 202,000 in 2023 a decrease of 24%. In short, the mode of communications that once inspired “Wayne’s World,”¹ today has waned greatly from its prior significance.

¹ See “[Wayne’s World and the democratization of TV from public access to YouTube](#),” The A.V. Club (YouTube) (Nov. 15, 2015).

The decline in cable subscribers has precipitated a drop in Cable Fund revenues. Cable Fund revenues peaked in FY17, generating more than \$31.7 million. However, Fund revenues have declined steadily in each subsequent years, dropping to a projected level of \$21.7 million in FY24, a decrease of 31.5% compared to the FY17 peak. The effect of the revenue downturn has forced the County to rely less on the Cable Fund to support telecommunications operations. For example, the County has shifted significant FiberNet operating dollars from the Cable Fund to the General Fund to protect funding for this mission critical function.

The decline in Cable Fund revenues almost certainly will continue unabated in upcoming years. The County’s Fiscal Plan projects that Cable Fund revenues will decrease by an annual average of 8.3% from FY24 through FY29, resulting in a cumulative 35.2% revenue decline over the six-year period. In addition, the Fiscal Plan notes that “current projections show [Cable Fund] revenue [will be] halved by FY31.”

The rise of video streaming services, YouTube and other social media, and other means to deliver information and entertainment has prompted County PEG channel operators to shift their focus to disseminating information via the Internet and social media. Many PEG channels now prioritize creating content for on-demand viewing via social media and YouTube rather than via scheduled cable programs. This adjustment in PEG practices is supported by data; a recent survey of County residents found that only 5% of residents receive information about County services, activities, and events from cable television.

In recent years, the scope of expenditures and deliverables supported by the Cable Fund has expanded. Most notably, within the past five years, the Fund has provided dollars for digital equity programs designed to counter racial, economic, and other demographic disparities in access to communications technology. Councilmembers should evaluate how to accommodate emerging telecommunications demands, such as digital equity programs, in light of diminishing Cable Fund resources.

In light of the changing nature of telecommunications described above, OLO has concluded that the current structure of funding County telecommunications and public information activities though cable franchise revenues is most definitely not sustainable and does not align with the current state of technology, information dissemination, and customer preferences. The Council should consider how to modify the County’s telecommunications budget to reflect current conditions more accurately.

Discussion | **Should the County continue its policy of channeling cable franchise revenues into a Special Fund separate from the General Fund?**
Question #2:

The County established the Cable Fund as a special revenue fund, that is, a fund used for the receipt and use of resources which by law and policy must be kept distinct from General Fund revenues. As required by the County Code, all cable franchise fees and related revenues are deposited into the Cable Fund and may be spent exclusively on expenditures consistent with the budget established in the Council-approved Cable Communications Plan. Annual Cable Communications Plans have budgeted resources for telecommunications and public information related activities.

Either option – retaining the Cable Television Special Fund or abolishing the Special Fund and directing future revenues to the General Fund – has sound policy justifications. The central arguments for abolishing the Special Fund revolve around the diminishing dollars in the Fund and the value of re-assessing budget needs on a regular basis. With cable franchise fee revenues plummeting, at some point, the amount of dollars in the Special Fund may be too minimal to justify maintenance of a separate fund that lacks resources to sufficiently fund any major activities. In addition, one may contend that telecommunications and public information functions should compete annually for finite County resources as do most other budget items.

On the other hand, retaining the Special Fund may be warranted given the essential nature of telecommunication services. Retention of the Special Fund would preserve some resources dedicated for mission-critical telecommunications functions, such as FiberNet. FiberNet, as with other internal service functions, may not compete well in the budget process against more visible front line public services. However, underfunding FiberNet could severely compromise County agencies’ ability to competently deliver essential front line services. Maintaining a Special Fund would insulate cable franchise fee revenues from being reallocated to non-telecommunications purposes. The advantages of retaining a Special Fund would be augmented should the County identify other dedicated revenue sources to support agency telecommunications and public information activities (see Discussion Question #4 below).

OLO suggests that the Council review the advantages and disadvantages of retaining or eliminating the Cable Television Special Fund and should make an affirmative decision one way or the other on how to proceed in future budgets.

Discussion | **As the Cable Fund revenues continue to decline, do strategies exist to reduce spending on activities historically supported by the Fund? How should the County prioritize the use of increasingly scarce Cable Fund dollars?**

Question #3:

For the most part, Cable Fund resources fund two general categories of spending: (1) agency telecommunications, most notably FiberNet; and (2) PEG channels and agency public information activities. Any budget item, even the most mission-critical, would benefit from a periodic re-evaluation of how resources are spent and what opportunities exist to control and/or reduce future expenditures. As the focus of this report is the Cable Fund and PEG channel activities, OLO did not examine or evaluate the overall FiberNet budget. As such this discussion question focuses on the prioritization of spending for PEG channels and agency public information activities.

A primary responsibility of PEG channels is to disseminate information about local government and the local community to a local audience. County PEG channels achieve this end by broadcasting timely and locally oriented programming including County and municipal legislative sessions, Board of Education sessions, elected official press conferences and town hall meetings, local news and public interest pieces, information about local government programs and services, and coverage of local community, cultural, and sports events.

County PEG channels were created as separate, independent entities and have continued to operate that way through today. Each PEG provider has invested in its own facilities, equipment, and staff with many of these resources dedicated almost exclusively to support a single entity. With the exception of the shared “Corona Montgomery” channel created in the early stages of the COVID-19 pandemic, PEG providers have engaged in minimal resource sharing. As an example, the four non-municipal PEG providers (CCM, MCM, MCTV, MCPS-TV) at present maintain six separate production studios. When the Cable Fund was flush with money, separate PEG channel operations remained sustainable. The rapid decrease in Cable Fund revenues necessitates a re-evaluation of practices.

For more than a decade, the Council has included a provision in the Cable Communications Plan encouraging the Connecting Montgomery Alliance (representing the PEG channels) to develop strategies to share equipment, facilities, and personnel. While the Connect Montgomery Alliance has not submitted to the Council a resource sharing plan, the organization informed OLO that the group is considering centralizing one or more master control operations facilities, partnering on studio use for content creation, purchasing equipment as a group, and sharing staff for video shoots, press events, and community activities. **As such, the Council should consider how best to prompt PEG channels to share resources in a manner that reflects the budget squeeze prompted by plummeting Cable Fund revenues.**

OLO suggests that the discussion of the future of the Cable Fund should include consideration of possible budget savings achievable through consolidation of PEG cable broadcast programming and/or operations. When PEG channels were created, local governments and educational institutions lacked means to disseminate information broadly to their communities while individuals and organizations had no platform to share their perspectives to large audiences. Today, the media landscape has changed dramatically from the early days of cable television. County agencies disseminate information primarily over the Internet and via social media. Meanwhile, individuals and organizations can produce videos using commonly available devices and can post this content on YouTube and other social media applications. For many, cable television is a relic of the past and this reality is reflected in PEG channel cable schedules. Locally oriented programming comprises a relatively small proportion of PEG channel broadcast time. The majority of PEG channel cable broadcast airtime is devoted to often dated content not tailored specifically for a Montgomery County audience. **Given shifts in how both governments and individuals disseminate information, the Council should engage in a discussion with stakeholders as to whether consolidation of cable television PEG channel airtime or operations could reduce costs while still providing locally oriented content to those who still view cable television.**

Discussion | **What possible methods exist to generate additional resources for County**
Question #4: | **telecommunications operations and infrastructure and public information**
| **activities?**

Cable franchise revenues make up about 95% of Cable Fund resources. In the absence of other significant revenue sources, the steep decline in cable franchise revenues necessarily has resulted in the steep decline in Fund resources. **Councilmembers may wish to consider the advantages and disadvantages of strategies to replace lost cable franchise revenues.** Potential options to secure additional resources for telecommunications operations and infrastructure and public information activities include:

Establish a New Tax: The Council could weigh the merits of creating a new excise tax on certain digital services. Numerous other state and local jurisdictions have instituted taxes on video streaming services. Over 30 states impose a sales tax on streaming services and these services are subject to amusement taxes in the cities of Chicago and Evanston, Illinois.

Generating Revenue from FiberNet: The County's latest upgrade of the FiberNet network significantly expanded the bandwidth available to the County. An opportunity may exist for the County to extend FiberNet access to select non-County entities (such as other municipalities and private schools) and to charge the users for the service.

FiberNet Chargebacks: Previous Councils established a policy in 2005 that would require all agency and municipal FiberNet users to pay for the telecommunications services provided by the County government. This policy was never implemented. The Council could consider plans to reinstate this policy, particularly if it elects to retain a dedicated special fund for telecommunications and public information activities. OLO notes that discussion of reinstating FiberNet chargebacks will necessitate consideration of MCPS and Montgomery College maintenance of effort requirements as well as the possibility of rendering the County eligible for federal subsidies offered for K-12 broadband services.

Earmarking Existing Resources: Nearly four decades ago, the County designated cable franchise revenues to fund telecommunications and public information. The Council could identify other revenue streams to earmark for these purposes. For example, the County could earmark revenues from the existing telephone tax to support telecommunications and public information budgets. (The Council should only consider this option if it retains a special fund for telecommunications and public information activities.)

Raise Telecommunication Infrastructure Application Fees: The County charges application fees for the installation of telecommunication infrastructure (primarily towers). The County established a schedule for these fees in 2003 but has not amended the fee structure since. The application fee is intended to cover costs incurred by the County to review applications; however, the fee structure has not been updated in two decades.

