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MANAGEMENT OF THE DIGITAL TV TRANSITION: IS NEW YORK CITY PREPARED?

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION, AND PROCUREMENT

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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MANAGEMENT OF THE DIGITAL TV TRANSITION: IS NEW YORK CITY PREPARED?

FRIDAY, JULY 18, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Brooklyn, NY.

The subcommittee met, pursuant to notice, at 10:55 a.m., at Brooklyn Sports Club, the Club Room, 1540 Van Siclen Avenue, Brooklyn, NY, Hon. Edolphus Towns (chairman of the subcommittee) presiding.

Present: Representative Towns.

Also present: Representative Clarke.

Staff present: Michael McCarthy, staff director; Lars Hydle, legislative director; William Jusino, professional staff member; and Kwane Drabo, clerk.

Mr. TOWNS. I ask unanimous consent that Members of the New York City Congressional Delegation be allowed to participate in the hearing.

And, without objection, so moved.

Welcome to today's oversight hearing on the Digital Television Transition. On February 17, 2009, broadcasters will stop airing their signals in the current analog format. Without proper preparation, millions of New Yorkers may turn on their TVs on February 18, 2009, only to find themselves left in the dark, without access to critical weather updates, emergency alerts, news or entertainment programming.

The switch will require new equipment and services for many people currently using antennas to receive over-the-air broadcasts. There are already major efforts under way to educate the public about this transition.

The broadcasting industry has launched a national consumer education campaign valued at more than $1 billion. And, I salute them for their efforts. Today, we will hear specifically about how WABC-TV has educated its viewers here in New York City about the transition.

The government has also been working to educate consumers about the transition date and the availability of free Federal vouchers to help citizens purchase new equipment. Today's hearing will evaluate how wisely that money is being spent.

Some are concerned that vulnerable populations such as seniors, low-income Americans, or non-English speaking viewers are unaware of the steps they need to take. These groups are known to

heavily rely on their over-the-air broadcasts and would be most hurt by failing to prepare for the transition.

In addition, these groups are large blocks of New York City's population. So, I look forward to hearing how the education effort can be targeted as the programs move along.

And, let me pause here to say that this is not a beat-up session. You know, I've been a part of some of those, but this is not a beat-up session. This is a session to have dialog, to see what we can do together, to make certain that people are aware of the transition that is going to take place on February 19th. And then, if we talk to each other, and if there is enough dialog, then I think that we can make a smooth transition. But, if we do not talk to each other, and there is not dialog, then I think we're going to have a mess on February 19th.

[The prepared statement of Hon. Edolphus Towns follows:]

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SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION, AND PROCUREMENT

OVERSIGHT HEARING
MANAGEMENT OF THE DIGITAL TV TRANSITION: IS NEW YORK CITY PREPARED?

FRIDAY, JULY 18, 2008
BROOKLYN SPORTS CLUB, 1540 VAN SICLEN AVE., BROOKLYN NY 11239

OPENING STATEMENT

OF CHAIRMAN TOWNS

Welcome to today's oversight hearing on the Digital Television Transition. On February 17, 2009, broadcasters will stop airing their signals in the current analog format. Without proper preparation, millions of New Yorkers may turn on their TVs on February 18, 2009 only to find themselves left in the dark without access to critical weather updates, emergency alerts, news or entertainment programming. The switch will require new equipment or services for many people currently using antennas to receive over-the-air broadcasts.

There are already major efforts underway to educate the public about this transition. The broadcasting industry has launched a national consumer education campaign valued at more than $1 billion. Today, we will hear specifically about how WABC TV has educated its viewers here in New York City about the transition.

The government has also been working to educate consumers about the transition date, and the availability of free federal vouchers to help citizens purchase new

equipment. Today's hearing will evaluate how wisely that money is being spent. Some are concerned that vulnerable populations such as seniors, low-income Americans, or non-english speaking viewers are unaware of the steps they need to take. These groups are known to heavily rely on over-the-air broadcasts and would be most hurt by failing to prepare for the transition. In addition, these groups are large blocs of New York City's population so I look forward to hearing how the education effort can be targeted as the programs move along.

The coupon program has been in operation for several months and certain unforeseen issues have arisen. Rules that were implemented to prevent fraud are actually preventing nursing home residents and those with PO boxes from getting the coupons they should be entitled to. Also, there have been reports of coupons expiring even though there was not enough converter box inventory and the that the rules do not allow expired coupons to be reissued. Today's hearing will illuminate how these issues will be resolved.

As part of the education campaign, we must protect consumers from potential fraud. New Yorkers know that there is no shortage of swindlers willing to capitalize on the confusion and fears that could surround the DTV transition. With vulnerable populations as their main prey, people are already scheming to dupe people into the purchase of unneeded televisions or converter boxes or scheming to siphon coupons from the limited supply that is supposed to be for people who really need it. I look forward to hearing from our witnesses on how they will prevent this.

Some of us ask why we are doing this if it is such a complicated and expensive undertaking. I believe the public will support this transition if they are properly educated on how to keep their TV signal, if they feel they are treated fairly, if they know their government is behind them, and they know why it's important. We should be willing to put more resources in if we find that they are needed. I thank our witnesses for their efforts and commitment in this regard.

Mr. TOWNS. So, at this time, I would like to yield to my colleague, a person that I have worked very closely with down through the years, for her opening statement, Yvette Clarke, who also represents a District in Brooklyn.

Yvette.

Ms. CLARKE. I want to first of all thank you, Chairman Towns, for permitting me to share in this extremely important issue for our Districts here in Brooklyn, and its significance and relevance to our city, our State, and our Nation.

The city of New York is oftentimes seen as the Mecca for communications. Here, we transmit news around the world. And, the transmission of information and communication has been what has been the primary mover in making our world a smaller place, in making sure that we can inform citizenry of important issues and concerns, as well as the entertainment that we've enjoyed for generations now. We are moving, Mr. Chairman, into a new era, an era where communication comes to us much faster, much deeper, and much more quicker than ever before.

This hearing today is important for the people of Brooklyn, the people of the city of New York, and certainly the people of this Nation. On February 19th, we open the doorway to that new era, and we want to make sure that every citizen is informed, and has an opportunity to participate in the program that the Nation has set aside, the Federal Government, in terms of vouchers and making this transition, and that it can be done in as smooth and organized fashion as possible.

The word must get out. The word has to get out. So many of us rely on this media for our ability to communicate with one another in a very timely fashion. And so, Mr. Chairman, you're to be commended for setting aside the time here in New York with people of the community, with the stakeholders who will make this transition happen, and begin that process in a very bold and orderly fashion.

I hope today we will hear from our witnesses how they feel this will impact the lives of our citizenry, and what is in place, currently, to make this transition a smooth one, and what more needs to be done, quite frankly, to make sure that everyone in this Nation can be prepared for the upcoming tansition, whether they live in a densely populated area like our Districts in Brooklyn and in the city of New York, or whether they live upState in areas much more remote where oftentimes communication can be a bit slower.

I want to thank you, once again, Mr. Chairman, for inviting me to participate. Together, our Districts make up the bulk of Brooklyn, and we will be sure that the 11th and 10th Congressional Districts are informed and a part of this change.

Thank you, sir.

Mr. TOWNS. Thank you very much.

Ms. CLARKE. I yield back.

Mr. TOWNS. Thank you very much. And, I appreciate your statement.

And, of course, you're right. We have to make certain that in our Districts, at least, the word gets out, and hope that others will help us spread the word.

It's a longstanding tradition that in this committee that we swear in our witnesses. So, if you would please stand and raise your right hands?

[Witnesses sworn.]

Mr. TOWNS. Let the record reflect that they answered in the affirmative.

You may be seated.

We have with us today Mr. Bill Ritter. He's the Emmy-Award winning anchor of the 6 p.m. and 11 p.m. Newscasts at WABC-TV here in New York. And, we're proud to have him here today.

He has several years of experience in broadcasting. And, of course we welcome you here today. And, at this time, we'd like to pause and allow you to give an opening statement. And then, of course, allow us enough time to be able to raise questions with you.

Mr. RITTER. Of course.

Mr. TOWNS. Thank you. Mr. Ritter.

STATEMENT OF BILL RITTER, CO-ANCHOR, EYEWITNESS NEWS, WABC–TV, NEW YORK, NY

Mr. RITTER. Thank you, Chairman Towns, Congresswoman Clarke, members of the panel, and all the visitors and guests who have come here and live in Brooklyn, to support the hearing.

My name is Bill Ritter. I work at Channel 7, WABC Eyewitness News, where I co-anchor the 6 and 11. I am also a correspondent for the ABC News program magazine, 20/20. That is also produced here in New York City. So, I have a national and local perspective on this.

I want to thank you, first, for holding this important hearing. It's timely, as we begin now the 7-month countdown to the transition to digital television and digital broadcasting.

There in this country right now about 69 million analog television sets still in use. They will stop working after February 17th of next year, unless consumers do one of three things: Connect their analog set to a digital converter box; subscribe to cable, satellite, or get a telephone service provider to do that; or, purchase a new television set with an integrated digital tuner.

Those affected the most by this digital television transition, which we call DTV, are, as you said, Mr. Chairman, the elderly, the economically disadvantaged, the various minority populations, and those living in rural areas.

Many people behind me and you all, I know, I saw you looking at the television sets we brought. And, I'll just direct your attention over there. The two television sets there are both analog television sets. The one on the right is the more traditional over-the-air signal, with rabbit ears. The one on the left is a crystal clear enhanced picture using this converter box, that we've been talking about, that the Government is passing out coupons, giving people a big discount on the price of the converter box. The difference is substantial, as you can see. One is a typical fuzzy picture, and the other is crystal clear, an enhanced picture. Both are analog televisions.

Broadcasters are, in fact, leading the way to educate consumers about DTV. We are fully committed to ensuring that no viewer is

left behind, if you'll pardon that phrase, and no viewer loses access to free television after the switch in programming.

Broadcasters across the country—you mentioned $1 billion. We've also spent more than $5 billion upgrading equipment. And we have committed, as you say, another billion dollars to providing educational information about DTV.

Local television stations across the country, including WABC, are now using digital television technology to provide these crystal clear pictures and sound, as well as new multicast program services. As a member of the DTV Transition Coalition steering committee—that's the industry and government coalition made up of about 240 groups and organizations—WABC Channel 7 television is fully engaged in educating New Yorkers about the transition and about the options available to them, to successfully make this switch by February of next year.

We're also actively participating in the National Association of Broadcasters—that's the NAB—the NAB's DTV consumer education plan that was adopted by the FCC on March 3rd. And, as part of this plan, we have committed to a comprehensive program of DTV public service announcements, air time, community events, and other on-air features. The campaign is based on quarterly DTV Public Service Announcements [PSAs], airing of a 30-minute educational program. We also air informational messages through what we call crawls, and snipes, and news tickers. Those are—you know, the crawls and snipes, you know, what pop up on the bottom of your television screen. And, other TV features, such as countdown activities beginning 100 days from the transition date, and we'll talk about that in a couple of minutes.

We like to say sometimes, in our newsroom, that numbers and news tend to confuse. Don't say too many numbers over the air, because it does confuse. But, if you'll indulge me, I do want to offer you some numbers and hopefully it won't confuse too much.

During the second quarter, which just ended, of this year, WABC aired a total of 321 PSAs and 434 crawls and snipes on this digital television transition. The PSAs aired over various day parts in our schedule, including prime time and during highly watched programs like Eyewitness News and the Oprah Winfrey show. Spots also aired on Live with Regis and Kelly, the morning television show produced by Channel 7 here in New York, which airs not just here but in more that 200 stations across the country.

I'd like, if I could, to play a sample of one of our PSAs.

Mr. TOWNS. Right, delighted, yes.

Mr. RITTER. If you'll look at the screen over there, on your left.

[Voice on PSA: The digital evolution is coming and ABC–7 wants you to be ready. Digital TV has better picture, better sound, and more channels. In fact, digital is the very best way to experience television. Starting February 17, 2009, all broadcast TV has to be digital by law. Some TVs will need an upgrade to get digital and ABC–7 wants you to get the facts so you can continue to enjoy all your favorite programs. Visit DTV Answers dot com to learn more, or call this number to find out how you can be prepared.]

Mr. RITTER. We have heard—I've seen it—I mean, I see it every day. I hope the people that watch Channel 7 have seen it, as well.

And, you're going to be seeing a lot more of those. It's pretty direct, and I think very effective.

This last weekend, we also aired a 30-minute special program on the DTV transition, and that will air again before the February deadline.

In addition, over the last several months, Eyewitness News has aired DTV news stories, and we're going to continue to ramp-up our DTV consumer education coverage throughout the fall and early winter as the February deadline approaches.

We are also in discussions with other New York City broadcasters to create a plan for some sort of coordinated over-the-air test some time in the coming months. It's going to go something like this: On television, we will say, "If you can see this image, it means that you have an analog television set, and you will need a digital converter box to get the signal by February 17th, 2009, so you can continue watching television."

We are also, I should say, setting up several town meetings in the fall throughout the Tri-State area, not just New York City, where we can speak one-on-one with people who have questions about the digital transition. In fact, my bosses are here right now, and I want to say publically that I am volunteering to host some of those town meetings and talk directly to viewers who might have any questions, so that we get one-on-one time with people and faces they know from the news.

Additionally, we're using the Internet to get this transition message out and prepare viewers for this rather dramatic change. We have placed a helpful DTV link on our Web page—7 online dot com—which guides people to the frequently asked questions and the easy answers they will need to make the transition.

Our goal is pretty simple. We want to reach New Yorkers—and indeed everyone in the Tri-State area—using every media platform at our disposal. It is not just our goal for the digital television transition, but it is, indeed, our goal as a television station and certainly as a news organization.

To be frank, it's in our interest to make sure that as many viewers as possible are able to watch television, and we hope that means watching Channel 7 Eyewitness News. And, as the first responders in terms of public information during emergencies, it is also in the public's interest to make sure that everybody—every American and every New Yorker—has access to over-the-air television signals.

I hope I've shown in this brief presentation just how committed we are to this. This is—no question about it, an enormous effort. The good news is that the Tri-State has some of the lowest numbers in the Nation of people who are actually affected by this. The overwhelming majority of people here have DTV capability already. That's the good news. And, there are many parts of the country where that, frankly, is just simply not the case.

But we have, as an organization, something of a zero tolerance goal here. It's our responsibility—we know and we fervently believe—our responsibility to the communities we serve, that every viewer with a television be able to watch Channel 7.

This is our philosophy as we proceed toward February 17, 2009.

I thank you for the opportunity to testify. If you have any questions, I'm here to answer those, as well.

[The prepared statement of Mr. Ritter follows:]

Testimony of
Bill Ritter
Co-Anchor of Eyewitness News
WABC-TV
New York, New York

Committee on Oversight and Government Reform Subcommittee on Government Management, Organization and Procurement

July 18, 2008

Good morning Chairman Towns, members of this panel, visitors and guests. My name is Bill Ritter and I am co-anchor of Eyewitness News at 6 and 11 on WABC-TV in New York City and I'm also a correspondent for the ABC News magazine 20/20, which is also produced here in New York City.

First, I want to thank you for holding this important and timely hearing as we begin the seven-month countdown to the transition to all digital broadcasting.

There are approximately 69 million analog television sets currently in use that will stop working after February 17, 2009, unless consumers do one of three things: connect their analog set to a digital converter box; subscribe to cable, satellite or a telephone service provider; or purchase a new television set with an integrated digital tuner. Those affected the most by the digital television transition (DTV) are the elderly, the economically disadvantaged, minority populations and those living in rural areas.

Broadcasters are leading the way to educate consumers about DTV. We are fully committed to ensuring that no viewer is left behind and looses access to free television after the switch. Broadcasters across the country have spent more than $5 billion upgrading their equipment, and have committed another one billion dollars to provide educational information about DTV.

Local television stations, including WABC, are currently using digital television technology to provide crystal clear pictures and sound, as well as new multicast program services. As a member of the DTV Transition Coalition steering committee – that's the industry and government coalition made up of nearly 240 groups and organizations – WABC is fully engaged in educating New Yorkers about the transition and the options available to them to successfully make the switch.

WABC is actively participating in the National Association of Broadcaster's DTV consumer education plan adopted by the Federal Communications Commission on March 3. As part of this plan, we have committed to a comprehensive program of DTV public service announcements, air time, community events and other on-air features. Our campaign is based on a combination of quarterly DTV Public Service Announcements (PSA) commitments, airing of a 30-minute educational program, airing of informational messages through crawls, snipes and news tickers and other TV features, such as countdown activities beginning 100 days from the transition date.

We like to say that sometimes numbers in news tend to confuse, but if you'll indulge me, here are some numbers: during the second quarter of this year, WABC aired a total of 321 PSAs and 434 crawls and snipes on the DTV transition. The PSAs aired over various day parts, including primetime and during highly watched programs like Eyewitness News and Oprah. These spots have also aired in Live with Regis and Kelly, the morning talk show produced by Channel 7 here in New York, which airs on more than 200 stations across the country. Here's a sample of one of our PSAs.

Also, just last weekend, we aired a 30-minute special program on the transition, which we will air again before the February transition.

Over the last several months, Eyewitness News has aired DTV news stories and will continue to ramp up our DTV consumer education coverage throughout the fall and early winter.

We are also in discussion with other New York City broadcasters to create a plan for a coordinated over-the-air "test" sometime in the upcoming months. It will go something like this: "If you can see this image, it means you have an analog television set and you will need a digital converter box by Feb. 17, 2009 to continue watching television."

We are also setting up several town meetings in the fall – throughout the Tri State area- where we can speak one-on-one with people who have questions about the digital transition. In fact, with my bosses here right now, I am volunteering to help host some of those town meetings and talk directly to viewers who may have questions.

Additionally, we are using the Internet to get the transition message out and prepare viewers for the change. We have placed a helpful DTV link on our Webpage, www.7online.com, which guides people to the frequently asked questions and the easy answers they'll need to make the transition.

Our goal in all this is rather simple: we want to reach New Yorkers – and indeed everyone in the Tri State – using every media platform at our disposal. This is not just our goal for this digital transition, but it is indeed our goal as a television station and as a news organization.

It's in our interest to make sure that as many viewers as possible are able to watch television – and hopefully that means – watch WABC Channel 7 Eyewitness News. And, as the first responders in terms of public information during emergencies, it is also in the public's interest to make sure everyone has access to television signals.

I hope I've shown you in this brief presentation just how committed we are to this. It's a huge effort. The good news is that the Tri State has some of the lowest numbers in the nation of people who are affected by this. The overwhelming majority already have DTV capability, and there are many parts of the country where that is not the case.

But we have something of a zero tolerance goal here. It is our responsibility to the communities we serve – that every viewer with a TV be able to watch CHANNEL 7.

This is our philosophy as we proceed towards February 17, 2009.

Thanks for the opportunity to testify and I look forward to answering any questions you may have

Mr. TOWNS. Thank you very much, Mr. Ritter. What we're going to do is just have quick—we'll have Mr. Lloyd to present, and then we will raise questions for both of you.

Mr. Lloyd is vice president of Strategic Initiatives of the Leadership Conference on Civil Rights and the Leadership Conference on Civil Rights Education Fund. There are approximately 200 national organizations representing people of color, women, children, organized labor, people with disabilities, seniors, gays and lesbians, and major religious groups for the goal of equality under the law through public education. This public education expertise will be very helpful today. So, we welcome you, Mr. Lloyd.

You may start.

STATEMENT OF MARK LLOYD, VICE PRESIDENT, STRATEGIC INITIATIVES, LEADERSHIP CONFERENCE ON CIVIL RIGHTS AND LEADERSHIP CONFERENCE ON CIVIL RIGHTS EDUCATION FUND

Mr. LLOYD. Thank you very much, Chairman Towns. And again, I congratulate you on holding this hearing and coming to the community, to allow the community to hear from its representatives. We hope that you don't get the heat when folks' television sets go off.

Members of the committee, distinguished guests, and Yankees and Mets fans: It's a pleasure to be here in Brooklyn.

As you said, my name is Mark Lloyd. I'm the vice president of strategic initiatives at the Leadership Conference on Civil Rights and the Leadership Conference on Civil Rights Education Fund.

LCCR is the oldest and most diverse coalition of organizations working to protect the civil rights of all Americans through legislative advocacy. And, the Ed Fund is the sister organization working with LCCR to further the goal of equality under the law through public education.

Given the fact that we represent a very broad coalition of organizations, I would not suggest here that my testimony fully represents the concerns of all of our coalition. With that said, we have consulted and are actively working on the DTV transition with several members of our coalition, both in Washington and in the field.

In addition, LCCR is a founding member and steering committee member of the DTV Transition Coalition, a large coalition that includes government agencies, industry groups, grassroots and membership organizations, manufacturers, retailers, trade associations, civil rights organizations, and community groups.

And so, as you mentioned in your opening remarks, this is not—my presentation is not a beat-up session about what folks are doing wrong, but an encouragement about what we can do to improve the process.

I must say that despite the valiant volunteer work of our members and the DTV Transition Coalition, the Nation is simply not prepared for the shut-off of full-power analog television broadcasting. There is, in brief, too little funding for research, education, and outreach to ensure that when February 17, 2009 arrives all Americans will continue to receive the over-the-air broadcasting service.

As this committee knows, millions rely on broadcasting for emergency information, school closing, news and public affairs program-

ming so necessary for local democratic engagement. We are concerned that the disproportionate impact of this transition will result in a greater divide, between those who have access to vital information and those who do not.

We at the Leadership Conference are concerned that the working poor, that senior citizens, that a disproportionate number of African-Americans and Latinos, Asian-Americans, people with hearing or visual limitations, Americans living in rural areas will lose access to the vital lifeline of over-the-air broadcast television.

According to a recent survey conducted by the SmithGeiger Polling firm for the NAB, while African-Americans and Hispanics are increasingly aware of the digital television transition, they continue to trail the Nation as a whole. In New York, 91 percent of Hispanics and 79 percent of African-Americans are aware that a transition is taking place, but only 32 percent of Hispanics and 23 percent of African-Americans can correctly identify the transition date.

A majority of both groups do not think the transition will affect them. And, these are not households who all have cable. Cable penetration in New York is roughly comparable to penetration in the Nation as a whole. It's about 58 percent. In Brooklyn, cable subscriptions total on 54 percent of total TV households. Some of our communities are not clear that this transition will affect them.

Earlier this month, the Leadership Conference completed an extensive report on the challenges regarding the transition to digital television. We submit that report to this committee, and ask that it be included as part of the record.

The serious problems with the transition identified by the Leadership Conference include: Lack of viewer awareness; viewer and retailer confusion; TV converter box program problems and complexities; excessive and unanticipated costs and burdens to viewers to make the transition; confusion over low-power and community television stations; reports of unnecessary upselling; difficulties in procuring the proper digital converters; difficulties with the pass-through by digital converters of captioning and available video description services; and no rapid response plan to deal with the problems after February 17, 2009.

While the Federal agencies most responsible for managing this transition—the NTIA—National Telecommunications Information Administration—and the Federal Communications Commission [FCC]—and a wide range of private stakeholders are working hard to address the impact of the transition, LCCR believes that the challenges involved in preparing Americans for the digital TV transition are of such magnitude that while active congressional oversight is important, strong congressional response is required.

In short, our recommendations are as follows: Improve the organization of the transition. As the General Accounting Office has recommended, Federal leadership must be better coordinated. Fund increased consumer outreach, education, and research. Preserve communities' access to their low-power analog television stations. And, prepare for rapid response to the problems.

And, let me close simply by saying this. Finally, the government can play an important role in conducting the research to identify those populations who are falling through the cracks. And, there must be plans in place to respond rapidly to those most vulnerable

populations who end up losing service so they can get the education and, most importantly sometimes, the direct assistance that they will need.

If low-income households, seniors, minorities, and persons with disabilities are cutoff because funds run out, Congress must allocate more funds to ensure that all Americans can make the transition to digital television.

Thank you.

