

**OVERSIGHT OF THE DTV TRANSITION:
COUNTDOWN TO FEBRUARY 2009**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

SEPTEMBER 23, 2008

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ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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OVERSIGHT OF THE DTV TRANSITION: COUNTDOWN TO FEBRUARY 2009

TUESDAY, SEPTEMBER 23, 2008

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 2:36 p.m., in room SR-253, Russell Senate Office Building, Hon. Daniel K. Inouye, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. DANIEL K. INOUE, U.S. SENATOR FROM HAWAII

The CHAIRMAN. I realize that I am the only one here, but as you know, our Nation is faced with a very, very serious financial crisis, and both parties have their Senators in conferences at this moment. I excused myself from one of those because I do not want to have you waiting too long. But we may not have a full Committee here.

But this DTV transition, which is scheduled for February 17 next year, is less than 5 months away. And for the past 18 months, Members of this Committee have been consistent in expressing their concern that the transition to digital television has not received enough attention or resources to ensure its success. And while Federal agencies and the industry have stepped up their efforts, I continue to be concerned that we are not fully prepared for the flood of coupon requests and calls that we can expect just before the transition or after the transition.

The transition is taking place for the best of public policy reasons. Once the transition is complete, we will free up needed spectrum for emergency first responders to use to better serve and protect the American people. In addition, consumers will have higher quality pictures and sound and hopefully more channels to choose from.

And February 17 will be the 29th day of the next Administration. The transition has the potential to cause serious disruption, not just to consumers, but to a new President who is just getting acquainted to the Oval Office. Neither President Obama nor President McCain should have to deal with a failed transition soon after coming into office.

I am deeply concerned that the benefits of the transition may be overshadowed by poor implementation. As the recent tests in Wilmington, North Carolina demonstrated, even with a Herculean investment of time and resources that will be impossible to replicate throughout the rest of the country, consumers made thousands of

phone calls seeking help with various aspects of the transition. On a national level, this may translate to millions of calls. Unless more is done, February 17, 18, and 19 will be very, very long days, indeed.

We have limited resources, limited time, but I hope to hear from our witnesses today the creative ideas they have to overcome these limitations and their plans to address the potential flood of calls, questions, and coupon requests around the date of the transition. And I can tell you that Members of the Congress are beginning to receive calls now.

These are immediate and significant challenges and we must find a way to overcome them. I urge the Federal Communications Commission and the National Telecommunications Information Administration to make this transition a high priority and not let attention be diverted by pursuing contentious proceedings. As the current Administration winds down, both agencies must remain vigilant so that the next Administration does not inherit a communications crisis. We have too many crises facing us at this moment.

So with that, I would like to thank all the witnesses for joining us today, and may I call upon our first witness, the Chairman of the Federal Communications Commission, the Honorable Kevin Martin?

**STATEMENT OF HON. KEVIN J. MARTIN, CHAIRMAN,
FEDERAL COMMUNICATIONS COMMISSION**

Mr. MARTIN. Good afternoon and thank you, Chairman Inouye, for inviting me to be here and for continuing to update you on the status of the digital transition.

With the national transition about five months away, much remains to be done. At the same time, since I last appeared before you, we have continued to make progress educating viewers and helping them prepare for the upcoming transition. In particular, in addition to our ongoing consumer and education efforts, we have recently gained real-world experience with the challenges facing viewers and broadcasters as we approach next February.

On September 8, Wilmington, North Carolina, became the first market in the country to transition from analog to digital television.

Before I go into the details of the Wilmington transition, I would like to start by thanking Commissioner Copps for challenging me and the industry to find a community that would be willing to help the rest of the country lead this transition. Commissioner Copps deserves credit for urging the Commission to engage in a real-world test that would help the broadcasters, viewers, and us prepare for the upcoming transition.

May I also take a moment to thank Mayor Saffo and the entire Wilmington community. I know you will be hearing from him directly in a few moments, but it was the community's efforts that really made this transition possible in Wilmington.

The Wilmington switch-over was critically important because it enabled us to learn what was effective in informing and preparing viewers and broadcasters for the transition. And, equally important, it helped us identify what outreach and technical challenges still need to be addressed in the months ahead.

While we hope that the transition in Wilmington went relatively smoothly, the measure of success in Wilmington is not what occurred earlier this month. The measure of success in Wilmington is what happens next February and whether we are able to learn from the experience and apply those lessons as we move this effort across the country.

Now, importantly, the consumer education campaign that was conducted appears to have been effective. Consumer calls received by the Commission at its call center indicated that a vast majority of the 400,000 television viewers in the Wilmington area were aware of the transition and prepared for it. As of last Friday, we had received 2,272 calls regarding the Wilmington test, representing only about 1.2 percent of the Wilmington households. During that same timeframe, following the switch-over, only 100 callers said they were unaware of the transition, and 186 callers said they were aware but did not take any action to prepare for it.

So, though our consumer education effort appears to have been effective, our focus now needs to turn to resolving several of the technical challenges. Some of these challenges are easily resolved and others are not.

With respect to the callers who were experiencing difficulty following the switch, I have directed our engineers and our outreach staff to work directly with these viewers and assist them in resolving their individual questions and needs.

For example, as of last Friday, there were 341 calls to our help line about converter box problems. Thanks to the Commission staff, almost 90 percent of these, almost 300 of the 341 calls that came in, have been resolved. Many of these solutions were very simple. Consumers needed to rescan for channels on their television set or on their converter box or properly hook up their converter box to the television. On a going-forward basis, our consumer education efforts are going to need to better instruct consumers about how to effectively hook up their box and how to rescan.

Unfortunately, some viewers are experiencing problems that will not be as easy for us to resolve. For example, there are a number of consumers in the Wilmington area that have lost access to the Wilmington NBC affiliate. Prior to the digital switch, the Wilmington NBC affiliate was available to viewers outside the television market as far south as Myrtle Beach and as far north as Raleigh, North Carolina. The Wilmington NBC affiliate's coverage area after the switch no longer includes viewers outside its main market. Some of these viewers will be able to watch their local NBC affiliate in Myrtle Beach and Raleigh. There are some, however, that will not have access to any NBC affiliate.

Our goal is to ensure that all viewers in the Wilmington area and ultimately across the country have access to the same television signals they did prior to the transition. The Commission is currently exploring what steps can be taken to address this problem in Wilmington and to help minimize the burden on viewers throughout the country.

Finally, relatively few consumers lost their broadcast channels as a result of the cliff effect. Only about 15 percent of viewers receive their signals over the air. In the past, I have estimated that less than 1 percent of all viewers would need a new antenna due to the

digital cliff effect. The data from Wilmington suggests a similar outcome. We received approximately 549 calls from viewers experiencing antenna or reception issues and were able to resolve approximately 139 of them by asking them to rescan or to adjust their antenna's direction. Only 410 calls, or about .22 percent of the Wilmington households, were potentially experiencing this digital cliff effect. In short, for stations whose DTV coverage signal was designed to replicate their analog coverage signal, complaints about the potential cliff effect were well below our estimate of one percent.

The early switch to digital in Wilmington has been instrumental in helping the Commission to identify, understand, and hopefully prevent some of these future problems when the rest of the Nation transitions in February.

And, finally, one of the fundamental lessons learned in Wilmington is the importance of educating consumers at a grassroots level. To this end, last month I announced a nationwide initiative to increase awareness about the upcoming transition to digital television. As part of our efforts to prepare consumers for the transition, the Commission identified those markets in which the largest number of viewers will need to take action to be prepared for the transition five months from now. My fellow Commissioners and I will fan out to these markets to raise awareness and educate consumers in the days leading up to the transition. At each stop, we will do public events such as town hall meetings, workshops, and round tables with an FCC Commissioner to highlight the transition, be available to local press, and in coordination with these visits, the Commission will work with local broadcasters and radio stations to increase the broadcast of radio and TV DTV PSAs.

As part of the tour, the Commission is also coordinating with the broadcasters to explore whether at the same time these stations may participate in a temporary turn-off of their analog signals. During these so-called soft tests, analog consumers would see a message on their screens informing them of the transition and how to become prepared.

The next five months will undoubtedly be challenging. Nevertheless, it is my hope that through the combined efforts of government, industry, advocacy, and grassroots groups, American consumers will reap the rewards that the digital transition has to offer and we can continue to try to minimize the burdens that we placed on them.

Thank you, and I look forward to answering your questions.

[The prepared statement of Mr. Martin follows:]

PREPARED STATEMENT OF HON. KEVIN J. MARTIN, CHAIRMAN,
FEDERAL COMMUNICATIONS COMMISSION

Good afternoon, Chairman Inouye, Ranking Member Hutchison, and Members of the Committee. Thank you for inviting me here today to continue updating you on the status of the digital transition.

The Commission has been hard at work on a number of fronts to minimize the potential burden for consumers and to maximize their ability to benefit from the upcoming digital transition. The conversion to digital television promises movie quality picture and sound as well as potentially new programming choices. It also will allow us to significantly improve public safety communications and usher in a new era of advanced wireless services.

With the national transition about 5 months away, much remains to be done. At the same time, since I last appeared before you, we have continued to make progress educating viewers and helping them prepare for the upcoming transition. In particular, in addition to our ongoing consumer education and outreach efforts, we have recently gained real-world experience with the challenges facing viewers and broadcasters as we approach February 2009.

Earlier this month, on September 8, Wilmington, North Carolina became the first market in the country to transition from analog to digital television. At noon on that day, five local Wilmington stations turned off their analog signals and began broadcasting only digital to the viewers in the five counties that comprise the Wilmington television market. This was a historic day and I am pleased that the local broadcasters and the entire community embraced the challenge of helping the country prepare for the switch to digital.

Before I go into the details of the Wilmington transition, I would like to start by thanking Commissioner Copps for challenging me and the industry to find a community that would be willing to help the rest of the country lead this transition. Commissioner Copps deserves credit for urging the Commission to engage in a real-world test that would help ready the broadcasters, viewers and us for the upcoming transition.

For its part, the Commission worked to educate, inform, and prepare viewers for the transition. We had staff on the ground in every county, we attended over 400 outreach events, including Town Hall meetings, and distributed over 85,000 publications. But it was our partnerships, particularly those at the grassroots level, that were critical in enabling us to contact the “at risk” groups that we are focused on reaching—senior citizens, non-English speakers and minorities, people with disabilities, low-income consumers, and those living in rural or tribal areas. One of the invaluable lessons we have learned from Wilmington is that DTV outreach success depends on the commitment of the local community, including local industry, governmental and nongovernmental organizations. Community stakeholders must take a leadership role for such large-scale messaging to take effect, and tapping into existing grassroots networks is critical.

The Wilmington Test

The Wilmington switchover was critically important because it enabled us to learn what was effective in informing and preparing viewers and broadcasters for the transition. Equally important, it helped us identify what outreach and technical challenges still need to be addressed in the months ahead. While we hope that the transition in Wilmington went relatively smoothly, the measure of success in Wilmington is not what occurred earlier this month. The measure of success in Wilmington is what happens next February and whether we are able to learn from this experience and apply those lessons as we move this effort across the country.

Majority of Wilmington Viewers Aware and Prepared for Transition

Based on our current information, it appears that the majority of Wilmington viewers were aware of and prepared for the transition. Importantly, the consumer education campaign that was conducted appears to have been effective. Prior to the transition on September 8, NAB released a survey indicating that 97 percent of Wilmington residents were aware of the switch to digital. Consumer calls received by the Commission at its call center also indicated that the vast majority of the 400,000 television viewers in the Wilmington-area were aware of the transition and prepared for it.

In total we received 2,272 calls regarding the Wilmington test, representing about 1.2 percent of Wilmington households. See Appendix D. During the first week of the transition we received 1,828 calls. That number dropped to 444 calls to the FCC call center during the second week. During the first day of the transition, the Commission’s toll-free helpline received 797 calls representing less than one-half of 1 percent of area homes. Last Friday, 72 calls were placed to the call center by Wilmington residents.

It appears that the residents of Wilmington were generally aware of the early transition and generally prepared for it. For the 2 weeks following the switchover only 100 callers said they were unaware of the transition and 186 callers were aware but did not act to prepare for it. See Appendix D.

Challenges that Remain

While we continue to enhance our consumer education efforts which appear to have been effective, we must also be focused on resolving technical challenges. Some of these challenges are easily resolved and others are not. With respect to the callers who are experiencing difficulty following the switch to digital in Wilmington, I have

directed our engineers and outreach staff to work directly with these viewers and assist them in resolving their individual questions and needs.

For example, as of last Friday, 341 of the calls to our helpline were about converter box problems. We received 301 calls about the converter box program during the first week and 40 of those calls in the second week after the transition. Thanks to dedicated Commission staff, many of these difficulties have been resolved. Specifically, Commission staff was able to resolve almost 90 percent (299 of the 341) of the calls that came in about converter box issues. See Appendix D. The solutions were often relatively simple—consumers needed to re-scan the channels on their television set or properly hook up their converter box. Broadly speaking, gaining a better understanding of the challenges being faced by consumers after the real switch-over in Wilmington, is enabling us to better focus our messaging and consumer education tools. Specifically, as we go forward, our consumer education efforts will need to better instruct consumers about how to effectively hookup their box and the need to re-scan.

Unfortunately, some viewers are experiencing problems that will not be as easy for us to resolve. For example, there are a number of consumers in the Wilmington-area that have lost access to the Wilmington NBC affiliate, WECT. During the first week we received 581 calls from viewers experiencing problems receiving channels or calls signs. In week two, 154 such calls were made to the Commission's helpline. (For the 2-weeks, the total number of calls in this category was 735.) Prior to the digital switch, the Wilmington NBC affiliate signal was available to viewers outside the television market as far south as Myrtle Beach, South Carolina and as far north as Raleigh, North Carolina. See Appendix B. The Wilmington NBC affiliate's new coverage area, however, no longer includes these out of market communities. Some of these viewers will be able to watch their local NBC affiliate in Myrtle Beach and Raleigh. There may be some, however, that will not have access to any NBC affiliate. See Appendix C. Reception problems for channel 6 were caused by a significant reduction in the service contour for WECT channel 6, not the digital cliff effect.

Our goal is to ensure that all viewers in the Wilmington-area and the country have access to the same television signals that they did prior to the transition. The Commission is currently exploring what steps can be taken to address this problem in Wilmington and minimize the burden on viewers throughout the country.

Finally, relatively few consumers lost their broadcast channels as a result of the "cliff effect." Digital TV experiences what is often referred to as the "digital cliff effect." Analog TV pictures degrade gradually. As the signals get weaker the picture becomes progressively poorer or becomes "snowy." Yet, viewers may still find these pictures watchable. In contrast, digital TV pictures remain crystal clear even with relatively weak signal levels. However, once the signal falls below a certain level, the picture breaks up or disappears. In such situations, viewers may lose their picture altogether.

I had previously testified that our engineers estimated that about 5 percent of over-the-air viewers may need a new antenna to receive digital television due to the digital cliff effect. Only about 15 percent of viewers receive their signals over the air, so we estimated that less than 1 percent (5 percent of 15 percent) of all viewers would need a new antenna. The data from Wilmington suggests a similar estimate.

We received 549 calls from viewers experiencing antenna or reception issues and were able to resolve 139 of them. Only 410 calls, then, or .22 percent of Wilmington households were potentially experiencing the "cliff effect." In short, for stations whose DTV coverage was designed to replicate their analog coverage, complaints about the potential cliff effect were well below our estimate of 1 percent.

The early switch to digital in Wilmington has been instrumental in helping the Commission to identify, understand, and hopefully prevent some future problems when the rest of the Nation transitions in February 2009. The measure of success in Wilmington is not what happened on September 8. Rather, it is how we are going to take what we learned in Wilmington and apply that knowledge to the rest of the country.

We have already learned some very important lessons. For example, the Commission learned from the Wilmington test the importance of emergency preparedness. At the time we began outreach in Wilmington 4 months ago there were no battery operated converter boxes available. So the broadcasters and some folks down in Wilmington were able to work with one converter box manufacturer, Winegard, who recently introduced a DTV converter box battery pack specifically designed to allow its converter boxes to work in power outages.

We will continue to study the Wilmington experience so that we can best minimize the burdens placed on consumers as the national transition approaches.

Ongoing DTV Efforts

In addition to our efforts in the Wilmington test market, the Commission has been busy in other areas. Our activities are described in great detail in the monthly digital television status reports that we send to Congress. I have attached the most recent of these comprehensive reports to my testimony. See Appendix A. I would like to highlight a few things we have been working on.

Broadcasters' Transition to Digital

Progress on converting broadcast facilities to all digital is continuing. Based on the status reports that we have required broadcasters to make, over 90 percent of active full power television stations are either fully operational with digital service or are on track to have their full digital service operational by February 17, 2009. Slightly over 5 percent of the stations indicate that they will take advantage of the flexibility offered by the Commission and serve at least 85 percent of their service population on February 17, 2009, with final digital operations beginning sometime thereafter. The Commission gave such flexibility if a broadcaster faced unique technical challenges such as weather-related issues, or coordination with other stations.

Enforcement Activities

The Commission's DTV-related enforcement efforts have focused on protecting consumers by enforcing our rules as this transition takes place. As of September 18, 2008, Commission personnel have inspected 4,161 stores and 72 websites to assess their compliance with the Commission's rules requiring labels on analog-only television receivers. We have issued 369 citations for failing to comply with our labeling rules. Since October 2007, we have released NALs or consent decrees against 22 retailers, totaling more than \$4.74 million.

We also have been visiting retailers to assess their employee training in the DTV transition and the NTIA converter box coupon program. As of September 18, 2008, Commission field agents have visited 1,489 stores and conducted 1,438 interviews of store managers in 47 states and in Puerto Rico.

In addition, we are actively enforcing the DTV consumer education requirements that the Commission adopted last spring. To this end, we have recently issued a Bureau-level NAL in the amount of \$51,000 against one company for failing to notify its customers of the transition as required under our rules. We have also circulated a Commission-level order proposing \$12.3 million of fines collectively against eight companies for notification failures. We are in the midst of reviewing additional information submitted by broadcasters, cable operators, and telecommunications carriers, and expect to take additional enforcement actions in the near future.