Content Paywall: Much of the content available as streaming content on PEG channel internet sites and/or YouTube historically was available only to cable subscribers via PEG channels, who pay fees on their cable bills to support PEG channels. An opportunity may exist to put some content (e.g., other than public meetings) that is streamed online behind a paywall – such as live broadcasts of high school and Montgomery College sports.

<p>Discussion</p> <p>Question #5:</p>	<p>Is the current governance structure appropriate to oversee restructuring of interagency telecommunications and public information spending and resource sharing?</p>
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While the Council’s approval of the annual Cable Communications Plan allocates Special Fund dollars for various expenditure categories, no mechanism exists to develop and implement binding steps to share resources and manage spending. The Connect Montgomery Alliance (CMA) provides a valuable avenue for PEG channels to address common concerns and coordinate activities, but the group lacks the authority to mandate budgetary actions. Moreover, the focus of the CMA is primarily directed to cable television and public information, but excludes other activities funded by the Cable Fund such as FiberNet strategic planning and funding digital equity programs. As Cable Fund resources grow

increasingly scarce, a governance mechanism will be needed to oversee and execute the sharing of resources and the prioritization of spending. At present, however, no active interagency entity performs this role.

Regarding a separate governance matter, OLO notes that an interagency technology coordination group exists on paper but has been dormant since 2019. In 1984, the County Council established the Interagency Technology Policy and Coordination Committee (ITPCC) to coordinate technology policy among County agencies. As stipulated by the Council, ITPCC membership is comprised of the most senior leadership including the County Chief Administrative Officer, the MCPS Superintendent, the President of Montgomery College, the Chair of the Montgomery County Planning Board, the General Manager of the Washington Suburban Sanitary Commission, and the County Council Staff Director² (ex officio). As stated in a 1994 Council resolution, the duties of the ITPCC are to include to facilitate the coordinated implementation of interagency technology policies; develop plans for the coordinated purchase of hardware, software, and equipment; and promote the coordination of technological innovation among County agencies.

The ITPCC last convened in September 2019, shortly before the start of the pandemic. Notwithstanding the recent dormancy of the ITPCC, the approved FY24 operating budget continues to describe the Committee as “an effective forum for the coordinated implementation of technology policies” and as a group that “ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.”

In light of the budgetary constraints brought on by the decline in Cable Fund revenues, OLO suggests that a strong governance structure is needed to oversee and execute the sharing of PEG channel resources, the prioritization of PEG channel spending, and the coordination of interagency telecommunications policies. While the ITPCC is one model, other governance structures could also fill the void. **The Council should discuss what governance structures can best implement Council-directed policies regarding PEG channel resource sharing and best coordinate interagency telecommunication practices.**

OLO Recommendations

As spelled out above, OLO has concluded that the current structure of funding County telecommunications and public information activities through cable franchise revenues is not sustainable and does not align with the current state of technology, information dissemination, and resident preferences. A new paradigm is necessary to re-invent how the County funds items previously supported by the Cable Fund. OLO presented the discussion questions above as a means to identify

² The position of Council Staff Director has subsequently been renamed the Council Executive Director.

the decision points necessary to re-invent the Cable Fund and its relationship to County agency telecommunications and public information activities and budgets. Some decision points in this undertaking may be dependent on the outcome of other decision points. As such, OLO suggests that decisions be made in three phases.

Phase One: OLO recommends the Council take the following initial steps to re-invent how the County funds items previously supported by the Cable Fund.

Recommendation #1: Governance: OLO recommends that the Council (re-)establish an interagency governance structure(s) for telecommunications- and PEG-related matters. For PEG channels and their associated public information activities, a governance mechanism should be put in place to oversee and execute the sharing of Cable Fund resources and the prioritization of spending, subject to Council approval. (As the County does not have fiscal authority over cable franchise revenues transferred to municipalities, the governing entity should focus its oversight on sharing facilities, equipment, and personnel of the non-municipal PEG channels.) The Council could assign this governance role to a revived ITPCC, a newly created interagency group, or to the Executive Branch. **OLO recommends that the Council establish a PEG channel governing entity, if possible, by the end of FY24. The Council should decide on the structure of the PEG channel governing body after soliciting input from the County Executive, MCPS, Montgomery College and the members of the Connect Montgomery Alliance on the composition and organizational structure of the governing entity. In a related but separate matter, OLO further recommends that the Council direct the ITPCC to reconvene to consider future funding strategies for FiberNet.**

Recommendation #2: Potential New Revenue Sources: For the past three decades, cable franchise revenues have been critical source of revenues for agency telecommunications and public information activities. The recent decline in cable franchise revenues have created a budget gap. **OLO recommends the Government Operations and Fiscal Policy Committee (GO) invite the Executive Branch and leadership from other agencies to a worksession to discuss the advantages and disadvantages of establishing new revenue sources to potentially replace lost cable television franchise revenues.** More specifically, the GO Committee could seek information regarding the feasibility of charging non-County entities for access to FiberNet services. In addition, the GO Committee could collect information and consider options regarding establishment of an excise tax on video streaming services.

Recommendation #3: Telecommunications Infrastructure Fees: The County charges fees to process applications for telecommunications infrastructure constructed in unincorporated areas of the County. The County established a schedule for these fees in 2003 and has not update them since. **OLO recommends the Council request that the Executive submit an Executive Regulation updating telecommunications infrastructure application fees to reflect the current costs of processing these applications.**

Phase Two: OLO recommends two subsequent steps to follow the establishment of the governance structure described in Recommendation #1.

Recommendation #4a: PEG Channel Resource Sharing Plan: The Council should direct the newly established PEG channel governing entity to develop a resource sharing plan to reduce collective PEG spending on facilities, equipment, and/or staffing. The plan should include specific actions to share resources as well as an estimate implementation timeline. The governing entity should submit the plan to the County Executive and County Council by the end of Calendar Year 2024.

Recommendation #4b: PEG Channel Programming Priority Plan: Following completion of the resource sharing plan, the Council should direct the PEG channel governing entity to develop a programming priority plan. This plan should identify the types of PEG programming that is most essential to the residents of Montgomery County. (In the view of OLO, high priority programming includes locally oriented content such as broadcasts of County and municipal legislative sessions, Board of Education sessions, elected official press conferences and town hall meetings, local news and public interest pieces, information about local government programs and services, and coverage of local community, cultural, and sports events.) The plan should identify strategies for directing finite resources to the highest priority programming. The plan should also evaluate whether combined PEG channel cable broadcast hours (or channels) could be reduced without affecting viewer access to the highest priority programming.

Phase Three: OLO recommends three additional steps, all related to whether or not the County should continue to dedicate resources exclusively for telecommunications and public information purposes.

Recommendation #5a: Cable Television Special Fund: One of the most essential Cable Fund decisions facing the Council is the question of whether to retain the Cable Television Special Fund or to abolish it. Abolishing the Special Fund would result in cable franchise revenues (excluding those to be transferred to municipalities) being directed to the General Fund to be allocated to different government activities as determined through the annual budget process. With Special Fund resources projected to continue their precipitous decline, the amount of dollars in the Special Fund may be too minimal to justify maintenance of a separate fund that lacks resources to sufficiently fund any major activities.

On the other hand, retaining the Special Fund would continue the current policy established in the County Code of segregating cable franchise revenues for dedicated uses. Retention of the Special Fund would preserve resources for mission-critical telecommunications functions, such as FiberNet, that do not always fare well in budget competitions against front line public services. Should the Council elect to retain the Special Fund, OLO suggests a “re-branding” that would take into account the changing nature of telecommunications. A future Special Fund should not be defined by a waning media mode and instead should be more broadly designed to support telecommunications and public information

activities as they evolve based on changes in technology, modes of communication, and emerging expenditure demands such as digital equity.

To make an informed decision on the future of the Special Fund, Council should consider the outcomes of the items in Phases 1 and 2 above. The relative merits of retaining or abolishing the Special Fund will depend, in part, on whether additional revenues sources are in place to supplement cable franchise revenues as well as whether PEG channel resource sharing and cost control measures have been put in place. Recommendations #5b and #5c address other factors that the Council should consider when weighing the future of the Special Fund. **OLO recommends that the Council decide on whether to retain the Cable Television Special Fund prior to the FY26 budget review. This timeframe would allow the Council to determine the future of the Special Fund with greater clarity as to whether additional revenues sources may become available and whether progress has been achieved in PEG cost controls.**

Recommendation #5b: Earmarking Additional Resources: As has been County policy for decades, the County designates cable franchise revenues to fund telecommunications and/or public information activities. Earmarking revenues insulates certain categories of expenditures from General Fund budget competition, but also deprives the General Fund of resources to support other spending priorities. OLO suggests that earmarking additional revenues is best justified if the Council elects to retain a Special Fund. As noted above, the existing telephone tax is a potential revenue stream that could be considered for earmarking to support telecommunications and public information budgets. **OLO recommends that the Council consider whether to earmark additional revenue streams for telecommunications and/or public information purposes concurrent with its consideration of whether to retain or abolish the Special Fund.**

Recommendation #5c: FiberNet Chargebacks: As described above, previous Councils established a policy mandating that agency and municipal FiberNet users to pay for the telecommunications services provided by the County government; however, this policy currently is not in effect. As a result, the County government currently pays all FiberNet operating and capital costs using resources of the General and Cable Funds. OLO suggests that the decision whether to revive FiberNet chargebacks should be linked to the discussion of whether or not to retain a Special Fund. Chargebacks may be less justified if the practice merely shifts dollars among different General Fund uses. This practice might be advisable if the Council retains a Special Fund and wishes to preserve dedicated resources for telecommunications and/or public information purposes. Councilmembers should note that reinstating FiberNet chargebacks will necessitate consideration of MCPS and Montgomery College maintenance of effort requirements as well as the possibility of rendering the County eligible for federal subsidies offered for K-12 broadband services. **OLO recommends that the Council consider whether to direct the ITPCC to re-establish FiberNet chargebacks concurrent with its consideration of whether to retain or abolish the Special Fund.**

Chapter 11. Stakeholder Comments

The Office of Legislative Oversight circulated a draft of this report to the Chief Administrative Officer for Montgomery County and to the members of the Connect Montgomery Alliance (CMA) of PEG channel operators. OLO greatly appreciates the time taken by the County representatives and CMA members to review the draft report and provide comments. OLO's final report incorporates technical corrections provided by the County and CMA members. The written comments received from the CAO, Montgomery Community Media, and Montgomery College Television are included in their entirety, beginning on the following page.