[The prepared statement of Mr. Lloyd follows:]

STATEMENT OF
MARK LLOYD, VICE PRESIDENT OF STRATEGIC INITIATIVES,
LEADERSHIP CONFERENCE ON CIVIL RIGHTS &
LEADERSHIP CONFERENCE ON CIVIL RIGHTS EDUCATION FUND

U.S. HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION
AND PROCUREMENT
"THE DTV TRANSITION"

JULY 18, 2008

FIELD HEARING
BROOKLYN, NY

Chairman Towns and members of the Committee: I am Mark Lloyd, vice president of strategic initiatives of the Leadership Conference on Civil Rights (LCCR) and the Leadership Conference on Civil Rights Education Fund. Thank you for the opportunity to testify in today's hearing on the status of the digital television transition.

LCCR is the nation's oldest and most diverse coalition of organizations working to protect the civil rights of all Americans through legislative advocacy. And the LCCR Education Fund is the sister organization established to further the goal of equality under law through public education. LCCR consists of approximately 200 national organizations representing people of color, women, children, organized labor, people with disabilities, seniors, gays and lesbians, and major religious groups. Given the fact that we represent a very broad coalition of organizations, I would not suggest here that my testimony fully represents the concerns of all our coalition members. With that said, we have consulted and are actively working on the DTV transition with several members of our coalition both in Washington and in the field. In addition, LCCR is a founding member and a steering committee member of the DTV Transition Coalition, a large

coalition that includes the Federal Communications Commission, the National Telecommunications and Information Administration of the U.S. Department of Commerce, industry groups, grassroots and membership organizations, manufacturers, retailers, trade associations, civil rights organizations, and community groups. I am a former broadcaster and communications attorney and I teach the public policy of communications at Georgetown University. It is a privilege to come before you to speak on an issue I have been engaged in for over ten years.

Despite the valiant volunteer work of our members and the DTV transition coalition, the nation is not prepared for the shut-off of full-power analog television broadcasting. There is, in brief, too little funding for research, education and outreach to ensure that when February 17, 2009 arrives all Americans will continue to receive over-the-air broadcasting service. As this committee knows, millions rely on broadcasting for emergency information, school closings and the news and public affairs programming so necessary for local democratic engagement. We are concerned that the disproportionate impact of this transition will result in a greater divide between those who have access to vital information and those who do not. We at the Leadership Conference are concerned that the working poor, that senior citizens, that a disproportionate number of African-Americans, Latinos, and Asian-Americans, that people with hearing or visual limitations, and that Americans living in rural areas will lose access to the vital lifeline of over-the-air television.

According to a recent survey conducted by the SmithGeiger Polling firm for the National Association of Broadcasters, while African Americans and Hispanics are increasingly aware of the digital television transition, they continue to trail the national as

a whole. In New York, 91 percent of Hispanics and 79 percent of African Americans are aware that a transition is taking place, but only 32 percent of Hispanics and 23 percent of African Americans can correctly identify the date of the transition. Approximately sixty percent of both groups do not think they will be affected by the transition. One might assume that all these households have cable, but cable penetration in New York City is comparable to the national rate of 58 percent. Here in Brooklyn cable subscription of total TV households is roughly 54 percent. Some of our communities are not clear that this transition will affect them.

Earlier this month the Leadership Conference completed an extensive report on the challenges regarding the transition to digital television. We submit that report to this committee and ask that it be included as part of the record. The serious problems with the transition identified by the Leadership Conference include:

- Lack of viewer awareness;
- Viewer and retailer confusion;
- TV converter box coupon program problems and complexities;
- Excessive and unanticipated costs and burdens to viewers to make the transition;
- Confusion over low-power and community television stations;
- Reports of unnecessary upselling;
- Difficulties in procuring digital converters;
- Difficulties with the pass-through by digital converters, cable, or satellite of captioning and any available video description;
- No rapid response plan to deal with problems after February 17, 2009

While the federal agencies most responsible for managing this transition—the National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission—and a wide range of private stakeholders in the broadcasting, cable, retail, and manufacturing industries are already working hard to address the impact of the transition, LCCR believes that the challenges involved in preparing Americans for the digital television transition are of such magnitude that while active Congressional oversight is important, strong Congressional response is required. In short, our recommendations are as follows:

- Improve Organization of the Transition. As the General Accounting Office has recommended, federal leadership must be better coordinated.
- Fund Increased Consumer Outreach, Education and Research
- Reduce Costs and Burdens of Transition on Viewers
- Preserve Communities' Access to Their Low-Power Analog Television Stations
- Prepare for Rapid Response to Problems

What's at Stake

Making the transition to digital is not simply a matter of being able to watch wrestling, or *American Idol,* or reruns of *Friends.* At stake in the transition to digital television is the ability of the nation's most vulnerable populations to maintain uninterrupted access to their key source of news and information and emergency warnings: free, over-the-air television.

The loss of this important service is especially acute for the communities that LCCR member organizations represent. In 2005, the GAO found that up to 19 percent, or

roughly 21 million American households, rely exclusively on over-the-air, free television. According to the GAO, 48 percent of households that rely solely on over-the-air television have incomes under $30,000.

These consumers will face an expensive choice to continue to receive a television signal: subscribe to cable or satellite, buy a digital television set, or purchase a digital-to-analog converter box without assistance from the government through its coupon program. All of these options cost money. Even an inexpensive converter box can cost more than a week's food budget for many low-income families and for many elderly persons living alone and on Social Security.

We are especially concerned because minority and aging households are disproportionately affected by the transition.

- According to the GAO, non-white and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households.
- Of the 21 million over-the-air households, one-third (or seven million people) are Spanish-language speakers, according to the testimony of Alex Nogales, President and CEO of the National Hispanic Media Coalition, before the House Subcommittee on Telecommunications and the Internet in March 2007.
- Eight million of the 21 million over-the-air households include at least one person over 50 years of age, according to the March 2005 testimony of Lavada DeSalles on behalf of AARP, before the House Subcommittee on Telecommunications and the Internet.
- One-third or more of over-the-air television viewers have disabilities, according to the American Association of People with Disabilities.

- African Americans make up 23 percent of over-the-air households, according to the National Association of Broadcasters.

LCCR believes that access to communications is a fundamental right of every American. Given the impact the transition will have on all our most vulnerable communities, LCCR applauds Congress for recognizing the need for a government compensation program to be administered by NTIA to assist with the transition. But the process that has been created raises a number of troubling concerns.

Problems with the Coupon Program

We strongly support the subsidies to American consumers to assist with the transition to digital. And the coupon program in the main seems a sensible way to provide these subsidies to all Americans. But our work on the ground indicates a variety of problems. The coupon program began well before there were sufficient converter boxes on the shelves. Many who rushed to get their coupons have felt compelled to either purchase the more expensive converter boxes or to watch their coupons expire. Converter boxes are not available or are in short supply in many rural areas. We have been told that many large national retailers refuse to accept coupons for mail order or Internet purchases of converter boxes. And not all boxes eligible for the coupon program support video description, or provide an easy pass-through of analog signals from community broadcasters.

We applaud NTIA for showing flexibility with other problematic provisions of the program. For example, in response to widely held concerns, NTIA appears to be willing to modify the coupon program to allow nursing homes with multiple residents to

apply for multiple coupons, and to show flexibility in issuing coupons to those who receive mail at a post office box.

We support the recommendations of Senators Inouye and Stevens of the Senate Commerce Committee. They want consumers to be able to use their converter box coupons to preorder the boxes so that they might order boxes that are out of stock or in limited supply and not run afoul of the expiration date. Also, they want consumers to be able to reapply for coupons if their coupons have expired, as the coupon program presently has no ability to replace or allow for reapplication of expired coupons. Another problem with the 90-day expiration date is the inability of those who applied early for coupons to purchase lower priced converter boxes, such as the boxes marketed by Echostar, which are still not widely available.

Funding the Educational Effort

We applaud the efforts of Senator Inouye and Congressman Dingell in freeing up additional funds for the NTIA to use toward educational efforts. But we remain deeply concerned that the millions of dollars allocated by Congress will not get to community groups and direct service agencies best able to assist households that most rely on over-the-air television.

As we stated before, the initial $5 million that Congress has allocated to NTIA to educate consumers about the coupon program was woefully inadequate to support the kind of public education effort that the transition requires. In a 2007 letter to members of the FCC, House Energy and Commerce Chairman John Dingell and Rep. Edward Markey noted that the German city of Berlin spent nearly $1 million to educate its 3.4 million citizens about the transition to digital. The United Kingdom, a country of a little over 60

million, plans to spend $400 million on its public education campaign. While we do not advocate spending an equivalent $100 million to $2 billion dollars to prepare the 300 million American consumers for the digital television transition, we do not think that the $5 million allocated by Congress in 2005 was ever adequate to the task.

A real public education campaign does not mean merely airing a series of public service announcements that digital television is coming. It is much more complicated here. As this committee knows, not all analog broadcasts will shut down. The important services of low power such as the low power television stations WNXY-LP and WNYX-LP broadcast programs directed to various ethnic audiences largely unserved by the full power television operations. Whether and how these community broadcasters will either continue to send analog signals or make the transition to digital is unclear and will undoubtedly create some viewer confusion. According to Wikipedia, the FCC granted WNXY (TV 26) the right to "flash cut" to channel 43 after the digital transition, due to predicted interference with KYW-TV in Philadelphia, which broadcasts a digital signal on channel 26.

It is also important to note that full power television service is not simply being exchanged for a digital service. Many full power broadcasters will be sending multiple digital signals – some of those signals will be High Definition and some will not. Nor will the contour (the reach of the digital signal) exactly match the reach of the old analog signal.

These are not simple messages. And that does not even take into account the educational effort about a two-stage program involving a government coupon subsidizing

a digital converter box. Some consumers will need to be gently reminded that a transition will take place. Others will need more help through the process.

We at the Leadership Conference are working with the Southeast Asian Resource Action Center and the National Council of La Raza and the NAACP and the National Urban League and the National Congress of American Indians and the American Association of People with Disabilities and others to reach deep into communities, to work with direct service providers, to get the word out. We know that AARP and others are also extending themselves to help in getting the word out. We have received no financial assistance from the FCC or NTIA to prepare our communities for this major transition and our resources are limited.

Again, the public service announcements of the National Association of Broadcasters and PBS and others are great contributions, the educational seminars of the FCC and the NTIA website are all impressive educational efforts, but they are not enough. The lack of sufficient resources within the digital television transition consumer education effort for support of nonprofit, social justice, or community-based organizations further limits the scope of much needed direct, hands on public education efforts in communities at risk. The effort to ensure that all Americans have access to over-the-air digital television should not be left to government and industry alone; the private charitable organizations that work directly with the populations most at risk need to be engaged, but they need support.

More specifically, what is needed are efforts that fund and engage grassroots groups to conduct the training workshops; develop and disseminate the informational materials that are language appropriate and in alternate forms (Braille, audiotapes, ASCII

disk, large font, closed captioned); and provide the technical assistance that will help the low-income households, minorities, limited English-speaking families, seniors, and persons with disabilities who are most dependent on television make the transition.

LCCR is committed to working with our community-based member organizations, including groups that serve populations who speak languages other than English, and those that assist working families such as unions and religious organizations, to make sure their members know about the transition and the coupon program. But we are skeptical about the success of these efforts without additional resources. We believe that the costs of the digital transition to U.S. could be paid for by a small fraction of the 20 billion dollars generated by the auctions of reclaimed spectrum.

If Congress wants the digital television transition and coupon program to succeed, it must adequately invest in an educational program that involves all relevant sectors and that truly leaves no community behind. We strongly urge Congress to supplement the amount of funding for consumer education efforts. In the end, voters will look to Congress if their televisions go dark.

Research, Oversight, and Rapid Response

In addition to our concerns that those populations most in need will be least likely to know about the coupon program, LCCR is concerned that low-income and minority communities, seniors, and people with disabilities will be least likely to receive the first-come, first-served limited number of coupons.

NTIA's Digital-to-Analog Converter Box Coupon Program currently contemplates what is essentially a two-phase process. Under the first phase, while the initial $990 million allocated for the program is available, all U.S. households—including

cable and satellite customers—will be eligible to request up to two $40 coupons to purchase up to two, digital-to-analog converter boxes. Under the second phase, if NTIA requests the additional $510 million already authorized by Congress, then households that certify in writing they rely on over-the-air reception will be eligible for coupons.

LCCR urges Congress to ensure that the transition to digital television serves to benefit all Americans. In order to do so, there must be a way for Congress to determine that coupons are going to those who most need them.

- It is clear that we will need sufficient independent research to make sure that messages about the coupon program are effective for these populations. We will need to know who is taking advantage of the coupon program during the first phase of the process, so that NTIA knows how to respond or whether and where to deploy additional funds.
- The government can play an important role in conducting this research through the General Accounting Office, with Congress tracking the progress.

In addition to an aggressive ongoing monitoring effort, there must be plans in place to respond rapidly to those most vulnerable populations who end up losing service, so that they get the education and assistance they need. If low-income households, seniors, minorities, or persons with disabilities are cut off because funds run out, Congress must allocate additional funds to ensure that all Americans can make the transition to digital TV.

Conclusion

I want to acknowledge that despite the great challenges in making sure that all Americans know about the digital television transition and the coupon program, the transition presents great opportunities. Digital TV offers viewers better quality transmission and a wider range of programming options. DTV can deliver more services to those who speak languages other than English and to people with disabilities (such as enhanced closed captioning and video description services). And by freeing up valuable spectrum the transition has the potential to open the door for more Americans to participate fully in the digital age. We at the Leadership Conference are convinced that the transition to digital television has the potential for extending the benefits of advanced telecommunications services to all Americans. We believe this is the civil rights issue of the digital age.

Thank you for both the opportunity to speak today and for your leadership as we move forward in addressing the digital television transition. I look forward to answering any questions you may have.

Mr. TOWNS. Thank you very much, Mr. Lloyd. And, I move that we make the report a part of the record.

[The information referred to follows:]

Transition in Trouble: Action Needed to Ensure A Successful Digital Television Transition

July 2008

Transition in Trouble: Action Needed to Ensure a Successful Digital Television Transition is an initiative of the Media/Telecommunications Project of the Leadership Conference on Civil Rights Education Fund and the Leadership Conference on Civil Rights. Staff assistance was provided by Erica Swanson, Deputy Director for Field Operations and Project Manager for the Media/Telecommunications Project; Corrine Yu, Senior Counsel and Managing Policy Director; Mark Lloyd, Vice President of Strategic Initiatives; Mistique Cano, Vice President of Communications, Maggie Kao, Press Secretary; Tyler Lewis, Communications Manager; Clarissa Peterson, Online Communications Manager; Sonal Patel, Field Associate; and Jenna Wandres, Communications Assistant. Overall supervision was provided by Nancy Zirkin, Executive Vice President.

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The civil rights community views access to communications as a fundamental right of every American, and believes the digital television transition has the potential to open the door for more Americans to fully participate in the digital age. This will only be true, however, if all families are able to access digital television programming. The purpose of this report is to highlight what's at stake for the civil rights community and to offer an action agenda to help ensure that no community is left behind.

The authors and publisher are solely responsible for the accuracy of statements and interpretations contained in this publication.

Karen McGill Lawson, President and CEO, LCCREF

Wade Henderson, Esq., President and CEO, LCCR

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On February 17, 2009, the nation's full-power television stations will turn off their analog signals and exclusively broadcast digitally. In addition to sharper images and superior sound, digital television offers the potential of many important benefits over analog television, including better service to those with hearing or visual disabilities, translations in languages other than English, more local programming, and more efficient use of the public airwaves.

However, a May 2008 Nielsen Media Research report estimated that over 23 million households will wake up on that day either completely or partially unready to receive digital broadcast television service, unless they take action soon. And on June 10th of this year the Government Accountability Office (GAO) found that "nearly half of the households that could lose television service after the transition to digital broadcasting are still unprepared for the switch."

Despite months of education and outreach efforts by government, industry, nonprofit community organizations such as the members of the Leadership Conference on Civil Rights, and numerous other groups, many American households remain either completely unaware or only partially aware of the impending digital television transition. Those who are aware of the transition are often confused about whether they will be impacted, and what actions, if any, they should take.

Broadcast television is the primary news source for most Americans. Especially reliant on free over-the-air television are low-income Americans, seniors, persons with disabilities, non-English speakers, and minorities—many of the communities served by members of the Leadership Conference. These communities also own a disproportionate number of older analog television sets that require a converter box to receive digital broadcasts.

For many members of these communities, free over-the-air broadcast television is a lifeline. It keeps them informed and engaged in their communities and warns them about potential life-threatening situations. Many Americans owe their lives to emergency weather or public safety warnings broadcast to their television sets.

It is critical that on February 17, 2009, America leaves none of its communities and viewers behind as it transitions to digital television.

The Leadership Conference applauds the work done so far by the federal government, the broadcasting industry, retailers, community organizations, nonprofits, and others to educate and prepare the American public for the impending digital television transition. However, the evidence gathered in this report demonstrates that unless much more work is done, the digital transition will likely leave many of our nation's viewers in the dark.

Serious problems with the transition identified by the Leadership Conference include:

- Absence of clear federal leadership and a comprehensive transition plan;
- Lack of viewer awareness;
- Viewer and retailer confusion;
- TV converter box coupon program problems and complexities;
- Excessive and unanticipated costs and burdens to viewers to make the transition;
- Loss of community television stations;
- Difficulties in procuring and attaching converter boxes;
- Reports of unnecessary retailer upselling;
- Difficulties for seniors and people with disabilities in accessing captioning and any available video description on digital converter, cable, or satellite boxes, and finding converter boxes that support video description; and
- No rapid response capability to deal with problems on and after February 17, 2009.

The Leadership Conference has several recommendations that, if adopted, will significantly increase the number of viewers who will be prepared for the digital transition. They include:

Improve the organization of the transition. The federal government should engage in the same kind of comprehensive planning for the nation's digital television transition that it did for the nation's Y2K computer transition, as recommended by the GAO in its November 2007 report on the DTV transition.

Provide increased consumer outreach, education and research. The cost of a Senate campaign in Ohio in 2006 was nearly $9 million. But for the nationwide campaign to educate consumers about the DTV transition, Congress has so far allocated only $5 million. To increase consumer awareness and reduce confusion, the federal government must appropriate additional funding to provide public education and outreach to alert and assist populations at risk of losing over-the-air television service. The government should also encourage broadcasters to conduct analog shut-off tests such as that recently completed in Orlando and upcoming in Wilmington, NC, in more, if not all markets, prior to February 17, 2009.

Reduce costs and burdens of transition on viewers. The federal government should:

- Provide funding for home visits to deliver and install converters and antennas for those who need assistance;
- Make more DTV converter box coupons available overall and make more available per household;
- Eliminate the expiration date for coupons, or at the very least extend the expiration date to March 2009;
- Eliminate the burdensome certification requirement of the second stage of the coupon program;
- Mail DTV converter box coupons in envelopes that are easily identifiable by those with visual challenges;
- Provide more opportunities for mail order or Internet redemption of coupons for converter boxes;
- Make more converter boxes that pass through an analog signal eligible for coupons and available in stores so that viewers will not lose access to their analog community (low-power) broadcast television stations;
- Work with cable companies to reduce the costs and burdens on cable customers from the digital transition;
- Work with retailers to provide accurate information to consumers about the transition and prevent unnecessary upselling;
- Certify and publicize which DTV converter boxes eligible for coupon redemption incorporate video description and make them readily available; and
- Require TV and converter box manufacturers to include automatic software updating capability to remedy software flaws that impact closed-captioning, video description, and other functionality.

Preserve communities' access to their television stations. The federal government must address the problem of preserving access to analog low-power community broadcast stations and rural translator stations with education, outreach, and a greatly increased supply of coupon-eligible converter boxes that enable a single analog television to receive both digital and analog broadcasts. The problem of consumers trying to access both digital and analog broadcasting along the U.S. - Mexico border must also be addressed.

Prepare for rapid response to problems. The federal government should fund and organize Rapid Response Teams ready to act starting January 1, 2009 to assist the most vulnerable populations who may end up losing television service after February 17, 2009. Congressional offices should have staff trained and ready to answer constituents' urgent, confused, and potentially angry questions about the transition and how to restore their lost television service. The NTIA and FCC DTV consumer assistance telephone lines should be fully staffed and include customer service representatives trained in languages other than English, or in assisting people with disabilities, to help those who are confused about the transition or the coupon program. Community-based organizations should be empowered and funded to mobilize teams that will assist their members who are unsuccessful in making the transition.

Small steps can make a big difference. There are also many small steps the federal government can take to educate the public about the DTV transition that will make a big difference next February. For example, the President should film a public service announcement on the upcoming DTV transition and convene a "summit conference" on the state of the DTV transition. Every government agency should have links on their websites to www.dtv2009.gov and place informational bill stuffers in all their mailings. The Postal Service should place DTV transition posters in all post offices and issue a DTV transition postage stamp. Congressional offices should add links and banners to their websites, use their franking privileges and outreach services to educate their constituents about the transition, and train staffers to assist constituents with procuring coupons and solve other problems associated with the transition.

Bold and decisive action such as that recommended by the Leadership Conference must be taken quickly, or potentially millions of viewers in our nation's most vulnerable communities will be at risk of losing their lifelines to those communities—free over-the-air television service. The stakes are too great for our nation to allow the digital television transition to become the Digital Television Divide.

It is the responsibility of Congress to ensure that communities and consumers are not unfairly and excessively burdened by the nation's transition to digital television. This is not the time for members of Congress to be "penny-wise and pound-foolish," for they will ultimately suffer the wrath of consumers and voters if the digital transition is a failure. Adopting these common sense recommendations will help considerably in the challenge of ensuring that on February 17, 2009, America leaves none of its communities and viewers behind.

The Leadership Conference on Civil Rights (LCCR) is the nation's oldest and most diverse coalition of organizations dedicated to advancing civil rights. LCCR consists of approximately 200 national organizations representing persons of color, women, children, organized labor, persons with disabilities, seniors, gays and lesbians, and major religious groups. LCCR, together with the Leadership Conference on Civil Rights Education Fund (LCCREF), seeks to further the goal of equality under law through legislative advocacy and public education. LCCR and LCCREF are privileged to present this report on behalf of the civil and human rights community concerning the significant challenges that threaten to undermine the success of the nation's upcoming transition to digital television. These challenges must be boldly and rapidly addressed if the digital transition is to succeed in leaving no viewers behind.

By law, at midnight on February 17, 2009, the nation's full-power television stations will turn off their analog signals and exclusively broadcast in digital. Although not required by law, an estimated one-third of the nation's low-power stations and translators will also broadcast exclusively in digital on that date. Digital television offers many benefits over analog television, including sharper images, superior sound, and more efficient use of spectrum. Broadcasters will be able to provide more free over-the-air programming to viewers in their local communities, utilizing multiple new digital channels rather than just one analog channel at a time.

Perhaps more important, because a digital signal can include much more information than analog, it has the potential to provide not only additional channels to meet the needs of underserved communities, but more services, such as closed captioning and video description service for people with disabilities, and secondary audio channels to better serve those who speak languages other than English. We do not know if the broadcasters are going to provide these innovative and enhanced services, but we do know that there is the potential to do so. Additionally, valuable spectrum now used for analog television broadcasting will be reclaimed for other important uses, such as public safety and homeland security, additional mobile phone service, wireless broadband Internet service, and more.

Thus, the transition could, if successful, open the door for more Americans to participate fully in the digital age. This will only be true, however, if all households have the opportunity to access digital television programming.

A May 2008 Nielsen Media Research survey shows just how important television is in Americans' lives: on average, an American spends more time watching television than using all other media combined. Importantly, the primary news source for most Americans remains broadcast television.

Therefore, it is critical that the hundreds of millions of television viewers in our nation are still able to view television after February 17, 2009. But that is no easy task. TV sets that are not connected to cable or satellite, or do not have a built-in digital tuner, will need a converter box to receive digital broadcast television after the transition occurs. Cable customers, who many assume will not be impacted by the digital transition, may in fact be substantially impacted if they subscribe to basic analog cable service.

Recent Nielsen report data confirm the magnitude of the challenge that the DTV transition poses. Though DTV transition publicity and a coupon distribution program have been underway for months, Nielsen reports that as of April 30, 2008, at least ten million American households—9.4 percent of total U.S. households—are still "Completely Unready" to receive digital broadcast television. Another 13 million households—12.6 percent of total U.S. households—are still "Partially Unready."