Consumer Education and Outreach

Word of the digital transition is spreading quickly throughout the country. I would like to highlight a few of our education and outreach activities.

Nationwide 81-City Tour. Last month, I announced a nationwide initiative to increase awareness about the upcoming transition to digital television. As part of our efforts to prepare consumers for the transition, the Commission identified television markets in which the largest number of viewers will have to take action to be prepared for the transition 5 months from now. Specifically, we identified 81 target television markets for specific DTV outreach, including all those markets in which more than 100,000 households or at least 15 percent of the households rely solely on over-the-air signals for television. Within these markets, we are aiming to educate those groups most vulnerable to the transition such as senior citizens and non-English speakers. My fellow Commissioners and I, as well as other Commission staff, will fan out to these markets to raise awareness and educate consumers in the days leading up to the digital television transition on February 17, 2009.

At each stop, there will be a public event, such as a town hall meeting, workshop, or roundtable with an FCC Commissioner to highlight the digital transition, and be available to local press. In coordination with these visits, the Commission will work with local broadcasters and radio stations to increase the broadcasts of Radio and TV DTV PSAs. The Commission has visited several cities so far including, Anchorage, Fairbanks, Tulsa and San Francisco and plans many more trips in the upcoming weeks.

As part of this nationwide tour, the Commission is also coordinating with the broadcasters to explore whether at the same time these stations may participate in a temporary turn off of their analog signals. During these so-called "soft tests" analog customers would see a message on their screens informing them of the transition and how to become prepared.

DTV Awareness Sessions. The Commission has conducted over 1,882 DTV Awareness sessions, attended more than 509 conferences and events, established 514 part-

nerships, and made over 7,985 visits to various organizations around the country to disseminate DTV information.

Speakers Bureau. Last month, I announced that the Commission has launched a Speakers Bureau for groups throughout the country to request speakers to discuss the upcoming digital transition. The Speakers Bureau is the latest addition to the Commission's DTV outreach effort. The Commission will provide speakers, without cost, to any group requesting one. To date, we have received 61 requests for speakers. The requests are being handled by staff traveling for conferences and events, as part of the outreach for our town hall meetings, and by our field agents.

Grassroots Bid. The Commission just announced that it is seeking contracts from grass roots organizations and community-based organizations to assist consumers, particularly those consumers that are home-bound or that have limited mobility, with the procurement and installation of digital TV converter boxes and related equipment. This builds upon the Commission's work with fire departments in Wilmington where firefighters entered residents' homes to help with installing converter boxes. These efforts will complement our ongoing work of educating consumers about the migration from analog to digital broadcasting.

U.S. Postal Service Partnership. We have distributed more than 9,300 posters nationwide. We are displaying DTV education posters in all 34,000 post offices across the country. These posters include a dinosaur saying "Don't Let Your TV Become Extinct." We are working with the U.S. Postal Service to install updated posters beginning November 1, 2008 running through the end of the transition period. The new posters are targeted to instill a greater sense of urgency to consumers and will use the slogan "On February 17, 2009 your TV is changing. Are you ready?"

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 5 months will undoubtedly be challenging. Nevertheless, it is my hope that through the combined efforts of government, industry, advocacy, and grassroots groups, American consumers will reap the rewards that the digital transition has to offer.

APPENDIX A

Digital Television Status Update of the Federal Communications Commission—September 2008

Introduction

This fifth DTV monthly report highlights the Federal Communication Commission's activities as of August 31, 2008. The full reports and lists of stations are available upon request.

The Commission has three primary areas of focus: (1) developing policies and technical rules to ensure a smooth transition for broadcast stations and minimize the burden placed on consumers; (2) enforcement of DTV-related Commission rules to protect consumers; and (3) coordinating and conducting consumer education outreach on the DTV transition. The Commission is devoting significant resources in each of these areas to facilitate a smooth transition. Those efforts are summarized below and included in the various attachments.

Update on Full-Power Broadcasters' Transition to Digital

With regard to our efforts to prepare full-power broadcasters for the end of the transition, the Commission has in place the necessary rules to allow broadcasters to construct digital facilities. Additionally, each station is required to file Form 387 indicating the current status of construction of its post-transition facility and to update its Form 387 filing to convey changes in status as warranted. It is important to note that application and build out status for stations changes daily. The following chart provides a summary of the current status of full-power television broadcast stations at the final 5 months of the DTV transition. A full list of stations is available upon request.

In the month of August, 10 stations completed construction of their post-transition digital facilities. Thus, as noted in line 2 of the chart below, 1,012 stations indicated that they were completely finished with their DTV transition. In other words, those stations are on their final post-transition channel, have completed construction, and are operating their authorized post-transition digital facility.

On August 18, 2008, the Media Bureau released a report based on Form 387 filings. In response to the release of the report, the Bureau received updated information from 75 stations regarding their status. The updated filings are reflected in the chart below. We note that, based on recently filed Form 387s, approximately 5 percent (97 stations) will take advantage of the flexibility offered by the Commission in the *Third DTV Periodic Review Report and Order* and will be serving at least 85 percent of their service population on February 17, 2009, with final operations beginning sometime thereafter (See line 4 below). Accordingly, line 3 below was adjusted to account for these stations. One station, a satellite of another station, forecasts that it will not be able to complete construction of its digital facility until a few days after February 17, 2009 and will be dark for this brief time (See line 5 below). Finally, 3 stations have not submitted their Form 387s and have not officially reported when they will be ready for the DTV transition, but each station has represented to video division staff orally that it is on track to complete digital construction by February 17, 2009 (See line 6 below). In addition, we note that 10 stations were identified as new permittees without current analog facilities and are not required to construct before 2/17/2009 (See line 7 below). Finally, the total number of full power stations has been adjusted upward to 1,813 (See line 1), as there were two additional stations that have recently been granted applications for new digital facilities, but do not have post-transition construction permits (See line 8).

Full Power Station Summary

		July	August
1.	Total # of full power stations with DTV channels:	1,811	1,813
2.	Total # of stations with completed post-transition digital facilities:	1,002	1,012
3.	Total # of stations on-track to complete construction by 2/17/09:	736	685
4.	Total # of stations expecting to serve at least 85 percent of their digital population by 2/17/09 (with full construction completed after 2/17/09):	56	97
5.	Total # of stations expecting to complete construction by approximately 2/21/09:	1	1
6.	Total # of stations not filing Form 387:	3	3
7.	Total # of new DTV stations with construction deadlines after 2/17/09 (4/3/2009, 4/10/2009, 6/28/2009, 8/11/2009, 8/24/2009, 9/20/2009, 12/6/2009, 1/10/2010, and 7/20/2010):	10	10
8.	Total # of recently granted applications for new digital stations:	3	5

Update on Technical and Policy Actions

The Media Bureau continues to process maximization applications and requests for new channels. As of August 31, 2008, 253 maximization applications have been granted, and 34 Notices of Proposed Rulemaking for new channels have been released, with 4 dismissed. Additionally, as reported by the Media Bureau in August, 106 stations indicate they plan to reduce analog service and 88 stations plan to terminate analog transmissions prior to 2/17/2009. As of August 31, 2008, 49 stations have been granted permission to reduce analog service with 28 having already reduced analog service. Additionally, as of August 31, 2008, 18 stations have been granted permission to turn off their analog stations with 8 stations already shutting down their analog operations.

Below is a summary of the other technical and policy actions taken with regard to the DTV transition in August 2008. A complete Policy and Technical Actions document is available upon request.

Policy and Technical Actions August 2008 Updates

- *Applications for DTV Facilities*—In August 2008, the Video Division of the Media Bureau processed 141 modification and license applications for DTV facilities. As of August 31, 2008, the total number of modification and license applications processed by the Video Division since 1997 is 5471.

- *Applications for Construction Permits*—In August 2008, the Commission received approximately 6 construction permit applications from stations implementing their post-transition facilities. As of August 31, 2008, the total number of applications to implement post-transition facilities received is 706.
- *DTV Build Out*—In August 2008, the Media Bureau released a report on the status of the digital build out by full power television stations. The report showed that over 96 percent of active full power television stations are either fully operational with digital service or are on track to have their full digital service operational by February 17, 2009.
- *NTIA Certified Converter Boxes*—In August 2008, NTIA announced certification of 20 converter boxes including 20 that are capable of analog pass through. In total, as of August 31, 2008, NTIA has certified 149 converter boxes including 75 that are capable of analog pass through.

Update on Low-power Broadcasters' Transition to Digital

The Commission continues to process digital companion channel and digital flash cut applications for low power stations. As of August 31, 2008, 236 low power stations are operating in digital, with 5 new stations licensed in July. The chart below summarizes the current information related to Class A, low power, and TV translator stations. Additional information by station type and a full list of low power stations is available upon request.

Low Power Station Summary

[As of 8.31.2008]

	July	August
Total # of Class A, LPTV & TV Translator Stations:	7,088	7,088
Total # of licensed digital Low Power stations (both "Digital Companion Channel" and "Digital Flash Cut" stations):	231	236
Total # of stations with granted digital applications:	1,860	1,900
Total # of stations with accepted/pending digital applications:	186	199
Total # of stations with no digital application filed or application dismissed:	4,811	4,753

Industry Outreach Efforts

Broadcast stations must electronically report their consumer education efforts to the Commission on a quarterly basis by filing Form 388 electronically in a database that is publicly available. These reports must also be placed in the broadcaster's public file and on their website. Broadcasters will file the next Form 388 on October 10, 2008, reporting data for the previous quarter. A summary of that data will be provided in November, when we report data from October 2008.

Enforcement

The Commission's DTV-related enforcement efforts have focused on protecting consumers from unknowingly buying televisions that will not receive full-power broadcast stations following the transition. There are three specific areas of enforcement: (1) the labeling of analog-only televisions; (2) the prohibition on importing and shipment of analog-only televisions; (3) the V-Chip requirement for digital televisions. In addition, we have begun conducting informational interviews of store managers to assess the employee training and consumer education efforts of retailers participating in the NTIA converter box coupon program.

A. Labeling Enforcement

Labeling Inspections

	August	Total to Date
Retail Stores	129	3,978
Websites	33	72
Citations	3	369

Note: Due to the fact that generally retailers are not FCC licensees, citations must be issued prior to proposing monetary penalty via a Notice of Apparent Liability (NAL).

B. DTV Tuner Mandate

The Enforcement Bureau continues to ensure that no manufacturers import and ship analog-only television receivers and equipment. In August, two new NALs for apparent violation were issued to Hannsprey North America, Inc., and Invision Industries, Inc., for a total of \$336,450. These NALs bring the total to date to five. Previous NALs were issued to Precor, Syntax Brilliant Corp., and Regent USA, Inc. Precor and Regent have paid \$421,550 combined, but Syntax Brilliant has declared Chapter 11 bankruptcy. The Department of Justice must now file a proof of claim at the appropriate time in the company's bankruptcy proceeding to establish a claim for collection purposes.

C. V-Chip Requirements

The Commission's rules require digital television manufacturers to include the V-Chip in their equipment and to ensure that their devices can adjust to changes in the content advisory system. We began investigating allegations that some manufacturers were not complying with our rules. We have released three NALs and eight consent decrees with manufacturers to resolve our investigations. The voluntary contributions from these orders totaled over \$3.7 million and payment has already been made to the U.S. Treasury. In addition, the manufacturers agreeing to consent decrees have undertaken significant compliance measures to remedy their past violations and prevent future ones.

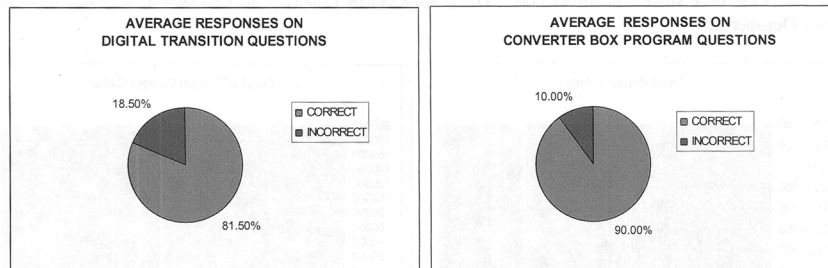
D. Retail Interviews

As part of our follow-up on the requirements of the recent *DTV Consumer Education Order*, field agents across the country have been interviewing store managers at retail establishments offering digital-to-analog converter boxes. Below is a summary of those efforts.

Retail Interviews

	August	Total to Date
Visits	111	1,446
Interviews	106	1,397

To date, as reflected graphically below, the Bureau has found that the majority of store managers interviewed are well-informed of the digital transition and the NTIA converter box coupon program. Some managers, however, appear to need additional training in certain areas, *e.g.*, the need of some customers for new antenna equipment, the fact that many low-power television stations will not convert to digital broadcasting on February 17, 2009. Where such training issues arise, field agents are providing information tip sheets and conducting supplemental training sessions.



The Commission also has reviewed 35 retailer websites and contacted ten retailers selling converter boxes by telephone to assess whether they are providing accurate information to the public. We also are conducting compliance reviews of telecommunications carriers, manufacturers, and cable and satellite companies to verify that they have met our consumer education requirements. In addition, we are reviewing hundreds of broadcaster filings to determine whether they have complied with the DTV outreach requirements in the *DTV Consumer Education Order*.

Swift enforcement of all our DTV-related rules is critical to protecting consumers and reducing potential confusion. Our activities in this area will continue to be a

priority. Please see *Attachment A* for a list of enforcement actions and a summary of our retailer interview responses through August 2008.

National Consumer Education and Outreach

The Commission is actively and directly promoting consumer awareness through our own education and outreach efforts. Our efforts emphasize outreach to over-the-air consumers and other “hard to reach” populations, including senior citizens; non-English speaking and minority communities; people with disabilities; low-income individuals; and people living in rural and tribal areas. Commission staff has been working to form partnerships and commitments from a wide variety of sources—including other Federal Agencies, as well as Tribal, State and Local governments. Below is a summary of outreach efforts of the Commission on a national level for the month of August. A complete report of national outreach efforts is available upon request.

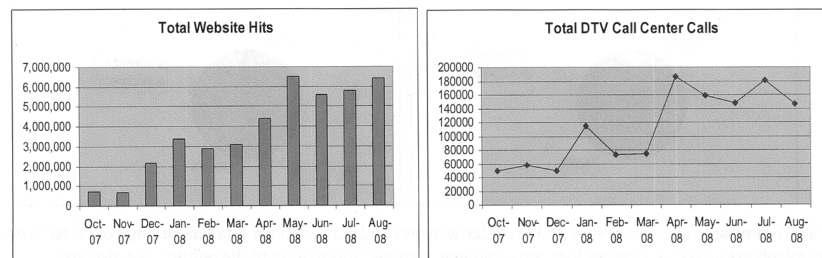
A. Information Distribution

A key part of the Commission’s education and outreach efforts has been the development and distribution of consumer literature. These tools are a cost-effective means to provide information about the transition. In August, over 94,500 pages of DTV-related publications and posters were distributed. Additionally, as part of an agreement with the U.S. Postal Service, thousands of DTV transition posters were distributed to the U.S. Postal Service and are being displayed for the public at Post Offices nationwide. The chart below summarizes the Commission’s distribution efforts.

Distribution of Materials and Information

	August	Total to Date
Publications Distributed (Pages)	94,552	Over 5.6 million
Posters Distributed	25	41,251
Website Hits	6,397,784	35,298,312
Call Center Calls	146,107	1,188,873

Further, the number of website rose again in August, reflecting an increasing demand for Internet access to information on the DTV transition. Total call volume to the FCC in August 2008 was 146,107, which is a 336 percent increase since December 2007. The graphs below illustrate the call center calls and website hits since October 2007.



In addition, our most widely distributed DTV one-pager is available in 20 languages in addition to English, including: Spanish, Chinese, French, Korean, Russian, Tagalog, Vietnamese, Hmong, Japanese, Arabic, Cambodian, Navajo, Somali, Amharic, Yupik, Portuguese, Laotian, Creole, Kurdish, and Polish, as well as Braille and audio formats. The public can obtain copies of our various DTV publications, as well as access other information resources, by visiting our www.DTV.gov web page or by calling our Consumer Center toll-free at 1-888-CALL FCC.

B. Media Outreach

Billboards: Ketchum rolled out highway billboards on outdoor advertising space in five additional markets in August, and has now made agreements for donated space in a total of 55 markets. The new billboards went up in Duluth, MN; Springfield, MO; Yuma (El Centro), AZ; Kansas City, MO; and Dayton, OH.

Public Service Announcements: Ketchum has produced 18 English and Spanish radio public service announcements, of varying lengths, featuring FCC Commissioners. Ketchum distributed the PSAs to all full-power radio stations nationwide and the PSAs are available on DTV.gov as broadcast-quality downloads. Based on preliminary data, Ketchum indicates that, as of August 31, 2008, a total of 180 radio stations aired the PSA, resulting in over 36,000,000 audience impressions. This preliminary data translates into an estimated greater than 6 percent airing rate nationwide—or over 155,000,000 audience impressions nationwide. Ketchum has produced 12 English and Spanish television PSAs, of varying lengths, also featuring FCC Commissioners. They are being distributed to broadcasters and public access cable programmers nationwide. Ketchum has also produced a longer-form educational video. The television PSAs and educational video are viewable on www.DTV.gov and broadcast-quality versions are available, upon request, from the Commission.

C. Participation in Events and Conferences and Utilization of FCC Field Offices

Cumulative National Outreach Summary

	August	Total to Date
Visits	632	7,732
Awareness Sessions	163	1,765
Conferences, Events, & Meetings	113	482
Media Interviews	15	101
Partnerships	82	516

As a subset of the numbers above of, in August, FCC field agents have visited 274 senior centers and 327 community centers, which frequently include large numbers of seniors, and gave 95 presentations. Thus far, Field Agents have visited 5,082 senior centers and 2,704 community centers and have given 1,221 presentations.