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

November 27, 2023

TO: Chris Cihlar, Director
Office of Legislative Oversight

FROM: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Draft OLO Report 2023-XX: Communications Funding in an Era of Diminishing Cable Revenues

Thank you for the opportunity to comment on the Office of Legislative Oversight's (OLO) Draft Report: Communications Funding in an Era of Diminishing Cable Revenues. OLO should be commended for the considerable effort they have put forth to capture the history of the Cable Communications Fund (Cable Fund).

The Cable Fund supports important County communications and digital equity programs for our residents, as well as FiberNet and MoCoNet systems that provide an essential communications network for the County and residential broadband for lower income County residents living in affordable housing developments. Working to increase digital equity, providing accurate and locally relevant information and facts, and ensuring the County is communicating to all communities in Montgomery County is as important as ever. As the report mentions, 202,000 County households (53%) subscribe to one of the County's three franchised cable operators, down from a high of 71% of households subscribing to cable television in 2016. As Cable Fund revenues continue to decline, the Executive Branch looks forward to discussions with the County Council on how we can innovate to fund and carry out this vital work to serve residents.

As OLO noted, Montgomery County cable channels have kept pace with county residents seeking information from many sources and have both leveraged their program offerings across websites, live streams, and social media to reach audiences, as well as concentrated on creating tailor-made new content for these digital platforms.

Below are the responses to the recommendations offered by OLO.

Recommendation #1: Governance: OLO recommends that the Council establish a PEG channel governing entity, if possible, by the end of FY24. The Council should decide on the structure of the PEG channel governing body after soliciting input from the County Executive, MCPS, Montgomery College and the members of the Connect Montgomery Alliance on the composition and organizational structure of the governing entity. OLO further recommends that the Council direct the ITPCC to reconvene to address interagency technology matters, including future funding strategies for FiberNet.

CAO Response: We believe the PEG governing entity already exists. The County Council is the appropriate oversight entity. We agree with the need to have an oversight body with budgeting authority but believe that oversight and coordination actions should be done through the currently established Council budget process. The Department of Technology & Enterprise Business Solutions (TEBS) and the Connect Montgomery Alliance are concerned about creating another governing body and additional layers of complexity without sufficient authority to make the necessary and difficult decisions on how to prioritize cuts and the ways the diminishing cable fund resources will be allocated among parties. Budgetary actions appropriately belong in existing Council budget discussion forums. However, we have recently assigned a TEBS manager to a PEG coordinator and oversight position with more clear authority, who will have regular meetings with the Connect Montgomery Alliance members, (document their needs, and serve in an oversight role).

Additionally, we believe it may be time to discuss the relative usefulness of continuing ITPCC in an era where the County has sole responsibility to operate FiberNet and FiberNet has reached a level of maturity in our offerings and services. FiberNet has become a carrier class network, providing new services and developing revenue generating strategies. As FiberNet is quickly moving towards a service provider business model, the operations and planning of the network has increased in complexity. Municipalities and other entities are becoming customers as opposed to coordinating partners who can actively engage in planning. However, coordination continues to happen through *ad hoc* meetings as needed.

Recommendation #2: Potential New Revenue Sources: OLO recommends the Government Operations and Fiscal Policy Committee (GO) invite Executive Branch staff to a worksession to discuss the advantages and disadvantages of establishing new revenue sources to potentially replace lost cable television franchise revenues.

CAO Response: We agree with this recommendation and look forward to further discussions with the County Council. The participants should include TEBS, the Connect Montgomery Alliance, the Department of Finance, and the Office of the County Attorney.

Recommendation #3: Telecommunications Infrastructure Fees: OLO recommends the Council request that the Executive submit an Executive Regulation updating telecommunications infrastructure application fees to reflect the current costs of processing these applications.

CAO Response: We agree with this recommendation. The draft recommended Executive Regulation is currently under review and should be forwarded to the County Council for review and approval shortly.

Recommendation #4a: PEG Channel Resource Sharing Plan: The Council should direct the newly established PEG channel governing entity to develop a resource sharing plan to reduce collective PEG spending on facilities, equipment, and/or staffing.

CAO Response:

We agree with the need to develop a resource sharing plan to reduce collective PEG spending on facilities, equipment, and staffing but as stated above, believe that oversight and coordination actions should be done through the currently established Council budget process. TEBS and the Connect Montgomery Alliance believe a governing body would not have sufficient authority to make the necessary and difficult decisions on how to prioritize cuts and the ways the diminishing cable fund resources will be allocated among parties. Connect Montgomery members can be asked to develop resource sharing and cost reduction plans individually and/or as a group via the annual budget process. We recommend this group cost reduction planning process be directed by Council as part of the annual budget process. Once requested by Council, the recently assigned PEG coordinator position will work with Connect Montgomery Alliance members to develop a cost reduction or cost sharing plan for the County Executive and the Council review.

Recommendation #4b: PEG Channel Programming Priority Plan: Following completion of the resource sharing plan, the Council should direct the PEG channel governing entity to develop a programming priority plan.

CAO Response:

We agree that a programming priority plan, as well as reimaging cable television under a shared resource plan could be beneficial and believe the County Council is the appropriate oversight entity. Furthermore, whether cable programming should be reorganized, and cable channels reallocated by target audience rather than allocated by entity (i.e., one channel for sports programming and one channel for public affairs programming, versus one channel for the County, one for MCPS, etc.), and whether all programming should continue to appear on the cable channels, is a concept we hope to discuss in work sessions with the Council. Once requested by Council, the recently assigned PEG coordinator will work with Connect Montgomery Alliance members to develop a programming priority plan for Council review.

Recommendation #5a: Cable Television Special Fund: OLO recommends that the Council

decide on whether to retain the Cable Television Special Fund prior to the FY26 budget review. This timeframe would allow the Council to determine the future of the Special Fund with greater clarity as to whether additional revenues sources may become available and whether progress has been achieved in PEG cost controls.

CAO Response: We agree with this recommendation and the recommended timeline to accomplish this before the FY26 budget review. We look forward to a thoughtful public discussion that includes input from residents and centers around how the County can continue to effectively communicate and engage with residents among diverse racial and ethnic communities through various methods and across different languages, age groups, and educational levels.

Recommendation #5b: Earmarking Additional Resources: OLO recommends that the Council consider whether to earmark additional revenue streams for telecommunications and/or public information purposes concurrent with its consideration of whether to retain or abolish the Special Fund.

CAO Response: We agree with the recommendation and look forward to working with the County Council on this issue.

Recommendation #5c: FiberNet Chargebacks: OLO recommends that the Council consider whether to direct the ITPCC to re-establish FiberNet chargebacks concurrent with its consideration of whether to retain or abolish the Special Fund.

CAO Response:

We would look forward to discussing the possibility of re-establishing FiberNet chargebacks and other potential revenue generating options detailed in the report with the Council. As mentioned above, we believe the Council is the best entity to make these decisions as the ITPCC is only an advisory body and only the County Council has the authority to mandate or designate fees for FiberNet.

We look forward to discussing these items at the Council worksession.

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Gail M. Roper, CIO/Director, Dept. of Technology & Enterprise Business Solutions (TEBS)
Ken Hartman, Director of Strategic Partnerships, Office of the County Executive
Joe Webster, Chief Broadband Officer, TEBS

MEMORANDUM

December 5, 2023

TO: Chris Cihlar,
Director Office of Legislative Oversight (OLO)

FROM: Connect Montgomery Alliance

DATE: December 5, 2023

SUBJECT: OLO Report: Communications Funding in an Era of Diminishing Cable Revenues
Prepared by Aron Trombka & Leslie Rubin

The items enclosed reflect the opinions and viewpoints of individual organizations within the Connect Montgomery Alliance pertaining to the Office of Legislative Oversight's Diminishing Cable Revenues Report recommendations. These individual perspectives do not represent a broad consensus or organizational stance for all Connect Montgomery Alliance members.

Below are the responses to the recommendations offered by OLO.