Those alarming findings are seconded by a GAO report released June 10, 2008 that concluded "nearly half of the households that could lose television service after the transition to digital broadcasting are still unprepared for the switch."[2]

While many cheered the U.S. Department of Commerce's announcement that, as of early May 2008, more than one million households had redeemed government-issued $40 coupons to purchase TV converter boxes that would allow their analog televisions to receive digital signals, it is daunting to note that there are over 21 million U.S households that rely exclusively on over-the-air, free television, according to the GAO. The real story behind the "one million households have already redeemed coupons" announcement is that after months of outreach and education efforts, at most only five percent of the 21 million U.S. households that rely exclusively on over-the-air broadcast television are prepared for over-the-air digital broadcasting. This may overstate the actual preparedness of exclusively over-the-air households since households that subscribe to cable or satellite television also were entitled to receive coupons during this period.

The digital transition impacts low-income Americans, seniors, people with disabilities, non-English speakers, and minorities—many of the communities served by LCCR members—more than the general population. These communities are disproportionately reliant on free over-the-air broadcast television; they own a disproportionate number of older analog television sets that require a converter box to receive digital broadcasts;[3] and, if they are cable customers, they may be more likely to subscribe to less expensive analog cable.[4]

For many members of these communities, who too often may be among society's most vulnerable and disadvantaged, free over-the-air broadcast television is a lifeline that, through news and other local programming, helps to keep them informed and engaged in their communities. It also warns them about potential life-threatening situations, such as dangerous weather or public safety emergencies.

Therefore, a successful transition from analog to digital television is vital to ensuring that those who may be on the remote edges of the economy and society, and already on the wrong side of the Digital Divide, do not suddenly also find themselves on the wrong side of a Digital Television Divide. For a few, should an emergency strike, it may even be a matter of life and death.

To help facilitate the nation's successful transition to digital television, the Leadership Conference became a founding member of the DTV Transition Coalition, which includes the Federal Communications Commission, the U.S. Department of Commerce, the National Association of Broadcasters and other industry groups, grassroots and membership organizations, manufacturers, retailers, trade associations, civil rights organizations, and community groups. We applaud the hard work put into this critical effort by these groups and others, including many policymakers and elected officials, to make the transition to digital television as smooth and successful as possible. We support the analog shut-off test scheduled for September 2008 in the Wilmington, NC market and the recently completed test in the Orlando market. We also support tests in many more markets, as proposed by FCC Commissioner Jonathan Adelstein.[7] We hope these tests will provide valuable insights on the progress of the digital transition, as well as the challenges that remain.

But the evidence gathered in this report clearly demonstrates that we cannot afford to wait months for the results of these tests to address the substantial challenges that are now threatening the success of the digital transition. To make certain none of our nation's viewers are left behind on February 17, 2009, much more work needs to be done, and it needs to be done boldly and quickly. The serious problems with the transition identified by the Leadership Conference include:

- Absence of clear federal leadership and a comprehensive transition plan;
- Lack of viewer awareness;
- Viewer and retailer confusion;
- TV converter box coupon program problems and complexities;
- Excessive and unanticipated costs and burdens to viewers to make the transition;
- Loss of community (low-power) broadcast television stations;
- Difficulties in procuring and attaching converter boxes;
- Reports of unnecessary retailer upselling;
- Difficulties for seniors and people with disabilities in accessing captioning and any available video description on digital converter boxes, cable, or satellite boxes, and in finding converter boxes that support video description;
- No rapid response capability to deal with problems after February 17, 2009; and
- Many other unanticipated problems and unintended consequences that must be addressed.

These issues will be detailed below, followed by several recommendations for policymakers.

The Leadership Conference believes that access to communications is a fundamental right of every American. What is at stake for our nation in making a successful transition from analog to digital broadcasting is not simply a matter of being able to watch *Dancing With the Stars* or reruns of *Friends* with higher quality audio and video. At stake is the ability of the nation's most vulnerable populations to maintain uninterrupted access to their key source of news and information and emergency warnings: free, over-the-air television. It would be a denial of this fundamental right to access communications, as well as a great tragedy, if in February 2009 these millions of Americans are suddenly cut off from local community news, information and emergency warnings because their televisions do not receive digital broadcasts.

The need to preserve this critical television lifeline is particularly important for the communities that LCCR member organizations represent. In 2005, the GAO found that up to 19 percent, or roughly 21 million American households, rely exclusively on free over-the-air television. These consumers will face an expensive choice in transitioning to digital television: subscribe to cable or satellite, buy a digital television set, or purchase a digital-to-analog converter box. All of these options cost money. While the government's converter box coupon program will provide up to two converter box coupons per household, there are many households with more than two older televisions that rely exclusively on free over-the-air television, or that for a variety of reasons will not participate in the coupon program. For many low-income families and for many elderly persons living alone and on Social Security, a single converter box purchased without the government coupon can cost more than a week's food budget. And, obviously, the cost of purchasing a new digital television set or subscribing to cable or satellite is even higher.

We are especially concerned because poor, minority, senior, and disabled communities are disproportionately affected by the transition, as they are far more likely to rely on free over-the-air television.

- Forty-eight percent of over-the-air television viewers have incomes under $30,000, according to the GAO .
- Non-white and Hispanic households are more likely to rely on over-the-air television than are White and non-Hispanic households, according to the GAO.
- One-third of the 21 million over-the-air households (or seven million people) are Spanish-language speakers.
- Eight million of the 21 million over-the-air households include at least one person over 50 years of age
- One-third or more of over-the-air television viewers have disabilities, according to the American Association of People with Disabilities.

America's Hispanic community, for example, "depends on over-the-air television service as a critical source of news, public affairs and other uniquely local information that is necessary to keep Spanish-speakers in the mainstream of American life," according to Manuel Mirabal of the Hispanic Technology and Telecommunications Partnership. Mirabal testified to Congress that, "as the FCC and the GAO recently acknowledged, reliance on over-the-air analog reception is highest among Hispanic viewers, one-third of whom continue to rely *exclusively* on over-the-air reception for all of their television viewing. An additional seven percent of Hispanic households are direct broadcast satellite households that rely on over-the-air reception for all of their local programming. Thus, a total of 40 percent of Hispanic households nationwide rely exclusively on over the-air reception for their local news, emergency information, and other local programming."

Yet Nielsen found that although Hispanic households make up 11.3 percent of total U.S. households, they make up 19.9 percent of households that are "Completely Unready" for the DTV transition. Moreover, reports Nielsen, "10.3% of Completely Unready households speak Only Spanish, a

penetration that is five times greater than that of Only Spanish households in the U.S. In addition, 5.6% of Completely Unready households speak Mostly Spanish, a penetration that is nearly double that of Mostly Spanish households in the U.S."[9]

Clearly more needs to be done—and done quickly—to inform Hispanic households about the digital television transition. As Mirabal testified to Congress, "Local broadcast stations featuring *Univision, Telemundo, TeleFutura, Azteca* and other Spanish-language programming available over-the-air provide to their audiences Spanish language news, information, and other programming on current events that affect their daily lives and keep them connected to their communities and the world." He concluded that, "While we (the Hispanic community) all look forward to the benefits that digital television will bring to all Americans, the DTV transition must be managed in a way that does not disenfranchise millions of Hispanic Americans. Only then will Americans of Hispanic descent, who depend on free, over-the-air television, be fully included in the digital transition."[10]

Other communities for whom English is not the primary language express similar concerns about potential disenfranchisement by the digital transition. For example, the Asian American Justice Center (AAJC) notes that, "(T)hree of the five largest Asian American ethnic groups are among the most limited English proficient racial and ethnic groups in the United States, with 61 percent of Vietnamese, 46 percent of Koreans, and 45 percent of Chinese nationwide experiencing some difficulty speaking English. Furthermore, six Asian American ethnic groups: Vietnamese, Hmong, Cambodian, Laotian, Bangladeshi, and Taiwanese have majority limited English proficient populations." At the same time, many of these groups have significantly higher numbers than the national average living below the federal poverty line. As a result, AAJC is very concerned that the limited English-speaking members of its communities are not only least likely to know about the coupon program but will also be least likely to receive the first-come, first-served coupons.

For the elderly, "television can be a primary connection to the outside world—providing life-saving weather forecasts, public safety announcements, information on government and politics, and community news. In fact, Americans aged 50 and above watch the greatest average number of hours of television a day, almost 5.5 hours," according to Nelda Barnett, a member of AARP's board of directors.[9] She noted that "for older Americans additional, non-monetary costs (of the digital transition) may be especially challenging: the inconvenience of searching for an available converter box, potential difficulties in attaching the converter box to the back of their set, and confusion regarding the transition itself."

In July 2007, the Association of Public Television Stations (APTS) commissioned a study by the Centris group on the potential impact of the digital transition on the elderly. Centris found that older Americans:

- Over age 65 are more likely to be found in OTA (over-the-air) households;
- As a group, are less likely to have purchased a new TV in the past three years;
- Are less likely to have HDTV capabilities in their households; and
- Are less likely to own a digital TV

The survey analysis conducted by Centris concluded:

- Older Americans over 65 are a more vulnerable group with respect to maintaining television services as the digital transition is completed;
- Older Americans will not be as exposed to DTV transition messages from electronic retailers as will younger members of the population; and
- The population of older Americans will need special focus in efforts to educate the public with respect to the end of the DTV transition.[10]

Wallace Page, 87, illustrates the reliance many seniors place on television, and the challenge of coping with the digital transition. According to a recent story in *The Washington Post*,[11]

(Page) begins and ends each day with his television. His tired legs don't let him get out much anymore, he doesn't own a computer and reading often strains his eyes. The TV set is sometimes his only connection to the outside world.

Page said his TV is often all that breaks the solitude of his days at Friendship Terrace Apartments, a retirement community in Northwest Washington

"For people who are alone, the TV is the only voice you hear," said Page, who mostly watches news and documentary programs. He also recently got hooked on "That '70s Show" reruns, which remind him of a different time."

Regarding the digital transition, Page said, "[I]t's a little frightening to hear about such a vast change."

Veronica Damesyn Sharp, the executive director of The District of Columbia Health Care Association, which oversees 16 nursing homes, worries that "some residents are too frail to go to the common room to watch the buildings' main TVs, which are hooked up to cable. And many cannot afford to buy a new TV or a converter box, let alone get cable service."

Television is "a connection to the outside world" for many seniors, says Debra Berlyn, a spokeswoman for the AARP on the digital television transition. Because many elderly are shut-ins who may have no relatives or who might require help in purchasing and installing the converter boxes, making the digital transition a success for many seniors is "not just a matter of giving someone a brochure—it's going a step beyond that. We're calling on everyone in the community to help."

For people with disabilities, the challenge of the digital transition may be even more daunting. In addition to all the other difficulties and concerns reported by other communities, individuals with disabilities face unique issues in successfully transitioning to digital television. Claude Stout, executive director of Telecommunications for the Deaf and Hard of Hearing, Inc., testified on behalf of the Coalition of Organizations for Accessible Technology (COAT)

before the U.S. House of Representatives Subcommittee on Telecommunications and the Internet[15] that:

- Caption viewers report a number of technical difficulties associated with viewing captions on digital televisions, including captions that are garbled, delayed, misplaced, or otherwise unintelligible;
- Networks whose analog channels were previously covered by the FCC's closed captioning mandates now deny coverage for their new HD channels, even when the newer channels have the same programming format as their analog predecessors;
- Viewers are having a hard time figuring out how to access closed captions and video descriptions on DTV components, including tuners supplied by television manufacturers and set top boxes provided by cable and satellite companies;
- Consumers are struggling to resolve complaints about DTV issues with companies or with the FCC; and
- Individuals who are blind or have low vision still have negligible access to television programming because of the scarcity of video description.[16]

And, while converter boxes are required to pass through closed captioning, they are not required to pass through video description.[17] For people with disabilities, learning which boxes are certified to pass through video description, and then actually locating and purchasing such a box, is an arduous task.

Importantly, many non-disabled seniors also rely on captioning to receive information from their televisions. To address ongoing problems with closed captioning and video description that disproportionately impact many LCCR communities, the American Association of People with Disabilities, Consumer Federation of America, National Hispanic Media Coalition, and other groups recently wrote to FCC Chairman Kevin J. Martin calling for the commission to consider whether television manufacturers should include "an inexpensive automatic software upgrade capability" to quickly remedy software flaws so that "new DTVs and converter boxes will be more durable and useful for consumers than is the case without that capability."[18]

Some or all of these potential problems with the digital transition impact a large percentage of Americans. COAT reports that there are "over 31 million individuals with hearing loss, 10 million individuals who are blind or have hearing loss, and millions of individuals with other disabilities who benefit greatly from accessible television programming."[19] Moreover, reports Stout, industry and government customer service representatives are not adequately trained to help people with disabilities who have questions about how to set up captioning and other features on their digital televisions and converter boxes.

The bottom line is that television is a critical connection to American society for tens of millions of members of LCCR communities, including low-income families, people with disabilities, seniors, and those for whom English is not their primary language. If the transition from analog to digital television is not successful for these communities, then on February 17, 2009, an important connection to their communities and the rest of the nation may be severed.

With the February 17, 2009 date fast approaching for shut off of analog full-power television stations, the efforts of the government, industry, consumer, public interest and other groups to facilitate the nation's transition to digital television have increased significantly. We applaud these efforts, and they unquestionably have led to greater awareness of the upcoming digital transition among many Americans. We are also now able to identify significant shortcomings and gaps in these efforts, as well as unanticipated problems and unintended consequences, which must be addressed boldly and quickly to ensure that no viewers are left behind. These are detailed below.

TRANSITION PLANNING LACKS LEADERSHIP AND A COMPREHENSIVE PLAN

In November 2007, in response to a request from Congress, the GAO issued its report, *DIGITAL TELEVISION TRANSITION: Increased Federal Planning and Risk Management Could Further Facilitate the DTV Transition,*[1] praising some transition efforts and noting shortcomings in others with the goal of ensuring a successful DTV transition for all Americans on February 17, 2009.

In its report, the GAO criticized the lack of a comprehensive federal government digital television transition plan and issued a single "Recommendation for Executive Action":

> *To help facilitate the DTV transition through comprehensive planning and risk management, in consultation with public and private stakeholders, we recommend that the Chairman, FCC, develop and communicate a comprehensive plan for the various aspects of the DTV transition, encompassing technical, policy, consumer outreach, and other critical elements. The plan should include (1) detailed goals, milestones, and time frames that can be used to gauge performance and progress, identify gaps, and determine areas for improvement; (2) strategies for collaboration between public and private sector stakeholders to agree on roles and responsibilities; (3) a description of reporting requirements to track stakeholder efforts against planned goals; and (4) strategies for managing and mitigating risks to avoid potential problems and target federal resources.*[2]

In issuing this single Recommendation for Executive Action, the GAO recalled how well the government and citizens had been served by the development and communication of a similar comprehensive plan at the time of an analogous, challenging transition: updating the government's computers for Y2K.[3]

Drafting and carrying out such a comprehensive plan, involving all agencies of the government, would seem common-sensical, low cost, and ideally suited to a challenge of the magnitude of the upcoming digital television transition. It would clearly establish the goals, priorities, strategies, reporting requirements, responsibilities, timetables, and other relevant information necessary to manage the risks of the transition and ensure its success. It would be overseen by a top government official who would regularly convene meetings with other government, industry, public, and private groups to assess how well the plan was being implemented and decide how to best allocate the scarce resources appropriated to the transition.[4]

The GAO is not alone in criticizing the FCC's approach to the digital television transition. According to members of Congress, the FCC is too preoccupied with other issues now and is not focusing enough on the upcoming transition. Senate Commerce Committee Chairman Daniel Inouye, D. Hawaii, recently told FCC Chairman Kevin J. Martin that "too many Americans remain in the dark about what the digital television transition means... I have deep reservations about the FCC spending its limited time and resources in media areas unrelated to the transition."

Commerce Committee Vice Chairman Ted Stevens, R. Alaska, seconded Inouye's concerns. "The digital transition must be the FCC's number one priority this year. No other issue before the FCC has the same critical countdown as this transition. . It is crucial that government officials, industry, and consumer advocacy groups increase their outreach efforts to senior citizens and rural Americans."[10]

The federal government should engage in the same kind of comprehensive planning for the nation's digital television transition as it did for the nation's Y2K computer transition. Failing to carry out such comprehensive planning places the digital television transition, already fraught with complications and challenges, at needless additional risk.

TRANSITION AWARENESS IS LOW; CONSUMERS AND RETAILERS ARE CONFUSED; OUTREACH EFFORTS ARE INADEQUATE

Recent surveys indicate that although consumer awareness and understanding of the digital television transition is increasing, it is still far too low. A June 2008 survey released by the National Association of Broadcasters found that while 90 percent of total U.S. households were aware of the upcoming digital television transition, and awareness among Hispanics was also 90 percent, awareness was only 84 percent among African-American households.[11] The same survey reported 39 percent of African-American households and 29 percent of Hispanic households that rely exclusively on over-the-air television incorrectly believe they will not be affected by the transition, figures that are slightly higher than the rest of the nation.[12]

An earlier poll released by Consumer Reports found similar lack of awareness and confusion: 74 percent of those polled had "major misconceptions" about the transition. Confusion was rampant about who would be impacted by the transition, when it would occur, what actions were necessary to transition to digital TV, and other issues.[13] FCC Commissioner Adelstein said, "The good news is that surveys from Consumers Union and the broadcast industry show that more Americans are becoming aware of the DTV transition. The bad news is that there is still a lot of

confusion that could turn into widespread panic if the government doesn't take a more proactive role."[32]

Interestingly, an online survey conducted in May 2008 by Bridgevine.com found "36 percent (of the survey respondents) said they were not prepared for the digital transition and another 6 percent were completely unaware of the conversion." Vinny Olmstead, CEO of Bridgevine, expressed concern, stating, "With a customer base that is generally quite savvy about digital services and related issues, we were surprised by the number of those people who are not prepared for the transition. The survey results clearly indicate a lapse in consumer education and strongly suggest that additional awareness initiatives around the switch to digital are needed for consumers nationwide."[33]

In another revealing illustration of consumer confusion and lack of preparedness for the digital transition, Nielsen Media Research will push back its broadcast television "sweeps" that occur in February of each year to March for 2009 because it fears the digital transition in February will be disruptive and that only "most homes" in its audience ratings sample will be ready for the digital transition. Nielsen also has canceled all vacations for its field representatives in January and February of 2009 to better cope with problems it foresees in the transition.[34]

As the Leadership Conference and the then-Democratic minority warned at the time, it is now apparent that the $5 million that Congress appropriated to NTIA to educate consumers about the digital transition and the coupon program is woefully inadequate to support the kind of public education effort that the transition requires. Public education campaigns are not unlike state election campaigns in terms of scope. Therefore, consider California, Pennsylvania, and Ohio, whose combined population is approximately 21 million households—comparable to the number of households that will likely need to be educated on the digital television transition. The cost of a Senate campaign in Ohio in 2006 was nearly $9 million; for all three, it was approximately $39 million.

For these reasons, LCCR wrote to members of Congress seeking additional funding for a targeted grassroots

consumer outreach campaign to ensure that at-risk individuals—seniors, individuals residing in rural areas, people with disabilities, and minorities—do not lose their television service when their local television stations, as mandated by Congress, cease transmission of analog broadcast and switch to digital television signals. After all, voters will look to Congress if their televisions suddenly stop receiving the broadcast stations or programs they rely on.

It is critical that more federal, state, and local agencies, public and private, conduct outreach efforts to their clients. While both NTIA and the FCC are committed to educating consumers about the transition and the coupon program, a public education effort of this magnitude should not be limited to only a few agencies. At a minimum, every federal agency should be required to participate in educational outreach, and if possible, serve as a site where coupon applications can be distributed. These efforts should also be replicated at the state and local levels.

For example, there are a number of federal assistance programs, such as those administered by the U.S. Department of Health and Human Services, which could be tapped to help. To reach the elderly, the aging network represents a great resource. The Administration on Aging, State Units, and Area Agencies on Aging (AAA's), along with the wide range of service providers they fund, could play critical roles in education and outreach. Some direct service providers, such as some Meals on Wheels programs and local senior centers, are already engaged in outreach efforts; these voluntary efforts would be strengthened if the respective federal agencies were required to provide support and assistance. Low income assistance programs, such as Supplemental Security Income (SSI), the Low Income Home Energy Assistance Program (LIHEAP), and the Commodity Supplemental Food Program should also be engaged in distributing information to the low-income population most vulnerable in this transition.

In addition, the effort to ensure that all Americans retain access to over-the-air digital television should not be left to government and industry alone; the lack of sufficient resources within the digital television transition consumer education effort to support nonprofit, social justice, or

community-based organizations further limits the scope of public education efforts that will be possible. Private charitable organizations that work directly with the populations most at-risk need to be engaged, but they need support. These grassroots groups can—and will—conduct the training workshops; develop and disseminate the informational materials that are linguistically appropriate and in alternate forms (Braille, audiotapes, ASCII disk, large font, closed captioned); and provide the technical assistance that will help the low-income households, minorities, limited English-speaking families, seniors, and persons with disabilities who are most dependent on television make the transition.

The Leadership Conference is committed to working with our community-based member organizations, including groups that serve populations who speak languages other than English, and those that assist working families such as unions and religious organizations, to make sure their members know about the transition and the coupon program. However, based on our decades of outreach experience, we are skeptical about the success of these efforts without additional resources.

Resources are also required to fund sufficient independent research and polling to make sure that messages about the digital television transition are effective for these populations. We will need to know who is taking advantage of the coupon program during the first phase of the process, so that NTIA knows how to respond or whether and where to deploy additional funds. The government can play an important role in conducting this research through the GAO, with Congress tracking the progress.

Such research can answer, for example, whether there is too heavy a reliance on the Internet to educate consumers about the transition, when many of the consumers most impacted by the transition, such as non-English speakers, seniors, people with disabilities, and the poor, are disproportionately impacted by the Digital Divide and less likely to access the Internet.[11] Are educational materials culturally sensitive, linguistically appropriate, and readily available in alternate formats so that they fully inform members of these disproportionately impacted

communities? Are there sufficient customer service representatives trained in languages other than English, or in assisting people with disabilities, to help all who are confused about the transition or the coupon program?

As Senator Maria Cantwell, D. Wash., recently observed, there is a "great sense of confusion" about the digital transition and if people aren't better informed, there could be "a train wreck for American consumers."[11] We must make sure that vulnerable communities avoid this train wreck and, after the transition is complete, retain access to their critical broadcast television lifeline to news, weather, and emergency alerts.

The digital transition is not the time for members of Congress to be "penny-wise and pound-foolish," for they will ultimately suffer the wrath of consumers and voters if the digital transition is a failure. It is imperative that, to ensure a successful transition, Congress appropriate additional funding for education, outreach, and research.

COUPON PROGRAM IS CONFUSING, BURDENSOME, AND RESTRICTIVE

With the NTIA TV Converter Box Coupon Program now in operation for several months, a number of issues relating to the procurement and redemption of the coupons are surfacing that disproportionately impact many LCCR communities.

Perhaps the biggest problem is the two-phase structure of the coupon program. In the first phase, where $990 million is allocated, all U.S. households will be able to apply for up to two $40 coupons per household to purchase converter boxes on a first come—first served basis. The second phase is open only to households that certify in writing that they rely exclusively on over-the-air television.

Unfortunately, this coupon program structure may have the unintended consequence of keeping coupons out of the hands of the very people who are most reliant on over-the-air television—those in lower-income, older, non-tech savvy, non-English as a primary language communities. They are the hardest to educate and include in the digital transition. By the time they receive word about the need to apply for coupons, all the coupons may already have been snapped up, many by households that are not exclusively reliant on over-the-air television.