D. Coordination with Federal, State, Tribal and Local entities and Community Stakeholders

The Commission's ongoing collaboration with public and private sector agencies and organizations continues to produce positive results. Eighty-two DTV outreach commitments were obtained as a result of partnership activities in August 2008. A list of these commitments is available upon request.

State-by-State Consumer Education and Outreach

The Commission continues its active outreach on the DTV Transition with a focus on over-the-air households with a particular emphasis on the hard to reach constituencies, including senior citizens, non-English speaking and minority communities; people with disabilities; low-income individuals; and people living in rural and tribal areas.

On August 18, 2008, Chairman Kevin Martin announced a new initiative to increase awareness about the upcoming transition to digital television in target television markets, including all those markets in which more than 100,000 households (or at least 15 percent of the households) rely solely on over-the-air signals for television. The five FCC Commissioners and other Commission staff will fan out to these and other markets to raise awareness and educate consumers in the days leading up to the digital television transition on February 17, 2009. At each stop, there will be a public event, such as a town hall meeting, workshop, or roundtable with an FCC Commissioner, to highlight the digital transition. In coordination with these visits, the FCC will work with local broadcasters and radio stations to increase the broadcasts of Radio and TV DTV Public Service Announcements. Particular emphasis is being placed on those groups that are most vulnerable in the transition: Seniors, People Living in Tribal and Rural Areas, People with Disabilities, Individuals with Low-Incomes, Minorities and Non-English Speakers.

Additionally, the FCC launched a "Speakers Bureau" to provide groups and organizations throughout the country a convenient way to request speakers to discuss the upcoming transition to Digital Television (DTV) at their meetings and events. The Speakers Bureau is the latest addition to the FCC's DTV outreach effort. The Commission will provide speakers, without cost, to any group requesting one. To date, we have received over 40 requests for speakers. The requests are being han-

dled by staff traveling for conferences and events, as part of the outreach for our town hall meetings, and by our field agents.

Taking all of these new initiatives and the existing outreach effort into account, for September and October, there are 90 Awareness Sessions planned, with FCC staff attending 30 Conferences, Events or Meetings. Additionally, FCC Field Offices have 145 presentations scheduled in the days ahead. Please see Attachment B for detailed information on the public education efforts of the Commission on a state-by-state basis.

The Early Transition in Wilmington, North Carolina

The stations in Wilmington, North Carolina transitioned to digital on September 8, 2008. Over the last month, Commission staff continued to focus on at risk constituencies and key messaging in Wilmington. Additional events during this time period included presentations at rotary clubs, pantries, meals on wheels facilities, fire departments and an exhibit at a Wilmington Sharks game. The Commission's outreach efforts also focused on continuing efforts to help at risk constituencies order and install the digital to analog converter box. Outreach highlights include numerous converter box coupon sign up events at libraries, churches and social services agencies. The FCC sponsored a town hall event focused on educating consumers about closed captioning in the digital television era. Also during August, broadcasters conducted two "soft tests" to assess consumer awareness.

Attachment C provides an overview and analysis of the consumer calls received through the first 5 days of the transition. Additional information on the Wilmington transition will be provided in next month's report.

Below is a summary of activities taken in Wilmington during the early transition period. Additional detail regarding the outreach is listed in *Attachment D*.

Wilmington, North Carolina Outreach Summary

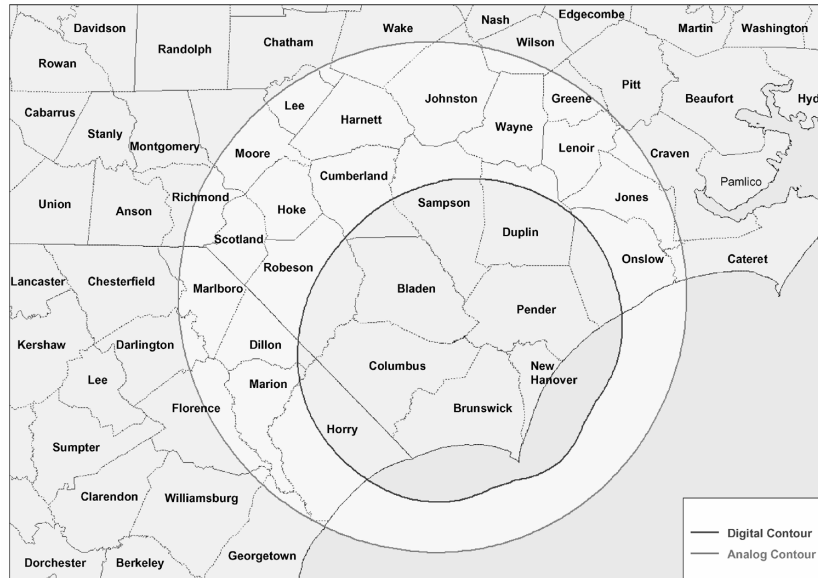
	August	Total
Visits	88	427
Awareness Sessions	90	343
Conferences, Events, & Meetings	1	75
Media Interviews	12	24
Partnerships	0	102

FCC Consumer Advisories

Commission staff are continually updating and creating new Consumer Advisories as we become aware of new issues and questions from the public. Recently, based on questions and comments from consumers, the Commission prepared a Consumer Advisory on select features in 41 digital-to-analog converter boxes purchased by the Commission. The features described in the advisory include features of particular interest to the disabilities community, as recommended by the Commission's Consumer Advisory Committee. All of the boxes listed in the advisory are certified under NTIA's converter box coupon program and, therefore, are eligible for purchase using a free converter box coupon issued by NTIA. The advisory will be updated as more NTIA-approved converter boxes become available at retail stores and online. A copy of the Converter Box Features Consumer Advisory is included in *Attachment E*.

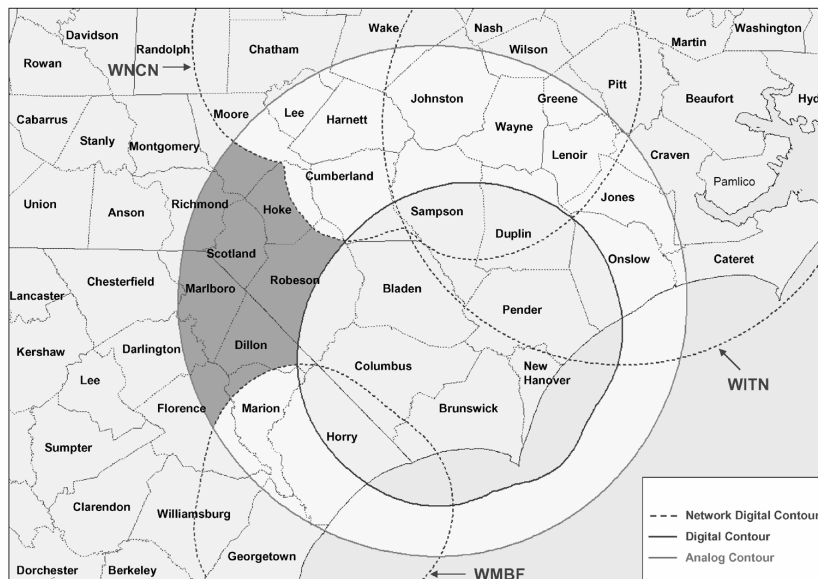
APPENDIX B

WECT DIGITAL AND ANALOG SERVICE CONTOURS

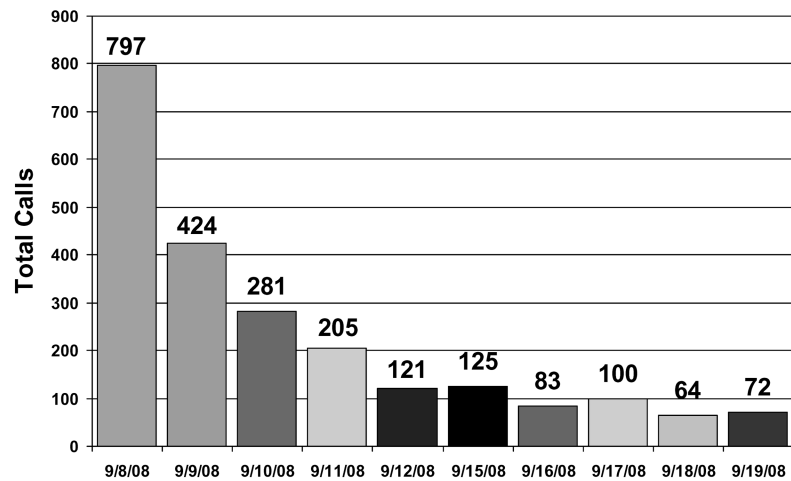


APPENDIX C

WECT DIGITAL AND ANALOG SERVICE CONTOURS WITH NEARBY NBC AFFILIATES

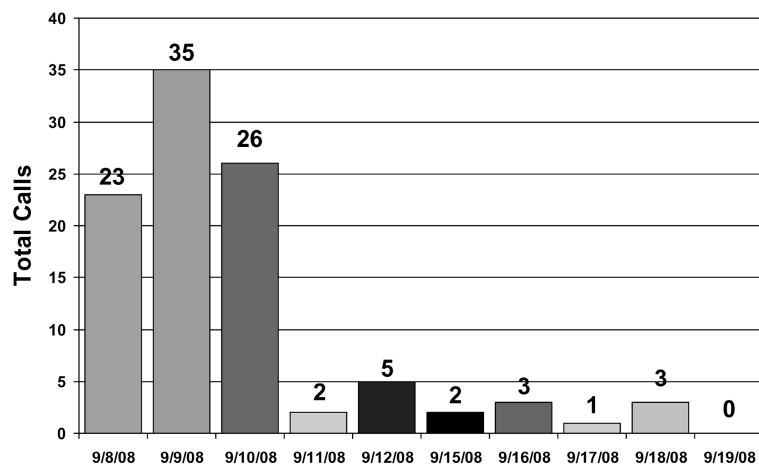


Total Call Volume - Wilmington



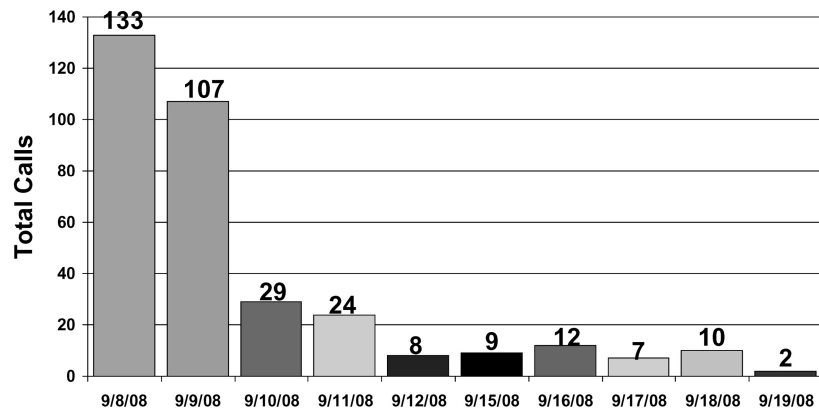
Total Calls – 2,272

Consumers Who Were Not Aware of the Transition



Total Calls – 100

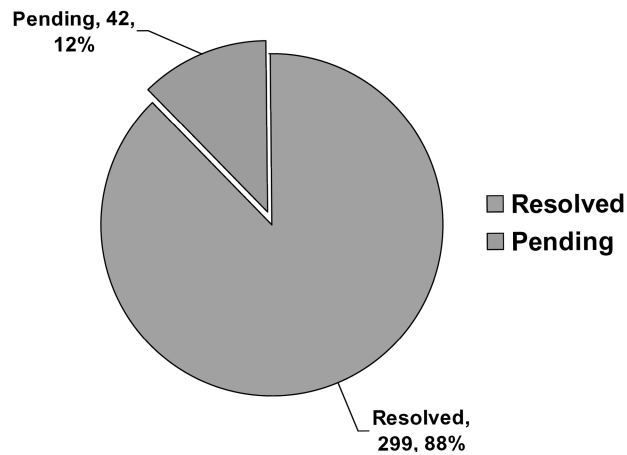
Total Converter Box Issues



Total Calls = 341*

*The previously reported 9/8/08 figures were reduced by 28 cases when, upon further discussions with the affected consumers, the cases turned out to be channel 6/44 reception issues and not converter box problems.

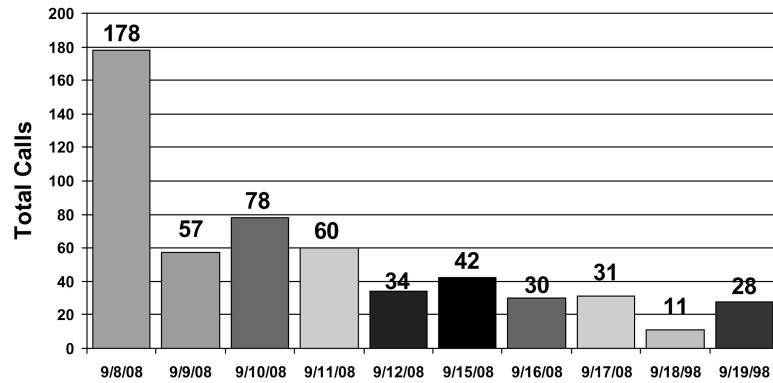
Total Converter Box Issues



Total Calls = 341*

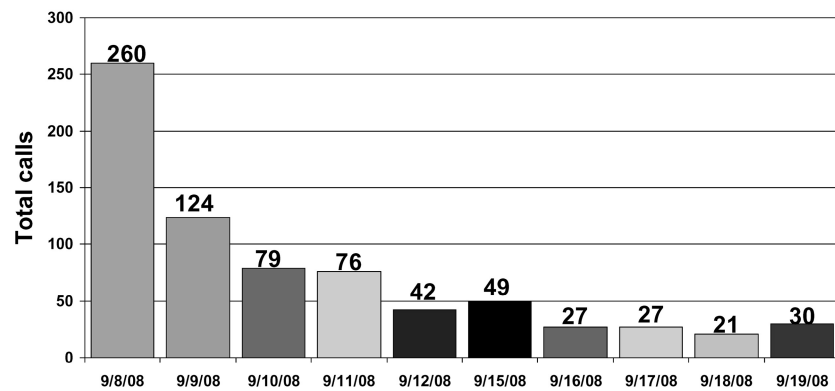
*The previously reported pending cases were reduced by 28 when, upon further discussions with the affected consumers, the cases turned out to be channel 6/44 reception issues and not converter box problems.

Total Antenna and Reception Issues



Total Calls = 549

Channel 6/44 Reception Issues



Total Calls = 735*

*The previously reported 9/8/08 calls were increased by 28 when, upon further discussions with the affected consumers, the cases turned out to be channel 6/44 reception issues and not converter box problems.

**Wilmington, NC DTV Transition
Overview of DTV Calls**

Wilmington, NC Transition Calls by Week
Overview/Analysis of Wilmington Transition Test DTV Calls (adjusted)

Category	Week 1	Week 2	Total
CONSUMERS WHO WERE NOT AWARE OF THE TRANSITION			
They were not aware of the switch to DTV	23	4	27
They were unaware of the correct transition date	26	1	27
They did not think the stations they watch would switch to digital	42	4	46
Subtotal:	91	9	100
CONSUMERS WHO WERE AWARE BUT DID NOT ACT			
They forgot to upgrade	56	5	61
They were unable to attain assistance to upgrade	11	0	11
They relied on another member of their household to upgrade	7	4	11
They waited too long to buy or set up a digital set or a converter box	70	9	79
They were out of town or too busy or knew they could do it later	19	5	24
Subtotal:	163	23	186
CONSUMERS WHO HAD PROBLEMS WITH THE CONVERTER BOX COUPON PROGRAM			
A coupon did not arrive in time	64	10	74
Wanted coupon or had not received coupon from NTIA	119	44	163
The retail store was out of boxes	2	0	2
Subtotal:	185	54	239
CONSUMERS WHO HAD INITIAL DIFFICULTY WITH THEIR CONVERTER BOXES			
Setting up converter boxes was too hard	57	14	71
They didn't understand the instructions for the digital set or the converter box	66	5	71
Their converter box "didn't work"	178	21	199
Subtotal:	301*	40	341
CONSUMERS WHO HAD RECEPTION AND TECHNICAL PROBLEMS			
Their antenna didn't work or they have no antenna or their antenna wasn't connected	114	39	153
Problem with channel or call sign	157	62	219
Weak or spotty signal	136	41	177
Subtotal:	407	142	549
CONSUMERS COMPLAINING ABOUT NOT RECEIVING WILMINGTON SIGNALS			
Problem with channel 6/44	581	154	735
Subtotal:	581**	154	735
OTHER PROBLEMS			
Satellite subscribers to Dish Network or Direct TV—did not subscribe to local package	53	18	71
They thought all their sets were hooked up to cable or satellite	22	3	25
They were waiting for cable or satellite installation	13	0	13
Wanted DTV consumer information sent to them	12	1	13
Subtotal:	100	22	122
Total	1,828	444	2,272

* This number reflects the reduction of 28 calls previously reported as converter box problems that were subsequently determined to be channel 6/44 reception issues.

** This number reflects an increase of 28 calls previously reported as converter box problems that were subsequently determined to be channel 6/44 reception issues.

The CHAIRMAN. Thank you very much, Mr. Chairman.

Our next witness is the Acting Assistant Secretary of Commerce for Communications and Information, National Telecommunications Information Administration, Meredith Attwell Baker. Secretary Baker?

**STATEMENT OF MEREDITH ATTWELL BAKER, ACTING
ASSISTANT SECRETARY FOR COMMUNICATIONS AND
INFORMATION, NTIA, U.S. DEPARTMENT OF COMMERCE**

Ms. BAKER. Thank you, Mr. Chairman. Good afternoon. And thank you for the opportunity to testify today.

For more than 2 years, NTIA's top priority has been to educate Americans about their options for the DTV transition and to administer an efficient and consumer-friendly coupon program. With 147 days to go, we remain committed to doing all that we can to assist Americans to prepare for this historic evolution in television broadcasting technology.