FROM: Jasmine N. White
Chief Executive Officer
Montgomery Community Media (MCM)

The Communications Funding in an Era of Diminishing Cable Revenues report by the Office of Legislative Oversight (OLO) is comprehensive, clearly structured and does an excellent job of presenting and summarizing the past and present conditions regarding cable funding. MCM values the extensive research completed to compile the report and is appreciative of the opportunity to comment on OLO's thoughtful recommendations.

MCM agrees with OLO's assertion that a new paradigm is necessary to re-invent how the County funds telecommunications and public information activities. Montgomery Community Media has always tried to be responsive to the ever-changing media landscape in Montgomery County by being proactive to county needs of its residents. As the technology has changed, so has MCM with its creative, multiplatform approach.

Customer service has always been a major goal of MCM and will continue to be so in future years. In the field of communications with our vast constituency and multicultural approach to numerous complex issues that are driven by resident preferences, change has become a constant. Over the next five years, advancements in artificial intelligence are expected to accelerate creating new demands for timely information in multiple languages. We have adapted by orchestrating organizational change as well. This is reflected in how MCM has restructured internal departments to help better support county communications initiatives through the dissemination of local news and information to residents and non-English speaking communities. Additionally, MCM is also rolling out a BIPOC and LGBTQ+ multimedia

journalism fellowship program to promote equity within multimedia broadcasting fields and increase community engagement to underrepresented communities in the county.

While we did not have the opportunity to discuss future strategies that will need to be addressed by future fund development, programming, or how the organization is responding to shifting technologies and changing community media needs, this is also an important goal that is an internal priority.

MCM's responses to OLO's recommendations are listed below.

OLO Recommendation #1: Governance - This recommendation does not take into account the large role MCM plays in managing channels and their associated public information activities in the county. MCM is an independent, non-profit organization, with a CEO and Board of Directors and in the past, has not been included in the ITPCC leadership structure.

OLO Recommendation #2: Potential New Revenue Sources – MCM supports the approach of a work session between the GO Committee and Executive Branch staff to discuss the feasibility of charging non-County entities for access to FiberNet services and establishing an excise tax on video streaming services. MCM proposes that those fees, if approved, be allocated to fill the gap of the Cable Fund to continue to support agency telecommunications and public information activities such as community engagement initiatives designed to address digital inequities, the creation and dissemination of non-government created Montgomery County news, freedom of speech and multimedia education platforms for the public.

OLO Recommendation #3: Telecommunications Infrastructure Fees - MCM has no objection or comment.

OLO Recommendation #4a: PEG Channel Resource Sharing Plan - MCM has no objection or comment.

OLO Recommendation #4b: PEG Channel Programming Priority Plan - MCM has no objection or comment.

OLO Recommendation #5a: Cable Television Special Fund - MCM strongly objects to abolishing the Cable Fund and directing franchise revenue to the General Fund. MCM is in support of retaining the Special Fund and re-branding or expanding its use to address current telecommunications and public information needs.

OLO Recommendation #5b: Earmarking Additional Resources - MCM is in strong support of this recommendation.

OLO Recommendation #5c: FiberNet Chargebacks MCM is in support of retaining a Special Fund which preserves dedicated resources for telecommunications and/or public information purposes.

FROM: Melissa Pace
Managing Director Montgomery College Television (MCTV)

Thank you and your dedicated team in the Office of Legislative Oversight (OLO) for sharing the Draft Report: Communications Funding in an Era of Diminishing Cable Revenues. Montgomery College Television (MCTV) is an important content creation and communications partner in the College's ongoing outreach efforts to engage prospective/current students and families, as well as the entire community. MCTV acknowledges the funding challenges and agrees that recommended discussions are timely and important in the face of declining cable revenues. I appreciate the opportunity for Montgomery College, the County's higher education and workforce development partner, to comment on the recommendations in the Report.

Recommendation #1: Governance: OLO recommends that the Council establish a PEG channel governing entity, if possible, by the end of FY24. The Council should decide on the structure of the PEG channel governing body after soliciting input from the County Executive, MCPS, Montgomery College and the members of the Connect Montgomery Alliance on the composition and organizational structure of the governing entity. OLO further recommends that the Council direct the ITPCC to reconvene to address interagency technology matters, including future funding strategies for FiberNet.

MCTV Response: Montgomery College appreciates and looks forward to discussing a clear, collaborative governance model and providing input on structuring an inclusive and equitable PEG channel governing body.

Recommendation #2: Potential New Revenue Sources: OLO recommends the Government Operations and Fiscal Policy Committee (GO) invite Executive Branch staff to a worksession to discuss the advantages and disadvantages of establishing new revenue sources to potentially replace lost cable television franchise revenues.

MCTV Response: Montgomery College appreciates this recommendation and as a member of the Connect Montgomery (CoMo) Alliance will participate fully with the GO Committee, County Council, County Executive, TEBS, and others to inform, consider and evaluate evolving opportunities and changing priorities.

Recommendation #3: Telecommunications Infrastructure Fees: OLO recommends the Council request that the Executive submit an Executive Regulation updating telecommunications infrastructure application fees to reflect the current costs of processing these applications.

MCTV Response: Montgomery College appreciates efforts to potentially replace declining cable plan revenues.

Recommendation #4a: PEG Channel Resource Sharing Plan: The Council should direct the newly established PEG channel governing entity to develop a resource sharing plan to reduce collective PEG spending on facilities, equipment, and/or staffing.

MCTV Response: Montgomery College supports a recommendation for CoMo Alliance members to submit to the County Executive and County Council by the end of calendar year 2024 equitable resource sharing plan options that best leverage existing facilities and staff and maximize existing funds for

individual PEG channels and the CoMo Alliance group with an eye towards changing operations in recognition of diminishing Cable Fund revenues.

Recommendation #4b: PEG Channel Programming Priority Plan: Following completion of the resource sharing plan, the Council should direct the PEG channel governing entity to develop a programming priority plan.

MCTV Response: Montgomery College agrees to collaborate to develop programming priority plan options. There are myriad programming strategies among local PEG and national commercial cable channel operators. Listed below is a prioritization plan for discussion or future consideration.

- a) **LIVE, ORIGINAL & LOCAL:** First, MC prioritizes live, locally originated programming production that brings the College to the wider community, such as Town Hall Meetings and various events with President Williams and authors, community leaders, employers and decisionmakers, community outreach via virtual academic open houses with faculty and staff, and MC's FAQ series. These examples are interactive as they invite live Q & A during the broadcasts. Live, local programming priorities also include emergency notifications, MC commencements, student-generated local news program, honors and awards celebrations, MC collegewide meetings and addresses, MC press conferences, MC sporting events, and special guest presentations. MCTV also accommodates occurrences when an important live program should be aired as a simulcast on multiple PEG channels in order to immediately reach the largest possible viewing audience.
- b) **ORIGINAL/LOCAL:** Following "live", the next focus is on creating and airing high-quality videos which bring Montgomery College to the community by sharing MC talent and programs: performing arts, student/faculty/alumni interviews and presentations, diversity and inclusion campaigns, Equity Week, monthly messages from the President, documentaries, how-to videos, explorations of credit and noncredit majors and careers, donor or alumni events, guest lectures, overviews of MC's academic and student support programs offered, such as dual enrollment, Montgomery Scholars, disability services, Combat 2 College, and Achieving the Promise Academy. Additionally, there are local, community partnership projects such as Montgomery Can Code, IgnITe Hub programs, ACES, Sister Cities, Montgomery History Conference, transfer opportunities to UMD and USG, and MCTV student intern-created PSAs for a dozen non-profit organizations. Some content is topical and time-sensitive and may only air for one or two weeks. Other content is educational, informational or entertainment, and may air repeatedly based on time of year, such as MC holiday music concerts, Black History Month, semester cycles, historical recognition or for certain awareness/events. These program examples are created by MCTV's professional staff and involve hands on, high impact, experiential learning opportunities for students and interns in MCTV's employ. Some videos created by College faculty, staff and students (rather than MCTV employees) are appropriate to air and may include explainer videos about financial aid and FAFSA, tutorials, program overviews, videos from teaching and learning communities, student-produced human-interest stories, Humanities Day, Equity & Inclusion events, and some additional sporting events. Of the collective total MCTV staff time, 95%, is spent working on video projects in priorities a) and b).
- c) **ACQUIRED:** Anything not produced at MC is considered acquired. MC prioritizes acquiring, curating, and airing programs that are locally originated in Montgomery County ahead of programs from the DMV or other regions. Generally, there are specific reasons for MCTV to air an acquired program: to increase exposure to certain hard to reach populations (especially Spanish and other foreign language programs), to convey important, trusted, or timely information to viewers (COVID information or voting and flu shot reminders), to broaden understanding and local awareness of important issues and topics such as climate change, physical and mental health wellness and prevention, antiracism, foreign affairs, social justice, Black history, Holocaust history, Native

American and BIPOC stories, uplifting individuals who are differently abled, immigrant, first generation, and part of the LGBTQIA+ community. Educational programs have value among the MCTV viewing community. Examples include programs about AI and ChatGBT, poetry, author talks, film discussions, aging, WWII, and much more. Less than 5% of MCTV staff's time is spent identifying, scheduling and airing these free, high-quality acquired videos.

Recommendation #5a: Cable Television Special Fund: OLO recommends that the Council decide on whether to retain the Cable Television Special Fund prior to the FY26 budget review. This timeframe would allow the Council to determine the future of the Special Fund with greater clarity as to whether additional revenues sources may become available and whether progress has been achieved in PEG cost controls.