Or, if members of these hard-to-reach communities do apply, but only in phase two of the program, in order to qualify for a coupon they must then take the added step of certifying they are reliant on over-the-air television. That may be an added disincentive to even submitting an application for a coupon, as Alex Nogales, president and CEO of the National Hispanic Media Coalition, testified before Congress:

> *Indeed, the certification will be a deterrent to low-income families, especially those that do not dominate the English language. Ladies and gentleman, I have no doubt that the disenfranchised population that will be the most impacted by the digital transition will be the last to apply for the coupons. This being the case, having to certify in writing that they rely on over the air reception is just adding an additional burden that will discourage many of them from applying for the converter boxes. A two phase-plan with an added burden for those that are hardest to reach doesn't make a lot of sense. If the reason for this two-phase system is because NTIA thinks there is a likelihood that the program will run out of funds before all the impacted households have obtained their coupons, then NTIA should go back to Congress and ask for additional funding.*[12]

Nogales concluded, "(W)e can't afford to make mistakes on a program that is a first-come, first-serve program where the populations that are in most need of these coupons run the risk of being the last to hear about the program."

We applaud NTIA for showing flexibility with other problematic provisions of the program. For example, in response to widely held concerns, NTIA appears to be willing to modify the coupon program to allow nursing homes with multiple residents to apply for multiple coupons, and to show flexibility in issuing coupons to those who receive mail at a post office box.[13]

However, numerous other problems remain, including whether the digital converter boxes are even available at retailers once consumers receive their coupons. Many converter box models, particularly those that are lower cost or pass through an analog signal, have been slow to reach retail stores.[xi] "Consumers are finding few choices in their local stores," said Joel Kelsey, policy analyst for Consumers Union, nonprofit publisher of *Consumer Reports*. "This is a consumer Catch-22. Those who acted early in requesting coupons face limited or expensive choices in converter boxes, but can't wait for more options because their coupons are expiring."[xii]

Senators Inouye and Stevens of the Senate Commerce Committee recently shared with NTIA acting Head Meredith Attwell Baker their concerns over the coupons expiring after 90 days. They want consumers to be able to use their converter box coupons to preorder the boxes so that they might order boxes that are out of stock or in limited supply and not run afoul of the expiration date. Also, they want consumers to be able to reapply for coupons if their coupons have expired, as the coupons presently have no ability to replace or reapply for expired coupons.[xiii] Another problem with the 90-day expiration date is the inability of those who applied early for coupons to purchase lower priced converter boxes, such as that marketed by Echostar, which will not come to market until summer.[xiv]

Other problems or challenges with the coupon program include:

- Households with multiple families and/or televisions are still eligible for only 2 coupons;
- Converter boxes are either not available or in short supply in many rural areas;
- Many large national retailers such as Best Buy, Wal-Mart, Radio Shack, and others refuse to accept coupons for mail-order or Internet purchases of converter boxes, making it difficult for infirm, disabled, or rural households to purchase boxes;
- Persons with disabilities are not aware which converter boxes that are eligible for coupons accurately display closed captioning and support video description;
- The envelopes used to mail converter box coupons are not sufficiently distinguishable from junk mail by people with visual disabilities; and
- Coupons may not be used for many models of converter boxes that pass through an analog signal, a requirement to receive broadcasts of many community and low-power TV stations that will not transition to digital on February 17, 2009 (more on this below).

These challenges to the success of the coupon program are significant impediments to a digital television transition that leaves no viewers behind. They must be addressed quickly, so that those who rely exclusively on over-the-air television are able to receive coupons and affordably transition to digital television by February 17, 2009.

COSTS AND BURDENS TO MANY COMMUNITIES AND VIEWERS ARE EXCESSIVE OR OVERWHELMING

For many households, particularly those in LCCR communities, the costs and burdens of the digital transition have been vastly underestimated and pose a serious threat to its success.

For example, the unique characteristics of digital broadcasting may mean that an older television that received an adequate picture of an analog broadcast channel may receive no picture whatsoever of the same channel broadcast digitally, even with a converter box attached. Centris, a leading market research firm, found

serious 'gaps' in digital TV signal coverage across the country. *Coverage that millions of households will rely upon once analog signals are switched off exactly one year from now. "We predict that digital TV signal coverage will be more limited than currently anticipated. An issue that, until now, has been completely overlooked by the FCC and governing bodies, and could have serious—and costly—implications for millions of consumers," says David Klein, Executive Vice President of Centris.*[xv]

These digital gaps are not confined to sparsely populated rural areas; rather, according to Centris, millions of viewers

in New York, Los Angeles, Boston and other major metro areas will experience digital gaps in coverage.

There are two possible fixes for the loss of digital television in these circumstances: a consumer must either purchase a new, more powerful television antenna or subscribe to a cable, satellite, or telecom video service provider. Both options are costly, neither will be reimbursed by the government, and both most likely place at risk those who can afford it least—the 21 million households that rely exclusively on over-the-air television. Says Klein of Centris, "Consumers are being urged to purchase equipment that may or may not work when they bring it home—never before has such an important transition been conducted on a trial and error basis. The reality is, if consumers want guaranteed 'free' TV, they will have to pay for it."

Consumers who bought battery-powered televisions to preserve their lifelines to television service during power failures and public safety emergencies are also going to face higher costs and potentially dangerous situations as a result of the digital transition. Nearly all of those televisions receive only analog signals. No converter box has been made that will easily hook up to these portable televisions, nor does one exist that operates on batteries in the event of a power failure. Says Megan Pollock, a spokeswoman for the Consumer Electronics Association, "We haven't seen a good, quick fix for portable TVs." Many consumers who believe they have a television lifeline during an emergency will have that lifeline cut on February 17, 2009, unless they buy a new digital battery-powered television. Unfortunately, there are only five models on the market, with an average cost of $200.

Cable television subscribers may also bear a substantial cost and burden in the transition to digital television. No doubt this will come as quite a shock to them since, as the *Associated Press* recently wrote, "[F]or months, TV viewers have been told by government, by industry and by the media that if they already subscribe to cable, there's no need to worry about the coming transition to digital broadcasting."

One shocked cable customer is Doris Spurk, a 63-year-old Florida resident, who recently discovered that as the result of the transition to digital television, her cable company required her to rent a digital cable converter box for $5.95 per month, for each television set in her home, plus pay for a $60 service call to install them. Spurk has five televisions, meaning the digital conversion will increase her cable bill by 75 percent.

"It really ticks us off," Spurk says. "If they are in the right and can do this—charge these prices—then the educational effort that the FCC is doing is really misleading everybody."

Spurk is one of the 28 million cable customers who subscribe to analog service—meaning they probably plug their cable wire straight into the back of their set and do not have a set-top box. These customers usually take the lower cost analog cable packages. While the largest cable companies, such as Comcast, are currently accommodating their analog customers by converting digital signals to analog at the "head end"—the cable office—other cable systems are taking advantage of the transition to eliminate analog and turn into more efficient all-digital systems. In the latter situation, such as Ms. Spurk is suffering, the cable companies place a cable digital-to-analog "down-conversion" set-top box on each of their analog subscribers' televisions. This cable converter box is different from and incompatible with the broadcast converter box, and is not covered by the government coupon program.

However, now it is reported that even the largest cable operators, including Comcast, are planning to use down-conversion boxes to move their analog customers to digital. Whether the companies will pay for the boxes, or force customers like Ms. Spurk to pay for them, is up to each cable operator. But even if the cable company provides cable converter boxes to the consumer at no charge, it is likely that the consumer will be forced to do the installation—or order a costly service call from the cable company.

In any event, with cable companies now about to distribute their own converter boxes for their own digital transition, which are not compatible with converter boxes for the over-the-air digital transition, the potential for consumer confusion is exponentially increased. Should this cable industry initiative to go all-digital become widespread, vastly increased resources will need to be devoted to consumer education. Retailers and video distributors are also helping to raise the

cost of the digital transition for consumers in numerous ways. In February 2008, the U.S. Public Interest Research Group (U.S. PIRG) Education Fund conducted "secret shopper" surveys at 132 locations of five of the nation's leading electronics retailers.[24] U.S. PIRG found numerous examples of attempts to "upsell" consumers to more expensive digital TVs rather than inform them about lower cost converter boxes. Specifically, the study found:

- 81 percent of the sales staff did not know about or gave out inaccurate information about converter boxes;
- 78 percent of the sales staff provided inaccurate information about the federal government's coupon program for converter boxes;
- 42 percent of sales staff provided inaccurate information about the month of the digital transition deadline date; and
- 20 percent of sales staff tried to upsell surveyors to digital TVs or upscale converter boxes.

Another retailer practice that raises costs to unwary consumers is the sale of analog televisions that do not bear FCC warning labels stating they will not work without a converter box after February 17, 2009. Recently, the FCC fined a number of the nation's largest electronics retailers for this violation of commission rules.[25] Some of these retailers are now challenging the FCC's authority to levy such fines, which means even this too-little, too-late enforcement mechanism may have to be abandoned.[26]

Cable and satellite operators are also taking advantage of the digital transition to market their services to households that presently rely on over-the-air television with scary headlines on brochures such as this from a seller of Dish Network:

NOTICE!

Are you ready for the Digital TV conversion?

Soon all television stations are converting to a digital signal. You may lose your local channels.[27]

The elderly, the poor, people with disabilities, and those for whom English is not the primary language may be particularly susceptible to these kinds of sales pitches and practices, even though to continue to receive local broadcast channels they may only need to purchase, with the assistance of a government coupon, a converter box.

These communities also bear other added costs and burdens associated with the digital television transition. Many of these households have multiple families, or multiple generations of one family, living under one roof, with multiple televisions. Yet each of these households is limited to just two government coupons. These households are then forced to decide whether to purchase added converter boxes without a coupon, or to subscribe to cable or satellite, or to buy new televisions.

For seniors and persons with disabilities, additional, non-monetary costs may be especially challenging: the difficulties of searching for and purchasing the converter box, potential problems in attaching the converter box to the back of their set, and confusion regarding the transition itself. The installation process may require moving the television to connect the box, which could be difficult for frail or disabled persons, including many older Americans living on their own. Of course, there is also the possibility that the actual connection process required will be difficult for some to master. This can be especially true for communities that do not have the converter box instructions printed in their language or in alternate formats such as large print, Braille, or audiotape.

Clearly, two of the unintended consequences of the digital transition are high costs and excessive burdens on communities and consumers who can least afford them. It is the responsibility of elected officials to ensure that these communities and consumers are not unfairly and excessively burdened by the nation's transition to digital television. Where the costs and burdens of the digital transition are too great for consumers, we believe it is not too much to ask that the government, which recently received $19 billion in the auction of the spectrum freed up by this transition, assist these viewers.

MANY COMMUNITIES WILL LOSE, NOT GAIN, TELEVISION STATIONS AND SERVICE

One of the biggest misconceptions of the digital transition is that "all" over-the-air analog broadcasts will end at midnight on February 17, 2009. In fact, more than 2,900 low-power community broadcasting stations and about 4,400 signal-relay stations, known as "translators," which extend broadcasts to rural areas, are not required to turn off their analog signal by that date. Indeed, many of these stations will remain analog after the transition date because they lack the resources to convert to digital broadcasting. According to the FCC, low-power television stations "are operated by diverse groups and organizations including high schools and colleges, churches and religious groups, local governments, large and small businesses and individual citizens."[59] These stations and translators are often broadcast lifelines relied upon by rural, underserved urban, elderly, and non-English speaking communities. These communities risk losing these analog lifelines if they convert their televisions to digital on February 17, 2009.[60]

Unfortunately, the vast majority of the DTV converter boxes that are available and eligible for government coupons will not "pass-through" the analog signal of these low-power community broadcasters. "Every time a person gets a coupon, buys a converter box and plugs it in, we lose that viewer," says Ronald Bruno, president of the Community Broadcasters Association (CBA). He terms the DTV transition a "death sentence" for community broadcasters.[61]

Says Peter Tannenwald, CBA legal counsel, it is "absurd" to "allow and to promote the sale of boxes that actually cut off access to 80 percent of the nation's TV transmitters."[62] The CBA's lawsuit to stop the distribution of DTV converter boxes that do not allow the pass-through of analog signals was recently rejected by the U.S. Court of Appeals for the District of Columbia.[63] The CBA has now asked Congress to appropriate $450 million to reimburse the cost of purchasing digital equipment for each of the 2,900 low-power broadcasters.[64]

A similar problem exists for communities, particularly Hispanic communities, near the U.S.-Mexico border, many

of which rely on over-the-air broadcasting. These communities receive both U.S. and Mexican broadcast signals, and Mexican broadcasters will remain analog after the U.S. digital transition. Many in the Spanish-speaking community are concerned that Spanish speakers on the U.S. side of the border will not undertake the cost and burden of purchasing digital converter boxes and simply use their analog televisions to exclusively watch Mexican analog broadcasts. These communities would then be left "in the dark" on important emergency and community information broadcast by U.S. stations that are required to transition to digital. At the time this report was drafted, legislation delaying for five years the transition date for border TV stations has passed the Senate Commerce Committee, but the bill's future prospects are unknown.[i]

Significant outreach, education, and resources must be devoted to this difficult problem of communities that rely on over-the-air broadcasters that will remain analog after February 17, 2009. If this critical part of the digital transition is mishandled, the lifeline between these community broadcasters and the communities that rely upon them will be cut. We believe no viewer should be left behind in the transition, and this unintended consequence of the transition, not yet well understood or publicized, has the potential to leave millions behind. Those most at risk are disproportionately poor, elderly, and those for whom English is not the primary language—the very communities that rely the most on over-the-air television, are the hardest to reach to educate about the transition, and may have the fewest resources to cope with it.

NO RAPID RESPONSE IS IN PLACE TO DEAL WITH INEVITABLE TRANSITION PROBLEMS

Recently, LIN Television CEO Vince Sadusky was quoted as saying about the potential for problems occurring after the analog shut-off on February 17, 2009, "In the worst case scenario, you will have a few ... grandmothers out there who will wake up and not have their TVs working ...[but] they'll have a resolution within a few days."[ii] Having reviewed numerous significant problems and unintended consequences that are already threatening the success of the digital transition, we must respectfully disagree. Indeed, such complacency on the part of a major broadcaster, which operates in Austin, Albuquerque, Buffalo, and other communities that are home to many poor, elderly, disabled, and others for whom English is not the primary language, is extremely troubling. It is one reason why the Leadership Conference is compelled to issue this report now on the challenges facing a successful transition.

It is time to honestly acknowledge that many Americans will turn on their analog televisions on February 18, 2009 and be "in the dark." There is simply too much confusion in the marketplace, too many people to transition, too many potential challenges and problems in making the transition, and too few resources dedicated to the task to assert otherwise.

At present, the government has no plan in place to rapidly assist those who, for whatever reason, find that they wake up on February 18, 2009 and discover their over-the-air television service has vanished. Low-income households, seniors, minorities, or persons with disabilities cannot be permitted to lose their television lifelines, even for just a day or two.

In this nation's transition to digital television, it is critical that we plan now for how we rapidly respond to those most vulnerable populations who are left behind after February 17, 2009, as some inevitably will be. It is vital that the government provide funding for home visits to deliver and install converter boxes and antennas for those who need assistance. Congress and the agencies in charge of the transition cannot allow these viewers to languish with their television lifelines cut for any longer than is absolutely necessary.

IMPROVE ORGANIZATION OF THE TRANSITION

To better facilitate and manage the DTV transition, the federal government should immediately adopt the "Recommendation for Executive Action" contained in the GAO's November 2007 report calling for the Chairman of the FCC, to "develop and communicate a comprehensive plan for the various aspects of the DTV transition, encompassing technical, policy, consumer outreach, and other critical elements." The GAO identified the following key elements of the plan:

"1 Detailed goals, milestones, and time frames that can be used to gauge performance and progress, identify gaps, and determine areas for improvement;
2 Strategies for collaboration between public and private sector stakeholders to agree on roles and responsibilities;
3 A description of reporting requirements to track stakeholder efforts against planned goals; and
4. Strategies for managing and mitigating risks to avoid potential problems and target federal resources."[26]

Of critical importance in this comprehensive planning is the creation of an inter-agency task force to oversee the DTV transition in an approach similar to that successfully employed by the federal government for the Y2K transition. Y2K problems were prevented because there was a government-wide response. But unless we do more on the DTV transition, many people will turn on their televisions on February 18, 2009, find static, and flood government offices with questions and pleas for help.

FUND INCREASED CONSUMER OUTREACH, EDUCATION AND RESEARCH

Currently the federal government has allocated only $5 million to educate consumers about the DTV transition and the government coupon program. As this report illustrates, that is not nearly enough. To increase awareness and reduce confusion, the federal government must appropriate additional funds in the FY 2008 supplemental appropriations bill to provide public education and outreach to alert populations at risk of losing over-the-air television service. In addition, independent research and polling must be funded to better understand what these populations know about the transition, and how best to reach them. The auction of the spectrum reclaimed by the government as the result of the DTV transition generated $19.5 billion, which was $9.5 billion more than anticipated. A small portion of that money should be devoted to public education about the transition.

To better educate, inform, and prepare the public, the government should also encourage broadcasters to conduct analog shut-off tests such as that recently completed in Orlando in more, if not all markets, prior to February 17, 2009.

Importantly, there are also many small steps that the federal government can take starting today to educate the public about the DTV transition that will make a big difference next February. For example, the Executive Branch should:

- Have the President film a public service announcement on the upcoming DTV transition and convene a "summit conference" on the state of the DTV transition;
- Require a DTV information link on the website of every government agency;
- Place bill stuffers in Social Security check envelopes and all other government mailings; and
- Urge the Postal Service to place DTV transition posters in all Post Offices and issue a DTV transition postage stamp.

All Congressional offices should:

- Use their franking privileges and outreach services to educate their constituents about the transition;

- Train staffers to provide helpful information to constituents, assist them with procuring coupons, and solve other problems associated with the transition;
- Add links, buttons, banners on their website to the government coupon website, www.dtv2009.gov;
- Insert articles and countdowns to February 17, 2009 in constituent newsletters;
- Request coupon application forms from NTIA and make them available in Congressional D.C. and district offices. Hang posters and flyers as well;
- Talk about the transition at community events and town hall meetings. Give the audience the toll-free number (1-888-DTV 2009) and have coupon application forms available;
- Share DTV information with state leaders and ask them to share the information with their local communities; and
- Do press outreach. Ask local community affairs programs to air a "Prepare for the DTV Transition" segment.

REDUCE COSTS AND BURDENS OF TRANSITION ON VIEWERS

With the federal government reaping a $19.5 billion financial benefit from the sale of spectrum generated by the DTV transition, it is only fair to ask that it use a small portion of those proceeds to help consumers and communities defray the costs and burdens imposed on them by that same transition. It is vital that the government provide funding for home visits to deliver and install converter boxes and antennas for those who need assistance. In addition, the government should:

- Make more DTV converter box coupons available overall as well as per household;
- Eliminate the expiration date for coupons, or at the very least extend the expiration date to March 2009;
- Eliminate the burdensome certification requirement of the second stage of the coupon program;
- Mail DTV converter box coupons in envelopes that are easily identifiable by those with visual challenges;
- Provide more opportunities for mail order or Internet redemption of coupons for converter boxes;

- Make more converter boxes that pass through an analog signal eligible for coupons and available in stores so that viewers will not lose access to their analog community (low-power) broadcast television stations;
- Work with cable companies to reduce the costs and burdens on cable customers from the digital transition;
- Work with retailers to provide accurate information to consumers about the transition and prevent unnecessary upselling;
- Certify and publicize which DTV converter boxes eligible for coupon redemption incorporate video description and make them readily available, and
- Require TV and converter box manufacturers to include automatic software updating capability to remedy software flaws that impact closed-captioning, video description, and other functionality

PRESERVE COMMUNITIES' ACCESS TO THEIR TELEVISION STATIONS

The federal government must address the problem of preserving access to analog low power community broadcast stations and rural translator stations with education, outreach, and a greatly increased supply of coupon-eligible converter boxes that enable a single analog television to receive both digital and analog broadcasts. The problem of consumers trying to access both digital and analog broadcasting along the U.S.-Mexico border must also be addressed.

PREPARE FOR RAPID RESPONSE TO PROBLEMS

The federal government should fund and organize Rapid Response Teams ready to act starting January 1, 2009 to effectively assist the most vulnerable populations who may end up losing television service on February 17, 2009. Congressional offices should have staff trained and ready to answer constituents' urgent, confused, and potentially angry questions about the transition and how to restore their lost television service. The NTIA and FCC DTV consumer assistance telephone lines should be fully staffed and include customer service representatives trained in languages other than English, or in assisting people with disabilities, to help all who are confused about the transition or the coupon program. Community-based organizations should be empowered and funded to mobilize teams that will assist their members who are unsuccessful in making the transition. The NTIA and FCC should be prepared to conduct significant and rapid outreach to media outlets that may reach those who have lost television service, such as community and ethnic newspapers and radio. Each rapid response team should include an individual trained in the technical problems of pass-through of captioning and video description services.

The transition to digital television on February 17, 2009 presents a tremendous opportunity for our nation to usher in an exciting new technology, while at the same time reclaiming billions of dollars' worth of spectrum.

However, for the DTV transition to be a success, no communities and no viewers must be left without television service. It is the responsibility of Congress to ensure that communities and consumers are not unfairly and excessively burdened by the nation's transition to digital television. Where the costs and burdens of the digital transition are too great for consumers, we believe it is not too much to ask that the government, which recently received $19.5 billion in the auction of the spectrum freed up by this transition, assist these viewers

Presently, there are many significant challenges and issues that must be overcome for the DTV transition to be a success for all viewers. Comprehensive planning, increased funding, and a strengthened commitment to ensuring that no communities and no viewers will be left behind are necessary. Bold action must be taken quickly, or potentially millions of viewers in our nation's most vulnerable communities are at risk of waking up on February 18, 2009 with their lifelines to those communities—free over-the-air television service—suddenly gone dark. The stakes are too great for our nation to let complacency and hubris turn the digital television transition into the Digital Television Divide.

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Mr. LLOYD. Thank you.

Mr. TOWNS. So, thank you, so much.

Let me begin by just asking—I know you have to go, so I wanted to sort of ask you a couple of questions before you depart, Mr. Ritter.

You know, I checked your bio, before this hearing, and I was impressed with all the work you've done as an investigative reporter. So, I feel comfortable asking you this question.

How do you recommend we work together to eliminate fraud and abuse that I think that could happen, you know, if we're not careful, in terms of this program? In terms of the converter boxes, you know, when you ask the price of the converter boxes, and some people will say $49, some people will say $59, some people will say $79, and then I even heard someone said $125.

So, how do we avoid—and a lot of times, this will be senior citizens. How do we avoid, you know, them from being ripped-off? That's a real concern of ours.

Mr. RITTER. That's a good question, Congressman, and I'm—I wish I could wave a magic wand.

I mean, Mr. Lloyd, I think, you know—addressed that indirectly by saying that he's worried about how it's going to be implement. You know, the government could have—I know the government put a billion and a half dollars into this program, to buy these converters. It could have easily—and I didn't have a vote, because I wasn't a Member of Congress—the government could have said, "You know what? We're going to fund it for two and a half billion, and we'll just pay for the whole thing, and all you have to do is go get it, and make it free."

But, that's not going to happen, and so we are faced with that situation. I think that's, you know, that's part of the educational program. These cards are worth $40. They give a $40 discount. And for those people who can find them for $49.99, which I understand may be the cheapest price, according to the retailers we've talked to, they get a good deal. But, you have to be on the lookout for that. And, that's a good suggestion, and we should address that.

And that's something I think—I'm not so sure that we have—we have not talked about it in our PSAs yet, because we're just dealing with hey, here's the deadline. But, it's a concern. It's a concern to you, and I think that it's a concern to a lot of people.

It would have been nice had the government said, "You know what? We're going to make sure that every American has the right to have over-the-air broadcasts, and this little card we're going to give you is going to be worth the cost of the converter," and the government helps supply it. They didn't do that. So, we have to be extra vigilant, to make sure that doesn't happen.

I think the seniors are most at risk at this, and it's up to all of us to say, look, we've got to be careful here. This is what the range of prices are. Shop around for them. There are many retailers—most of the retailers, I believe, that are participating in this program are not going to try to gouge the public. And, I want to say that—I should say that first. That's the headline. You know, most of these retailers are upstanding, honorable retailers, and they're going to offer the fair pricing.

Mr. TOWNS. Right. I yield now to my colleague, Yvette Clarke.