From January 1, when we first launched the coupon program, through September 17, the volume of coupon applications has been strong: more than 27 million coupons requested from over 14.5 million households. This is equivalent to 105,000 average household requests each day of the 260 days of the program. In the last 30 days, the average household requests were up to 112,000 per day.

The rate of coupon redemptions has likewise been strong. Over 10 million coupons have been redeemed through September 17, a rate of 49.3 percent for all coupons and 55.5 percent for coupons used by over-the-air-only households.

The cooperation of the converter box manufacturers and the retailers has greatly contributed to the consumer-friendly objective of the program and we really appreciate their partnership. As of September 17, we have certified 158 converter boxes, including 83 boxes with an analog pass-through feature, and at least one, Winegard, that works with a battery pack. The program also now includes more than 2,300 participating retailers with over 29,400 outlets in all 50 states and territories. There are now 35 online retailers, which includes the recently added *Amazon.com*, and 13 telephone retailers.

As for NTIA's progress, GAO's report and testimony of September 16, concluded that NTIA is effectively implementing the coupon program. GAO acknowledges that this encompasses our comprehensive systems to process application requests, produce and distribute coupons, and process coupons for retailer reimbursement.

Complementing the GAO finding, consumer satisfaction with the program is high. A recent survey by the Consumer Electronics Association found that 90 percent of consumers who used the coupon website to request coupons rates the experience as good or excellent.

With the goal of increasing coupon participation by over-the-air households and to better target our consumer education efforts, NTIA correlated coupon redemption information with industry data to analyze each U.S. television market. Based on our analysis, we estimate that 79 percent of over-the-air households that are potential purchasers of converter boxes have requested coupons as of September 1st. In other words, coupon program participation by over-the-air households is on track in 187 out of the Nation's 210 television markets. NTIA is working very hard to implement outreach in the 23 markets where participation rates are lower than expected.

We believe that our consumer education efforts are working. Based on the Wilmington test pilot of September 8, we learned that strong and steady demand for coupons and boxes can stem a rush at the end of the program in the final days. We also learned that it is important for consumers to act early so that they have ample time to address any technical issues that arise from installing a converter box.

NTIA has, thus, tailored its consumer education messaging to “apply, buy, and try.” Consumers should apply for a box, buy a box, and try the box to ensure that it works and can troubleshoot for any issues that they may experience. We are also urging consumers to apply, buy, and try by the end of this year, well in advance of the transition date.

The success of the Wilmington test pilot shows that when government, industry and nonprofit groups coordinate closely, the whole truly does become greater than the sum of its parts.

To enhance the Government component, 24 Federal agencies convened at the White House on September 12. It was encouraging to hear how USDA, the VA, HHS, and the IRS, among others are helping millions of vulnerable Americans prepare for the digital transition. We continue to explore adopting the practices that other Federal agencies are using to expand the reach to a broader cross section of over-the-air households.

I want to thank the Committee for the enactment of the DTV Transition Assistance Act, which will enhance our consumer education efforts. This legislation provided NTIA with the flexibility to use surplus funds from the conversion program for lower-power television and translator stations for DTV-related public education and technical assistance.

I would like to turn now briefly to how NTIA is responding to a couple of key challenges we have faced in administering the coupon program. This past Friday, on September 19, the Federal Register published NTIA’s final rule to enable coupon program participation by residents of licensed nursing homes, intermediate care facilities, and assisted living facilities, as well as households that use a post office box for residential mail delivery. This rule will take effect on Monday, October 20. We are pleased to be taking the steps to make this coupon program more inclusive.

In the same vein, the Department of Commerce recently submitted draft legislation to Congress to be able to maximize the number of coupons NTIA can distribute, while not exceeding the \$1.5 billion in total funds authorized for the coupon program. The proposed legislation provides NTIA with needed flexibility to cover any incremental increases in administrative costs associated with distributing coupons through the end of the program, including expected increased demand as the transition date approaches.

Assuming that consumer requests for coupons will increase as the February 17 transition date nears—and we do—NTIA wants to be as prepared as it possibly can to maximize consumer participation in the coupon program. Without the flexibility to increase administrative spending, if needed, NTIA will be able to distribute 44.5 million coupons. With the flexibility, NTIA will be able to distribute about 50.5 million coupons.

We believe that the draft legislation is a responsible and prudent approach to address potential additional demand for coupons, and I urge its immediate consideration.

Thank you again for the opportunity to testify, and I will be happy to answer any questions.

[The prepared statement of Ms. Baker follows:]

PREPARED STATEMENT OF MEREDITH ATTWELL BAKER, ACTING ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, NTIA, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify before you today on behalf of the National Telecommunications and Information Administration (NTIA) regarding the transition to digital television (DTV) and NTIA's implementation of the TV Converter Box Coupon Program (Coupon Program). Educating Americans about their options when full-power television stations cease analog broadcasting on February 17, 2009, and administering an efficient and consumer friendly Coupon Program have been top priorities for NTIA over the past 2 years. NTIA has already served millions of Americans who have requested, received, and redeemed coupons with the purchase of a coupon-eligible converter box (CECB) from among the Program's participating retailers, and we are well poised to assist millions more. With 147 days to go until the DTV switch occurs, the significant progress NTIA has made in meeting the Coupon Program's objectives is matched only by our determination to ensure that as many consumers as possible are aware and prepared for the DTV transition, and that NTIA is able to maximize opportunities for households to participate in the Coupon Program.

My testimony today will focus chiefly on the status of activities and consumer education efforts of NTIA's Coupon Program; the experience gained by the September 8, 2008, DTV switch in Wilmington, North Carolina; and the actions taken by, and in process, at NTIA to maximize opportunities for over-the-air households to participate in the Coupon Program.

Current Coupon Activities

As you know, Title III of the Deficit Reduction Act of 2005, known as the "Digital Television Transition and Public Safety Act of 2005" (the Act), directs the Federal Communications Commission (FCC) to require full-power television stations to cease analog broadcasting on February 17, 2009. The Act directs NTIA to implement and administer the Digital-to-Analog Converter Box Coupon for the purpose of assisting consumers who opt to keep their existing analog TV's working to view over-the-air broadcasts using a converter box.

As required by the Act, the Assistant Secretary of Commerce for Communications and Information must ensure that requesting households receive a maximum of two \$40 coupons, via U.S. mail, each to be applied toward the purchase of a digital-to-analog converter box. The Act authorizes NTIA to use up to \$990 million to carry out the program, including up to \$100 million for expenses incurred for program administration, of which \$5 million may be used for consumer education. It also authorizes an additional \$510 million in funding to be available upon 60 days advance notice to Congress, \$60 million of which may be used for program administration expenses.

Leading up to the launch of the TV Converter Box Coupon Program on January 1, 2008, NTIA undertook extensive preparations beginning with a comprehensive rulemaking proceeding and Request for Proposal (RFP). Through a competitive procurement process, NTIA selected IBM to develop fully operational systems for the application, processing, distribution, and redemption of coupons; and to certify retailers for participation in the program. Working with the FCC, NTIA established a procedure to test and certify coupon-eligible convert boxes (CECBs). The Contract with IBM has all of the elements necessary for a fully operational and well-functioning program through its conclusion, including the ability to scale the Program as needed to maximize customer participation. Simply stated, the implementation of this Program is without precedent and has presented unique opportunities and challenges along with way. The effectiveness of our efforts in this planning phase, I submit, can be measured best by the results of the Program's implementation.

Coupons Requests, Issuance, and Redemptions

Since January 1, 2008, the Coupon Program has received requests from 14,630,166 households for 27,457,404 coupons through September 17, 2008. This is equivalent to 105,601 average household requests for each of the 267 days the Cou-

pon Program has been operational. Over the past 30 days, the average daily household request rate was slightly higher, at 112,360 average requests, consistent with a trend of slight increases in requests rates experienced by the Program over the course of the past few months.

NTIA began processing requests for coupons from OTA households using contingent funds on August 1, 2008, while continuing to process coupon requests from other eligible households from recycled base funds that become available when unredeemed coupons expire. NTIA received the \$510 million in contingent funds on June 25, 2008, subsequent to our April 25, 2008, notification to the House Energy and Commerce Committee and the Senate Commerce, Science and Transportation Committee. Based on the number of redeemed coupons and coupons that are still active and have not reached the end of their 90-day expiration, 74 percent of the \$890 million in initial funding has been committed, and 25 percent of the \$450 million in contingent funding has been committed as of September 17, 2008.

Applications for coupons have been received primarily through the Coupon Program website at www.DTV2009.gov (56.9 percent), and our toll-free telephone number, 1-888-DTV-2009 (40.6 percent); a much smaller percentage of coupon applications (2.5 percent) has been received by fax and by mail. Consumers can expect that coupons will be issued and mailed within 10 to 15 business days from the date in which a coupon application is received. Consumers are able to check on the status of their coupon applications on the Program's web page (<https://www.dtv2009.gov/CheckStatus.aspx>). NTIA continues to work closely with our contractor, IBM, to ensure that coupon requests are processed in a timely fashion. We were pleased to learn that in a recent survey conducted by the Consumer Electronics Association, 90 percent of consumers who used the website to request coupons rated the experience as "good" or "excellent." NTIA is in the process of streamlining its phone system to facilitate consumer coupon requests through its Interactive Voice Response (IVR) and to refer consumer questions to appropriate third parties, such as the FCC and local television stations.

In addition to the high volume of applications, the appeal of the Coupon Program to consumers is demonstrated by the rate of coupon redemptions. Through September 17, 2008, more than 10 million coupons have been redeemed, an overall redemption rate of 49.3 percent for coupons that have reached the end of the 90-day expiration period. For OTA households, the redemption rate is even higher; 55.5 percent of the coupons that have reached the end of the 90-day expiration period have been redeemed. Since June 2008, NTIA has posted online a Weekly Redemption Report for easy access by retailers, converter box manufacturers, and the public that presents data on overall weekly coupon redemption rates and a breakdown of coupon redemption rates by OTA households. (<https://www.ntiadtvtv.gov/docs/WeeklyRedemptionsReport.pdf>)

Using the estimate of the Consumer Electronics Association that 60 percent of OTA households are potential purchasers of converter boxes, and of the Nielsen Company that there were 14 million OTA households on January 1, 2008, NTIA has estimated that 79 percent of this target audience—TV households who rely on television with an antenna and expected to purchase a converter box—have already requested coupons as of September 1, 2008. Further, our analysis confirms that Coupon Program participation by OTA households is on track in 187 of the country's 210 Designated Market Areas (DMAs). Based on our analysis, NTIA is developing and will implement specific outreach plans in the 23 DMAs where participation rates seem to be lower than average participation rates seem to be lower than average. Appendix A of this testimony provides a listing of Coupon Program participation rates of OTA households in each of the Nation's 210 television markets.

Coupon-Eligible Converter Boxes and Participating Retailers

A critical factor in the Coupon Program's progress has been the voluntary participation of converter box manufacturers and retailers. NTIA is extremely gratified that we have been able to certify 158 CECBs submitted for testing and certification by manufacturers through September 17, 2008. Each of these converter boxes was designed for the statutory purpose of enabling a consumer to view digital signals on analog television sets.

NTIA continues to certify boxes and is expediting those that have the capability to pass-through analog signals that will continue to be transmitted by many low power television and translator stations after February 17, 2009. As of September 17, 2008, NTIA has certified 83 CECBs with an analog pass-through capability. We appreciate the responsiveness of manufacturers—such as RCA, Craig, Philco, Magnavox, Memorex, and Zenith, among others—to serve consumers' needs for this simple solution to view both digital and analog signals on analog television sets.

From the Nation's largest consumer electronics retailers—Best Buy, Circuit City, Radio Shack, Sears, Target, and Walmart—to the hundreds of regional chains and smaller firms, we are likewise pleased that retailers have made converter boxes widely available. Through September 17, 2008, 2,362 retailers are participating in the Coupon Program, with over 29,400 retail outlets nationwide, including locations in all 50 states, all DMAs, as well as Guam, Puerto Rico, and the U.S. Virgin Islands. Among these are 35 retailers redeeming coupons online, and 13 retailers that will redeem coupons by phone. We are pleased that *Amazon.com* and Office Depot are the latest to join the ranks of the Coupon Program's participating retailers.

To achieve the status as a "participating retailer" in the Coupon Program, retailers must certify that their employees are trained, that stores have an inventory of converter boxes, and that their systems are prepared to redeem coupons. Working with IBM, NTIA has made employee training materials available to participating retailers so that they are able to answer consumers' questions about converter boxes and coupon use. To better support the management of CECB inventory, NTIA makes available coupon request data to retailers on a per state basis, as well as by 3-digit and 5-digit zip code. The cooperation of retailers and box manufacturers alike have greatly contributed to consumers' satisfaction with the Coupon Program, and NTIA is truly grateful for their partnership.

Consumer Education

Educating consumers about the DTV transition and the converter box coupon option has been an integral part of NTIA's Coupon Program. Our efforts have focused on raising awareness among households disproportionately reliant on OTA broadcasting for their television services, namely seniors, minorities, the disabled, low-income, and rural households. NTIA's messaging encourages these and other OTA households to know their options and, if the converter box is their preferred option for making the transition, to request a coupon and purchase a converter box now rather than delay and contend with a possible rush for boxes closer to the transition date. Consumers should plan at least 6 weeks in advance to "apply, buy and try"—that is, "apply" for their coupons, "buy" their preferred converter box and "try" it to make sure they can receive their favorite channels—to be ready well in advance of February 17, 2009. As a practical matter, consumers should request coupons now to ensure a smooth transition and begin enjoying digital television service.

A recent national survey sponsored by the National Association of Broadcasters (NAB) shows that knowledge about the DTV transition is nearly universal. In a telephone survey of 21,436 households, conducted between the end of March and mid-May, 2008, 90 percent of respondents said they were aware of the February 17, 2009, DTV transition, up from 83 percent in a January 2008 NAB survey. These results reflect the success of the nationwide public education campaigns undertaken by the broadcasting and cable industries, as well as our own public education efforts and those of the 300 Federal, national, regional, and local organizations that have partnered with NTIA to arm consumers with the information they need to be prepared on February 17, 2009.

NTIA's Outreach and Partnerships

For its part, NTIA participates in meetings, conferences, and other fora on an ongoing basis, often with one or more of our partners to educate audiences about the DTV transition and the Coupon Program. For example, in recent months, NTIA attended events held by the American Council on the Blind, the Community Action Partnership of Chicago, Self-Help for the Elderly of San Francisco, and the General Federation of Women's Clubs. We have jointly hosted and participated in coupon application completion events with organizations such as SeniorSource in Dallas/Ft. Worth, Texas; the Maryland Department of General Services in Baltimore, Maryland; JobStarts in Englewood, California; and KNME-PBS in Albuquerque, New Mexico.

NTIA's consumer education efforts do not begin and end with Coupon Program staff. Rather, my staff and I, along with others in the Department of Commerce have participated in numerous events, including town hall meetings convened in the districts of Members of Congress, such as Senator Ted Stevens of Alaska, Senator Gordon Smith of Oregon, Senator Mike Crapo of Idaho, Representative John Dingell of Michigan, and Rep. John Shimkus of Illinois. As you know, Commerce Secretary Carlos Gutierrez has likewise been extremely active in helping educate Americans about the DTV transition and the Coupon Program. He continues to conduct media interviews in both Spanish and English, and speaks to audiences throughout the country to help raise public awareness. Most recently, Secretary Gutierrez participated in a public education event held at a Circuit City retail store in Atlanta, accompanied by Georgia Governor Sonny Perdue.

As I noted earlier, NTIA analyzed Coupon Program participation by DMA, enabling us to better target consumer education efforts and reach out to media in markets with high rates of OTA households and/or key demographic populations. For example, in July and August 2008, NTIA staff conducted 117 media interviews, including outlets such as The Maui News (Honolulu, HI), Eureka Reporter (Eureka, CA), KBBIAM/KDLL-FM (Anchorage, AK), Star News (Wilmington, NC), AARP Bulletin (seniors), Sister 2 Sister (African American magazine), KOVR-TV (Sacramento, CA), KBOW-AM (Butte-Bozeman, MT), and Alaska Public Radio.

Working with the communications firm, Ketchum, NTIA continues to track media impressions regarding the DTV transition and the Coupon Program. The following chart shows the cumulative number of print circulation, online unique visits, and broadcast impressions from September 10, 2007, through August 31, 2008.

TV Converter Box Coupon Program: Cumulative Media Impressions
September 10, 2007–August 31, 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	176,597,506
As of June 30, 2008	162,552,550	2,951,814,191	242,916,367
As of July 31, 2008	183,117,820	3,097,501,422	292,567,681
As of August 31, 2008	197,260,220	3,285,822,971	332,884,358

NTIA is now working with over 24 Federal departments and agencies with direct communications to vulnerable populations to expand the reach of our consumer education efforts. On September 12, 2008, the Office of Management and Budget, the Office of Science and Technology Policy, NTIA, and the FCC, spearheaded an inter-agency Federal DTV Awareness meeting to discuss strategies to better coordinate activities across Executive branch agencies to enhance consumer education and assistance to our target populations. It was very encouraging to hear how the Department of Agriculture, the Department of Veterans Affairs, the Department of Health and Human Services, and the Internal Revenue Service, among others, are helping millions of vulnerable Americans prepare for the digital transition. We continue to explore how these good practices can be applied to other Federal agencies to reach a broader cross-section of Americans who rely on over-the-air television.

Statutory Flexibility to Expand Consumer Education

NTIA appreciates the flexibility provided by the “DTV Transition Assistance Act” (Pub. L. 110–295) (Assistance Act), signed into law by President Bush on July 30, 2008, which will provide an additional mechanism to expand our public education efforts. As you know, there are two key provisions of the Assistance Act: (1) enabling NTIA to more immediately begin providing grant support for the digital upgrade of low power television and translator stations; and (2) authorizing NTIA to utilize surplus funds in the Low Power Television and Translator Station Conversion Program (providing grant support to low power television and translator stations for the purchase a digital-to-analog conversion device) for purposes of consumer education and technical assistance related to the DTV transition and the Coupon Program.