MCTV Response for #5a: Montgomery College appreciates the long history of use of the Special Fund for important and effective Countywide telecommunications and public information needs, including outreach in various languages to a very diverse population, and supports the timeline for discussion and decision points proposed by OLO.

Recommendation #5b: Earmarking Additional Resources: OLO recommends that the Council consider whether to earmark additional revenue streams for telecommunications and/or public information purposes concurrent with its consideration of whether to retain or abolish the Special Fund.

Recommendation #5c: FiberNet Chargebacks: OLO recommends that the Council consider whether to direct the ITPCC to re-establish FiberNet chargebacks concurrent with its consideration of whether to retain or abolish the Special Fund.

MCTV Response for #5b and #5c: No additional comments for recommendations #5b and #5c.

cc: Dr. Michelle Campbell, Senior Vice President for Advancement and Community Engagement
Ms. Susan Madden, Chief Government Relations Officer

MEMORANDUM

TO: Chris Cihlar,
Director Office of Legislative Oversight (OLO)

FROM: Jasmine N. White
Chief Executive Officer
Montgomery Community Media (MCM)

DATE: November 29, 2023

SUBJECT: OLO Report: Communications Funding in an Era of Diminishing Cable Revenues
Prepared by Aron Trombka & Leslie Rubin

The Communications Funding in an Era of Diminishing Cable Revenues report by the Office of Legislative Oversight (OLO) is comprehensive, clearly structured and does an excellent job of presenting and summarizing the past and present conditions regarding cable funding. MCM values the extensive research completed to compile the report and is appreciative of the opportunity to comment on OLO's thoughtful recommendations.

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While we did not have the opportunity to discuss future strategies that will need to be addressed by future fund development, programming, or how the organization is responding to shifting technologies and changing community media needs, this is also an important goal that is an internal priority.

MCM's responses to OLO's recommendations are listed below.

OLO Recommendation #1: Governance - This recommendation does not take into account the large role MCM plays in managing channels and their associated public information activities in the county. MCM is an independent, non-profit organization, with a CEO and Board of Directors and in the past, has not been included in the ITPCC leadership structure.

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OLO Recommendation #5c: FiberNet Chargebacks MCM is in support of retaining a Special Fund which preserves dedicated resources for telecommunications and/or public information purposes.

To: Chris Cihlar, Director
Montgomery County Office of Legislative Oversight

From: Melissa Pace, Managing Director
Montgomery College Television

Subject: Montgomery College Response to Draft OLO Report 2023: Communications Funding in an Era of Diminishing Cable Revenues

Date: December 1, 2023

Thank you and your dedicated team in the Office of Legislative Oversight (OLO) for sharing the Draft Report: Communications Funding in an Era of Diminishing Cable Revenues. Montgomery College Television (MCTV) is an important content creation and communications partner in the College's ongoing outreach efforts to engage prospective/current students and families, as well as the entire community. MCTV acknowledges the funding challenges and agrees that recommended discussions are timely and important in the face of declining cable revenues. I appreciate the opportunity for Montgomery College, the County's higher education and workforce development partner, to comment on the recommendations in the Report.

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Recommendation #5b: Earmarking Additional Resources: OLO recommends that the Council consider whether to earmark additional revenue streams for telecommunications and/or public information purposes concurrent with its consideration of whether to retain or abolish the Special Fund.

Recommendation #5c: FiberNet Chargebacks: OLO recommends that the Council consider whether to direct the ITPCC to re-establish FiberNet chargebacks concurrent with its consideration of whether to retain or abolish the Special Fund.

MCTV Response for #5b and #5c: No additional comments for recommendations #5b and #5c.

cc: Dr. Michelle Campbell, Senior Vice President for Advancement and Community Engagement
Ms. Susan Madden, Chief Government Relations Officer

APPENDIX A

#18 – Cable Communications Plan

Resolution No.:	<u>20-192</u>
Introduced:	<u>May 25, 2023</u>
Adopted:	<u>May 25, 2023</u>

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

SUBJECT: Approval of the FY 2024 Cable Communications Plan

Background

1. Section 8A-27(a) of the County Code provides that “All access grants, franchise fees, and other moneys received by the County from any franchisee may be spent only under a budget approved by the Council and in accordance with the County Cable Communications Plan.”
2. Section 8A-27(b) of the County Code provides that “The Cable Communications Plan must be proposed by the County Executive to the Council annually and may be amended at any time.”
3. Section 6.2.2 of the 2016 Cable Franchise Agreement with Comcast of Potomac, LLC provides that Comcast must pay a grant to the County of 3% of Gross Revenues each quarter to be used for Public, Educational, and Governmental (PEG) and institutional network capital expenses. Paragraph 8 of Exhibit D of the Franchise Agreement provides that this grant may be used for capital and non-capital support for PEG purposes, including expenditures on PEG and FiberNet.
4. Section 8(b)(1) of the 2016 Franchise Agreement with Starpower Communications, LLC (doing business as RCN) provides that Starpower must pay a grant to the County of 3% of Gross Revenues to the County to be used for PEG and Institutional Network. Paragraph 3 of Exhibit F of the Franchise Agreement provides that this grant may be used for capital or non-capital support for PEG purposes.
5. Sections 6.2.1 and 6.2.2 of the 2006 Franchise Agreement with Verizon provides that Verizon must pay a grant to the County of 3% of Gross Revenues each quarter to be used for PEG and institutional network purposes.
6. Section 8 of the Franchise Agreement with Starpower (doing business as RCN) and Section 7 of the Franchise Agreements with Verizon and Comcast provides that each franchisee must pay, for the life of the franchise, a franchise fee of 5% of annual gross revenues.

General Provisions

1. **Purpose and Effect:** This Cable Communications Plan constitutes the County's formal direction for the use of resources required to be provided under Sections 7 and 8 of the Franchise Agreements with Comcast and Starpower (doing business as RCN); and Sections 3, 6, and 7 of the Franchise Agreement with Verizon.

In FY 2024, these resources must be deposited by the County in its Cable TV Special Revenue Fund, and this Cable Communications Plan directs the use of the revenues in this Fund.

2. **Spending Authority under the Time Period Governed by This Plan:** This Cable Communications Plan provides spending authority for FY 2024. Resources appropriated in FY 2024 that are not encumbered by the County on or before June 30, 2024, must remain in the Cable TV Special Revenue Fund and be available for spending in future years.
3. **Carryover:** Resources provided to the County as a result of the requirements of the Franchise Agreements with Comcast, Starpower (doing business as RCN), and Verizon, but not specifically allocated in the Cable Communications Plan to the General Fund, must remain in the Cable TV Special Revenue Fund and be available to be allocated in future years.
4. **Future Fiscal Years:** No estimate shown for any fiscal year after FY 2024 reflects any commitment or decision by the Council, and any such estimate should not be taken as prejudging any decision regarding activities or allocations, either in absolute or relative amounts, of expenditures for future years.
5. **Management of Funds:** All equipment, personnel, and other resources approved in the Cable Communications Plan for funding from the Cable TV Special Revenue Fund must be managed so that the resources are reasonably available to all users of the cable system and provide benefits to the subscribing public and the franchisee.
6. **Affirmative Action and MFD Procurement Procedures:** The Board of Directors of Montgomery Community Television, Inc. (MCT), doing business as Montgomery Community Media (MCM), must adopt and follow an Affirmative Action Plan and procedures for procurements from minority, female, and disabled-owned businesses (MFD) that take into account both the requirements of the Franchise Agreements with Comcast, Starpower (doing business as RCN), and Verizon and relevant provisions of the County Code.
7. **Financial Disclosure:** The County must not spend any FY 2024 funds allocated to MCT until all members of the Board of Directors and the Executive Director of MCT have filed a financial disclosure statement with the Ethics Commission for the 2022 calendar year.

8. Future Cable Plan strategy: The Executive must submit to the Government Operations and Fiscal Policy Committee a Connect Montgomery Alliance Strategic Plan that will frame FY 2025 budget allocations no later than January 15, 2024.
9. Reporting Requirements: The Executive must submit a separate quarterly fiscal report to the Council detailing revenues received by source for the Cable Plan and the levels of the Cable Fund Balance no later than 60 days after the end of each quarter.

FY 2024 Cable Communications Plan Description

The FY 2024 Cable Communications Plan provides funding to Community Technology for the Transmission Facility Coordinating Group and to Cable Franchise Administration (Department of Technology and Enterprise Business Solutions), to the County Attorney's Office, and outside professional service providers; for municipal equipment and operating support; for public, educational, and government access programming (Office of Community Engagement, Office of Public Information, Council, Montgomery College, Montgomery County Public Schools, and Montgomery Community Television, Inc.); for Digital Equity; for FiberNet; to the Interagency Technology Fund (ITF); and for other miscellaneous cable, broadband, technology and digital equity-related activities.

The attached table details the approved expenditures from the Cable Television Communications Plan Special Revenue Fund for the following purposes in FY 2024:

Community Technology

- A. Funds are allocated to the Department of Technology and Enterprise Business Solutions to administer the Franchise Agreements with Comcast, Starpower (doing business as RCN), and Verizon, including inspecting construction, testing signal quality, responding to residents' complaints, budgeting franchise fee and grant funds received from the cable operator, managing the contract to provide public access services, supporting an advisory committee, administering Federal Communications Commission rules and regulations, preparing for and negotiating franchise agreements, and advising elected officials on related policy matters.
- B. Funds are allocated to the County Attorney's Office to support the in-house staff costs associated with advising the Department of Technology and Enterprise Business Solutions and elected officials on related matters.
- C. Funds are allocated to hire outside professional services, in areas of specialized telecommunications needs, to (1) advise or represent the County and (2) file grant applications on behalf of the County and consumers. Any appointment of special counsel requires the approval of the Council under Charter Section 213.