Ms. CLARKE. Thank you, Mr. Chairman.

Mr. Ritter, you gave us a lot of information about how you personally, along with the organization that you work for, are making great strides to—I believe, at least bring awareness of the issue of the conversion that's imminent.

I want to sort of pick up where Congressman Towns left off, with respect to the cost, and talk about how that's framed, in terms of perhaps a campaign. I think that the awareness campaign could probably benefit the public best by doing sort of a buyer beware within it. Oftentimes, you know, there's sort of a rush because it's the campaign and because the deadline is coming. And, you know, the next thing you know, people will show up in the neighborhood with a trunk full of converter boxes, you know? And, we don't want folks going through that.

So, I'm just thinking in terms of collaboration. You have reputable outlets that will be marketing these converter boxes. Could there not be a parallel awareness campaign that talks about, you know, don't get ripped off, here are the reputable places. And perhaps, give those types of information to places that people trust—their local post office, their local DMV.

So, what I'm talking about is more of a coordinated campaign that educates at a point where, you know, folks know about the rip-off and the flim-flam out there, but we want to be sure that in their haste to address this, that they don't get deals that are too good to be true.

Mr. RITTER. Right, or bad converter boxes, or fake converter boxes——

Ms. CLARKE. Exactly.

Mr. RITTER [continuing]. That sort of thing.

Mr. TOWNS. Fake, yeah.

Mr. RITTER. We are—as I say, we are ramping up our—we've had a lot of PSAs. I've never seen a quarter where so many PSAs—you know, more than 300—on any one subject. That's already historic in its proportions. And, we're going to do more for this in the next two quarters.

But, I think that's something that's definitely worth consideration and exploration by the NAB and the Coalition for the DTV Transition, and it's a point well taken. It's a point well taken.

Ms. CLARKE. And then, I also thought about, you know, through the collaborative effort, how we really get business owners to be a part of the transition. People are coming through their doors each and every day, and putting some sort of leaflet in their bag that just says "remember this date," you know, "come back, see us soon" could be another way of getting the word out and, you know, through the discussions that are being held, let everyone become sort of a stakeholder in making this happen. It could be a grocery store. It could be a shopping mall. It could be so many places where people gather publically.

It could be cultural institutions. You know, for a station like PBS that exposes people to so many cultural activities and expressions, it may be, you know, that Broadway does a day for the digital conversion, or the Brooklyn Museum does a day of digital conversion.

I'm just thinking about creative ways that the coalition that has been formed can include others where it impacts on ultimately their mission, as well.

Mr. RITTER. Right. That's a good point. Just from the television point of view——

Ms. CLARKE. Uh-huh.

Mr. RITTER [continuing]. We feel that—and I think we know that the most effective, most powerful medium that there is is television, and that people who are watching their television sets, who have analog, who will not get that signal after February 17, 2009, the most powerful way for us to do this is to—is to send out these messages throughout the day parts, dawn—you know, around the clock, getting out those messages that if you do have an analog television, if you can see this, you're not going to be able to see it on February 17th, and——

Ms. CLARKE. And the——

Mr. RITTER [continuing]. That overall is the most powerful thing we can do, I think.

Ms. CLARKE. And then, in closing, Mr. Chairman, I see my time is winding down there, what about your sponsors? You know, we have a lot of corporate sponsors. That's basically how we get TV. I think they need to be on board here. This is going to be their bottom line, as well.

So, I hope that in the conversations that you have, and the expansion of the coalition, with the help of our sponsors, we can make this happen for the American people.

Mr. RITTER. I hope so. And, as you said, our sponsors are depending on us to get the message out, because they want to be reaching all the viewers, as well.

So, we all have a very large self-interest in this. It's certainly in our self-interest to make sure that everyone has a television signal.

Ms. CLARKE. Thank you very much.

I yield back, Mr. Chairman.

Mr. TOWNS. Thank you very much.

And, let me just ask this, as you get ready to depart. You know, you made one recommendation that the Congress should have paid for the whole thing,——

Mr. RITTER. Well, I didn't—[laughter.]

Mr. TOWNS. Yeah, I——

Mr. RITTER. I was just asking the question.

Mr. TOWNS. Yes.

Ms. CLARKE. Raising the issue.

Mr. TOWNS. Raising the issue, OK. Raising the issue.

Is there anything else that you think that the Congress should do, even at this point?

Mr. RITTER. You mean about any subject at all? Is this an——

Mr. TOWNS. No, no, no. [Laughter.]

The transition.

Ms. CLARKE. You've got to keep it germane.

Mr. TOWNS. Right. The transition.

Mr. RITTER. Because, we could sit here all day.

Mr. TOWNS. No, the transition.

Mr. RITTER. Well, you know, I think having these kind of informational meetings. I think that, you know, this is not some big

mystery tunnel that we're entering into. It's pretty clear what's happening, as clear as you can see that picture.

And, I think the more times we can get the word out, the more hearings like this we have. As I think the 7-month deadline winds down, people are going to become more interested in it.

You know, people are deadline-oriented, so we're going to keep hammering on this. The cards—some of them have deadlines on them. I think people are looking at deadlines. And, I think the more—the closer it gets, we're going to ramp up our coverage.

The more we get the word out, through hearings like this, and the town meetings we do, the more public service announcements, and crawls, and information we get out on the televisions that people are watching, I think people will become aware of it.

You know, you have to deal with some other issues that Mr. Lloyd talked about. What happens afterwards? But, it's in our interest to be involved in it, too.

Right now, our focus is trying to figure out how we can get 100 percent of the people on board with this by the time the deadline ends.

Mr. TOWNS. Right. Well, let me thank you so much for your——

Mr. RITTER. Well, I appreciate the opportunity.

Mr. TOWNS [continuing]. Testimony. And, I think that, you know, what we need to do is just start having a countdown, you know, like they're doing with the election. They have a certain amount of days before the election. You know, I think we need to have——

Mr. RITTER. 109.

Mr. TOWNS. 109. [Laughter.]

I think we need to have a countdown for the transition, as well, to just make certain that people are aware, you know, that this is going to happen, and continue to remind them, because I'm afraid that—that some people would get a voucher and not get a converter box, sort of procrastinate. And then, all of a sudden, the date is here and then they find out that they do not have a picture and then they call our office.

Mr. RITTER. Well, it's our goal for that not to happen. Seven months from today, the television set on the right over there will not be able to get a picture.

Mr. TOWNS. Right.

Mr. RITTER. And that's very much on the top of our mind.

Mr. TOWNS. Right, thank you. I know you have to depart. So, thank you very much.

Mr. RITTER. Thank you.

Mr. TOWNS. Mr. Lloyd, will you remain.

Mr. LLOYD. Yes.

Mr. TOWNS. Thank you, again.

Mr. RITTER. Thank you. Take care.

Mr. TOWNS. Thank you.

Ms. CLARKE. Thank you.

Mr. TOWNS. Thank you very much.

So, Mr. Lloyd, let me go to you. Do you think that most viewers of over-the-air analog television have learned enough about the transition through the news and commercials they have watched?

Mr. LLOYD. Actually, I think most viewers have some sense that there is a transition taking place. Again, I'm not convinced that

most viewers, particularly in the populations that we are concentrated on, know what the date is going to be for the transition or understand really how it's going to have an impact on them.

This is a very complicated set of issues. Analog television, full-power television will make the transition. Analog low-power television, analog community broadcasters will not necessarily be making this transition.

Ms. CLARKE. Right.

Mr. LLOYD. So there may be, in many communities, even some in New York, there may be some low-power analog broadcasters who will continue to put out analog services. So, we have a complicated transition occurring here, and not everything is going to happen at once.

Mr. TOWNS. You know, my colleague indicated something that I think we really need to pursue, and maybe this is something you could help us with.

You know, we talked about, in terms of getting corporations to participate, to be involved in helping to get the word out. And, that started the thought about the faith-based community. All of them have these conferences, you know, where all the clergy folks come together and they have a major conference.

Have you thought about, in terms of trying to tap into that, maybe get speaking time, you know, at these events, to sort of share with them what's going to happen? Because, they talk to a lot of people on Sunday morning.

Mr. LLOYD. Oh, yeah. You know, you're absolutely right. I mean, that—before I had an opportunity to think about it, there is a group called the National Black Church Initiative. That's been working with Black church groups around the country to make sure that congregations, that pastors, that ministers work with folks in their community, including corporations, small businesses, and large corporations in the community, to get the word out.

This is, really, a fantastic initiative, understanding, particularly in the Black community, how powerful a voice the church plays. And so, folks are working on this.

We are working with them. We're also working with the National Council of La Raza, we're working with the National Urban League, we're working with the NAACP, a group called the Southeast Asian Action Resource Center. We're working with AARP, the American Association of People With Disabilities. We're working with a wide variety of groups and communities around the country.

And we're hearing both successes, about folks understanding this is happening, and taking some action about the coupon. And, we're also hearing some challenges about people not getting the right information when they go into stores, about there being some confusion, not because you get retailers who are trying to do terrible things in many instances, but just because, again, this is complicated. And, you get a new box, you get a new—and you get the antenna that you've been using, and it doesn't quite work. Do you need a new antenna? Maybe you do. The signals are going to be a little different. Analog and digital signals will be a little bit different.

So, this is a complicated transition. It's going to take some time for all the folks in our communities to catch up.

Mr. TOWNS. Right. Let me—have you heard of any people expressing concerns about the fact that you might have a voucher but no place to purchase a converter box? I mean, I'm concerned about that. I know we can talk about fraud and abuse before, someone coming in with a truck and saying, you know, you can buy them here for $40, you know, and they don't work. You know, I'm concerned about that.

But then, the other one is that I have a voucher but no place to take my voucher.

Mr. LLOYD. Right.

Mr. TOWNS. You know, just like our housing program. You can get a voucher but can't find an apartment.

Mr. LLOYD. Consumers have these patterns of buying things. So, we tend to go to the same stores over and over again. So, if we're used to going to, say, the Radio Shack down the street, and we're looking for a certain sort of converter box, and it's not there. And, we go away, and we go back the next week, and the converter box is still not there, you know, I can't find it, it's nowhere available.

Many of the converter boxes you can actually get online. It's very—and so some of this is a burden on consumers, to sort of understand that there are some things—and, we also understand that not everybody is online.

So, there are phone calls that folks can make. If you call up and you say, you know, "I need to find the closest Radio Shacks, and Wal-Marts, and Sears," you may need to call those places to find out if they have the converter box that you are looking for.

So sometimes, it's going to take a little bit extra effort. But what we have found, in sort of just doing some digging, actually, just around here in New York and Brooklyn, is that almost every place that someone might want to go, you can find the converter box. It may take you a little bit of time to find it, but you can find the converter box.

Now, here is the challenge. We have senior citizens. We have folks who are busy with other things that they're doing in their lives and don't have time to get on the phone, calling up, you know, hundreds of different retailers to find the right box for them. Some of these folks will need some assistance to make that transition.

But, in terms of the availability of converter boxes, by and large, particularly in large urban areas like Brooklyn and New York, you can find the converter box. You may need to make an extra effort to get out there and get it, though.

Mr. TOWNS. Right. Let me just—and then I see my time is expired and I want to yield to my colleague. But just before we do that, you know, we talked about the price of the converter box. And, I still am thinking about seniors.

You know, will they need to get somebody to hook that converter box up? That could be a cost. Because, they can't hook it up themselves, so then they have to get someone to come in to do it. That's going to cost them. And, nobody is talking about that.

Mr. LLOYD. No, I mean, that's what——

Mr. TOWNS. That's an extra cost.

Mr. LLOYD. I mean, you raise a very important point. One of the things we've been writing about and talking about in our testimony and conversations with folks is that the coupon—we fully support

the coupon program. We think it's a wonderful program. We think that Congress was actually fairly generous in creating this pot of money which is, you know, almost $2 billion, to set aside some money so people could have it.

But, many Americans, not just senior citizens—there are a number of us who aren't senior citizens, who aren't as technologically facile as others are. We will need some help in setting up these converter boxes and making sure that they work with our television sets. And, it is not as easy as just plugging the box in and seeing it work. You may need to work with the antenna, as we've done here, putting an antenna up on top of the exit sign, to make sure you can get the signal in properly.

So, this will take some work. So, in addition to the education effort, and the PSAs, and the great work that folks are doing, we need some direct assistance money to go to places like Boys and Girls Clubs, to go to Meals On Wheels programs, to go to senior citizens programs, to go to people who direct service providers, who have direct contact with folks who are most in need and can help them actually physically connect these boxes and figure out how to make sure the antenna works in their homes, and in their bedrooms.

And so that—and again, this is not about watching re-runs of "Friends," or "American Idol." This is about making sure that—people who depend on television, more than any other source, for emergency information, for information about tornados, and hurricanes, and terrorist attack. They go to their TV sets. We need to make sure that all Americans have access to this information.

Mr. TOWNS. Right. I yield to my colleague, Congresswoman Clarke.

Ms. CLARKE. Thank you, Mr. Chairman.

I, Mr. Lloyd, wanted to pick up on a couple of points raised by the Congressman, and ask, with respect to outreach.

We have talked about clergy in the sense of the Christian community. My concern is also for the other faith-based organizations out there, and their constituencies, including immigrant communities.

You know, there are a lot of ethnic enclaves here in the city of New York. And oftentimes, English is not the first language. So, the campaign, then, has to be penetrable into communities that are a little bit more insular due to their unique cultural, you know, affinities.

Has your organization talked about how we penetrate immigrant communities, where English may not be a first language, where that then compounds the situation with the elderly and newcomers to our communities?

Mr. LLOYD. I really want to applaud your sensitivity about this set of issues. It is just so extraordinarily important to understand that not all Americans who may be watching television, you know, rely entirely on mainstream television for their news and information or even entertainment programming. It is extraordinarily important to be able to reach communities with people that they trust, the sources that they trust, and the languages that they rely on, in the way that they speak.

This isn't just about how you speak Spanish. I mean, you may speak Spanish in a way that's a little different than the way other people speak Spanish. And, I really appreciate your sensitivity about these sets of issues. And Brooklyn, as you know, is an extraordinarily diverse community, as is the entire New York.

And, I also must applaud NTIA. They put out programs that are in dozens of languages, to make sure that all Americans have an opportunity to fill out these coupon programs and the vouchers, so that they can actually apply in languages that they are comfortable with. And so, the Federal Government has actually done a fairly good job about this.

We must do more. We are going to make sure that the folks who speak Yiddish, that the folks who rely on Russian language, the folks who rely on all the different languages in our communities, folks who are speaking Creole——

Ms. CLARKE. Uh-huh.

Mr. LLOYD [continuing]. You know, from, you know, immigrants from Haiti. We need to make sure that these communities also understand this transition is taking place, that it will have an impact on their services, their needs. We don't want anyone left behind, you know, in the case of a terrorist attack or some other sort of, you know, natural disaster.

We need to be able to make sure that these folks understand this transition is taking place, and they understand how they can prepare for it.

I thank you for your question.

Ms. CLARKE. And, I wanted to also find out whether utilities are actually engaged in this process. Because I think, for most people, generally speaking, they trust their utilities because there's a constant interaction with them; whether it's their telephone service, whether it's their mobile phone service, whether it's their computer link up service, or their cable service. They are all sort of vying in that same arena to be able to provide information to people.

Are they engaged in this process, as well? Because if I were to get a call from Cablevision, or a text from Cablevision, that says to me "Have you gotten your converter box" today, then it would be on my mind constantly, because that's a company I trust. I pay them money every month and, you know, I know they want me to continue to be their customer.

Have we done any type of collaboration with the utilities?

Mr. LLOYD. Yes. Well, let me—let me say that I sit on the consumer advisory board for Verizon, OK.

Ms. CLARKE. Uh-huh.

Mr. LLOYD. And, they provide some service in your community. And, they are very aware of the transition, and have a team dedicated to make sure that folks who rely on Verizon, whether it's just the regular telephone service or, I know, the more advanced fiber service is coming to the New York area, they are working to make sure that their customers are aware of this transition, and that folks are putting things in bill stuffers, and they're working with other folks.

If you will allow me, I will sort of try to step aside some of the challenges with the cable industry.

Ms. CLARKE. Uh-huh.

Mr. LLOYD. But—but only to say that we are working with the cable industry. They realize how important it is that this transition is taking place.

I will say this, though. Over-the-air television is very different from cable. I think many cable operators are right now sort of not saying they're going to charge folks extra money to get a digital converter box in addition to the cable box that they've got now. But, I think consumers have to be very, very wary, and make sure that they continue to have that conversation with cable, to make sure that their rates don't go up as a result of this transition.

Ms. CLARKE. I agree.

Mr. LLOYD. Just make sure you have that conversation.

Ms. CLARKE. Thank you, Mr. Chairman.

Mr. TOWNS. All right. Thank you very much. And, let me thank you, Mr. Lloyd, for your testimony.

But, before you leave, is there any suggestions or recommendations that you have for us, on things that we might need to be doing in order to sort of make this transition, you know, a very smooth one?

Mr. LLOYD. Well, let me—let me both congratulate Congressman Dingell and Senator Inouye for working with NTIA to make sure that there were extra moneys available beyond the initial allocation of funds, so they could help get the word out.

And, I would urge Members of Congress to work with NTIA and the FCC to make sure that money gets to the folks who provide direct service to those communities, whether they speak other languages, whether they are senior citizens, whether they are folks in low-income neighborhoods. Make sure the direct service providers get those funds, and get the word out about this transition.

The second thing is, we must have some plans in place, because there will be viewers who will not be on top of this on February 17th. The coupon program is going to extend beyond February 17th. We need to have a plan in place to identify, and to be able to contact, and then to assist those communities.

So, we need to put in a rapid response plan for those communities that, for one reason or another, despite all of our best efforts, may fall through the cracks. And so, I would urge you to work with NTIA and the FCC to make sure that they put in a rapid response plan, to make sure that those folks who fall through the cracks are on board with this transition.

Mr. TOWNS. All right. Thank you very much——

Mr. LLOYD. Thank you very much.

Mr. TOWNS [continuing]. And thank you for the work that you're doing.

Mr. LLOYD. Well, thank you. This is so important to bring this into the community. Thank you.

Mr. TOWNS. All right. It's a pleasure. Thank you for your testimony.

Ms. CLARKE. Thank you.

Mr. TOWNS. Thank you.

And now, we will move to our second panel. Please, second panel, please come forward.

I would like to welcome our second panel. As with the first panel, it is a longstanding policy of this committee that all witnesses are sworn in.

So, if you would be kind enough to rise and raise your right hands?

[Witnesses sworn.]

Mr. TOWNS. Please have a seat. Thank you.

Let the record reflect that they answered in the affirmative.

Let me begin with Ms. Meredith Attwell Baker. She is Acting Assistant Secretary for Communications and Information, and Acting Administrator of the National Telecommunication Information Administration [NTIA].

NTIA is the President's principal advisor on telecommunications and information policy, and is the agency in charge of the DTV converter box coupon program. So, we welcome you.

I would also like to welcome Monica Desai. She is currently Chief of the Media Bureau at the Federal Communications Commission, since 1999. She has worked at the Commission in a variety of capacities, including Chief of the Consumer and Governmental Affairs Bureau, and Interim Legal Advisor to then-Commissioner Martin on Special and International Issues.

She has extensive knowledge of the FCC's evaluation of the DTV transition to date.

I welcome both of you, and let me begin with you, Ms. Baker. You have 5 minutes to summarize your testimony. Then, after that, you'll allow us to raise some questions with you.

So, we will start with you first, Ms. Baker.

STATEMENT OF MEREDITH ATTWELL BAKER, ACTING ASSISTANT SECRETARY, COMMUNICATIONS AND INFORMATION, NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Ms. BAKER. Terrific. Thank you very much. Good morning—almost afternoon—Chairman Towns, Congresswoman Clarke.

Thank you for the opportunity to testify about the process of the digital television transition and the TV box coupon program which is administered by NTIA. It's especially nice to be here in Brooklyn. Thank you for holding this hearing and helping to get the word out about the digital transition.

I am pleased to be before you today to discuss NTIA's successful launch of the program and our strong commitment to continue public education and outreach efforts so that this historic and important transition can take place and no American television viewer is unprepared on February 18, 2009.

Consumers throughout this country are becoming well prepared for the transition. The Deficit Reduction Act established a Digital-to-Analog Converter Box Coupon Program. Under the act, a $1.5 billion program, eligible U.S. households may obtain up to two coupons of $40 each to be applied toward the purchase of converter boxes that will convert digital broadcast signals for display on analog television sets.

When NTIA sends coupons to the requesting households—they look like this—NTIA includes a list of participating stores near the consumer at the bottom of the paper. It is important to note that

the coupons expire in 90 days after they are mailed. The 90-day expiration date is a statutory date, and is meant to ensure that if a consumer buys a digital television, or subscribes to a pay service, or just retires an unconnected analog television, rather than using the coupons he or she requested, the value of the coupons can then be recycled to send coupons to other consumers.

Throughout the past 7 months, the level of consumer participation in the program has been extremely high. As of July 16th, NTIA has received requests from nearly 11 million households, for over 20.5 million coupons. Coupon requests continue to average, very consistently, about 104,000 per day. Over half of the requesting households—50.3 percent—identify themselves as relying exclusively on over-the-air broadcasts to receive television programming. A coupon ordered today can be expected to be issued and mailed within 10 to 15 business days.

As distributed but unredeemed coupons expire, funds otherwise obligated to these coupons will be returned to the coupon program. The program has anticipated and budgeted for the distribution of additional coupons beyond 33.5 million, toward which these returned funds will be re-obligated.

The number and unit price of these coupons ultimately will determine the total administrative costs associated with the distribution of these additional coupons. NTIA is working closely with our contractor, IBM, to ensure that as many coupons as possible can be distributed.

As of July 16, 2008, consumers have redeemed more than 6 million coupons toward the purchase of coupon eligible converter boxes. Coupon redemption rates are an important factor in calculating the coupon program spending. Coupons are being redeemed at a rate of 44.4 percent.

NTIA is very pleased with the high level of participation in the coupon program by converter box manufacturers. As of July 16th, NTIA has certified 112 converter boxes, of which 37 are analog pass-through.

The response from America's retailers has, likewise, been outstanding. As of July 16th, there are more than 2,300 participating retailers in the coupon program, including seven of the largest consumer electronics retailers, as well as hundreds of regional chains and small retailers. These retailers represent 26,512 participating outlets nationwide, including locations in all 50 States, American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands.

Additionally, consumers can choose from among 26 online retailers and 13 telephone retailers. In short, consumers, even those in areas where the closest consumer electronics retailer is 50 or 100 miles away, have ready access to coupon eligible converter boxes. A list of all participating retail outlets, searchable by State and by five-digit ZIP Code, can be found on our Web site: Under "locate a retailer near you."

A member of my staff, Brian Danza, would be pleased to stay around and show anyone the Web site, or help them order a coupon afterwards.

Industry and government consumer education efforts are clearly working, and we are pleased with the continued participation.

NTIA has hired IBM to oversee the program. IBM and its subcontractors are tracking coupon redemption rates in real time. This will help NTIA monitor supply and demand.

Educating consumers about the coupon program is one of NTIA's and the Commerce Department's top priorities, in which both Commerce Secretary Carlos Gutierrez and I have been regularly and actively engaged. In particular, a key message we are delivering to consumers is that while the analog cutoff date will occur on February 17, 2009, the time for consumers to experience the benefits of DTV is now. The time to order a coupon and purchase a box is now.

According to Nielsen, New York City is one of the most prepared cities for the digital television transition. As of July 17th, over 732,000 coupons have been requested by consumers in the New York DMA, and over 175,000 have been redeemed.

Locally, we are working with the Harlem Consumer Education Council to conduct a community event in mid to late September, providing New Yorkers who have not yet completed an application the opportunity to do so. NTIA staff has brought you 500 coupon applications today, and we are happy to provide more if your staff desires.

We are also happy to organize further town hall meetings. We compliment you for holding this meeting here today. If we can help you on mailers to your constituents, we would also like to do that, or helping with Web site links. Congressional outreach is a very important and impactful part of this program.