Pursuant to the Assistance Act, NTIA issued a notice on August 28, 2008, confirming a determination that only \$3.5 million of the full funding amount for the Conversion Program (\$8 million) would be necessary. This allows for \$4.5 million of these funds to become available for consumer education and technical assistance related to the DTV transition and the Coupon Program. This determination was based on the number of potential eligible Conversion Program applicants, the number of grant applications received through July 31, 2008, and the number of facilities receiving authorization from the FCC to upgrade to digital transmission via flash-cut.

We have already received expressions of interest, and encourage the submission of other proposals, to provide consumer education and technical assistance as provided for in the Assistance Act. NTIA will act as expeditiously as possible to formalize agreements for these purposes.

Wilmington DTV Transition Test Pilot

Leveraging the awareness-building activities of the variety of partners that participated in the Wilmington DTV transition test pilot on September 8, 2008, not only contributed to Wilmington's success, but it also demonstrates early preparation and mobilizing of existing assets by communities can help ensure that their citizens experience a smooth transition to digital television. I commend the people of Wilmington and the many Wilmington area volunteers and community leaders, television broadcasters, and participating retailers, as well as the FCC, and all other involved stakeholders for their efforts to ensure that Wilmington households were prepared and that the test pilot was a success.

Among the steps taken in Wilmington contributing to this success, broadcasters were nimble in modifying their messaging to increase awareness of the early transition date and reduce confusion among Wilmington consumers about their need to act early. The minute-long test run by Wilmington broadcasters in advance of the September 8 switch also proved to be a useful way to help consumers pinpoint whether they really needed a converter box. The consumer electronics industry and box manufacturers also stepped up to support this effort to make converter boxes widely available in stores to meet high demand. I especially appreciate their willingness to donate boxes to nursing homes and troubleshooting advice for consumers. Local firefighters and community groups provided helpful technical assistance to households, including converter box installation for the more vulnerable among Wilmington's citizens.

The Wilmington test pilot was an important opportunity for NTIA to gauge consumer awareness and participation in the Coupon Program. Through September 7, NTIA received requests for more than 69,000 coupons from 37,500 households in the Wilmington DMA, 47 percent of which were from OTA households. Of the coupons issued and mailed, over 28,000 were redeemed as of September 7. We were pleased with the strong response for coupons from Wilmington households; requests for coupons increased 300 percent since the May 8, 2008, FCC announcement of the test pilot. Strong and steady demand for coupons and boxes over the past 4 months stemmed a rush in the final days leading up to the September 8 switch.

The primary lesson NTIA gained from Wilmington is that we must emphasize to an even greater extent the need for consumers that rely on OTA broadcasts for viewing on analog television sets to apply for a coupon and purchase a converter box well in advance of the transition date. It is essential that consumers are aware that it will take several weeks to make adequate preparations—to apply for and receive a coupon, and to purchase and install a converter box—to ensure that all of the analog televisions in their household are prepared when the transition occurs.

Responding to Coupon Program Challenges

Rulemaking on Nursing Home and Post Office Box Program Eligibility

The final rule on participation of Coupon Program applicants living in licensed nursing homes, intermediate care facilities, and assisted living facilities, and households that use a post office box for residential mail delivery was published in the Federal Register on September 19, 2008. The final rule will take effect on October 20, 2008.

Under the waiver provisions of the new regulations, residents of licensed nursing homes, intermediate care facilities, and assisted living facilities are required to provide their name and the address of the facility, and whether they receive television exclusively with an antenna, or through cable, satellite or other pay television service. The nursing home resident, a family member, or a representative from the licensed facility may apply for one coupon for the resident, and the coupon will be mailed directly to the nursing home resident. A special application will be made available for nursing home residents to complete once the rule becomes effective.

Also, applicants who utilize a post office box for residential mail delivery will be able to request two coupons through the normal application process after the rule change goes into effect. Applicants will be required to provide the address of their physical residence in addition to their post office box address. NTIA is pleased to take this step in making the Coupon Program more inclusive.

Coupon Reissuance

NTIA has been extremely sensitive to concerns, questions, and requests made for the reissuance of coupons to households that did not, or were unable to, redeem previously requested coupons prior to their expiration date. However, we do not believe the Act sets out clear authority for NTIA to issue any additional coupons to households that have already requested and received coupons, even if the coupons were not redeemed in advance of their expiration.

We also do not believe that making such a change to the Program at this time is advisable. The reissuance of coupons would necessitate, we believe, the undertaking and completion of numerous additional actions. The added—and potentially substantial—costs and delays that would accompany each of these actions could jeopardize the Program’s ability to achieve its core mission of facilitating a smooth DTV transition.

For example, such a change would require a rulemaking proceeding, similar to NTIA’s pending proposed rule amending the eligibility of individuals residing in nursing homes as discussed above. Such a rulemaking, even if conducted on an expedited basis, would not likely be completed before early 2009. A change would also impact NTIA’s current contract with IBM to administer the Coupon Program, requiring revision in the operational systems and procedures of the Program. Likewise changes would be needed to materials currently utilized in Program administration (*e.g.*, online, phone and paper application forms and processes) and consumer education.

Moreover, such a change could seriously compromise NTIA’s emphasis on the need for prompt action by consumers to apply for and redeem their coupons, and could cause a last-minute rush on—and potential product shortages of—converter boxes in the latest stages of the DTV transition. Finally, it would be unfair to consumers who redeemed coupons in a timely manner, consistent with the statutory 90-day expiration deadline requirement and existing Coupon Program regulations.

Maximizing Coupon Distribution

As you know, the Act authorizes a total of \$1.34 billion for the Coupon Program from both the base (\$890 million) and contingent (\$450 million) funding levels, an amount sufficient to cover the value of up to 33.5 million redeemed coupons. The remaining \$160 million from both base and contingent funding is authorized for administrative expenses which includes, but is not limited to, those costs associated with the distribution and processing (*i.e.*, not the underlying value) of each coupon.

As noted earlier, the Coupon Program received over 105,000 average daily requests from households for coupons, and the overall coupon redemption rate currently stands at just under 50 percent. Assuming that consumer requests for coupons will increase as the February 17, 2009, transition date nears, and that the redemption rate remains constant, NTIA could distribute more than 50 million coupons in total over the life of the Program. Without legislation providing NTIA with greater flexibility, NTIA will be unable to fully meet this consumer demand and costs associated with expected changes to the Program.

On September 11, 2008, the Department of Commerce submitted to Congress draft legislation that would provide NTIA with the statutory flexibility, if needed, to use available balances in certain Digital Television and Public Safety programs to cover administrative expenses of the Coupon Program above the authorized \$160 million. The proposal would enable NTIA to continue coupon distribution to requesting eligible American households in the event that coupon demand exceeds the level of administrative resources presently authorized for the Coupon Program while still ensuring that overall program costs do not exceed \$1.5 billion as established in the Act. Under the draft legislation, \$7 million would be available upon enactment and additional funds as needed would be available upon approval of the Office of Management and Budget (OMB) Director and upon 15-day notice to the House Committee on Energy and Commerce and the Senate Committee on Commerce, Science, and Transportation.

Waste, Fraud, and Abuse

NTIA remains vigilant in monitoring operations for waste, fraud, and abuse across all components of the Coupon Program. The agency meets regularly with the Department of Commerce Inspector General, the Government Accountability Office, and Department of Commerce auditors to monitor all aspects of the Coupon Program, from household requests for coupons to retailer payment for coupon redemptions.

Working with IBM, NTIA has developed a comprehensive and rigorous approach to deterring and detecting waste, fraud and abuse in the Program. In terms of retailer certification, participation and payment, NTIA has protections in place to minimize opportunities for inappropriate retailer behavior.

To date, no egregious instances of waste, fraud, and abuse have been discovered in the Coupon Program. However, several retailers have been decertified for a variety of violations of program rules. In these cases, NTIA has also 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 a very small percentage

of the total number of certified retailers, NTIA remains committed to taking swift action to avoid any and all waste, fraud, and abuse in the Program.

We are also ensuring that no more than two coupons are sent to each U.S. household, as specified in the Act, and that consumers are unable to use the \$40 coupon to purchase ineligible products. To protect consumers we have just issued a “consumer checklist,” helping them navigate the Coupon Program. We have also worked with the Federal Trade Commission and the FCC on a tip-sheet to arm consumers with the information they need to make decisions right for their household.

Preparedness for a Surge

NTIA is aware of the potential for a surge in coupon applications as the February 17, 2009, transition date draws closer. Although the coupon application rate has spiked only rarely over the past eight and one-half months, we recognize that consumer education will intensify in the coming months and that coupon applications could reach more consistently high levels than has been our experience to date. NTIA has designed and administered the Coupon Program in a manner that strives to assure that no Americans lose their television service as a result of the DTV transition. This commitment underlies the Program regulations, as well as NTIA’s proposal to expand coupon eligibility to residents of nursing homes and citizens that utilize a post office box, and the draft legislation to maximize household participation in the Coupon Program.

Again, this underscores the emphasis of the Coupon Program’s key consumer education messaging that consumers should act now to apply for coupons and to redeem them at a participating retailer as soon as possible after their receipt. As noted above, our experience in Wilmington confirms that encouraging people to act now will help avoid lengthy periods of extremely high volumes of coupon requests as the Program draws to an end.

In conclusion, I want to thank the Committee for the opportunity to testify before you today. I will be happy to answer your questions.

APPENDIX A: OVER-THE-AIR HOUSEHOLD PARTICIPATION RATES IN COUPON PROGRAM BY DESIGNATED MARKET AREA (DMA) AS OF SEPT. 1, 2008

Over-the-Air Household Participation Rates in Coupon Program
by Designated Market Area (DMA) as of Sept. 1, 2008

	Number of Over-the-Air Households with Approved Requests	Over-the-Air Household Participation Rate *
JUNEAU, AK	218	13%
GLENDALE, MT	61	30%
ANCHORAGE, AK	6,441	38%
EUREKA, CA	2,023	38%
HONOLULU, HI	5,381	39%
FAIRBANKS, AK	2,903	40%
SEATTLE TACOMA, WA	53,923	43%
BUTTE BOZEMAN, MT	3,123	44%
HELENA, MT	1,466	45%
MISSOULA, MT	5,631	46%
BILLINGS, MT	4,913	48%
GRAND JUNCTION MONTROSE, CO	3,183	51%
GREAT FALLS, MT	2,888	51%
ODESSA MIDLAND, TX	3,783	52%
SAN DIEGO, CA	28,207	52%
BURLINGTON PLATTSBURGH, VT—NY	13,102	53%
MANKATO, MN	2,108	54%
MONROE ELDORADO, LA—AR	7,625	54%
SPOKANE, WA	21,362	55%
SANTA BARBARA SANTA MARIA SAN LUIS OBISPO, CA	5,424	56%
SALT LAKE CITY, UT	68,522	56%
LAS VEGAS, NV	25,382	56%
IDAHO FALLS POCATELLO, ID	7,931	57%
LAFAYETTE, IN	2,455	58%
SACRAMENTO STOCKTON MODESTO, CA	64,735	58%
CASPER RIVERTON, WY	2,064	58%
MONTEREY SALINAS, CA	9,541	58%
CHARLOTTESVILLE, VA	4,085	58%
YAKIMA PASCO RICHLAND KENNEWICK, WA	13,657	59%
TWIN FALLS, ID	3,642	59%
HARTFORD NEW HAVEN, CT	21,384	60%

Over-the-Air Household Participation Rates in Coupon Program
by Designated Market Area (DMA) as of Sept. 1, 2008—Continued

	Number of Over-the-Air Households with Approved Requests	Over-the-Air Household Participation Rate *
COLORADO SPRINGS PUEBLO, CO	21,197	60%
SAN ANGELO, TX	1,144	60%
AMARILLO, TX	8,551	61%
BATON ROUGE, LA	9,145	61%
SPRINGFIELD HOLYOKE, MA	8,085	61%
CHICO REDDING, CA	12,646	62%
TOPEKA, KS	8,164	62%
YUMA EL CENTRO, CA	9,668	62%
DENVER, CO	75,299	63%
BOISE, ID	27,165	63%
JOPLIN PITTSBURGH, MO—KS	13,192	63%
MEDFORD KLAMATH FALLS, OR	7,018	63%
ALBUQUERQUE SANTA FE, NM	45,363	63%
TUCSON SIERRA VISTA, AZ	27,342	64%
MINOT BISMARCK DICKINSON, ND	6,465	64%
ELMIRA, NY	2,779	65%
BALTIMORE, MD	58,822	65%
SHREVEPORT, LA	17,782	65%
PHOENIX, AZ	96,688	65%
ABILENE SWEETWATER, TX	5,081	65%
CHAMPAIGN SPRINGFIELD DECATUR, IL	16,681	65%
INDIANAPOLIS, IN	68,555	66%
FARGO VALLEY CITY, ND	12,488	66%
TALLAHASSEE THOMASVILLE, FL	9,747	67%
ST. JOSEPH, MO	2,619	68%
DALLAS FT. WORTH, TX	210,358	68%
BAKERSFIELD, CA	14,345	68%
WICHITA FALLS LAWTON, TX—OK	7,278	68%
SYRACUSE, NY	18,063	68%
NASHVILLE, TN	46,413	68%
MINNEAPOLIS ST. PAUL, MN	159,383	69%
PORTLAND AUBURN, ME	21,994	69%
WICHITA HUTCHINSON, KS	24,347	69%
WASHINGTON, DC	82,489	70%
ROCHESTER, NY	27,466	70%
PROVIDENCE NEW BEDFORD, RI—MA	25,012	70%
LOS ANGELES, CA	412,401	70%
RAPID CITY, SD	4,222	70%
MEMPHIS, TN	39,403	71%
HARRISONBURG, VA	3,667	71%
ROCKFORD, IL	10,524	71%
CHEYENNE SCOTTSBLUFF, WY—NE	2,211	72%
CLEVELAND AKRON CANTON, OH	87,590	72%
PEORIA BLOOMINGTON, IL	13,955	72%
BEND, OR	4,275	73%
TYLER LONGVIEW LUFKIN NACOGDOCHES, TX	13,631	73%
JOHNSTOWN ALTOONA, PA	7,971	73%
CORPUS CHRISTI, TX	9,594	73%
BLUEFIELD BECKLEY OAK HILL, WV	3,997	74%
HOUSTON, TX	200,611	74%
LUBBOCK, TX	14,143	74%
LITTLE ROCK PINE BLUFF, AR	29,502	74%
CINCINNATI, OH	73,066	74%
PADUCAH CAPE GIRARDEAU MARION CARBONDALE		
MCLEANSBORO POPULAR BLUFF MT. VERNON, KY—MO—IL	24,139	75%
ALPENA, MI	939	75%
HARLINGEN MCALLEN BROWNSVILLE, TX	55,083	76%
SIOUX FALLS MITCHELL, SD	13,406	77%
TOLEDO, OH	34,668	77%
PORTLAND, OR	97,950	77%
SAVANNAH, GA	10,489	77%
YOUNGSTOWN, OH	17,297	78%
LINCOLN HASTINGS KEARNY, NE	16,233	78%
EUGENE, OR	17,439	78%
MARQUETTE, MI	3,659	78%
NORTH PLATTE, NE	780	79%
ATLANTA, GA	80,154	79%
WACO TEMPLE BRYAN, TX	18,389	79%

Over-the-Air Household Participation Rates in Coupon Program
by Designated Market Area (DMA) as of Sept. 1, 2008—Continued

	Number of Over-the-Air Households with Approved Requests	Over-the-Air Household Participation Rate *
MADISON, WI	34,371	79%
AUSTIN, TX	38,632	79%
RENO, NV	13,292	79%
ALBANY SCHENECTADY TROY, NY	24,020	79%
LA CROSSE EAU CLAIRE, WI	17,091	79%
SAN FRANCISCO OAKLAND SAN JOSE, CA	121,651	79%
BIRMINGHAM ANNISTON TUSCALOOSA, AL	30,040	80%
COLUMBUS, OH	54,278	80%
GREENVILLE NEW BERN WASHINGTON, NC	17,718	80%
FRESNO VISALIA, CA	60,300	80%
JACKSONVILLE BRUNSWICK, FL—GA	30,881	81%
EVANSVILLE, IN	16,695	81%
COLUMBIA JEFFERSON CITY, MO	14,196	81%
KANSAS CITY, KS—MO	61,754	81%
ROANOKE LYNCHBURG, VA	26,907	81%
NORFOLK PORTSMOUTH NEWPORT NEWS, VA	31,324	81%
JACKSON, MS	17,325	82%
LEXINGTON, KY	21,316	82%
ALBANY, GA	5,630	82%
ST. LOUIS, MO	114,595	82%
SIOUX CITY, IA	11,985	82%
BEAUMONT PORT ARTHUR, TX	8,861	82%
HUNTSVILLE DECATUR FLORENCE, AL	17,338	82%
TULSA, OK	42,588	82%
GRAND RAPIDS KALAMAZOO BATTLE CREEK, MI	63,294	83%
OTTUMWA KIRKSVILLE, IA—MO	3,615	83%
TAMPA ST. PETERSBURG SARASOTA, FL	76,147	83%
MILWAUKEE, WI	93,592	83%
COLUMBUS TUPELO WEST POINT, MS	11,222	84%
DAYTON, OH	43,697	84%
CHARLESTON, SC	17,521	85%
ERIE, PA	13,140	85%
DAVENPORT ROCK ISLAND MOLINE, IA—IL	23,055	85%
KNOXVILLE, TN	29,600	85%
LANSING, MI	22,141	85%
DES MOINES AMES, IA	45,064	86%
BANGOR, ME	13,739	87%
LOUISVILLE, KY	45,425	87%
CLARKSBURG WESTON, WV	3,365	87%
MIAMI FT. LAUDERDALE, FL	66,009	87%
COLUMBUS, GA	8,574	87%
WEST PALM BEACH FT. PIERCE, FL	16,230	88%
TERRE HAUTE, IN	10,605	88%
BOSTON MANCHESTER, MA—NH	65,215	88%
ROCHSTER MASON CITY AUSTIN, IA	11,255	89%
SPRINGFIELD, MO	47,016	89%
RALEIGH DURHAM FAYETTEVILLE, NC	67,682	89%
CHARLOTTE, NC	58,139	89%
DULUTH SUPERIOR, MN	20,784	89%
CHICAGO, IL	282,376	90%
PALM SPRINGS, CA	4,275	90%
JACKSON, TN	4,881	90%
BUFFALO, NY	33,625	90%
LAKE CHARLES, LA	4,791	91%
GREENSBORO HIGH POINT WINSTON SALEM, NC	40,230	91%
MACON, GA	11,698	91%
WILKES BARRE SCRANTON, PA	23,047	92%
TRAVERSE CITY CADILLAC, MI	22,321	92%
DETROIT, MI	121,971	93%
CEDAR RAPIDS WATERLOO DUBUQUE, IA	28,865	94%
MERIDIAN, MS	5,035	94%
EL PASO, TX	49,724	94%
BOWLING GREEN, KY	5,078	94%
PANAMA CITY, FL	8,203	94%
GREENVILLE SPARTANBURG ASHVILLE ANDERSON, NC—SC	55,624	94%
HARRISBURG LANCASTER LEBANON YORK, PA	35,543	94%
FT. SMITH FAYETTEVILLE SPRINGDALE, AR+A197	16,074	95%
PITTSBURGH, PA	54,574	95%