Municipal Support

- D. Funds are allocated for sharing franchise fee revenue with the municipal co-franchisors in accordance with the formula in Section 8A-29 of the County Code.
- E. Funds are allocated to support the four PEG channels allocated to (1) the City of Rockville; (2) the City of Takoma Park; and (3) the Montgomery County Chapter of the Maryland Municipal League. Funds are allocated from the Capital Equipment Support Grants, according to the requirements of Section 8(b)(1) of the Franchise Agreement with Starpower (doing business as RCN), the requirements of Section 6.2 and Exhibit D Section 8 of the Franchise Agreement with Comcast, the requirements of 6.2 of the Franchise Agreement with Verizon, and from the Municipal Operating Support portion of the Cable Fund. Funds are allocated from the Cable Fund to the extent that the Participating Municipalities meet all applicable matching-fund requirements in the Comcast Settlement Agreement (Exhibit D of the Franchise Agreement).

County Government Access Programming

- F. Funds are allocated to the Office of Community Engagement for managing the Community Cable Montgomery (CCM), maintaining CCM video equipment, closed captioning of PEG programming, and for the operation of the Technical Operations Center to monitor and support technical quality and distribution of PEG Programming.

Funds are allocated to the Office of Public Information for in-house staff and contractors to produce Executive Branch programming for the County Government Channel.

Funds are allocated to the Council for in-house staff and contractors to produce programming for the Council and Legislative Branch agencies.

Funds are allocated to the Montgomery County portion of the Maryland-National Capital Park and Planning Commission for contractors to provide cable-related services, including webcasting and services needed to produce programming for the Planning Board and the Parks Department.

Educational Access Programming

- G. Funds are allocated to Montgomery College to produce educational programs and operate a cable channel with in-house staff.
- H. Funds are allocated to Montgomery County Public Schools to produce educational programs for children, parents, and teachers; carry Board of Education meetings; and run other educational programming of interest to County residents.

Community Media Programming

- I. Funds are allocated for Montgomery Community Television, Inc., to perform services in FY 2024 as specified in its contract with the County or the Cable Communications Plan, including the following:

- (1) produce and schedule three public access channels, including disseminating information on the daily program schedule;
- (2) train community producers and technicians in program production and assist residents and community organizations in developing locally produced or locally sponsored programming;
- (3) provide and maintain a central access studio, field production equipment, and editing facilities for use by community producers in program production;
- (4) maintain all video equipment provided to MCT or purchased by MCT with cable company or County funds;
- (5) produce local interest and public affairs programming;
- (6) promote and encourage programming representing a diversity of community interests and needs; and
- (7) perform outreach and create programming in the down-county area.

Connect Montgomery Alliance

- J. For FY 2024, funds are allocated for PEG equipment replacement, for joint PEG programming/promotion, PEG network engineering and administration, closed captioning of select PEG programming, and for PEG programming to provide access to cable by community organizations.

The Council wishes to encourage the most cost-effective operations of the PEG Channels and has directed the Montgomery Alliance to enhance the sharing of equipment, facilities, and personnel, and to jointly support digital equity. All funds appropriated for PEG equipment replacement must be administered by the Office of Broadband Programs and Infrastructure Modernization. Before spending any funds for this purpose, the Connect Montgomery Alliance must report to the Council and the Executive on their plans for the purchase and allocation of replacement equipment. The Council intends that preference be given to purchases of equipment and facilities that can be shared by more than one PEG Channel.

The Council encourages the municipal co-franchisors to develop plans for purchasing equipment, using engineering expertise available from the other PEG Channels and the Office of Community Engagement, and acquiring equipment that facilitates the sharing of resources with other PEG channels.

Before the Connect Montgomery Alliance may spend funds allocated for PEG joint Programming/Promotion, the Alliance must report its Work Plan for FY 2024 to the Council and the Executive.

Institutional Telecommunications

- K. The County continues to expand the FiberNet network to meet the telecommunications needs of County agency facilities. The Department of Technology and Enterprise Business Solutions must develop and implement a FiberNet buildout plan that identifies facilities with the greatest need for high-speed voice, data, and video transmissions and for which

FiberNet offers lower cost service than private sector telecommunications providers. User agencies must notify the Council before paying any fee to or entering into any agreement with any private provider, if using FiberNet to serve specific facilities is more advantageous to the County. The Council will then consider if adjustments to the funded FiberNet buildout schedule are warranted to avoid paying excessive fees to private providers for telecommunications service to any specific facility.

Allocation of FiberNet fibers to Montgomery College from the County FiberNet is subject to a construction memorandum of understanding between the College and the County signed on December 26, 2012, as well as approval by the Interagency Technology Policy and Coordination Committee.

FiberNet and ultraMontgomery may be used to support digital equity initiatives under the Cable Communications Plan.

Support of the Interagency Technology Fund (ITF)

- L. In FY 2024, the Interagency Technology Fund will not receive any funding to support priority projects as approved by the ITPCC.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Council approves the attached Cable Communications Plan for FY 2024, as described in this resolution and detailed in the appended table. The Council appropriates cable communications grant resources and settlement funds as provided in the approved Cable Communications Plan for FY 2024.

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council

FY24 CC APPROVED CABLE COMMUNICATIONS PLAN (in \$000's)

	ACT FY20	ACT FY21	ACT FY22	APP FY23	EST FY23	APP FY24
BEGINNING FUND BALANCE	346	1,844	1,456	11	-95	-98
REVENUES						
Franchise Fees	15,880	14,667	14,595	14,358	13,343	12,704
Gaithersburg PEG Contribution						0
PEG Operating Grant	3,692	3,377	3,376	3,312	3,238	3,138
PEG Capital Grant	5,836	5,393	5,367	5,303	4,768	4,484
Interest Earned	222	15	7	77	167	167
TFCG Application Review Fees	96	143	203	250	250	250
Miscellaneous	0	75	137	1,000	1,000	1,000
TOTAL ANNUAL REVENUES	25,725	23,670	23,683	24,300	22,766	21,744
TOTAL RESOURCES-CABLE FUND	26,071	25,514	25,140	24,311	22,672	21,646
MUNICIPAL SUPPORT						
Municipal Franchise Fee Distribution						
City of Rockville	710	656	679	642	597	568
City of Takoma Park	225	208	277	204	189	180
Other Municipalities	263	243	245	238	221	211
SUBTOTAL	1,199	1,108	1,201	1,084	1,008	959
Municipal Capital Support						
Rockville Equipment*	834	788	889	739	663	641
Takoma Park Equipment	195	184	134	177	159	149
Municipal League Equipment	195	183	179	177	159	149
MUNICIPAL PEG/INET CAPITAL SUBTOTAL	1,223	1,155	1,203	1,093	981	940
Municipal Operating Support						
Rockville PEG Support	236	224	213	212	207	201
Takoma Park PEG Support	410	395	420	368	360	349
Muni. League PEG Support	410	395	418	868	860	849
SUBTOTAL	1,056	1,015	1,051	1,448	1,426	1,398
MUNICIPAL SUPPORT SUBTOTAL	3,478	3,278	3,455	3,625	3,415	3,297
OBP FIBERNET OPERATING						
FiberNet - OBP Personnel Charges	627	866	1,229	1,556	237	573
FiberNet - DOT Personnel Charges	112	98	110	87	95	95
FiberNet - DOT Operations & Maintenance	291	854	744	488	488	473
FiberNet - DOT Miss Utility	488	238	32	291	291	291
SUBTOTAL	3,845	5,206	5,534	2,422	1,110	1,432
OBP COMMUNITY TECHNOLOGY						
TFCG Application Review	250	364	230	230	230	254
Personnel Costs - OBP Comm. Tech./Franchise O	804	919	665	687	662	725
Personnel Costs - Charges for County Atty	125	113	115	99	111	105
Operating	145	247	80	145	144	146
Legal and Professional Services	475	776	287	475	470	375
SUBTOTAL	1,799	2,419	1,376	1,636	1,617	1,605
OBP DIGITAL EQUITY-MONTGOMERY CONNECTS						
Personnel Costs	0	177	132	211	211	220
Digital Equity Programs	0	0	0	375	375	375
Youth and Arts Community Media	100	31	83	100	100	100
SUBTOTAL	100	208	215	686	686	696
OBP COMMUNITY ENGAGEMENT						
Personnel Costs	908	655	584	738	746	748
Operating Expenses	31	152	105	178	145	150
Contracts - TV Production	87	100	87	87	87	87
Community Engagement Productions	91	64	61	58	91	58
Closed Captioning	0	283	163	163	163	163
SUBTOTAL	1,118	1,254	1,001	1,224	1,233	1,206
MEDIA - PIO, COUNCIL, M-NCPPC						
Public Information Office						
Personnel Costs	867	629	568	554	541	547
Operating Expenses	11	4	7	11	11	11
SUBTOTAL	879	632	575	565	552	557
County Council						
Personnel Costs	660	666	620	656	669	597
Operating Expenses	124	10	9	11	11	11
Contracts - TV Production	163	385	250	253	253	210
SUBTOTAL	947	1,062	879	919	932	818
Park & Planning						
Operating Expenses	24	24	24	24	24	24
Contracts - TV Production	99	76	70	99	99	92
SUBTOTAL	123	100	94	123	123	117
MEDIA PIO, COUNCIL, M-NCPPC SUBTOTAL	1,949	1,794	1,549	1,608	1,607	1,493