So, working with IBM, NTIA has developed a comprehensive and rigorous approach to deterring waste, fraud, and abuse in the program. In terms of retail certification, participation and payment, NTIA has protections in place to minimize opportunities for inappropriate retailer behavior. We are also ensuring that no more than two coupons are sent to each U.S. household, per the statute, and that consumers are unable to use the $40 coupon to purchase ineligible products.

To protect consumers, we have just issued a consumer checklist in helping consumers navigate the program, and we worked with the FTC and the FCC on a tip sheet to arm consumers with the information they need to make the right decisions for their household.

Thank you very much, for the invitation to be here today. And, I'll be pleased to take any questions that you have.

[The prepared statement of Ms. Baker follows:]

Testimony of Meredith Attwell Baker
Acting Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce

Before the

Subcommittee on Government Management, Organization, and Procurement
House Committee on Oversight and Government Reform
U. S. House of Representatives
Field Hearing in Brooklyn, NY

Hearing on the Digital Television Transition

June 18, 2008

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to testify before you today. My name is Meredith Attwell Baker and I am the Acting Assistant Secretary and Acting Administrator of the National Telecommunications and Information Administration (NTIA).

NTIA is responsible for the development and implementation of U.S. policies related to domestic and international telecommunications, the effective use of Federal radio spectrum, and state-of-art telecommunications research, engineering, and planning.

NTIA also administers grants that provide support for the equipment needs of public broadcasting stations and public safety interoperable communications. NTIA's responsibilities expanded considerably with the enactment of the Deficit Reduction Act of 2005 ("'Deficit Reduction Act" or "Act"). Specifically, the Act directed NTIA to administer over $2 billion in new, one-time financial assistance programs using anticipated spectrum auction proceeds associated with the transition to digital television broadcasting. These programs include the Public Safety Interoperable Communications (PSIC) Grant Program, the NYC 9/11 Digital Transition Program, and the Digital-to-Analog Converter Box Coupon Program (Coupon Program), which is the subject of today's hearing.

My testimony today will focus on NTIA's activities to date with respect to the Digital-to-Analog Converter Box Coupon Program.

NTIA's Role in the Digital Television Transition

Title III of the Deficit Reduction Act, known as the "Digital Television Transition and Public Safety Act of 2005," directed the Federal Communications Commission (FCC) to require full-power television stations to cease analog broadcasting on February

17, 2009. To avoid unnecessary service disruptions for American television viewers during the conversion from analog to digital television broadcasting, the Act established and directed NTIA to administer a number of programs intended to bridge the gaps between the analog and digital platforms. The Digital-to-Analog Converter Box Coupon Program was enacted to accommodate consumers that wish to continue receiving broadcast programming over the air using analog-only televisions not connected to cable, satellite, or other multi-channel video programming service after the February 2009 transition.

TV Converter Box Coupon Program

Under the Digital-to-Analog Converter Box Converter Box Coupon Program, eligible U.S. households may obtain up to two coupons of $40 each to be applied toward the purchase of digital-to-analog converter boxes that will convert digital broadcast signals for display on analog television sets. The Act authorizes NTIA to use up to $990 million to carry out the program, including up to $100 million for program administration, of which $5 million can be used for consumer education. It also authorizes an additional $510 million in contingent funding to be available upon 60 days advance notice to Congress, $60 million of which may be used for program administration.

I am quite pleased with the progress with the Coupon Program to date. I will share with you the additional steps NTIA is taking to implement the Coupon Program, the agency's ongoing efforts to expand public education and outreach on the DTV transition and the Coupon Program, and challenges that we are addressing.

Coupon Program Statistics and Operations

Coupon Program operations include coupon distribution, converter box certification, retailer certification, coupon redemption and payment, and consumer education. Now in the seventh month of a 15 month program, we have made significant progress in each area of the program's operations.

NTIA successfully launched the Coupon Program on January 1, 2008. Since that time, consumers across the Nation have been ordering coupons through one of four convenient methods: via a toll-free number (1-888-DTV-2009), online at www.DTV2009.gov, by mail, or by fax. Throughout the past seven months, the level of consumer participation in the Coupon Program has been extremely high. As of July 16, 2008, NTIA has received requests from 10,920,249 households for 20,551,457 coupons, representing 77 percent of the initial base funding of $890 million. Coupon requests continue to average approximately 104,000 per day. Over half of the requesting households (50.3 percent) identify themselves as reliant exclusively on over-the-air (OTA) broadcasts to receive their television programming.

NTIA is very pleased that our contractor, IBM, has eliminated the backlog of coupon requests that occurred with the significant volume of orders received in the first

few days of the Coupon Program. As of July 16, of the 20.5 million coupons requested, more than 19.1 million have been mailed to consumers. A coupon ordered today can be expected to be issued and mailed within 10 to 15 business days. NTIA continues to work closely with IBM to ensure that coupons are processed in a timely fashion.

As evidenced by the large number of coupons requested to date, the Program is very popular with consumers. As distributed but unredeemed coupons expire, funds otherwise obligated to those coupons will be returned to the Coupon Program. The Program has anticipated and budgeted for the distribution of additional coupons, beyond 33.5 million, toward which these returned funds would be re-obligated. The number and unit price of these coupons ultimately will determine the total administrative costs associated with the distribution of these additional coupons. NTIA is working closely with its contractor, IBM, to ensure that as many coupons as possible can be distributed.

Consumers who call the telephone line can speak with a live operator in English or in Spanish. The telephone line can accommodate requests in 150 languages. A special assistance line for the hearing-impaired also is available – in English and Spanish – and coupon application forms are available in Braille for the visually impaired. As of July 14th, 56.9 percent of the requests have been received through our Web site, 40.6 percent by telephone, and 2.5 percent by mail and fax. Approximately 88.2 percent of the household requests seek the maximum number of two coupons, each of which is worth $40.

As of July 16, 2008, consumers have redeemed more than 6 million coupons toward the purchase of a coupon-eligible converter box (CECB). Coupon redemption rates are an important factor in calculating Coupon Program spending. Coupons are being redeemed at a rate of 44.4 percent.

NTIA is very pleased with the high level of participation in the Coupon Program by converter box manufacturers. As of July 16, NTIA has certified 112 converter boxes designed for the exclusive statutory purpose of enabling a consumer to view digital broadcast signals on an analog television.

NTIA is continuing to certify boxes and is expediting review of those that have the capability to pass-through the analog signals that will continue to be transmitted by many low-power and television translator stations after February 17, 2009. As of July 16, 2008, NTIA has certified 37 boxes with this "analog pass-through" capability. Manufacturers that have certified analog pass-through boxes include RCA, Craig, Philco, Magnavox, Memorex, Zenith, and others.

The response from America's retailers has likewise been outstanding. As of July 16, 2008, there are 2,360 participating retailers in the Coupon Program, including seven of the largest consumer electronics retailers—Best Buy, Circuit City, Kmart, Radio Shack, Sears, Target and Wal-Mart—as well as hundreds of regional chains and small retailers. These retailers represent 26,512 participating outlets nationwide, including locations in all 50 states, American Samoa, Guam, Puerto Rico and the U.S. Virgin

Islands. Additionally, consumers can choose from among 26 online retailers and 13 telephone retailers. In short, consumers, even those in areas where the closest consumer electronics retailer is fifty or one hundred miles away, have ready access to coupon-eligible converter boxes. A list of all participating retail outlets, searchable by state and 5-digit zip code, can be found on www.DTV2009.gov under "Locate a Retailer Near You."

At the request of many retailers, NTIA is making coupon request data available on a per state basis, as well as based on 3-digit and 5-digit zip code. NTIA and IBM have made employee training materials available to all participating retailers so that they will be ready to answer consumers' questions about certified boxes and the use of the coupon for payment. Participating stores have completed certification in the Coupon Program, which includes certifying that their employees are trained, they have converter box inventory in their stores, and their systems are prepared to redeem coupons.

Wilmington, North Carolina Test Pilot Program

NTIA is participating with the Federal Communications Commission (FCC) in the September 8, 2008, "test pilot" switch to digital in the Designated Market Area (DMA) of Wilmington, North Carolina. NTIA has taken steps to monitor Coupon Program participation in the Wilmington area and to create materials appropriate for the test market. Special NTIA brochures and applications have been created showing September 8, 2008, as the transition date, and NTIA's www.DTV2009.gov website has a page devoted to the Wilmington test, including frequently asked questions and collateral materials. NTIA staff have met with key stakeholders in Wilmington and have conducted many media interviews on television, in print and on the radio to alert over-the-air consumers not to wait to order their coupons. NTIA also is looking closely at the needs of nursing home residents and consumers receiving mail at Post Office Box in Wilmington post office (P.O.) boxes to assess their needs in this test market and to learn more about how to address these situations nationally. NTIA is working closely with the DTV Transition Coalition and other partners to coordinate and complement efforts in Wilmington.

As of July 16, 2008, NTIA has received requests for 46,345 coupons from 25,063 households in the Wilmington DMA. As of July 16, more than 41,000 coupons have been mailed to consumers in the Wilmington DMA and, of those, 12,414 have been redeemed for a converter box.

The NTIA Toolkit

NTIA has worked with IBM and Ketchum to develop a comprehensive toolkit of information to help organizations that are playing a critical role in educating their members, constituents and customers about the Coupon Program. The Toolkit consists of a set of materials, including fact sheets, a poster, a mailer, sample presentations and other materials that many organizations are now using to help educate their members. The Toolkit also contains specific tools and strategies that can be used by the media to

effectively deliver the Coupon Program message, and ideas and resources for informing consumers through community and in-store events or other activities.

The Toolkit also is an extremely useful resource for Members of Congress seeking to communicate to their constituents about the Coupon Program. Indeed, NTIA continues to work closely with many congressional offices, as well as the Committees of jurisdiction and the Congressional DTV Caucus, to brief staff and educate constituents about the Coupon Program, and to help prepare materials for local town hall meetings, franked mailings, and other outreach, including senior centers and other critical-to-reach groups. NTIA staff has helped to coordinate, and participated in, many Members' town hall meetings and "Tele-Town Hall Meetings," and similar local education events. NTIA has been invited and will be participating in multiple Congressional events in the coming months.

In addition to the collection of English and Spanish materials NTIA has available to partners, we are providing additional tools as needed that may assist in our partners' efforts. Specifically, we developed a screen saver for distribution to libraries across the country so computers not in use could display information about the transition; we provided the National Grange with step-by-step instructions on setting up information and application completion stations at state and county fairs; and we provided the Radio & TV News Directors Association a list of 12 items related to the transition and Coupon Program their members are using to discuss in radio and television broadcasts over the next 12 months.

On July 8, 2008, NTIA participated in "DTV Day," an event hosted by House Energy and Commerce Committee Chairman Dingell and Telecommunications and Internet Subcommittee Chairman Markey held in the Rayburn House Office Building Foyer. At this event, staff members had the opportunity to hear presentations about the transition and the Coupon Program from NTIA and the FCC, ask questions of government and industry representatives, and get information about how best to educate constituents about the DTV transition and the resources available to do so. NTIA has worked with these Chairmen in setting up a TV Converter Box Program demonstration table in the Rayburn cafeteria, providing Congressional staff with information about the Coupon Program and the digital television transition in a highly trafficked area of the House complex.

DTV Education Efforts

Consumer Education About the Coupon Program and the DTV Transition Is A Top Priority

Educating consumers about the Coupon Program is one of NTIA's – and the Commerce Department's – top priorities, and one in which both Commerce Secretary Gutierrez and I are regularly and actively engaged. In particular, a key message we are delivering to consumers is that while the analog cut-off date will occur on February 17,

2009, the time for consumers to experience the benefits of DTV is *now*. The time to order a coupon and purchase a converter box is *now*.

NTIA's consumer education campaign is focused on educating U.S. residents who receive OTA broadcasts on analog television sets about the digital transition and the Coupon Program. NTIA pays special attention to vulnerable audiences such as over-the-air senior, minority, disabled, low-income and rural households who are at a greater risk of losing all television service as a result of the digital transition.

NTIA is working with print, broadcast and electronic media, and engaging partners to disseminate information nationally, regionally and locally. To date, the Coupon Program has engaged 281 partners, many with ties to seniors, rural residents, lower-income persons, minorities, and disabled Americans. We are working with large institutions to get the word out about the Coupon Program, such as the AARP, the NAACP, the Leadership Conference on Civil Rights, Catholic Charities USA, Community Action Partnership, Goodwill Industries, the National Congress of American Indians, and the National Grange. NTIA is also working with local and regional community organizations, such as the Fort Worth Hispanic Chamber of Commerce, Utah Eldercare Planning Council and JobStarts, Inc. in California, to reach vulnerable populations most likely to be affected by the transition.

NTIA also is working with no fewer than 17 Federal departments and agencies with direct communications to vulnerable populations, including the U.S. Department of Agriculture (USDA), the Department of Health and Human Services' Administration on Aging, and the Department of Veterans Affairs. Just to highlight several ways in which we've partnered with other Federal agencies:

- NTIA provided 54,000 mail stuffers to the USDA Food and Nutrition Service, which will be sent to families eligible for and requesting information about the Food Stamp Program.

- NTIA partners with USDA's Rural Development (RD) Agency to host a Web-based training to educate RD employees across the county about the DTV transition and Coupon Program; more than 100 individuals participated in the training webinar.

- The Environmental Protection Agency's Aging Initiative included an article about the transition and the Coupon Program in their April 2008 newsletter that reaches approximately 4,000 individuals.

- The U.S. Department of Health and Human Services (HHS) - Administration for Children and Families - Office of Community Services distributed information about the transition and Coupon Program to 900 local social service agencies across the country.

- NTIA has communicated with the United States Postal Service to assess the feasibility of putting Coupon Program applications in all 32,000 post offices across the nation.

A complete list of NTIA's partners is included as an attachment to this statement.

NTIA's partners are responding in thoughtful and creative ways to spread the word to their constituencies about the DTV transition and the Coupon Program. We appreciate their tireless efforts. A good example is the 4-H arm of the USDA's Cooperative State Research Education and Extension Service (CSREES). Collegiate 4-H, the college student 4-H organization, selected the DTV transition as its 2008 National Service Project topic. There are Collegiate 4-H clubs on at least 95 college campuses in 42 states. During the year, each chapter must carry out at least one DTV project based on lesson-plan material developed by NTIA.

NTIA is in dialogue with a coalition of aging organizations that includes among others the Administration on Aging, the AARP, the National Association of Area Agencies on Aging, who are exploring ways to assist our most vulnerable seniors with the Coupon Program. We conducted a senior focused train-the-trainer Webinar on February 26, 2008. Representatives from 12 senior organizations totaling nearly 200 individuals from 25 states participated—but more importantly, the information gained has led to on-the-ground outreach. For example, the West Alabama Area Agency on Aging has already trained 28 Senior Center directors and coordinators, seven case managers and 20 staff from local Area Agencies on Aging across the state so they can talk with older Americans about the Coupon Program. The Uniontown, Ohio Area Agency on Aging is distributing 4,000 information sheets and 1,500 coupon applications to local clients through recently trained case managers.

NTIA is sensitive to concerns raised by these groups regarding the need by many seniors for technical assistance with their converter box. NTIA has worked with the Consumer Electronics Association to produce a generic "Quick Start Guide" and installation video, both of which are available at www.DigitalTips.org and linked to www.DTV2009.gov. Additionally, NTIA worked with reporters from *The Washington Post* to tape an instructional video on converter box installation, which can be found on the Washingtonpost.com website.

Similarly, we are working with groups that assist persons with disabilities to raise awareness of the Coupon Program. For example, NTIA participated in the Hearing Loss Association of America's (HLAA) convention in Reno, Nevada, last month, as well as the American Council of the Blind's annual event over the Fourth of July weekend in Louisville, Kentucky. At the HLAA event, we partnered with the Consumer Electronics Association to demonstrate the captioning features of converter boxes. We are proud of the fact that the Coupon Program is 100 percent accessible for persons with disabilities. For example, our TTY number is available in English as well as Spanish for the hearing impaired. In addition to making the Coupon Program application available in Braille, the

actual coupon card is embossed with a unique 16-digit number sequence so visually impaired individuals can distinguish it from a credit card mail offer.

NTIA is keenly aware of the need to reach out to communities in which English may not be the primary language. Official Coupon Program information is being made available in numerous languages – Spanish, French, Chinese, Vietnamese, Tagalog and Russian. As a result of feedback from our partners, we have just translated some of our materials, including the coupon application, into Korean, Cambodian, Traditional Chinese, Hmong and Laotian. On May 6, 2008, NTIA participated in a Congressional "Tri-Caucus" briefing sponsored by Representative Hilda Solis, which focused on the needs of African-Americans, Hispanic Americans, and Asian Pacific Americans.

Also, last month, NTIA participated in an event in San Francisco as part of Asian Pacific American Heritage Month in which KTSF, an Asian-language commercial broadcaster in the Bay Area, and the California Public Utilities Commission brought together around 100 leaders in the Asian American community to raise Coupon Program awareness, especially among primary Chinese and Korean speakers. The event not only ignited outreach efforts to reach the Asian community, it also immediately resulted in coverage of the issue in publications that directly reach this community including Korea Daily, Philippine News and World Journal. Additionally, the toll-free National Multilingual Helpline of the National Asian Pacific Center on Aging in Seattle, Washington is assisting elderly Asian Pacific Americans with information about the upcoming transition in at least four Asian languages.

Secretary Gutierrez has taken a special interest in reaching out to Hispanic populations. For example, in December 2007, he was featured in the first of a series of public service programs entitled, "TV Digital…¿Que Tal?" which aired throughout the United States and Puerto Rico on the Spanish-language Univision Television Network. More recently, he also conducted interviews with outlets that specifically reach Hispanic populations, including La Voz, CNN en Espanol Radio, Univision, La Opinion, Washington Hispanic and El Tiempo Latino. HHS Assistant Secretary of Aging, Josefina G. Carbonell, is reaching out through targeted press across the country to inform elderly Hispanic Americans and their families of the DTV transition.

NTIA Consumer Education Activities in New York City

NTIA is working through the media and with national and local partners to ensure New Yorkers, are aware of the Coupon Program and have the opportunity to participate if they choose to do so. Since the Coupon Program launched on January 1, a total of 50 stories that include information about the Coupon Program have run in print or on television in the New York City DMA. That coverage includes two media outlets that are targeted to the African American community and four outlets with a primarily Hispanic audience. In addition, nationally we are working with organizations like the American Library Association, the NAACP, and PBS, including WNET, to ensure information is available to consumers outside of the media environment, and locally with the Harlem Consumer Education Council with whom we will conduct a community event in mid-to-

late September providing New Yorkers who have not completed an application the opportunity and assistance to do so.

Our efforts will continue through the transition, but indications are New Yorkers are hearing the message. As of July 13, over 717,000 coupons have been requested by consumers in the New York DMA and over 164,000 have been redeemed. Request rates rank third among all DMA's, which is significant given the relatively low number of over-the-air households. According to Nielsen's May 2008 report "Overview of the Digital Readiness of U.S. Households and Analysis of Viewing to Unready Sets," for example, the New York DMA is one of ten cities with the least number of Completely Unready Households – fewer than 4 percent of households in New York contained only unready sets (a television set not capable of receiving digital broadcast television signals).

Consumer Awareness about the DTV Transition and the Coupon Program Is Growing

It is clear that these consumer education efforts are succeeding. The coupon application numbers speak for themselves. Multiple consumer surveys also bear this out: a survey released by the Association of Public Television Stations in March 2008 showed a 50 percent jump in consumer awareness about the DTV transition between November 2007 (51 percent) and March 2008 (76 percent). Similarly, a Consumer Electronics Association survey released in January 2008 revealed a 74 percent consumer awareness about the transition. In late May 2008, Nielsen Media Research released a new study analyzing the "digital readiness" of U.S. households. NTIA will be reviewing this data carefully to see what mid-course corrections in our outreach may be needed to reach key markets with large percentages of what Nielsen identifies as "completely unready" households—that is, those households that would lose their television service completely after February 17, 2009, unless they take some action.

The Government Accountability Office (GAO) also conducted a consumer survey in late March and early April 2008. In testimony before the House Telecommunications and Internet Subcommittee last month, GAO reported that 84 percent of the public has heard about the transition based on their survey, and that those considered to be at "high risk" – households viewing over the air television – had an even higher level of awareness. GAO also testified that over half the population has heard about the Coupon Program.

Working with the communications contractor, Ketchum, NTIA continues to respond to media requests and inquiries concerning the Coupon Program. As such, the Coupon Program has garnered significant coverage in print publications, on the radio and on television. NTIA has tracked this coverage and the resulting media impressions regarding the Coupon Program since September 10, 2007. The following chart shows the cumulative number of print circulation, online unique visits and broadcast impressions through June 30, 2008:

Period	Print Circulation	Online Unique Visits	Broadcast Impressions
As of January 31, 2008	55,287,903	790,968,896	61,930,084
As of February 29, 2008	86,704,470	1,461,800,861	77,976,320
As of March 31, 2008	101,948,865	1,831,462,304	97,279,716
As of April 30, 2008	133,133,069	2,475,646,251	133,325,921
As of May 31, 2008	149,212,817	2,738,704,788	176,597,605
As of June 30, 2008	162,552,550	2,951,814,191	242,916,367

The print and broadcast media coverage of the Coupon Program has reached almost every DMA in the United States, most of them multiple times. Importantly, 40 of the 45 DMAs with the greatest concentration of OTA households and at-risk populations have seen more than 10 media stories per market on the DTV transition and Coupon Program appearing in local print or broadcast media outlets. It is important to underscore that these impressions are in addition to the "action spots" and public service announcements being run by the Nation's local broadcasters and cable operators. According to the National Association of Broadcasters (NAB), its digital transition campaign will lead to every household seeing, hearing, or otherwise being exposed to DTV transition-related messages approximately 642 times before the transition date.

Now that NTIA has data on Coupon Program requests by DMA, the Agency is able to fine tune its consumer education, reaching out to the media to raise awareness in markets where Program participation is unexpectedly low. For example, NTIA has recently been successful in Anchorage, Alaska, where we were on the Alaska Public Radio network live; and in Honolulu, Hawaii, where we conducted a radio interview and placed an Op-Ed from Secretary Gutierrez in *The Hawaii Reporter*. Last month, moreover, NTIA staff conducted 48 media interviews, including outlets such as Tillamook Headlight Herald (Portland, OR), Las Cruces Bulletin (Las Cruces, NM), Georgia Public Broadcasting (Atlanta, GA), KGAK-AM (Albuquerque, NM), KYYK-FM (Dallas, TX), KOKI-TV (Tulsa, OK) and Native American Times that targeted high OTA markets and key demographic populations.

One of the keys to the success of the Coupon Program is its voluntary nature, which has fostered strong public-private partnerships. NTIA is very impressed by the willingness of the stakeholder industry groups to work together to make the transition a success. The industries most directly affected by the transition – especially broadcasters and cable operators – have initiated significant educational efforts with real financial commitments to ensure that no household is caught unprepared on February 18, 2009.

Both broadcasters and cable operators continue to include information about the Coupon Program in their on-air announcements, which we believe to be a significant factor in the continued high number of coupon requests. The DTV Coalition is also making great strides in educating the American public about their options for making the transition. We applaud those efforts.

Waste, Fraud, and Abuse

NTIA and its contractor, IBM, have incorporated protections against waste, fraud, and abuse (WFA) throughout the coupon processing system. In the Final Rule, for example, NTIA limited retailer participation to those willing to become certified. This requires that each retailer is registered in the Central Contractor Registry and have at least one year experience in consumer electronics retail sales. Retailers are also required to (a) have systems in place that are capable of electronically processing coupons for redemption and payment, tracking each and every transaction, and generating reports that are easily auditable; (b) agree to have coupon box sales audited at any time during the term of participation in the program; (c) train employees on the purpose and operation of the Coupon Program (d) report suspicious patterns of customer behavior; (e) provide transaction reports (redemption information and payment receipts) related to coupons used in the purchase of converter boxes, specifically tracking each uniquely numbered coupon with a corresponding coupon-eligible-converter box purchase; (f) maintain transaction records for at least one year, and (g) agree only to accept coupons for, and receive payment resulting from authorized purchases made for coupon-eligible converter box.