Over-the-Air Household Participation Rates in Coupon Program
by Designated Market Area (DMA) as of Sept. 1, 2008—Continued

	Number of Over-the-Air Households with Approved Requests	Over-the-Air Household Participation Rate *
FT. WAYNE, IN	36,578	96%
AUGUSTA, GA	15,859	96%
DOTHAN, AL	4,327	97%
CHATTANOOGA, TN	20,182	97%
SAN ANTONIO, TX	67,784	99%
FLINT SAGINAW BAY CITY, MI	40,319	99%
OKLAHOMA CITY, OK	62,116	100%
GREENWOOD GREENVILLE, MS	2,986	100%
RICHMOND PETERSBURG, VA	31,768	100%
GREEN BAY APPLETON, WI	58,686	100%
PARKERSBURG, WV	2,618	100%
LAFAYETTE, LA	11,598	101%
SHERMAN ADA, TX—OK	10,460	101%
PHILADELPHIA, PA	134,008	101%
NEW YORK, NY	228,786	101%
ALEXANDRIA, LA	3,829	102%
LAREDO, TX	9,358	103%
WHEELING STEUBENVILLE, WV	6,701	103%
MOBILE PENSACOLA, AL—FL	30,484	103%
JONESBORO, AR	5,266	103%
FT. MYERS NAPLES, FL	18,194	107%
UTICA, NY	5,207	108%
ORLANDO DAYTONA BEACH MELBOURNE, FL	63,115	108%
NEW ORLEANS, LA	26,098	108%
BINGHAMTON, NY	6,929	109%
TRI CITIES, VA—TN	15,642	109%
GAINESVILLE, FL	6,828	109%
LIMA, OH	3,600	110%
WATERTOWN, NY	5,506	110%
HATTIESBURG LAUREL, MS	8,169	110%
ZANESVILLE, OH	1,619	110%
OMAHA, NE	30,484	110%
VICTORIA, TX	2,073	111%
SOUTH BEND ELKHART BENTON HARBOR, IN	50,712	112%
MONTGOMERY SELMA, AL	13,770	119%
WAUSAU RHINELANDER, WI	25,094	121%
COLUMBIA, SC	36,979	123%
BILOXI GULFPORT, MS	7,026	123%
MYRTLE BEACH FLORENCE, SC	23,155	132%
CHARLESTON HUNTINGTON, WV	24,384	133%
PRESQUE ISLE, ME	2,860	138%
QUINCY HANNIBAL KEOKUK—MO—IA	13,360	148%
SALISBURY, MD	8,276	158%
WILMINGTON, NC	16,726	203%

* According to the Consumer Electronics Association, about 60% of over-the-air (OTA) consumers are potential purchasers of converter boxes. The participation rate is the number of OTA requests divided by CEA's estimated market.

The CHAIRMAN. Thank you very much. I now call upon the Assistant Secretary for Aging, Department of Health and Human Services, the Honorable Josefina Carbonell.

**STATEMENT OF HON. JOSEFINA G. CARBONELL, ASSISTANT
SECRETARY FOR AGING, U.S. DEPARTMENT OF HEALTH AND
HUMAN SERVICES**

Ms. CARBONELL. Good afternoon, Mr. Chairman, Members of the Committee. Thank you for the opportunity to testify today.

I am pleased to report that the U.S. Department of Health and Human Services has been working in partnership with the FCC and NTIA to ensure that the people that we serve receive the information and assistance they need to make the transition from analog to digital broadcast on February 17, 2009.

Earlier this year, Secretary Leavitt established a work group to ensure that HHS is doing everything it can to get that message out. Many of the people that we serve at the Department, the elderly, people with disabilities, low-income, minorities, geographically isolated, homebound, and limited English-speaking, are the primary audiences for whom the impact will be most challenging.

HHS has participated in events throughout the country to make our respective networks aware of the DTV transition and what we can do to make it successful. My written testimony has several examples and details of these efforts, but I would like to highlight those of my agency, the Administration on Aging.

I am proud to report that we were one of the first agencies that FCC and NTIA approached to ensure that as the transition progressed, the unique needs of older Americans were being addressed. AoA has communicated information about the DTV transition to our national aging services network, which is comprised of 56 State Units on Aging; 655 local planning and service entities called Area Agencies on Aging; 239 tribal and native organizations, representing more than 300 tribes; 29,000 local community service provider organizations; and more than half a million volunteers. These organizations are disseminating the information further down to their respective partners, staff, and volunteer networks at the community level where it counts.

We accomplish our mission through the provision of critical services to more than 10.7 million older individuals and family caregivers, and we are in contact with older adults every day.

Our community service provider organizations are visible and trusted sources of information and are most often the place where older adults turn for help. Data indicates that seniors are more likely to have older analog television sets and are less likely to have cable television service. Some may face physical, financial, or transportation issues that limit their ability to successfully make the transition to digital TV. Additionally, many may not be familiar or, frankly, comfortable with the technology involved with this conversion.

Building on the success of the network in the implementation of the Medicare Part D prescription drug program, we recognized early on that the network, the aging network, represented a perfect access point for reaching older and disabled adults. We have developed a very important coalition of national aging services organizations that represent a cross section of our local network. We have developed unique coordination efforts and meetings between NTIA and FCC and this coalition to really maximize their hands-on experience with the hard-to-reach. The coalition continues to fine-tune strategies and local plans for more targeted efforts in line with what the Assistant Secretary and the Chairman have mentioned, in providing direct education, one-on-one information, assistance in purchasing and acquiring converter boxes, as well help with installation of the boxes so that vulnerable older adults can successfully manage the DTV transition.

AoA has also participated in several FCC and NTIA forums on DTV, and we applaud them for being responsive to the issues that we have raised. We were pleased that Secretary Gutierrez has announced that residents of nursing homes, assisted living facilities,

and households that use a post office box will be able to request coupons.

We will continue to work in partnership with FCC and NTIA to distribute materials and information to our stakeholders and partners, as well as through our grantee and communication networks. This includes disseminating information through our electronic newsletter which reaches over 22,000 subscribers from national, State and local programs.

While we have done op-ed articles in English and Spanish, we stand ready to do more articles, PSAs, television shows, to use all means that the Department has available to get the word out.

We have had NTIA and FCC participate in many important and big national and State aging conferences and events, which reach thousands of providers, seniors, and family caregivers.

At the community level, local senior centers, nutrition sites, adult day care programs, and Meals on Wheels programs are holding DTV information sessions. Many are working with the National Association of Broadcasters that has local TV broadcasters available to speak and participate in these events. At these events, seniors are provided not only with the critical information, but a hands-on demonstration in how to hook up the converter box.

Our aging network in North Carolina was very involved in the Wilmington pilot test and has indicated that they have been working very closely with FCC representatives to help ensure a smooth transition, particularly for vulnerable individuals.

Finally, HHS will continue to explore ways to reach out to our constituents to help ensure that no one is left out in the dark, and we are working together to help make this transition as successful as possible.

Thank you very much, Mr. Chairman.

[The prepared statement of Ms. Carbonell follows:]

PREPARED STATEMENT OF HON. JOSEFINA CARBONELL, ASSISTANT SECRETARY FOR
AGING, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Chairman Inouye, Ranking Member Hutchison, and Members of the Committee, thank you for the opportunity to testify before you today. I am pleased to report that the U.S. Department of Health and Human Services (HHS) has been working in partnership with the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA) to ensure that the people we serve receive the information and assistance they need to make the transition from analog to digital TV broadcasts on February 17, 2009. Earlier this year in response to a request from FCC, Secretary Michael O. Leavitt established a work group of his operating divisions to encourage them to make special efforts to ensure that HHS was doing everything it could to get the message out. Many of the people we serve—the elderly, people who have disabilities, or are low-income, minorities, geographically isolated, homebound, or limited English speaking—are the primary audiences for whom the impact will be most challenging.

HHS staff have participated in forums and meetings throughout the country in order to make our respective networks aware of the DTV transition and what our agencies can do to help make it successful. I would like to share with you just a few examples of what we are doing.

The Health Resources and Services Administration (HRSA) is the primary Federal agency for improving access to health care services for people who are uninsured, isolated or medically vulnerable. HRSA has forwarded FCC DTV information to approximately 4,000 grantee organizations who serve approximately 16 million low-income people. They have also worked with organizations such as the State Primary Care Offices, the Primary Care Associations and the National Association for Community Health Centers. These organizations which represent many more non-

federally funded health centers and clinics nationwide were asked to post and distribute DTV flyers in their clinics and to distribute information to patients.

The Administration for Children and Families (ACF) is responsible for Federal programs that promote the economic and social well-being of families, children, individuals, and communities. Information has been distributed to their 1,600 Head Start grantees and Community Action Agencies, covering more than 18,000 centers around the country as well as through their Temporary Assistance for Needy Families program. The Office of Community Services (OCS) within ACF promotes the TV Converter Box Coupon Program during public engagements and conferences and encourages grantees and partner associations to invite FCC representatives to their activities to help educate the public about the DTV transition. More specifically, OCS has distributed English and Spanish *DTV Transition: February 17, 2009, "Are You Ready?"* flyers to over 100 State Community Service Block Grant, 600 Community Action Agency and 500 Weatherization and Low-Income Energy Assistance Program staff; posted information on the websites of partner associations that represent over 1,000 Community Action Agencies; and facilitated coupon sign-up events with over 100 Social Services Block Grant and Community Services Block Grant grantees. The Child Care Bureau conducted several outreach activities to inform the child care community serving low-income children and families. Activities include disseminating the flyers at the 14th National American Indian/Alaska Native Child Care Conference which was attended by over 500 tribal organizations; and e-mailing the flyer to the 50 State and 5 territory Child Care and Development Fund (CCDF) administrators with the request that the flyer be disseminated to the families served by the program. Approximately 1 million families are served in an average month with CCDF funds. The Office of Child Support Enforcement (OCSE) informed all State child support enforcement programs of the DTV initiative, prominently displayed the DTV transition logo and link on the OCSE website, and invited child support agencies to either download or order hard copies through OCSE of the material to share with their clientele. OCSE filled many requests for the material from various agencies.

The Substance Abuse and Mental Health Services Administration (SAMHSA) has focused its mission on building resilience and facilitating recovery for people with or at risk for mental or substance use disorders. They are using their call center that responds to requests for information from approximately 50,000 individuals each month as a means of informing people about the DTV transition.

The Indian Health Service (IHS) has distributed information to their 120 health facilities and worked with Tribes to distribute consumer information to an additional 300 tribally managed health facilities.

Finally, the Centers for Medicare and Medicaid Services (CMS) will embark on its fall Open Enrollment period from November 15 to December 31, 2008 where they will be reaching out to 44 million people with Medicare through approximately 10,000 events to enroll in a drug plan, review their health care and drug coverage, and make changes. CMS has agreed to share information with partner organizations about the DTV transition as a part of their outreach efforts using information provided by the NTIA.

I am proud to report that my agency, the Administration on Aging (AoA), was one of the first agencies in the Federal Government that FCC and NTIA approached to work in partnership with them because they wanted to ensure that as the transition progressed the special and unique needs of older Americans were being addressed. As you know, AoA oversees the national aging services network (the network) which is comprised of 56 State Units on Aging designated by each Governor; 655 local planning and service entities in geographic regions in the states known as Area Agencies on Aging; 239 tribal and native organizations, representing more than 300 Tribes; 29,000 local community service provider organizations; and more than 500,000 volunteers. We accomplish our mission through the provision of critical services to more than 10.7 million older individuals and family caregivers; 3 million of whom require intensive home care services; the provision of an array of health and social supports through 13 million information and referral contacts and by providing over 20 million people with outreach and information about services; by providing over 28 million rides to meal sites, doctor's offices and other critical activities; and by serving 237 million meals to prevent and manage chronic diseases. So you can see that we are in contact with older adults everyday. The community service provider organizations in our network consist of local community-based and faith-based organizations who are the visible and trusted source of information in the community and most often the place where older adults will turn for help.

Data indicate that seniors are more likely to have older analog television sets and are less likely to have cable television service. Many face physical, financial or transportation limitations that will impact their ability to successfully make the

transition to digital television. Additionally, many may not be familiar or comfortable with the technology involved with the conversion. Although consumer education efforts are important, we also recognize the need to safeguard against up selling as well as fraud and abuse and the need to address the impact of requiring physical assistance related to installation, repairs and service of converter boxes. Providing consumer education and information does not produce access to converter boxes nor does it produce appropriate installation of them for a frail, mobility challenged population who rely on television as a primary source of critical information such as weather and emergency announcements; for a sense of connectedness and for entertainment. Building on the successful outreach, education and individual assistance provided by the network in the implementation of Medicare Part D Prescription Drug Coverage and Preventive Benefits, we recognized early on that the network represented a perfect access point for reaching the older adults who would be most affected by the digital television conversion.

When NTIA reached out to us in the summer of 2007, we immediately agreed to help them with this effort. One of the first things that we did was to reach out to a coalition of national aging services organizations and advocacy groups representing the network. AoA granted access to and facilitated meetings and discussions with NTIA and FCC. Each of the 11 organizations in the coalition have a focus on the needs of older adults, particularly those most in need of services and supports as they age and/or those in diverse communities. They have experience in developing approaches to reach out and assist the most at-risk older adults and their caregivers. They have experience in reaching the hard-to-reach; such as rural, isolated and limited English-speaking older individuals. And they have well-established aging-related communications channels and networks.

Currently, the coalition is working toward providing direct education; one-on-one information; assistance in purchasing and acquiring converter boxes; as well as installation of the boxes so that vulnerable older adults can successfully manage the DTV transition. The members of the coalition communicate on a regular basis and we are working with them to identify ways in which they could use the strengths of each group to maximize and leverage their resources at the local level.

AoA has participated in several FCC and NTIA forums on DTV and we applaud them for listening to our recommendations and being responsive to the issues we raised. We will continue to work in partnership with FCC and NTIA to provide information at aging conferences and exhibits occurring through the balance of the year. We will continue to distribute materials and information through our grantee and communications networks, such as our electronic newsletter that has 22,000 subscribers, as well as to our stakeholders and partners. Finally, we will refresh or update our website to ensure that links remain in a prominent location.

Currently at the community level, local senior centers, nutrition sites and other agencies are holding DTV information sessions. Many are working in partnership with the National Association of Broadcasters that has a DTV Speakers Bureau made up of local TV station broadcasters and others who are available to speak at local events. At these events, seniors are provided not only with information, but a hands-on demonstration on how to hook-up the converter box.

Additionally, Wilmington, North Carolina was the first market to test the transition to digital television (DTV) in advance of the nationwide transition to DTV on February 17, 2009. The commercial broadcasters serving the Wilmington television market voluntarily agreed to turn off their analog signals at noon on September 8, 2008. Our State and local aging agencies in North Carolina were very involved in the Wilmington test and have indicated that they have been working very closely with FCC representatives to help ensure a smooth transition.

We were pleased to learn that U.S. Secretary of Commerce Carlos Gutierrez announced last Tuesday that residents of licensed nursing homes, intermediate care facilities, assisted living facilities and households that use a post office box for mail delivery will be eligible to request coupons from the DTV Converter Box Coupon Program. This was an issue raised early on by aging advocates and this ruling demonstrates we are all working together to help make this transition as successful as possible.

Finally, the Department of Health and Human Services will continue to explore ways that we can reach out to our constituents to help ensure that no one is left in the dark on February 18, 2009.

Thank you for the opportunity to testify today. I would be pleased to answer any questions you may have.

The CHAIRMAN. I thank you very much, Madam Secretary.

And may I now call upon the Director of the Physical Infrastructure Issues, U.S. Government Accountability Office, Mr. Mark Goldstein?

STATEMENT OF MARK L. GOLDSTEIN, DIRECTOR, PHYSICAL INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE (GAO)

Mr. GOLDSTEIN. Well, thank you, Mr. Chairman, Mr. Dorgan. Good afternoon. I am pleased to be here today to discuss the GAO's recent issuance of a report last week on NTIA's implementation of the mandated converter box subsidy program.

The Federal Government and the private sector have taken many steps to prepare for the DTV transition. NTIA created and implemented a digital-to-analog converter box subsidy program. Additionally, the Government, the television broadcast industry, cable, and satellite providers and other carriers with broadcast signals have established several educational efforts informing consumers about the transition and the subsidy program.

However, the success of the DTV transition and the subsidy program requires consumers understanding about the transition and the steps needed to continue receiving a television signal. In addition, consumers will rely on retailers to provide information, as well as to supply eligible converter boxes for the program.

In my testimony today, I discuss, number one, what consumer education efforts have been undertaken by private and Federal stakeholders and, number two, how effective NTIA has been in implementing the converter box subsidy program and to what extent consumers are participating in the program.