FY24 CC APPROVED CABLE COMMUNICATIONS PLAN (in \$000's)

	ACT FY20	ACT FY21	ACT FY22	APP FY23	EST FY23	APP FY24
MEDIA - CONNECT MONTGOMERY ALLIANCE						
PEG Equipment	759	914	718	794	794	784
Operating & Marketing Expenses	181	178	200	260	260	222
SUBTOTAL	940	1,091	918	1,053	1,053	1,005
MEDIA - MONTGOMERY COMMUNITY MEDIA						
Personnel Costs	2,231	2,260	2,394	2,537	2,537	2,610
Operating Expenses	32	180	52	54	54	54
Rent & Utilities	473	389	383	383	383	383
SUBTOTAL	2,736	2,829	2,829	2,974	2,974	3,047
ADJUSTMENTS						
Compensation Adjustment	0	0	0	0	153	281
MCG Multi-Program Adjustments	0	472	0	0	0	0
SUBTOTAL	0	472	0	0	153	281
GENERAL FUND TRANSFERS						
MEDIA - MONTGOMERY COLLEGE						
Personnel Costs	1,555	1,588	1,588	1,588	1,588	1,509
Operating Expenses	209	209	209	209	209	198
SUBTOTAL	1,764	1,797	1,797	1,797	1,797	1,707
MEDIA - MONTGOMERY CO PUBLIC SCHOOLS						
Personnel Costs	1,678	1,648	1,694	1,694	1,694	1,609
Operating Expenses	121	121	76	76	76	72
SUBTOTAL	1,800	1,770	1,770	1,770	1,770	1,681
ADDITIONAL TRANSFERS						
Indirect Costs Transfer to Gen Fund	880	843	831	856	856	699
Telecom Transfer to Gen Fund	0	0	0	0	0	0
Transfer to the General Fund	0	0	0	0	0	0
Legislative Community Communications NDA	0	0	0	0	0	0
Transfer to the Gen Fund-M-NCPPC	100	0	100	100	100	50
SUBTOTAL	980	843	931	956	956	749
CAPITAL IMPROVEMENT PROJECTS						
FiberNet - CIP	3,750	3,081	4,011	3,718	3,718	2,650
Montgomery Connects - CIP	680	680	680	680	680	680
SUBTOTAL			4,691	4,398	4,398	3,330
EXPENDITURE SUMMARY						
DIRECT BUDGET EXPENDITURES	15,967	16,193	16,877	15,227	13,849	14,062
GENERAL FUND TRANSFERS	4,544	4,410	4,498	4,522	4,522	4,137
CIP TRANSFERS	4,430	3,761	4,691	4,398	4,398	3,330
TOTAL EXPENDITURES	24,941	24,363	26,065	24,148	22,770	21,529
BALANCE RESOURCES MINUS EXPENDITURES	1,130	1,151	-926	164	-98	117
ADJUSTMENTS						
Prior Year Adjustments	-39	-305	-831	0	0	0
Encumbrance Adjustment	0	0	0	0	0	0
CIP - Designated Claim on Fund	0	0	0	0	0	0
TOTAL ADJUSTMENTS	-39	-305	-831	0	0	0
FUND BALANCE	1,170	1,456	-95	164	-98	117
FUND BALANCE PER POLICY GUIDANCE	1,296	1,186	1,184	1,175	1,101	1,050
Cable Fund Direct Expenditures	15,967	16,193	16,877	15,227	13,849	14,062
Cable Fund Personnel	4,104	4,025	4,023	4,587	3,424	3,892
Cable Fund Operating	11,862	12,168	12,854	10,640	10,425	10,170
Cable Fund Restricted Capital Expenditures	6,412	5,830	6,612	6,285	6,173	5,053
Cable Fund Media Production Expenditures	10,605	10,636	10,196	11,080	11,066	10,754
Annual Impact - Revenue Minus Expenditures	784	-693	-2,382	153	-3	215

Notes:

- These revenues and expenditures are based on the Executive's recommended budget. The projected future expenditures, revenues, transfers, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements and other factors.
- Franchise fees and PEG revenues are subject to municipal pass-through payment. Municipal payments are estimates. Actual payments will be calculated based upon actual revenue received, subscriber numbers and formulas specified within the Municipal MOUs.
- Restricted revenue and expenditures: Certain Cable Fund revenues other than franchise fees, and corresponding expenditures (Municipal Franchise Fees/Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code, and may only be used for permissible federal purposes and in a manner consistent with applicable agreements..
- Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to provide community access media services.
- Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).
- The Cable Television Communications Fund provides a fund transfer to Montgomery County Public Schools and Montgomery College and to support MCPS-TV and Montgomery College Television.
- Subtotals may be adjusted due to rounding.

Appendix B



Connect
Montgomery
Alliance (CMA)

Our hyper-local platforms effectively fill the void in local County and Municipal coverage.



During FY22 and FY23, the Connect Montgomery Alliance was critical to Montgomery County's messaging strategies

Fentanyl Awareness

Racial Equity

Affordable Housing

Food Resources

Economic Development

Public Safety

Early Childhood Education

Social Justice

Hybrid Budget Forums

Digital Equity

Affordable Connectivity Program

Mental Health

Anti Racism Forums

Vision Zero

Climate Action Plan

Collaboration

- Cablecasting hundreds of virtual live meetings, town halls, etc. including public testimony and closed captioning
- Studio and Facilities Tours for consideration of sharing resources
- Upgraded technology to facilitate hybrid meetings and events
- Providing more content in multiple languages



ConnectMontgomery.com



Racial Equity And Social Justice



Let's Talk! Mr. Tyre Nichol...

2/16/2023

In this episode, we are creating space for people to share the...

150 Views • 6 Likes



Policing Advisory Commis...

4/13/2022

32 Views

Green County



MCPS Environmental Sust...

3/22/2022

MCPS staff and student leaders presented the...

747 Views



EV Purchasing Cooperativ...

1/20/2022

234 Views • 10 Likes

Mental Health



Careers in Mental Health I...

11/11/2021

As part of the MCPS Mental Health Awareness Week, this...

1.9K Views



MCPS Waymaking Special ...

11/9/2021

An MCPS Mental Health Awareness Week Live Event!...

2.3K Views

Economic Development



CoMo Today- ignITe Hub ...

5/17/2022

ignITe Hub is an exciting, unique space where students...

11 Views • 1 Likes • 0 Comments



April 7, 2022 - PHED Com...

4/7/2022

Agenda/Staff Reports <https://www.montgomerycou...>

195 Views

Education



Learning to learn. Access t...

1/30/2023

Student/Alumni discussion panel discussion about their...

74 Views • 2 Likes • 0 Comments



MCPS Students Can Now E...

11/10/2022

Montgomery College's innovative Early College...

557 Views • 7 Likes

Spanish Language



¿Ahora qué estudio? Una ...

2/13/2023

Ex-alumna, Kelly Ramírez, cuenta su experiencia como...

84 Views • 2 Likes • 0 Comments



Montgomery al Dia Episod...

9/13/2022

Lorna Virgili hosts this episode of "Montgomery al Día"...

33 Views • 2 Likes • 1 Comments

Social Media

Combined Analytics

- YouTube Subscribers- 74,641 up from 54,495
- Facebook Followers- 93,008 up from 86,101
- Twitter Followers- 36,821 up from 27,671
- Instagram Followers- 30,046 up from 19,454

TOTAL 234,516



PLANT A TREE TODAY!

RICHARD MONTGOMERY STUDENTS ARE SELLING SAPLINGS TO MAKE OUR COMMUNITY MORE SUSTAINABLE

SCAN THE QR CODE TO ORDER !



Let's Talk!
THE DEATH OF TYRE NICHOLS

Watch the full program!

Source: Nichols family via AP



Celebrar a la Mujer

CELEBRANDO A GRANDES MUJERES
MES DE LA HISTORIA DE LA MUJER

CoMo



my mcm
Women's History Month
SMALL BUSINESS SATURDAY SPOTLIGHT

Coumba B. Graves
La Magnolia
Rockville, MD

MONTGOMERY COUNTY
BLACK COLLECTIVE

Outcomes

Overall our paid campaigns created by Salta With US generated the following outcomes in FY23:

Impressions
1,806,831

CPM
\$5.54

Video Views
150,992

Reach
622,831

Clicks:
11,576

Frequency
2-3 times

The Connect Montgomery Alliance (CMA) plays an important role as a part of the Cable Communications Plan



Create content based on the interests and needs of Montgomery County residents.



We are a vital tool in sharing county messaging and educating the public on issues of importance.



Local coverage that can't be found anywhere else.

The Connect
Montgomery Alliance
(CMA) plays an
important role as a
part of the Cable
Communications Plan



Provide access to local government.



Keep the public informed through
our videos, found on multiple
platforms.



Give residents a platform to express
themselves and connect.