In NTIA's request for proposals, the Coupon Program identified several security requirements for prospective contractors such as designing a coupon that would not be easily counterfeited. In addition, NTIA worked with its accounting and finance office, National Institute of Standards and Technology, and the U.S. Treasury to prevent the opportunities for WFA as the agencies designed the coupon redemption and payment system. NTIA's staff and contractor staff (including IBM's subcontractors who are assigned to work on the Coupon Program) are required to undergo a set of background checks as required by the U.S. Government. Also, a set of system and employee security measures have been put in place pursuant to IBM's Certification and Accreditation (C & A) packages that have been prepared for each of the IBM systems.

In addition, NTIA oversees its contractor's WFA activities as defined in the IBM Quality Monitoring and Control Plan and IBM Audit Plans. These comprehensive plans and procedures include controls and tests in the areas of retailer certification, coupon ordering, coupon distribution, coupon redemption and payment, and financial management. The goal is to prevent and detect internal, consumer, and retailer fraud appropriately. Risks are evaluated and controls (either preventive or detective) are designed to minimize WFA in each of the system processes. Some of the highlights of the IBM Plan include:

Retailer Certification: To validate that the retailer is a legitimate business and that it meets the requirements of the Final Rule. Controls include automated and manual review of retailer applications and certifications; investigating reports of inappropriate retailer behavior; and retailer education and training as a preventive control.

Coupon Application: To ensure the correct distribution of coupons according to the requirements of the Final Rule (e.g., maximum of two per household, contingent funding for over-the-air reliant, and no replacement coupons.) Controls include automated review of coupon applications against the U.S. Postal Service CASS registry, an external database of residential and business delivery addresses, to determine if the address provided is a valid residential address, followed by a check against previous coupon requests to prevent issuance of coupons to duplicated household addresses. Manual controls are also used to ensure proper application of the general rule limiting the use of P.O. boxes except in certain circumstances.

Coupon Distribution: To ensure that WFA does not occur through the theft of coupon card data or the cards themselves. Access to coupon data and the cards has been controlled and meets U.S. Government security standards and automated and manual controls are in place to prevent the harvest of coupon data or physical coupons. The coupon design includes security controls such as a unique number generation process, a security hologram to prevent counterfeiting, and the use of CVV2 (a security feature used by credit and debit services to increase fraud protection).

Coupon Redemption and Payment: To validate that coupons are used only for valid coupon eligible converter boxes (CECBs) at participating retailers, using valid coupons. In addition to retailer certification requirements and controls above, the payment system includes controls that employ an automated card authorization system provided by a major financial card processing system, daily system checks against retailer certification status, coupon status, and valid UPC/SKU (only CECBs are being purchased.) Other controls validate that payment files being transferred to the U.S. Government are not corrupted.

Financial Management: To assess risks and implement controls encompassing the entire system, across multiple companies and interfaces. Redundant processes and system checks have been implemented to prevent problems and identify issues with financial tracking. Financial transactions are reconciled, i.e., the number of requested coupons, ordered coupons, redeemed coupons, along with de-obligated status coupons, lost/stolen coupons, and expired coupons are reconciled with total values to assure proper accounting.

Pursuant to the Final Rule, NTIA may revoke retailer certification if a retailer fails to comply with the regulations, with the terms of the agreement made between retailers and IBM's retail management team, or for other actions inconsistent with the Coupon Program. The Coupon Program has decertified 12 for noncompliance with the Rules. In most of these cases, the retailer redeemed coupons without being able to deliver a coupon-eligible converter box. For example, certain retailers took coupons from

consumers even though the advertised converter box was not available for several months. These circumstances constitute inappropriate use of federal funds and are unfair to consumers. By cancelling a consumer's coupon or creating the impression that a consumer has used a coupon with a particular retailer prevents a consumer from going elsewhere when a retailer does not have an available converter and is also at variance with the Coupon Program rules. In another case, the retailer was completely unable to fulfill orders when the manufacturer changed plans and decided not to produce the converter box that had been selected by more than 100 consumers. The consumers were very unhappy about the retailer's failure to deliver as promised. The Coupon Program has worked with decertified retailers to recover the public funds improperly paid to the retailer and to address consumers' complaints.

Secret Shoppers are also used by IBM's retailer management team. Secret Shoppers visited 585 randomly-selected Participating Store Locations between March 18 and April 30, 2008, to assess and improve retailer readiness. Visits were made to 309 retailers that have single store locations participating in the Coupon Program, which represented 30 percent of single-store participating store locations. Another 276 visits were made to retailers with multiple store locations in the Coupon Program, which represented 2 percent of multi-store participating store locations and includes national consumer electronic chains. Single-store retailers were emphasized in the selection due to the higher potential for waste, fraud and abuse.

The anonymous visits checked on sales associates' understanding of the Coupon Program and how it works, ranging from knowledge about Coupon Eligible Converter Boxes to how coupons are redeemed and how returns are handled.

Findings indicated a fairly high level of overall knowledge about the Coupon Program, with scores of 90 percent or more for sales associates knowing the transition date, being able to explain when a converter box is needed, and understanding that coupons may not be combined for a single converter.

New York City and the Digital Television Transition

Metropolitan Television Alliance

Section 3007 of the Deficit Reduction Act of 2005 provides up to $30 million to reimburse the Metropolitan Television Alliance for costs incurred in the design and deployment of a temporary digital television broadcast system to ensure that, until a permanent facility atop the Freedom Tower is constructed, the members of the Metropolitan Television Alliance can provide the New York City area with an adequate digital television signal as determined by the Federal Communications Commission.

The Metropolitan Television Alliance (MTVA) is a consortium of New York City television stations with 10 stations participating in the grant project for a digital distributed transmission system (DTS) throughout the New York City area. The New York City area for this project includes the New York counties of Bronx, Kings, New York, Queens, and

Richmond; and the New Jersey counties of Bergen, Essex, Union, and Hudson. MTVA was formed after September 11, 2001, when the television stations' digital and analog transmission facilities were destroyed in the collapse of the North Tower of the World Trade Center. The television stations then installed temporary digital and analog transmission facilities on top of the Empire State Building, which is not a sufficiently suitable site for the distribution of digital television signals.

On March 22, 2007, NTIA awarded $7,855,000 as a grant by reimbursement to MTVA for Phase 1 – the Prototype of the distributed transmission system (DTS) – of the grant project. Phase 1, which was completed on June 10, 2008, designed and tested the Prototype system in Brooklyn, NY, and included four distributed transmission sites, 109 outdoor measurement sites, and 23 indoor measurement sites. MTVA prepared a report on the testing and measurement results of the Prototype system, "Field Test Results of the New York City Prototype Distributed Transmission System" and submitted the report to NTIA earlier this month.

NTIA has begun the review of the Prototype system report, and MTVA is now preparing a request for approval to receive $21,645,000 by reimbursement to proceed with Phase 2 of the project. Phase 2 will enable MTVA to complete a full 20-site distributed transmission system in the New York City area in preparation for the digital television transition deadline of February 17, 2009, and for operation of the DTS until the installation of permanent digital antennas on top of the Freedom Tower in approximately 2013.

The full grant by reimbursement for the complete DTS, if the Phase 2 amount is awarded through a cost amendment, is $29,500,000. The DTS is intended to provide adequate digital television signals in the New York City area on a temporary basis, and the results of conducting the testing and measurement of the system and its outdoor and indoor sites will also be beneficial in serving as a model or as a potentially applicable system for similar urban settings.

NTIA looks forward to working with MTVA on this very important project.

Challenges

As with any new program as large, complex and time bound as the Coupon Program, challenges continually arise. NTIA currently faces several such challenges and is working diligently to address them quickly and in a manner that serves the best interests of the American people.

Eligibility of Nursing Home Residents and Persons Utilizing a P.O. Box

One such challenge involves the eligibility of residents of nursing homes and other senior care facilities, as well as persons receiving mail at a P.O. box. Under its existing rules, residents of nursing homes and other senior care facilities are not eligible to receive coupons if they do not have a separate U.S. Postal Service mailing address. On April 24, 2008, NTIA released a Notice of Proposed Rulemaking (NPRM) in which the agency proposed to waive the "eligible household" and application requirements for

individuals residing in nursing homes or other senior-care facilities, subject to certain alternative application requirements.

The Agency also proposed to permit an otherwise eligible household that utilizes a P.O. box for mail receipt to apply for and receive coupons subject to providing satisfactory proof of physical residence, as specified in the proposed rule.

NTIA is reviewing the comments we have received and hope to issue a final rule as expeditiously as possible.

Coupon Delivery Delays

Although the backlog of coupons has been eliminated, NTIA believes that maintaining timely distribution of coupons will remain a challenge. This challenge may become particularly acute if coupon demand rises in the weeks immediately preceding the February 17, 2009 cutoff date. Delivery time is affected by two factors: IBM's coupon creation and activation capacity and the time required for postal delivery. Currently, IBM has increased its production capability beyond what it had originally envisioned. NTIA continues to work closely with our contractor to ensure that coupon requests will be handled timely especially in the crucial last 100 days of the Coupon Program.

The Coupon Program is required by statute to deliver coupons using the U.S. Postal Service. To keep administrative costs down, coupons are mailed by Standard Class, as opposed to the more costly First Class service. Given the statutory three-month expiration date of each coupon and the resulting importance of timely delivery, NTIA is reaching out to the U.S. Postal Service to request that coupon mailings be given priority attention.

Meeting the Needs of Viewers of Class A, Low Power and TV Translator Stations

NTIA, like Congress, is focused on meeting the needs of viewers of Class A, low-power television and television translator stations. Class A, low-power stations are not subject to the February 17, 2009, analog broadcasting cutoff deadline, and viewers of these stations who wish to continue receiving analog broadcasts as well as the new digital signals after that date may choose to get a converter box that includes an analog signal pass-through feature, or may choose to use a two-way splitter. As discussed earlier, NTIA currently has certified 35 boxes with an analog pass-through capability. NTIA highlights boxes with the analog pass-through feature on the Coupon Program's website and in consumer mailings with the coupons. In addition, NTIA has sent helpful information to operators of Class A, low-power television and television translator stations so that they can inform their viewers of the options they have regarding the digital transition. Congress set aside a total of $75 million in auction proceeds to fund two grant programs that will assist eligible Class A, low-power television, and television translator stations to make the transition as quickly and smoothly as possible. The Low-Power Television and Translator Digital-to-Analog Conversion Program will provide

$1,000 to eligible low-power stations that must purchase a digital-to-analog conversion device to convert the incoming digital signal of a full-power television station to analog for transmission on the low-power station's analog channel. To date, 513 grants have been awarded under this program. Applications will be accepted until February 17, 2009.

Stations that operate at less than full power will eventually convert to digital broadcasts. The Low-Power Television and Television Translator Upgrade Program established by Congress directs NTIA to assist this effort through a program that provides $65 million for necessary equipment upgrades to stations in eligible rural communities. To implement this program in a timely manner, a technical correction to the program authorization is required to permit the agency to begin making funds available during Fiscal Year 2009. On July 9, 2008, the House of Representatives passed S. 2607, a bill that would make the necessary technical correction to the Program. NTIA looks forward to working with Congress on the successful implementation of the Low-Power Television and Television Translator Upgrade Program.

NTIA will continue to work with the FCC, industry and the broadcast community to assist low-power television stations and their viewers during the transition to digital broadcasting.

Waste, Fraud and Abuse

NTIA remains vigilant in monitoring for waste, fraud and abuse across all components of the project. The agency also meets regularly with the Inspector General, the Government Accountability Office (GAO) and Department of Commerce auditors to monitor all aspects of the program from coupon request to retailer payment.

To date, no egregious instances of waste, fraud and abuse have been discovered. However, several retailers have been decertified from the program for a variety of violations of program rules. In these cases, NTIA has taken swift action to the extent possible to ensure that retailers remedy any adverse effects suffered by consumers. While the number of decertified retailers is only a very small percentage of the 2,341 actively participating retailers, these instances remind us of the importance of guarding against WFA. NTIA worked closely with the Federal Trade Commission and the FCC to develop a "Consumer Alert" tip sheet, released last month, to provide consumers with information on how to identify and avoid possible coupon abuses. A copy of the FTC Tip Sheet is attached.

We are pleased with the progress that has been made in the first six months of the Coupon Program and we are confident our continued, combined and cooperative efforts with our partners in private industry and the public sector will only add to this success to the benefit of all Americans, as well as other stakeholders such as public safety entities.

Thank you again for this opportunity to testify before you today. I will be happy to answer your questions.

Mr. TOWNS. Right. Thank you very much, Ms. Baker.

Now, Ms. Desai.

STATEMENT OF MONICA SHAH DESAI, CHIEF, MEDIA BUREAU, FEDERAL COMMUNICATIONS COMMISSION

Ms. DESAI. Good morning, Chairman Towns and Congresswoman Clarke.

On behalf of Chairman Martin, we thank you for inviting us here to update you on the status of the digital transition and the FCC's recent efforts in that regard.

The broadcasters are making significant progress in converting their facilities to all-digital. Over 90 percent are broadcasting a digital signal, and nearly 1,000 have completed construction and are providing full service to their viewers. The New York DMA contains 23 full-power stations, and all are currently broadcasting in digital. Thirteen of those stations are already on their final digital channel, and the remaining 10 are in progress to convert to their final channels. They already have their construction permits.

The Commission's DTV-related enforcement efforts have focused on protecting consumers through enforcement of our labeling rules, our tuner requirements, and our V-chip regulations. In addition, as of July 14th, field agents across the country have visited over 1,200 stores, interviewed over 1,100 store managers in 44 States. And, in New York City, we have visited eight stores and conducted seven interviews. To date, we have found that the majority of store managers are well informed of the digital transition and the NTIA converter box program. Our field agents are providing stores with information tip sheets and conducting staff training sessions when we find those are needed.

With a little less than 7 months to go, the industry, consumer groups, and the Commission are actively reaching out to consumers to alert them of the upcoming transition and inform them about the steps that they'll need to take.

According to various surveys this spring, the percentage of consumers aware of the transition has grown to between 84 and 90 percent. Notably, as I think others have mentioned, the survey reported that 89 percent of New York households are aware that the full-power television stations will be switching to an all-digital format.

That the more viewers are aware of the transition is a step in the right direction. But now, we need to focus on making sure that those consumers know what they need to do.

Congresswoman Clarke, you mentioned in the earlier panel, that you would like to look at more creative ways of reaching consumers, various segments of the population. Well, here is a sampling of what we're doing now, and if you've got other ideas and, you know, other things that you'd like us to work on, we would welcome your—both of your suggestions.

The Commission has so far conducted over 1,400 DTV awareness sessions.

Mr. TOWNS. Could you pull the mic just a little closer to you.

Ms. DESAI. Oh, I'm sorry.

Mr. TOWNS. Yeah.

Ms. DESAI. The Commission—is this better?

Mr. TOWNS. Yes, much better.

Ms. CLARKE. Much better.

Ms. DESAI. Oh, OK. Sorry.

The Commission had conducted over 1,400 DTV awareness sessions, attended over 280 conferences and events, held 300 partnership meetings, and made over 6,700 visits to various organizations around the country to disseminate DTV information.

In the New York City area, we have conducted over 50 DTV awareness sessions and attended 10 conferences and events so far.

We have distributed over 5.6 million pages of our DTV publications nationally to individual consumers, consumer agencies, and to organizations.

This month, we are mentioned—and I think you had mentioned wanting to partner with post offices——

Ms. CLARKE. Uh-huh.

Ms. DESAI. We are displaying DTV education posters in all 34,000 post offices across the country, including the post offices in New York City.

In addition, we have distributed another 8,600 posters nationwide, so far.

You mentioned the Department of Motor Vehicles. We have secured commitments so far from 36 States to display DTV materials in their offices.

We have distributed radio PSAs to all of the radio stations in the country, including those in the New York City area.

Currently, TV PSAs are in production. So, we're working on those and hope to get those rolled out soon.

Our outreach efforts, as do the NTIA's, recognize that certain populations are more vulnerable in this transition. Those include seniors, people with disabilities, people with lower incomes, minorities, non-English speakers, those living in the rural and tribal areas. And so, our outreach efforts are particularly focused on those populations.

Just as an example of what we're doing to try to reach—just to illustrate what we're doing with one of those groups, non-English speakers, as well as with minorities, here are some examples: All of our DTV publications are available in Spanish. Also, our most widely DTV one-pager is now available in 18 languages, as well as braille and audio formats. We've brought samples of those, as well the English/Spanish one-pager, as well the Russian one, as well as some in braille. And, if you'd like samples of other languages, we're happy to pass them along to your staff.

We have conducted 15 DTV awareness sessions and attended more than 31 conferences or events, and had 8 partnership meetings, all targeting the Hispanic population. In the New York City area, we have commitments from Casa Puebla, the Puerto Rican Family Institute, the Community Association of Progressive Dominicans, and Alianza Dominicana to distribute DTV educational materials to consumers directly.

We have partnered with Univision across the country. In New York, Univision conducted a presentation for senior citizens in the Berkeley Heights Senior Group.

We're exhibiting and presenting DTV information at conventions and conferences targeting minority communities and umbrella or-

ganizations, such as the National Black Expo, the NAACP Convention in Ohio.

I think you mentioned faith-based organizations. We're working with the National Black Church Initiative to target populations. Like the NTIA, we're working with the Harlem Consumer Education Council, and we have worked with the Rainbow PUSH Wall Street Project Conference, as well.

On May 8th, Chairman Martin announced that Wilmington, NC, would be the first market in the country to make the transition to digital television. The commercial broadcasters serving that market voluntarily agreed to lead the Nation with an early transition date of September 8th. For the past 2 months, we've been working with the local broadcasters, NTIA, industry and community groups to prepare for the early transition.

This test market will provide us all with an opportunity to assess the effectiveness of our outreach and technical efforts. And so, it will be very important and helpful in preparing us for the nationwide transition in February.

In conclusion, the Commission is devoting significant resources to facilitate a smooth transition. Nearly every bureau and office at the Commission has been involved in this effort, including our field offices across the country.

We intend to take whatever actions are necessary to minimize the potential burden the transition could impose, and maximize the consumers' ability to benefit from it.

Thank you. I'd be happy to take questions.

[The prepared statement of Ms. Desai follows:]

Written
Statement
Of

Monica Shah Desai
Chief of the Media Bureau
Federal Communications Commission

Before the
Subcommittee on Government Management,
Organization and Procurement, Committee on
Oversight and Government Reform
U.S. House of Representatives

July 18, 2008

Good morning Chairman Towns, Members of the Subcommittee, and Members of the New York City Delegation.

On behalf of Chairman Martin, thank you for inviting us here today to update you on the status of the digital transition.

As mandated by Congress, on February 17, 2009, all full power television stations in this country will stop broadcasting in analog, and broadcast exclusively in digital.

The DTV transition will provide television viewers with movie-quality picture and sound and potentially new programming choices. It also will allow us to significantly improve public safety communications. Finally, the transition will usher in a new era of advanced wireless services such as the widespread deployment of wireless broadband.

A successful digital transition will depend upon minimizing the burdens placed on consumers and maximizing their ability to benefit from it. I'd like now to update you on our recent regulatory actions and education efforts.

UPDATE ON BROADCASTERS TRANSITION TO DIGITAL

The broadcasters are making significant progress in converting their facilities to all-digital. Over 90% are broadcasting a digital signal and nearly 1000 have completed construction and are providing full service to their viewers.

We have adopted the final DTV table of allotments, which has provided all licensees with a final digital channel.

We have adopted the technical procedures and rules to guide broadcasters through the end of the transition. Thanks to the staff's efficient processing of construction permits, in May we were able to begin accepting applications to expand DTV service areas twelve weeks ahead of schedule.

UPDATE ON BROADCASTERS TRANSITION TO DIGITAL IN NY DMA

The New York DMA contains 23 Full Service Television Stations and all are currently broadcasting digitally. Thirteen of these stations are operating their Post-Transition facilities. The remaining 10 stations have received construction permits for Post-Transition operation.

Full power broadcasters are required to file quarterly reports on all mandatory and voluntary outreach efforts. Cumulatively, for the nation, the information provided in those forms indicate that during the last quarter stations have broadcast a total of 632,677 Public Service Announcements and 520,652 crawls, snipes and tickers.

During the last Quarter, the 23 full power television stations of the New York DMA ran a total of 3,315 crawls, snipes, and tickers and 4,534 public service announcements educating consumers about the digital television transition. Additionally, these stations ran a total of 31, 30 minute DTV related informational programs.

ENFORCEMENT

The Commission's DTV-related enforcement efforts have focused on protecting consumers through enforcement of our rules as this transition takes place.

As of July 14, 2008, FCC personnel have reviewed 4592 retail stores and 37 websites, including 24 stores in New York City, to assess their compliance with the Commission's rules requiring labels on analog-only television receivers.

We have issued 365 citations for failing to comply with our labeling rules. Since October 2007, we have released NALs or consent decrees against 20 retailers, totaling more than $4.7 million.

We recently fined three companies for violating our prohibition against importing and shipping analog-only television receivers and equipment. Two of the companies have already paid $421,550 combined; the other has been referred to the Department of Justice for collection.

We have released three NALs and eight consent decrees for TVs with digital tuners that do not comply with the V-Chip regulations. To date, the Commission has assessed more than $4.8 million in forfeitures and voluntary contributions in V-Chip-related enforcement actions.

Finally, as of July 14, 2008, field agents across the country have visited 1275 stores and interviewed 1140 store managers in 44 states. In New York City, we have visited eight stores and conducted seven interviews. To date, we have found that the majority of store managers are well-informed of the digital transition and the NTIA converter box program. Our field agents are providing stores with information tip sheets and conducting staff training sessions as needed.

CONSUMER EDUCATION AND OUTREACH

With a little less than seven months to go, the industry and the Commission are actively reaching out to consumers to alert them of the coming transition and inform them about the steps they will need to take. I commend the industry for the consumer education campaigns that they have initiated.

CEA, NAB and APTS have all reported significant increases in the percentage of consumers aware of the DTV transition—from around 40% in 2006 and the beginning of 2007 to 75-80% in January of this year.

More recently, according to various surveys this spring, the percentage of consumers aware of the DTV transition had grown to between 84% and 90%. Notably, NAB recently released a poll that shows most consumers in New York know about the nationwide switch to digital television. Specifically, the survey reported 89 percent of New York households were aware that full-power television stations will be switching their broadcast signals and programming to an all-digital format.

That more viewers are aware of the transition is a step in the right direction. Now we need to focus on making sure they know what they need to do.

A recent Consumers Union survey found that 64% of consumers were aware of the transition, but 74% had "major misconceptions" about its impact on them. These types of surveys are useful in helping us identify how we need to focus resources.

Here are just a few statistics on the status of our education campaign.

- The Commission has conducted over 1,400 DTV Awareness sessions, attended more than 280 conferences and events, held over 300 partnership meetings, and made over 6,700 visits to various organizations around the country to disseminate DTV information.

- In the New York City area, we have conducted over 50 DTV Awareness sessions, attended 10 conferences and events, conducted 9 media interviews, and made about 240 visits to various organizations statewide to disseminate DTV information.

- Over 5.6 million pages of our DTV publications have been distributed to individual consumers and to consumer agencies and organizations nationwide.

- We have distributed over 8,600 posters nationwide. This month, we are displaying DTV education posters in all 34,000 post offices across the nation, including all post offices in the New York City area.

- We have secured commitments from 36 states to display DTV materials in 1100 Department of Motor Vehicle locations.

- We have distributed radio PSAs to all the radio stations in the country, including those in NY.

The FCC's consumer outreach effort recognizes that some consumers will be disproportionately impacted by the transition, or are harder to reach than the general population.

For instance, we have placed special emphasis on reaching seniors. Through the work of our field agents, we have distributed information to 4,435 senior centers and almost 2,204 community centers nationwide, including about 240 senior and community centers in New York. We have given over 1,000 presentations nationwide, including 50 in the New York City area. We also have commitments from the New York City Department for the Aging and the New York State Department of Health to include information about the DTV Transition on their websites and in their newsletters.

We are working closely with the AARP and other senior organizations, presenting at their conferences and participating in interviews with their media.