First, private sector and Federal stakeholders have undertaken various consumer education efforts to raise awareness about the transition. For example, the National Association of Broadcasters and the National Cable and Telecommunications Association have committed over \$1.4 billion to educate consumers about the transition. This funding has supported the development of public service announcements, education programs for broadcast, websites and other activities.

In addition, most national retailers participating in the converter box subsidy program have developed consumer education campaigns to raise awareness of the transition and the subsidy program.

Federal stakeholders, FCC and NTIA, have developed consumer education plans that target those populations most likely to be affected by the transition, and particularly they have focused their outreach efforts on certain demographic groups, including seniors, low-income, minority, and non-English-speaking, rural households, and persons with disabilities.

Second, NTIA is effectively implementing the converter box subsidy program, but plans to address the likely increase in coupon demand as the transition nears remain unclear. As of August 31, 2008, NTIA had issued approximately 24 million coupons, and as of that date, approximately 13 percent of U.S. households had requested coupons. As found in our recent consumer survey, however, up to 35 percent of U.S. households could be affected by the transition because they have at least one television not connected to a

subscription service, such as cable or satellite. In U.S. households relying solely on over-the-air broadcasts, approximately 15 percent, of those who intend to purchase a converter box, 100 percent of our survey respondents said they were likely to request a coupon. Therefore, a spike in demand for converter box coupons is likely as the transition date nears.

According to NTIA, an increase in requests around the transition date may cause a delay in issuing coupons. However, we found that NTIA had no specific plans to address an increase in demand and that it has encountered challenges in issuing coupons within its requirement of 10 to 15 days from the date the coupon application was approved.

Given the challenges to meet this requirement and its lack of a clear plan to address a potential spike in demand, consumers might incur significant wait times to receive their coupons and might lose television service if their wait time lasts beyond February 17, 2009.

In terms of participation in the converter box subsidy program, we analyzed coupon data in the areas of the country comprised of predominantly minority and senior populations and found that participation varies. For example, we found that ZIP codes with a high concentration of Latino or Hispanic households had noticeably higher coupon request rates, 28 percent, when compared to areas with predominantly non-Latino or non-Hispanic households, about 12 percent. We also found households in both predominantly black and Hispanic or Latino areas were less likely, compared to households outside those areas, to redeem their coupons once they receive them.

Additionally, we analyzed participation in the converter box subsidy program in the 45 areas of the country on which NTIA and FCC focus their consumer education efforts and found coupon requests to be roughly the same for ZIP codes within the 45 targeted areas compared with areas that were not targeted.

NTIA estimates that it will see a large increase in the number of coupon requests in the first quarter of 2009, and our analysis confirms that. As the transition nears, a spike in coupon requests is likely. However, NTIA has not developed a plan for managing that potential spike or the sustained increase. The time required for processing coupons has improved since consumers incurred significant wait times to receive their coupons at the beginning of the program, but until recently, NTIA fell short of this requirement for processing coupons within the allotted time. Consequently, consumers may still face potential risks.

To help NTIA prepare for potential increase in demand for converter box coupons and so that consumers are not left waiting a lengthy period of time for requested coupons, the report we released last week recommended that the Secretary of Commerce direct NTIA to develop a plan to manage volatility in coupon requests so that coupons will be processed within the allotted time period.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or the Committee may have. [The prepared statement of Mr. Goldstein follows:]

PREPARED STATEMENT OF MARK L. GOLDSTEIN, DIRECTOR, PHYSICAL
INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE (GAO)

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss our recently issued report on the National Telecommunications and Information Administration's (NTIA) implementation of the mandated converter box subsidy program.¹

Federal law requires all full power television stations in the United States to cease analog broadcasting and broadcast digital-only transmissions after February 17, 2009—often referred to as the digital television (DTV) transition. Currently, most television broadcasters transmit over-the-air signals in both an analog and digital format to television households. After the transition, consumers who rely exclusively on over-the-air television signals viewed on analog sets will not be able to view broadcast programming, which could include important news information or emergency alerts, unless they take action. In particular, these consumers could: (1) purchase a television capable of processing digital signals, (2) purchase a digital-to-analog converter box that converts the digital signals to analog signals and enables their display on an analog set, or (3) subscribe to cable, satellite, or other service.

The Federal Government and the private sector have taken several steps to prepare for the DTV transition. NTIA, a bureau within the U.S. Department of Commerce, created and implemented a digital-to-analog converter box subsidy program to provide households with up to two \$40 coupons toward the purchase of converter boxes that allow consumers to continue viewing over-the-air signals on analog television sets.² Additionally, the government, television broadcast industry, cable and satellite providers, and other carriers of broadcast signals have established several educational efforts informing consumers about the DTV transition and the subsidy program. However, the success of the DTV transition and the subsidy program requires consumers' understanding about the transition and the steps needed to continue receiving a television signal. In addition, consumers will rely on retailers to provide information, as well as supply eligible converter boxes, for the subsidy program.

In my testimony today, I will discuss: (1) what consumer education efforts have been undertaken by private and Federal stakeholders and (2) how effective NTIA has been in implementing the converter box subsidy program and to what extent consumers are participating in the program.

To meet these objectives, we interviewed agency officials from the Federal Communications Commission (FCC) and NTIA and reviewed their consumer education documents, orders, rules and proposed rules. We also interviewed private sector stakeholders representing the broadcasting, retailer, manufacturing, and cable industries and reviewed publicly available information on their consumer education planning. Further, we discussed the effectiveness of consumer education efforts with various advocacy groups identified as NTIA partners that represent hard-to-reach populations. We also analyzed date-specific data from NTIA on coupon requests, issuance, redemptions, and expirations, and examined NTIA timeliness in issuing coupons from the beginning of the converter box subsidy program in January through August 2008. Due to report processing constraints the report this testimony is primarily based on only analyzed data from January through June 2008. We conducted data reliability testing and determined that the data used in this report were sufficiently reliable for our purposes. We conducted a "mystery shopper" study—i.e., discussing the transition with randomly selected retailers without identifying ourselves as government employees—to determine retailer preparedness for the converter box subsidy program including the level of retailer knowledge about the program and availability of converter boxes. The study, in which we visited 132 store locations in 12 cities, was conducted from April to early May 2008. We performed our review from February to September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹GAO, *Digital Television Transition: Implementation of the Converter Box Subsidy Program Is Under Way, but Preparedness to Manage an Increase in Subsidy Demand Is Unclear*, GAO-08-1040 (Washington, D.C.: September 16, 2008).

²Eligible converter boxes range in price from \$40 to over \$90.

Summary

- Private sector and Federal stakeholders have undertaken various consumer education efforts to raise awareness about the DTV transition. For example, the National Association of Broadcasters (NAB) and the National Cable and Telecommunications Association have committed over \$1.4 billion to educate consumers about the transition. This funding has supported the development of public service announcements, education programs for broadcast, websites, and other activities. In addition, most national retailers participating in the converter box subsidy program have developed consumer education campaigns to raise awareness of the DTV transition and the subsidy program. Federal stakeholders (FCC and NTIA) have developed consumer education plans that target those populations most likely to be affected by the DTV transition. In particular, they focused their outreach efforts on certain demographic groups, including seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities.
- NTIA is effectively implementing the converter box subsidy program, but plans to address the likely increase in coupon demand as the transition nears remain unclear. As of August 31, 2008, NTIA had issued approximately 24 million coupons and as of that date approximately 13 percent of U.S. households had requested coupons. As found in our consumer survey, up to 35 percent of U.S. households could be affected by the transition because they have at least one television not connected to a subscription service, such as cable or satellite.³ In U.S. households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon. Therefore, a spike in demand for converter box coupons is likely as the transition date nears. According to NTIA, an increase in requests around the transition date may cause a delay in issuing coupons. However, we found NTIA has no specific plans to address an increase in demand and that it has encountered challenges in issuing coupons within its requirement of 10 to 15 days from the date the coupon application was approved. Given the challenges to meet this requirement and its lack of a clear plan to address a potential spike in demand, consumers might incur significant wait time to receive their coupons and might lose television service if their wait time lasts beyond February 17, 2009. In terms of participation in the converter box subsidy program, we analyzed coupon data in areas of the country comprised of predominantly minority and senior populations and found that participation varies. For example, we found that ZIP codes with a high concentration of Latino or Hispanic households had noticeably higher coupon request rates (28 percent) when compared to areas with predominantly non-Latino or non-Hispanic households (12 percent). We also found households in both predominantly black and Hispanic or Latino areas were less likely, compared to households outside these areas, to redeem their coupons once they received them. Additionally, we analyzed participation in the converter box subsidy program in the 45 areas of the country on which NTIA and FCC focused their consumer education efforts and found coupon requests to be roughly the same for zip codes within the 45 targeted areas compared with areas that were not targeted.

Background

The DTV transition will require citizens to understand the transition and the actions that some might have to take to maintain television service. For those households with subscription video service on all televisions or with all televisions capable of processing a digital signal, no action is required. However, households with analog televisions that rely solely on over-the-air television signals received through rooftop or indoor antennas must take action to be able to view digital broadcast signals after analog broadcasting ceases. The Digital Television Transition and Public Safety Act of 2005 addresses the responsibilities of two Federal agencies—FCC and NTIA—related to the DTV transition. The act directs FCC to require full-power television stations to cease analog broadcasting after February 17, 2009. The act also directed NTIA to establish a \$1.5 billion subsidy program through which households can obtain coupons toward the purchase of digital-to-analog converter boxes. In August 2007, NTIA selected International Business Machines Corporation (IBM) as the contractor to provide certain services for the program. On January 1, 2008, NTIA,

³GAO, *Digital Television Transition: Broadcasters' Transition Status, Low-Power Station Issues, and Information on Consumer Awareness of the DTV Transition*, GAO-08-881T (Washington, D.C.: June 10, 2008).

in conjunction with IBM and in accordance with the act, began accepting applications for up to two \$40 coupons per household that can apply toward the purchase of eligible digital-to-analog converter boxes and, in mid-February 2008, began mailing the coupons. Initially, during the first phase of the program any household is eligible to request and receive the coupons, but once \$890 million worth of coupons has been redeemed, and issued but not expired, NTIA must certify to Congress that the program's initial allocation of funds is insufficient to fulfill coupon requests. NTIA will then receive \$510 million in additional program funds, but households requesting coupons during this second phase must certify that they do not receive cable, satellite, or any other pay television service. As of June 24, 2008, in response to NTIA's statement certifying that the initial allocation of funds would be insufficient, all appropriated coupon funds were made available to the program.⁴ Consumers can request coupons up to March 31, 2009, and coupons can be redeemed through July 9, 2009. As required by law, all coupons expire 90 days after issuance. As unredeemed coupons expire, the funds obligated for those coupons are returned to the converter box subsidy program.

Retailer participation in the converter box subsidy program is voluntary, but participating retailers are required to follow specific program rules to ensure the proper use and processing of converter box coupons. Retailers are obligated to, among other things, establish systems capable of electronically processing coupons for redemption and payment and tracking transactions. Retailers must also train their employees on the purpose and operation of the subsidy program. According to NTIA officials, NTIA initially explored the idea of setting requirements for training content, but decided to allow retailers the flexibility of developing their own training programs and provided retailers with sample training materials. Certification requires retailers to have completed an application form by March 31, 2008, and to attest that they have been engaged in the consumer electronics retail business for at least one year. Retailers must also register in the government's Central Contractor Registration data base, have systems or procedures that can be easily audited and that can provide adequate data to minimize fraud and abuse, agree to be audited at any time, and provide data tracking each coupon with a corresponding converter box purchase. NTIA may revoke retailers' certification if they fail to comply with these regulations or if any of their actions are deemed inconsistent with the subsidy program. Converter boxes can also be purchased by telephone or online and be shipped directly to a customer's home from participating retailers. At the time of our review, 29 online retailers were participating in the converter box subsidy program. Additionally, 13 telephone retailers were listed as participating in the program, 2 of which are associated with national retailers.

Private and Federal Stakeholders Have Undertaken a Myriad of Activities Aimed at Increasing the Public's Awareness of the Transition

Private sector stakeholders, such as broadcasters and cable providers, have undertaken various education efforts to increase public awareness about the DTV transition. The NAB and the National Cable and Telecommunications Association initiated DTV transition consumer education campaigns in late 2007 at an estimated value of \$1.4 billion combined. NAB has produced six versions of a public service announcement, including 15-second and 30-second versions in both English and Spanish and close-captioned versions. Private sector stakeholders have also produced DTV transition educational programs for broadcast and distribution, developed websites that provide information on the transition, and engaged in various other forms of outreach to raise awareness. Additionally, most of the national retailers participating in the NTIA converter box subsidy program are providing materials to help inform their customers of the DTV transition and the subsidy program. Examples of these materials include informational brochures in English and Spanish, educational videos and in-store displays in English and Spanish, informational content on retailer websites, and information provided in retailer advertising in Sunday circulars.

FCC and NTIA also have ongoing DTV consumer education efforts, which target populations most likely to be affected by the DTV transition. Specifically, they focused their efforts on 45 areas of the country that have at least 1 of the following population groups: (1) more than 150,000 over-the-air households, (2) more than 20 percent of all households relying on over-the-air broadcasts, or (3) a top 10 City of residence for the largest target demographic groups. The target demographic groups include seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities. According to NTIA, its consumer education efforts will

⁴With the additional \$510 million, total program funding is \$1.5 billion, which includes up to \$1.34 billion in coupon funds and up to \$160 million in administrative funds.

specifically target these 45 areas by leveraging partnerships and earned media spots (such as news stories or opinion editorials) to better reach the targeted populations. FCC indicated that while its outreach efforts focus on the targeted hard-to-reach populations, the only effort specifically targeting the 45 locations has been to place billboards in these communities. According to FCC, contracts exist for billboards in 26 of the 45 markets, and it is working to place billboards in the other 19 markets. Furthermore, FCC and NTIA have developed partnerships with some Federal, state, and local organizations that serve the targeted hard-to-reach populations.

NTIA is Effectively Implementing the Converter Box Subsidy Program, But Concerns Exist about NTIA's Ability to Manage a Potential Spike in Demand

NTIA has processed and issued coupons to millions of consumers, but a sharp increase in demand might affect NTIA's ability to respond to coupon requests in a timely manner. NTIA and its contractors have implemented systems: (1) to process coupon applications, (2) to produce and distribute coupons to consumers, and (3) for retailers to process coupons and receive reimbursement for the coupons from the government. Millions of consumers have requested converter box coupons and most of the requested coupons have been issued. Through August 2008, households had requested approximately 26 million coupons. NTIA had issued over 94 percent of all coupon requests, for more than 24 million coupons. Of those coupons issued, about 9.5 million (39 percent) had been redeemed and 31 percent had expired.⁵ After an initial spike at the beginning of the program, coupon requests have remained steady and have averaged over 105,000 requests per day. Coupon redemptions, since coupons were first issued in February 2008, have averaged over 48,000 per day.

In our consumer survey, we found that 35 percent of U.S. households are at risk of losing some television service because they have at least one television not connected to a subscription service, such as cable or satellite. However, through August 2008, only 13 percent of U.S. households had requested converter box coupons, and less than 5 percent had redeemed these coupons. As the transition date nears, there is the potential that many affected households that have not taken action might begin requesting coupons. Our consumer survey found that of those at risk of losing some television service and intending to purchase a converter box, most will likely request a coupon. In fact, in households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon.

Consumers have incurred significant wait times in the processing of their coupon requests, but the processing time from receiving requests to issuing coupons is improving. NTIA requires that 98 percent of all coupon requests be issued within 10 days, and the remainder be issued within 15 days. From February 17 through August 31, 2008, our analysis shows that the average duration between coupon request and issuance was over 16 days.⁶ In aggregate, 53 percent of all coupon requests had been issued within 10 days, and 39 percent of all coupon requests had been issued more than 15 days after being requested. From May 1 through August 31, 2008, the average processing time from coupon request to issuance was 9 days.

Given the processing time required in issuing coupons, NTIA's preparedness to handle volatility in coupon demand is unclear. Fluctuation in coupon requests, including the potential for a spike in requests as the transition date approaches, could adversely affect consumers. When NTIA faced a deluge of coupon requests in the early days of the converter box subsidy program, it took weeks to bring down the deficit of coupons issued to coupons requested. According to NTIA, it expects a similar increase in requests around the transition date, and such an increase may cause a delay in issuing coupons. As a result, consumers might incur significant wait time before they receive their coupons and might lose television service during the time they are waiting for the coupons. While NTIA and its contractors have demonstrated the capacity to process and issue large numbers of coupon requests over short periods, they have yet to establish specific plans to manage a potential spike or a sustained increase in demand leading up to the transition.

We analyzed data to compare areas of the country that comprise predominantly minority and elderly populations with the rest of the U.S. population and found some differences in the coupon request, redemption, and expiration rates for His-

⁵ Our redemption rate was calculated by dividing the number of redeemed coupons by the total number of issued coupons as of August 31, 2008. The total number of issued coupons includes coupons which had been redeemed, had expired, and had not yet expired as of that date.

⁶ For the purposes of our analysis, we assumed that all coupons were issued in the order they were received. According to NTIA, coupon issuance was to begin 1 year from the transition. Therefore the processing time between coupon requests and issuance was calculated beginning on February 17, 2008.

panic, black, and senior households compared with the rest of the U.S. population. For example, ZIP codes with a high concentration of Latino or Hispanic households had noticeably higher request rates (28 percent) when compared with non-Latino or non-Hispanic zip codes (12 percent). However, households in predominantly black and Latino or Hispanic zip codes were less likely, compared with households outside these areas, to redeem their coupons once they received them. As shown in table 1, the overall rate of redemption for the converter box subsidy program is 39 percent. Approximately 37 percent of coupons have been redeemed in predominantly Latino or Hispanic areas. In predominantly black areas, 32 percent of coupons have been redeemed. We found that in areas of the country with a high concentration of seniors, fewer coupons were requested (9 percent) compared with areas of the country that did not have a high concentration of seniors (13 percent). Redemption rates for the senior population were lower than the redemption rates in the rest of the country. Regarding coupon expirations, we found that the areas comprising Latino or Hispanic households allowed 27 percent of their coupons to expire, while areas with predominantly senior populations allowed 43 percent of their coupons to expire.