CMA Collaboration Coordinator

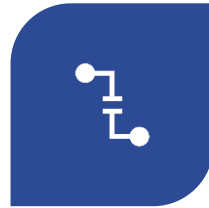
- Coordinates monthly CMA and Committee meetings
- Ensures our group is on task for completing annual goals



Assumptions of our FY24 Strategic Plan



CONTINUE TO FUND THE COLLABORATION COORDINATOR POSITION IN FY24



CONTINUE TO WORK WITH OBP TO IDENTIFY TECHNOLOGIES AND PARTNERSHIP OPPORTUNITIES TO INCREASE RESIDENTS, BUSINESSES AND COMMUNITY ORGANIZATIONS AWARENESS AND ENGAGEMENT IN LOCAL CULTURE AND GOVERNMENT.



FOCUS ON PROGRAMMING SUPPORTING COUNTY INITIATIVES SUCH AS ECONOMIC DEVELOPMENT, PUBLIC SAFETY AND DIGITAL EQUITY.



IDENTIFY ONLINE ENGAGEMENT AND RESULTS-ORIENTED OUTCOMES



PARTNER WITH THE TEBS TO EXPLORE INNOVATIVE SOLUTIONS TO INCREASE THE PRODUCTIVITY AND FINANCIAL SUSTAINABILITY OF THE CMA'S OPERATIONS.

GOAL #1

Develop a data driven, measurable work plan for the new CMA Collaboration Coordinator

- Track and Evaluate outcomes monthly
- Benchmark efforts to grow audience engagement through creating and sharing programming, social posts and online video
- Use insights for FY25 budget process



GOAL #2

Sustain social media progress realized in FY23

- Develop annual digital media content and promotion plan to grow engagement
- Continue to identify and track the quantity of racial equity and social justice posts/tweets and engagement outcomes
- Partner with other County departments/agencies to provide content and expand topics and priorities

55+ & Better

ACTIVITIES FOR SENIORS



SPRING 2023

GOAL #3

Continue to enhance features, increase awareness and drive traffic to www.ConnectMontgomery.com – and ultimately to County webpages

- Promote county webpages as resources for information and develop a range of hyper-local content that aligns with County priorities such as:
 - Economic Development
 - Public Safety
 - Education
 - Mental Health Resources
 - Climate Action Plan
 - Racial Equity

CONNECT MONTGOMERY

· CONCEJO DEL CONDADO DE MONTGOMERY ·

ASAMBLEA HIBRIDA

EN LA ESCUELA MEDIA DE LAKELANDS PARK

✓ 15 de febrero
7:00–8:30pm

Acompañe en persona o vía Zoom a los miembros del Concejo quienes escucharán las preocupaciones de la comunidad y contestarán sus preguntas

Regístrese para participar de manera virtual
<https://bit.ly/TownHall-Feb15>

Se realizará por medio de  zoom

Véalo en  @MoCoCouncilMD o  CM

Obtenga mas información en:
MontgomeryCountyMD.gov/Council



CONCEJO DEL
CONDADO DE
MONTGOMERY



Family Forum on Fentanyl & Life Saving Narcan Training

February 25

Northwood High School
919 University Blvd. W, Silver Spring

GOAL #4

Establish new communication channels that identify resources and address concerns in real time. This effort will align with the County's customer service initiative.

- Produce video content featuring residents providing feedback and questions about topics such as digital equity, climate change, and social justice will be collected.
- creating and distributing fresh thematic content that drives resident engagement and participation with the use of campaigns focused on issues important to Montgomery County residents.



Outcomes to Measure

Increasing the amount of content that we share and enhancing our alignment with County initiatives

Measure the amount of content we create on a quarterly basis as well as views and engagement across social media channels

Expanding the reach of our content to new and diverse audiences

Work with Salta With US to create an outcomes-based ad campaign to distribute content

Providing excellent customer service for residents that follow our channels

Consistently respond to all messages within 24 hours

The Future

The Connect Montgomery Alliance takes pride in the need we fulfill and the service we provide to Montgomery County residents. We look forward to increased viewership, expanded content and connection with our viewers in the coming year.



Appendix C

OLO Question to Connect Montgomery Alliance (CMA): *In the April presentation to the GO Committee, the CMA mentioned that members are working on strategies to address the downturn in Cable Fund revenues. What strategies has the CMA studied, and which strategies seem most promising?*

CMA Response: Facing a significant decline in Cable Fund revenue, the CMA has been evaluating options on two fronts—the ability to generate revenue and cost savings. On the revenue side, each organization has different rules, leadership models, and staffing capacities related to seeking grant funding, advertising, and fundraising activities. As cable TV revenues, which are used to fund operations and equipment of all the CMA (PEG) channels, face projected declines nationally and locally due to "cord cutting," it is imperative that Connected Montgomery Alliance (CMA) approach this fiscal challenge with realistic options for future years. The concept of internal agency chargebacks to offset some expenses has been suggested, as well as monetizing YouTube channels and creating a paywall or subscription model for certain content. All these issues must be comprehensively reviewed by legal staff to determine what if any, legal changes could be made to monetize operations for groups that don't currently have legal authority to do so without jeopardizing existing franchise terms and revenue. Furthermore, some organizations may need to seek to formally change institutional policies and procedures that currently prohibit unauthorized grant writing seeking, or accepting advertising, and any fundraising activities. These decisions are significant since they will affect the operations of all channels in future years.

The CMA group has also been discussing potential advocacy for increasing the state tax on streaming services. The FCC prohibited franchise fees on cable modems in 2002, but states allow for fees and taxes on streaming products and social media advertising. Massachusetts, New York, Vermont, and Minnesota all have bills considering alternate fees and excise taxes to support community media and local government; however, the tax is being challenged in court by Comcast and Verizon.

Another option mentioned by TEBS CIO Gail Roper concerns implementing a local charge to monetize the use of FiberNet to support providing essential hyper-local news, information, events, and education to residents. As part of a national trend, local news outlets have been downsizing staff and news coverage for more than a decade. Yet, with an increasingly diverse audience, the need to reach our audiences with timely and topical information is of paramount concern.

On the cost-saving side, there are three main areas of savings for consideration: costs associated with physical space for the four countywide and three municipal operations, operational costs that include equipment, software, captioning, warranties, maintenance, etc., and lastly, personnel.

The members of CMA are discussing ways that physical space could be shared. In the near term (over approximately nine to twelve months at the earliest), one or more master control operations could be centralized, adding additional cable and streaming channel playout to an existing master control media storage and automation system, similar to how the CMA launched and hosted the Corona Montgomery channel for 17 months. Commercial television station groups have been doing this for years. This type of hosting, using PEG-friendly systems by companies such as Telvue or Cablecast, is scalable and easier now than in the past due to advances in digital HD file transfer, lower server costs, highly skilled computer and broadcast IT engineers on CMA staff, and user-friendly web-based TV scheduling software. This kind of partnership would require leadership approval and a memorandum of understanding (MOU) between participating organizations; however, the one-time cost per each new channel added to an existing system, range from approximately \$5,625 to \$16,875 to set up (depending on whether it is streaming live on YouTube or another source) and approximately \$2,500 to \$4,500 per year in warranty/support. Installation can be done in-house, and customized logins and permissions can keep the right staff working on the correct programming.

An approach of this nature would allow channels to migrate when ready, which could be a significant savings over replacing aging hardware systems at each CMA location every 5 to 7 years or building a new hub. A joint master control also would save on personnel, annual warranty/maintenance expenses, and energy costs, providing support to organizations that have no engineering staff, lack the skill to perform systems installations, or have to pay for annual service contracts.

Likewise, there is the potential to reduce the CMA footprint by partnering on studio use for content creation, potentially saving money on leasing space, expensive control room equipment replacement, warranties, utility costs, insurance, and future camera replacements or virtual sets. Most CMA studios are in use during typical work hours but free on evenings and weekends when some access users and volunteers prefer to work on their projects. Generally speaking, the various CMA studios are used less frequently than pre-COVID levels as the desire for video in the field, in the form of short clips and social media content continues to drive program lengths from the typical hour or half-hour to five or 15 minutes. This sharing could happen with a few months' notice and an agreed-upon MOU.

Additionally, the group is discussing potentially creating protocols for sharing staff members for assignments like video shoots, press events, and community activities. A "pool camera" has often been used in large media markets or events to feed multiple outlets to avoid duplication. For example, the entities share footage and b-roll whenever needed, and the Executive and Council currently collaborate on staffing press events when the issue is supported by both branches of government and share staff to air live events on County Cable Montgomery as well as Council meetings.

Finally, the group continues to evaluate equipment purchases across all member agencies to identify cost savings associated with group purchases, share insights and hands-on experience, and eliminate any unnecessary equipment requests. The pooling of some equipment is also being considered as the group moves forward to avoid duplicating equipment purchases for similar purposes, such as news and event information gathering.

As part of our due diligence, CMA managers met with two consultants this summer who are experienced with media access centers. They suggested a universal broadcast facility or "hub" with contract staffing to serve all the county's public, education, and government channels. This approach would fundamentally restructure operations and staffing across each agency, and a leadership team would need to be selected to oversee operations with a memorandum of understanding to allocate airtime and resources across participating CMA members. This approach is a potential long-term plan that would require an in-depth evaluation of the existing staffing models for each CMA member, an understanding of current labor union agreements that would be affected (SEIU, NABIT, and AFSME), legal review, and leadership approval before these systemic changes could be made in this direction.