We are also taking extra steps to reach non-English speakers and minorities, who disproportionately rely on over-the-air television reception.

- All of our DTV publications are available in Spanish. Also our most widely distributed DTV one-pager is now available in 18 languages: English, Spanish, Chinese, French, Korean, Russian, Tagalog, Vietnamese, Hmong, Japanese, Arabic, Cambodian, Navajo, Somali, Amharic, Yupik, Portuguese and Laotian, as well as Braille and audio formats.

- We have conducted 15 DTV Awareness sessions, attended more than 21 conferences or events, had 8 partnership meetings, and made about 72 visits to various organizations all specifically targeting the Hispanic population. In the New York City area, we have commitments from Casa Puebla, the Puerto Rican Family Institute, the Community Association of Progressive Dominicans, and Alianza Dominicana to distribute DTV educational materials to consumers.

- We have partnered with Univision to educate its Spanish-speaking audience, including outreach activities specifically targeted at seniors in the Hispanic community. For example, in New York, Univision conducted a presentation for senior citizens at the Berkeley Heights Senior Group. Similarly we have partnered with the US Hispanic Chamber of Commerce which will be conducting DTV awareness sessions with local chambers around the country. Recently, the FCC has participated in the League of United Latin American Citizens national conference and the National Council of La Raza's national conference.

- We are exhibiting and presenting DTV information at conventions and conferences targeting minority communities and umbrella organizations such as the Houston Black Expo, the Indiana Black Expo, and the National Black Expo 2008 (Oakland, CA), the NAACP Convention in Cincinnati, OH, and the National Urban League Conference in Orlando, FL. In addition, the Commission is partnering with the leadership of the National Black Church Initiative to target outreach activities in predominantly African-American

communities. The Commission is also partnering with the Harlem Consumer Education Council (HCEC) to educate both African-American and Spanish Harlem consumers at HCEC DTV outreach events. Earlier this year, the Commission conducted outreach at the Rainbow PUSH Wall Street Project Conference, in New York City.

Low-income households also generally rely more on over-the-air television signals due to the high costs of paid subscription services. One way we are reaching these consumers is through our partnership with the Department of Health and Human Services. Several HHS agencies disseminate DTV material to consumers eligible for their services.

One step we have taken to target rural viewers has been to place DTV transition materials at state and county fairs throughout the country. We will be disseminating transition materials to 193 state and county fairs in 26 states, including the New York State Fair next month in Syracuse.

Regarding people with disabilities, Commission staff regularly attends targeted conferences and events to distribute DTV educational materials that will reach this vulnerable population. For example, the FCC has attended and provided DTV materials at the National Black Deaf Advocates Conference, the Vocational and Educational Services for Individuals with Disabilities Conference, and the Emergency Planning and Response for Special Needs and Disabilities Conference. We have recently attended the American Council of the Blind Annual Conference, the National Association of the Deaf Biennial Conference, and the Summer Quarterly Meeting of the National Council on Disabilities and discussed the DTV transition. Our website, www.DTV.gov, features a DTV educational video in American Sign Language. Our most commonly utilized publications are available in Braille and audio format and all of our fact sheets and advisories are available in large print. In addition, we have two specific publications addressing DTV and closed captioning as well as a publication addressing video description.

THE EARLY TRANSITION IN WILMINGTON, NORTH CAROLINA

On May 8th, Chairman Martin announced that Wilmington, North Carolina would be the first market in the country to make the transition to digital television. The commercial broadcasters serving Wilmington voluntarily agreed to lead the nation with an early transition date of September 8th. For the past two months, we have been working with the local broadcasters, NTIA, and industry and community groups to prepare for the early transition.

This test market will provide the FCC, NTIA, broadcasters and other key stakeholders an opportunity to assess the effectiveness of our outreach and technical efforts. The Wilmington market will be important in helping prepare for the nation's transition in February.

CONCLUSION

In conclusion, the Commission is devoting significant resources to facilitating a smooth transition. Nearly every Bureau and Office at the Commission has been involved in this effort including our field offices throughout the country.

We intend to take whatever actions are necessary to minimize the potential burden the digital transition could impose on consumers and maximize their ability to benefit from it.

The next two months for Wilmington, North Carolina and seven months for the rest of the country will undoubtedly be challenging. Nevertheless, it is my hope that through the combined efforts of government, industry and advocacy groups American consumers will reap the rewards that the digital transition has to offer.

Mr. TOWNS. Thank you very, very much. I want to thank both of you for your testimony.

But, let me just sort of raise some issues that, you know, I'm really concerned about. Because I think that as we move forward, you know, and I'm happy to know that at least there is a test project in Wilmington, NC. I thought that was wise. I want you to know that I really, really salute them and applaud them for, you know, doing that, in terms of having a small pilot program just to try to work some of the bugs out.

But, let me just raise this question. I know that the voucher lasts for 90 days. You know I'm thinking about that seniors, you know, after 50 or 60 days, 65 or 70 days, they go into the hospital. Then, they have their voucher. When they come out of the hospital, the voucher has expired.

How do you deal with a situation like that? Because, you know, I just can envision, you know, these kind of things happening. And, of course—and, when this occurs, they're going to come to Congresswoman Yvette Clarke's office, and they're going to come to my office, you know, and the voucher has expired.

So, is there any way that it can be recycled, or a letter could go in, to ask for an extension, or any kind of telephone call to you, that would allow you to extend the time?

Ms. BAKER. I share your concerns. And, I am very sympathetic to this particular issue.

We have worked with our general counsel, and we do—the 90—first of all the 90-days is statutory. But, it's a useful tracking device for us, so that we know how much money we have left on the coupon program.

One thing that we did to try and help this problem, is that the coupons are transferable. So, if a friend, or a family, or a neighbor, if your coupon expires, someone can help you and actually transfer—give you their coupon. While it's illegal to sell them, they are transferable.

So, we are encouraging those who have expired coupons to turn to friends, and neighbors, and church groups for assistance in this—in getting another coupon.

Also, if you only have one coupon, you can go back in and get another one. If you just ordered one to start off with, you can also go and ask for another coupon, and you'll receive the second coupon.

Mr. TOWNS. The reason I raise this is that, if the coupon would, you know, pay for the entire converter box, then I don't think it would be a problem. But, you will have people waiting for their check in order to be able to go to buy a converter box. Because, after all, they have to put money with the coupon. And then, in the process of that, getting ill, or the process, I mean, so I just think that we need to try to come up with some kind of—I understand it's statutory, but my point is that we need to look at some ways that we might be able to—to assist them. Because, you know, inasmuch as, you know, they're not going to get the coupon and go that day, and—and buy the converter box.

And some people really will have difficulty getting that converter box, you know, because of the fact that they just don't have any extra money. And, the converter boxes that anybody that goes to

get the converter box, not—I mean, who have income, that does not affect them in any kind of way. But, there are some folks that are really going to have problems putting together the resources to get that converter box.

Have you thought about, you know, something that might be done for them? Because, if you give the coupon away, it still doesn't solve your problem.

Ms. BAKER. Again, I am sympathetic. And, I think part of our outreach is to trusted intermediaries of people who work with vulnerable groups, and we've been working to get the message out that they are transferable and that people should look out for, you know, their—our vulnerable groups, really, as Monica mentioned—we share them. The elderly, the disabled, the rural, the low-income, and the minorities. So particularly in these groups, where we're working so hard on consumer education, I think getting the word out that these coupons are transferable and that you—this is something that America really needs to join together and help each other make this transition is—is the word that we are trying to get out.

Mr. TOWNS. Uh-huh.

Ms. BAKER. And also, we have changed our messaging to make sure that people know use your coupon now, don't wait. You know, when you get it, do your homework, and go get your converter box.

Mr. TOWNS. How will we get feedback from the Wilmington project.

You know, how would we know of some of the problems that you've encountered? How will that be shared?

Ms. DESAI. Well, you know, we are going through that process now. And we're going to be evaluating as things progress, in making adjustments or publications, adjustments to our Web site. And so, we're reacting, you know, now to what's going on in Wilmington.

And, we anticipate that, at the end of the project—September 8th is when the switch will happen in Wilmington—we'll be able to more comprehensively provide information to everyone about lessons learned and, how we should adjust for the nationwide transition.

But, it will be at some point after September 8th.

Mr. TOWNS. Uh-huh. I yield to my colleague, Yvette Clarke.

Ms. CLARKE. Thank you, Congressman Towns.

I want to tell you that I share your concern about the logistical challenges. We understand that there is a 90-day statutory expiration, but I think within that we're going to have to look at some creativity, because there are going to be unintended consequences of having that 90-day deadline once you actually receive the coupon. And, there are things that you just can anticipate.

Every individual human being is going to have a different reaction, to why they have actually gone and gotten the coupon to begin with. That may be driven by the educational campaigns and so, the educational campaigns are key here.

Once someone gets or then says they want a coupon, the assumption then is that they have the commensurate dollars to add to the coupon to go ahead and then get the converter box. That may not

be the case for everyone, based on how the education campaign is, if there is a pressure building because things are about to change.

I'll give you an example. I remember when the Nation was preparing for the year 2000. And, the whole issue of what's going to happen with computers, and things of that nature. And then, we were all asked to sort of get certain provisions in our home, in case, you know, something—Y2K. Remember that? Does everyone remember Y2K?

Well, I'll tell you. In my head, I'm saying, yeah, yeah, yeah, this is all hyped up, Y2K. And, I knew this instinctively, intuitively, but there was this energy in the community around Y2K. And, I can remember going to the supermarket at, like, midnight, and getting the last two bottles of water that were on the shelf. True story. True story.

We wake up the next day and it's, like, yeah, 2000, whatever. Hey, that's not going to be the case with these converter boxes. I think that once the coupon expires, that's when the panic starts.

And so, we have to look at those 90 days and how creatively we can educate, inform, get those partnerships going, as you said. The people who would have to transfer over. I mean, that's real logistics.

And, I don't know, in terms of the partnership with IBM, how far it goes in terms of tracking what they put out. Is there something built in that, in 30 days, that could indicate to IBM and, therefore, NTIA, that a coupon has not been used yet? That's my first question.

Ms. BAKER. Yes, yes, absolutely.

Ms. CLARKE. OK.

Ms. BAKER. We track it, because some people are making other—they're making the transition in other ways. They are buying—they might be buying a digital television. They might be getting a pay service. I mean, some of the expiration—they might decide—they might have been a cable customer that didn't understand that they didn't need a coupon or a box.

Ms. CLARKE. And so, IBM would be able to tell you if someone applied for a coupon but has not used it in the past 30 days.

Ms. BAKER. Yes.

Ms. CLARKE. OK. Is there something put in place that could then alert that person, that their coupon will expire in 60 days if they don't use it soon? Do we have something like that built in? A notification process, something that would flag it for that person.

Ms. BAKER. I think it's a very interesting idea. IBM can do it, but——

Ms. CLARKE. That's within the statute time, you know, if we dig outside——

Ms. BAKER [continuing]. IBM can do it. I think it's the cost.

Ms. CLARKE [continuing]. The box. Yeah, we're thinking about the cost, but the cost to Americans if they don't move could be even more tremendous, right? There could be issues of commerce, healthcare, a whole bunch of things that are implied with this.

So, you know, I don't know if it's possible, but I'm just thinking, that we have to think about what we can do logistically, within those 90 days, to bring some awareness, and education, and focus to, you know, what not using the coupon could mean.

Because when the 90 days expires, you don't want people feeling desperate, because their coupon has expired, and some guy comes up to them and says, "I've got coupons." You know what I'm saying?

Next, the instinct of the human being is, "Man, my coupon ran out. I have no other alternative. This guy's got coupons." It opens up the door for some other unintended consequences.

So, I'm urging that we look at how creative we can be with the statute. And, I understand cost, but I think the cost is going to be more if, at the end of the day, people are just caught, blind-sided, notwithstanding the fact that they applied for it themselves. It's just the pressure of the environment that's going to be created around it, along with whether they used it or not.

Ms. BAKER. I'd be happy to look into it, and come back and visit with you about that.

Mr. TOWNS. Let—let me——

Ms. CLARKE. Thank you very much, Ms. Baker. I yield back to the chairman.

Mr. TOWNS. Oh, you yield back.

Ms. CLARKE. Uh-huh.

Mr. TOWNS. OK. Well, let me just add to that, that what if there's a shortage in early February, due to high demand, that they—there's no converter boxes available? I mean, how would you handle that situation?

I'm sort of adding, as you get back to her, you can sort of put that on it, too. Because, I think that if there is a high demand, and people go and they purchase all the converter boxes, here I have a voucher, and no converter boxes. You know, just like people running around now with vouchers, and no apartments, you know, and they've got a voucher.

Ms. CLARKE. Uh-huh.

Mr. TOWNS. But, the point of that—there is no apartment, so therefore what good does your voucher do.

And so, I'm saying that if there is a great demand and then there's no converter boxes, and I have my voucher but, I can't get a converter box, and then it's sitting and it expires, and then I'm stuck. I mean, I think we need to sort of look at that.

And, I'm hoping that the Wilmington situation will give an opportunity for you to focus on it, because I think that there is a lot of things that we need to address. And, I really feel that there needs to be a little more flexibility because this is major, you know, I mean, it is major. And, I can envision people waking up, and all of a sudden they're seeing cotton, you know, on their televisions, you know? And that's going to be, I mean, very chaotic, you know?

And, I guess while I'm on that issue now, I know you had a sort of negative experience in Puerto Rico. Do you want to just share that with us for a minute?

Ms. BAKER. Yeah, I'd be happy to. It's worth—it's an interesting situation. I'll share the concerns in Puerto Rico.

Puerto Rico, at 39 percent over-the-air, has the highest percentage of over-the-air households of any market. There are 4.1 percent here in New York.

These consumers are taking action, which is good, so that they—due to the strong consumer education campaign that's been under

way amongst the broadcaster and consumer groups. Puerto Rico also has the highest household participation rate of any market in the coupon program. Over 50 percent of Puerto Rico households have requested coupons.

So, we're very aware of the Puerto Rico converter box inventory situation, and we've taken actions to assist the consumers. We've directed our retailer support system to reach out to the retailers which are in Puerto Rico, to alert them of the consumer concerns, and to encourage them to stock additional boxes.

We have communicated with the high-level government officials, including the Representatives of the Commonwealth of Puerto Rico, as well as the Small Business Committee, Chairman Velasquez's staff, regarding the need for retailers to meet the strong demand in Puerto Rico.

We're providing real time request data and redemption data to all officials, retailers, and the community, so that they can get converter boxes into the areas that are requesting coupons.

We have made all coupon program information available in Spanish. And consumers can also apply for the coupons via Web or the toll free number, which can also get you a live Spanish operator. So, we've actually increased our Spanish language operators, as well.

The result of the actions is that the retailers have responded to the consumers' needs. And, in fact—for example, in the past 10 days, 60,000 coupons have been redeemed in Puerto Rico. They're averaging 20,000 a week. And, just putting that in perspective, in Puerto Rico, 225,000 coupons have been redeemed; and here in New York, 175,000 coupons have been redeemed. So, there's just a very high demand in Puerto Rico, and we hope that the steps that we are taking have been helping to address the situation.

Mr. TOWNS. All right. I guess my question is this: How often are you in contact with the retailers regarding the TV converter box coupon program? Is there some kind of dialog that you're having with them, you know, so they will manufacture enough or make certain that they're there, based on the amount of coupon requests that you have.

Is there any kind of discussions? Because, it would seem to me that there is a little disconnect.

Ms. BAKER. We're—we're in constant discussions with the retailers regarding the coupon program. We have, actually, as part our IBM team, we have a retail support center, CLC—Corporate Lodging Consultants—which provides a range of retailer services. They include a toll free number and a Web site. And so, there's a variety of tools and useful materials, that the retailers can get and we can answer the retailers' questions.

We also are monitoring the retailer performance to make sure that their ability to assist customers is at the highest level. We just finished a secret shopper exercise, with almost 600 secret shoppers. And, we revealed that 90 percent of the retail staff are very knowledgeable about the coupon program.

So, we are providing them, again, as much information as we can, transparent information about the ZIP Code data that the coupons are being requested, so that they can manage their inventories.

And it appears from the redemption rates at this point that consumers are finding boxes.

Mr. TOWNS. Good. Congresswoman.

Ms. CLARKE. Sure. Ms. Baker, I'm concerned about how we monitor the program. I'm sure there are lessons being learned in Puerto Rico, as we speak, and then how that transfers to other territories, like the Virgin Islands and Guam, States like, you know, Alaska and Hawaii.

You know, I think that there certainly has to be a major push or incentive for retailers, suppliers, wholesalers to really—I mean, I know it's a supply and-demand issue, but if we don't anticipate that there's going to be a rush for these boxes, then we are not going to be successful in what we're trying to achieve.

And, if there's a shortage at the end of the day, when that rush comes, you know, we're going to be inundated with, you know, why didn't we gear up, why didn't we get enough, you know, of these converter boxes?

There has to be a monitoring mechanism, and I understand that it sort of works with the ebbs and flows of this process until we get to the date. But, I really hope that NTIA is, you know, having really great conversations with those who are supplying these, whether it's on the back end, where they're being manufactured, or on the, you know, front end, where they're going to be handed over to the consumer. Because, we're asking people to put a lot of confidence in us.

Sending a coupon that's government backed, you know what I'm saying? It says to the consumer, you know, "We're with you and we're helping you with this transition." If at the end of the day their coupon expires, because they haven't been able to find a box, or they're on a waiting list for a box, or something of that nature, we're going to get slammed for that. You know, we're really going to get slammed for that.

So, you know, my question to you is, has NTIA worked out some sort of working arrangement with the manufacturers, wholesalers, retailers in this process, to look at what it would take to amp up production to get these here to us, in stock, in a timely manner?

Ms. BAKER. We have a constant dialog with the manufacturers and the retailers. What we have not found is any systematic, long-term, or region-wide shortage of boxes at this time. And we have, you know—and we know what's coming in, and we feel pretty confident that the—from the—you know, our stream of coupons that have been applied for is really constant. It is 104,000 a day. Sometimes, 105. Sometimes, 103. But it's been a very constant application for the coupons received thus far.

So, we're sharing all of that information. We're sharing it geographically with the retailers and the manufacturers. And, I encourage all of us to, you know, tell them how important it is. I think the retailers understand that. They understand now the popularity of the program and have the boxes to supply.

But, I agree with you that we need to continue to have this dialog. It's very important to——

Ms. CLARKE. And, just sort of——

Ms. BAKER [continuing]. Have that be——

Ms. CLARKE [continuing]. Monitor it, be very closely monitoring it, you know, the trends, in terms of the coupon requests.

Ms. Desai, you know, I listened to your testimony and it looks as though brilliant minds think alike. [Laughter.]

I want to ask you about how our congressional offices actually tie into what you've asked, and what you've already started. You know, in a place like New York City, in a District like mine. I have such a diversity of communities, extremely diverse, many for whom English is not their first language, many of whom, you know, may interact outside of their communities very infrequently.

Have you, I guess, sort of looked for liaisons in various—in all of the ethnic communities? Or is it something that my office and Congressman Towns' office, and other congressional Representatives should be working with you to identify?

Ms. DESAI. We would be——

Ms. CLARKE. I don't want anyone to be left out of this. I can go to Bangladesh, Pakistan, Israel, Jamaica, Haiti, in 1 day in my District.

Ms. DESAI. And, we would be thrilled to get your help in that effort. We have been working with community organizations. As you've heard, we've worked with national government agencies, as well as State and local governments. But, we would be thrilled to get more help and work more closely with your office and those of other congressional offices.

Some of the things that you can do, and that we can help you with include distributing publications to constituents. If you need publications in additional languages, let us know, and we will work with you.

We've been working to get publications translated into different languages. For example, in working with the tribal communities, we learned that it would be helpful to have a publication in Navajo. So, we got one and translated it to Navajo.

And, you know, as we move forward, we learn new things and we try to respond. And so, if there are other languages that would be helpful, please let us know, and we'll work with you.

Ms. CLARKE. OK.

Ms. DESAI. So maybe you can—if you know—if you can tell us which organizations in your District will help us distribute publications, great. We'll send those publications to those organizations, and we'll be thrilled if they would distribute them.

If you'd like to hold a town hall meeting, we can certainly help you with that. We've done some—like teletalk town hall meetings in some Districts, where we've had our staff available on the phone to answer questions, and we've had leadership of different organizations on the call. We've had just regular consumers on those calls, as well.

We can coordinate briefings, you know, with the caucuses that you're involved with. And, if you'd like to link to our Web site, I think we encourage—I think pretty much most of the congressional offices have a link to our Web site.

And, you can contact our Office of Legislative Affairs for any additional information that you'd like, any publications that you'd like.

Ms. CLARKE. Well, in closing, Mr. Chairman, I just want to, you know, make sure that it's on the record that this office is available to our congressional Members and that we really fully need to be informed of the process by which the transition takes place, that we have the intelligence on the ground about where people would probably have the most difficulty.

And, I would certainly look forward to working with you. We are on recess in August. I think that's a good time to ramp up in many of those communities, and I look forward to working with you.

I want to thank you for your testimony, Ms. Baker and Ms. Desai. Thank you.

Ms. BAKER. Thank you.

Ms. DESAI. Thank you.

Mr. TOWNS. Thank you very much. And, let me just put it this way: Why should New Yorkers be excited about this transition? I mean, why.

Ms. DESAI. Well, you know, I mean, the digital transition brings opportunities for better picture quality, better quality sound. It helps the—you know, we're clearing up the airwaves so that we can—the spectrum, so that we can get better public safety communications, better coordination among the public safety services, more advanced wireless services, as well.

But potentially more programming choices, as well as broadcasters have the ability to broadcast multiple programming on their screens.

Mr. TOWNS. Yes, go ahead.

Ms. BAKER. Well, I do think if anybody that's in the audience wants to take a look at it, the digital programming speaks for itself. I think, on the analog television, you're receiving 2 fuzzy pictures over there, and in the digital I think you've got over 10. So, I think the picture speaks for itself for consumers, with the clear picture and more programming.

But, it is really important, and when we've done our consumer groups, this is inconvenient for people and though they might end up with a better television reception, it still is going to be a problem, and it's inconvenience.

But, what Monica said is very important. Twenty-four megahertz of the spectrum is going to public safety interoperability.

Mr. TOWNS. Right.

Ms. BAKER. So then your firefighters are going to be able to talk to your policemen in an event. And I think here in New York City that resonates, that people are willing to make the sacrifice of getting a coupon and getting a converter box if it's going to help our public safety interoperability.

So, it's really going to make our Nation stronger, though, as far as competitiveness goes in the next generation of advanced wireless services, but really importantly for our interoperability.

Mr. TOWNS. Right. Let me thank both of you for your testimony. But, I would say to you that we still have a long way to go, in order to get the word out to people.

And, of course, I think that we have an obligation and a responsibility to do that. Whatever we can do to assist you, in terms of getting that out, you know, and I say this, you know, that maybe more resources might need to go into the outreach, in terms of the

education process, to make certain that people are really aware of the fact what's going on, you know?

And, once they know that, a lot of people, I think, will cooperate and help you get the word out. But people, the only thing they know is the transition, and they're not familiar in terms of, you know, how it frees up, in terms of emergency numbers and service. I mean, they—once they hear that, you know, you'll find that they can help us get the word out. These are people who are concerned, committed, heads of organizations, heads of agencies could help us, you know, spread the word.

So, I want you to know that whatever we can do to assist you in that effort, we stand ready to do it, because it's going to be a situation that once it happens, you know, we're going to find a lot of people that had no knowledge of it. And, that's where we have to work together, to make certain that they do have information.

So, we'll probably be calling you back for town hall meetings, you know, to—and basically town hall meetings would be to get people that will be able to help us spread the word, you know, that might not even need a converter box, but will help us to be able to get the word out to people that might need a converter box. And, I think that is crucial.

So, I want to thank my colleague, too, Yvette Clarke, for coming today. And of course you, Ms. Baker, for your testimony, Ms. Desai, for your testimony. And again, I stand ready to work with you.

On that note, the committee stands adjourned.

[Whereupon, at 12:30 p.m., the subcommittee was adjourned.]