Table 1.—Request, Redemption, and Expiration Rates of Converter Box Coupons through August 2008

	Request rate	Redemption rate	Expiration rate
U.S. population	12.5	39.0	30.5
Latino or Hispanic	27.5	36.6	26.8
Black	13.4	31.5	30.3
Seniors	8.7	34.0	43.2

Source: GAO analysis of NTIA data.

To determine participation in the converter box subsidy program in the 45 areas of the country receiving targeted outreach by NTIA and FCC, we analyzed NTIA coupon data (including requests, redemptions, and expirations) in the 45 areas compared to the rest of the country not targeted by NTIA and FCC. We found participation levels were about the same in the targeted areas when compared to the rest of the country. For example, we found in the 45 targeted areas, 12.2 percent of households have requested coupons compared with 12.8 percent for the rest of the country not targeted by NTIA and FCC. According to NTIA, similarities in request, redemption, and expiration rates between the 45 targeted areas and the rest of the country is viewed as a success.

As the sellers of the converter boxes, retailers play a crucial role in the converter box subsidy program and are counted on to inform consumers about it. At the time of our review, seven national retailers were certified to participate in the subsidy program. Participating retailers are obligated to, among other things, train employees on the purpose and operation of the subsidy program. All of the retailers with whom we spoke told us they were training employees on the DTV transition and the subsidy program, although the retailers varied in which staff must complete training.

As part of our work, we conducted a “mystery shopper” study by visiting 132 randomly selected retail locations in 12 cities across the United States that were listed as participating in the converter box subsidy program. We did not alert retailers that we were visiting their stores or identify ourselves as government employees. During our visits, we engaged the retailers in conversation about the DTV transition and the subsidy program to determine whether the information they were providing to customers was accurate and whether individual stores had coupon-eligible converter boxes available. While not required to do so, some stores we visited had informational material available and others had signs describing the DTV transition and the subsidy program. We also determined whether the information that retailers were providing to customers was accurate and whether individual stores had coupon-eligible converter boxes available. At most retailers (118) we visited, a representative was able to correctly identify that the DTV transition would occur in February 2009. Additionally, nearly all (126) retailers identified a coupon-eligible converter box as an option available to consumers to continue watching television after the transition. Besides coupon eligible converter boxes, representatives identified other options to continue viewing television after the transition, including purchasing a digital television (67) or subscribing to cable or satellite service (77). However, in rare instances, we heard erroneous information from the retailers, including one representative who told us that an option for continuing to watch television after the transition was to obtain a “cable converter box” from a cable company and

another representative who recommended buying an “HD tuner.” Since participating retailers are obligated to train their employees on the purpose and operation of the subsidy program, we observed whether the representative was able to explain various aspects about the subsidy program. A vast majority of the representatives were able to explain how to receive or apply for a coupon and the value of the coupon.

Although we could obtain information from the majority of the stores that we visited and that were listed as participating in the subsidy program, in a few instances, we were not able to ask questions and observe whether the information provided was accurate. In two instances, there was no retailer at the store location listed as a participating retailer on NTIA’s website (<https://www.dtv2009.gov/VendorSearch.aspx>). In another instance, the location listed was under construction and had not yet opened. In two additional instances, the locations listed were private residences—one was an in-home electronics store, and the other was a satellite television installer working from a house. We asked NTIA how it ensured the accuracy of the list of participating retailers on its website, and according to NTIA, ensuring the accuracy of the list is the responsibility of the retailers. NTIA said it provides a list of locations to each retailer prior to placing the list on the website, and retailers can update addresses or add new listings as warranted.

Conclusions and Recommendation

NTIA estimates that it will see a large increase in the number of coupon requests in the first quarter of 2009 and our analysis confirms that, as the transition nears, a spike in coupon requests is likely. However, NTIA has not developed a plan for managing that potential spike or sustained increase in coupon demand. The time required for processing coupons has improved since consumers incurred significant wait times to receive their coupons at the beginning of the program, but until recently NTIA fell short of its requirement for processing coupons within 10 to 15 days. Given the relatively low participation rates to date and the amount of time it took to process the spike in coupon requests in the early days of the program, NTIA’s ability to handle volatility in coupon demand without a plan is uncertain. Consequently, consumers face potential risks that they might not receive their coupons before the transition and might lose their television service.

To help NTIA prepare for a potential increase in demand for converter box coupons and so that consumers are not left waiting a lengthy amount of time for requested coupons, the report we issued September 16, 2008, recommended that the Secretary of Commerce direct the Administrator of the NTIA to develop a plan to manage volatility in coupon requests so that coupons will be processed and mailed within 10–15 days from the day the coupon applications are approved, per NTIA’s stated requirement.

In reviewing a draft of the report, the Department of Commerce (which contains NTIA) did not state whether it agreed or disagreed with our recommendation, but did say the Department shares our concern about an increase in coupon demand as the transition nears. Further, its letter stated it is committed to doing all that it can within its statutory authority and existing resources to ensure that all Americans are ready for the DTV transition. In its letter, FCC noted consumer outreach efforts it has taken related to the DTV transition.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have at this time.

The CHAIRMAN. I thank you very much, Mr. Director.

And our final witness is the Mayor of Wilmington, the Honorable Bill Saffo. Mr. Mayor?

STATEMENT OF HON. BILL SAFFO, MAYOR, CITY OF WILMINGTON, NORTH CAROLINA

Mr. SAFFO. Thank you, Mr. Chairman. Thank you, members of the Committee. Thank you for the opportunity to share the City of Wilmington’s perspective on being the first in the country to make the DTV switch. It is an honor to be invited here to speak. My name is Bill Saffo, and I am the Mayor of the City of Wilmington, North Carolina.

My office was contacted on May 6, 2008, by Mr. Gary McNair, General Manager for WECT TV, the NBC affiliate in Wilmington,

inviting me to attend the press conference here in Washington on May the 8th announcing that the City of Wilmington was chosen by the FCC to be the first in the country to switch from analog to digital television. While I was excited for this historical event to occur in our great city, I was also concerned and apprehensive about being the first. Would the FCC make available to us the necessary resources to inform, educate, and to provide converter boxes for our residents by the big switch date of September 8?

I am proud to say that those concerns were quickly diminished as meetings and conversations began immediately between my office and members of the FCC, Chairman Martin, and the staff of Mr. Louis Sigalos, Chief of Consumer Affairs and Outreach Division. It was clear to me that the staff at the FCC had all intentions to be by our side through this transition, even setting up a local office in our Chamber of Commerce. They outlined their plan to have an FCC staff person assigned to each of the five counties involved in this digital transition. That representative then worked with local government officials, broadcasters, community and business leaders, and the public at large to saturate each county with information on this coming event. Through their resources, they set up informational events at our local festivals, farmers' markets, senior centers, churches, civic organizations, low-income apartments, and the Department of Social Services. They truly seemed to be everywhere educating our residents and answering their questions.

I also want to thank the various retailers who planned accordingly to have plenty of converter boxes in stock and staff members who were knowledgeable and able to assist the public with answers to their questions. Our local broadcasters also played another key role as they frequently advertised informative commercials reminding the viewers of the big switch date happening in Wilmington on September 8. I feel that the collaborative effort of this private-public partnership was a key component to the success of this event.

Another important segment in our community that they met with was the emergency management teams. Being in hurricane alley, it was vital that this group was informed and their concerns addressed. Many residents depend on the use of battery-powered analog TVs as their means of obtaining critical information after a hurricane event. Both residents and emergency management personnel expressed apprehension about turning off the analog signal while in the middle of our hurricane season. The FCC addressed those concerns by telling us that in the event of an approaching hurricane, first, they would not make the switch, and second, that they would give our local broadcasters the ability to switch over to an analog signal in the event of a hurricane. I must compliment the FCC and especially Chairman Kevin Martin for their foresight as these two things eased the concerns of our emergency management folks, as well as our citizens.

The other main concern in our area was making contact with the elderly and those who depend solely on the over-the-air TV signals through the use of rabbit ears and/or roof-top antennas. The overall education and public awareness by our local broadcasters and the FCC was outstanding and yet, for all of the public outreach and

education, we still had residents that went dark after 12 o'clock on September 8, at noon.

It was reported to me that predominantly the vast majority of the calls first received right after the switch were seniors who either did not want to even try to install the converter box or they attempted to install the box but were not finding success. It also appears that many of these callers were not scanning the channels after they installed their box or they would need to perform an additional scan after the big switch at noon in order to receive all of the channels. Many sons, daughters, and neighbors have been calling to request assistance for an elderly community member.

As of September 15, the City of Wilmington had over 300 calls. 80 percent needed technical assistance with their boxes over the telephone, while the other 20 percent needed more in-depth help of a home visit from the fire department. We have also been very successful using our fire personnel to help those needing technical assistance with their converter boxes and at the same time having our fire personnel check for working smoke alarms. We found most residents, who might be apprehensive with a stranger, were willing to let the firemen into their homes.

Another surprise to us was that, in fact, after some time, many of our callers were not the elderly or the disabled looking for assistance, but were coming from the general public at large.

A key component, I believe, to our success was conducting soft tests within our market. One was a 1-minute test, and the other was a 5-minute test, which alerted viewers if they were not equipped to view digital programming. Getting the information out to the public early on was very important. Having information available to the general public through many resources and at various locations throughout our community and throughout the five-county area was very important. Collaborative efforts from all areas of the marketplace, broadcasters, the FCC staff, retailers, government officials, were extremely important. And in conjunction with New Hanover County, a television and computer recycling day was held on August 30, which was also very beneficial.

Problems experienced in Wilmington post switch were that we had too many callers for one staff person in the City of Wilmington. Most callers had properly installed the converter boxes, yet were unaware of the need to run the autoscan, which is a very important item. Callers were contacting the one designated help line to request assistance in setting up their secondary televisions within their residence, resulting in calls that were not an immediate priority, unlike the households who were not receiving any reception at all.

And in a small sector of our population, there were still some that could not afford the converter box even with a coupon. The FCC grant money was designated for specific use and was not available to be used at the discretion of the local municipalities to assist this very small group of the population that could not even afford the converter box.

Suggestions to other markets. My suggestion would be to inform the public to act early and not to wait as coupons take time to receive. Have a staff of individuals trained in both the technology and the installation of the converter boxes ready to handle the in-

flux of calls. The general public wanted to speak directly to someone immediately, not a voice mail or busy signal resulting in frustration, as you can imagine.

And encourage local government offices to apply for grant funding through the FCC to be used for fuel and other costs associated with resolving problems after the switch to digital signals. We have had tremendous success with our local fire departments in getting personnel out to those properties and to those people that needed to have that assistance, especially the elderly and low-income neighborhoods that really treasured that assistance from our local fire department. And it was a great initiative on our behalf to get those folks out there.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Saffo follows:]

PREPARED STATEMENT OF HON. BILL SAFFO, MAYOR,
CITY OF WILMINGTON, NORTH CAROLINA

Good afternoon Mr. Chairman and Members of the Committee. Thank you for the opportunity to share the City of Wilmington's perspective on being the first in the country to make the DTV switch. It is an honor to be invited here to speak today. My name is Bill Saffo and I am the Mayor of the City of Wilmington, North Carolina.

My office was contacted on May 6, 2008, by Mr. Gary McNair, General Manager for WECT TV in Wilmington, inviting me to attend the press conference here in Washington on May 8 announcing that the City of Wilmington was chosen by the FCC to be the first in the country to switch from analog to digital television. While I was excited for this historical event to occur in our great city, I was also concerned that being the first, would the FCC make available to us the necessary resources to inform, educate and to provide converter boxes to our residents by the Big Switch date of September 8?

I am proud to say that those concerns were quickly diminished as meetings and conversations began immediately between my office and members of the FCC, Chairman Martin, and the staff of Mr. Louis Sigalos, Chief of Consumer Affairs & Outreach Division. It was clear to me that the staff of the FCC had all intentions to be by our side through this transition, even setting up a local office in our Chamber of Commerce. They outlined their plan to have a FCC staff person assigned to each of the five counties involved in this digital transition. That representative then worked with local government officials, broadcasters, community and business leaders, and the public at large to saturate each county with information on this coming event. Through their resources, they set up informational events at our local festivals, farmer's market, senior centers, churches, civic organizations, low-income apartments and the department of social services. They truly seemed to be everywhere educating our residents and answering their questions.

I also want to thank the various retailers who planned accordingly to have plenty of converter boxes in stock and staff members who were knowledgeable and able to assist the public with answers to their questions. Our local broadcasters also played another key role as they frequently advertised informative commercials reminding their viewers of the Big Switch date happening in Wilmington on September 8. I feel that the collaborative effort of this private—public partnership was a key component to the success of this event.

Another important segment in our community that they met with was our emergency management teams. Being in hurricane alley, it was vital that this group was also informed and their concerns addressed. Many residents depend on the use of battery powered analog TV's as their means of obtaining critical information after a hurricane event. Both residents and emergency management personnel expressed apprehension about turning off the analog signal while in the middle of our hurricane season. The FCC addressed those concerns by telling us that in the event of an approaching hurricane—

First they would not make the switch and *second* that they would give our local broadcasters the ability to switch over to analog signal. I must compliment the FCC and Chairman Martin for their foresight as these two things eased the concerns of our emergency management folks as well as our citizens.

The other main concern in our area was making contact with the elderly and those who depend solely on over-the-air TV signals through the use of rabbit ears and roof-top antennas. The overall education and public awareness by our local broadcasters and the FCC was outstanding and yet, for all of the public outreach and education, we still had residents that went dark on September 8 at noon. It was reported to me that predominately the vast majority of the calls first received right after the switch were seniors who either did not want to even try to install the converter box or they attempted to install the box but were not finding success. It also appears that many of these callers were not scanning the channels after they installed their box or, that they would need to perform an additional scan after the Big Switch at noon in order to receive all the channels. Many sons, daughters, and neighbors have been calling to request assistance for an elderly community member.

As of September 15, the City of Wilmington had over 300 calls, 80 percent needed technical assistance with their boxes over the phone, while the other 20 percent needed more in-depth help of a home visit from the fire department. We have also been very successful using our fire personnel to help those needing technical assistance with their converter boxes and at the same time, having our fire personnel check for working smoke alarms. We found most residents, who might be apprehensive with a stranger, were willing to let firemen into their homes. Another surprise to us was that, in fact, after some time, many of our callers were not the elderly or disabled looking for assistance but were the general public at large.

Key components to our success were:

- Conducting soft tests within our market—one was a 1 minute test and the other was a 5 minute test—which alerted viewers if they were not equipped to view digital programming.
- Getting the information out to the public early on.
- Having information available to the general public through many resources and at various locations.
- Collaborative efforts from all areas of the marketplace—broadcasters, FCC staff, retailers, government officials.
- In conjunction with New Hanover County, a “Television and Computer Recycling Day” was held on August 30.

Problems Experienced in Wilmington:

- Post Switch—too many callers for one staff person.
- Most callers had properly installed the converter boxes yet were unaware of the need to run autoscan.
- Callers were contacting the one designated helpline to request assistance in setting up their “secondary televisions” within their residence; resulting in calls that were not an immediate priority unlike the households who were not receiving any reception at all.
- In a small sector of our population, there were still some that could not afford the converter box even with a coupon.
- The FCC grant money was designated for specific use and was not available to be used at the discretion of the local municipalities to assist this small group of the population.

Suggestions to other markets:

- Inform the public to act early not to wait as coupons take time to receive.
- Have a staff of individuals trained in both the technology and the installation of the converter boxes ready to handle the influx of calls.
- The general public wanted to speak directly to someone immediately, not a voice mail or busy signal; resulting in frustration.
- Encourage local governmental offices to apply for grant funding through the FCC to be used for fuel and other costs associated with resolving problems after the switch to digital signals.

The CHAIRMAN. Thank you very much, Mr. Mayor.
I now recognize Senator Dorgan.

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you very much, and let me thank all five of you. I was not here for Chairman Martin's presentation, but thank you for the work you are all doing with respect to the transition.

I confess I am pretty nervous about this transition. They did this in England, as you know, over a rather lengthy period of time, staged it over a long period of time.

And I want to ask you a couple of questions about Wilmington, if I might, described I think, Mr. Mayor, as a success. But just on one day just with a snap of the fingers, we are converting in this country. And in Wilmington, which was a test area, 4 months prior to the test, the FCC, the NTIA, and the industry began preparing. Chairman Martin, you indicated you had staff on the ground in every county. They attended more than 400 outreach events, distributed 85,000 publications. I think you made five personal visits to the Wilmington area to raise public awareness.

The fact is that will not happen anywhere else in the country, and I think while it appears that Wilmington succeeded with that major kind of effort, nowhere else in America will that effort exist. And still you had nearly 2,000 telephone calls in the several days afterwards, which I assume would overwhelm anything that we have established on a national scale.

So, Chairman Martin, do you see the test area—and I think this is the only one you are going to do this way. I think maybe there should be more, but do you see this test area as a success that demonstrates the potential for success early next year when we convert?

Mr. MARTIN. Well, first, I think it is important—and as I said in my testimony, I do not think you can judge the success of what occurred in Wilmington based on what happened last week. Ultimately, whether this is a success or not is whether we are going to learn lessons that we can put in place so that it is successful next February. So the success in Wilmington or not will be judged by what happens next February.

So, on the one hand, I would say that we may not be able to completely replicate everything that occurred in Wilmington, but we are going to be able to do a significant amount. We have already visited thousands of senior centers around the country. We have made thousands of presentations around the country. In addition, I think you have to put in context that what we were doing to educate the people in Wilmington was unique because the folks in Wilmington were not able to take advantage of any of the nationwide education efforts that are being put forth by the industry, the broadcasters, the cable industry, the consumer electronics industry. All of those educational efforts were geared toward next February. So those are efforts that the rest of the country is going to be able to take advantage of.

Senator DORGAN. If you were to estimate today, when we do the transition at that moment, how many people in this country will essentially go dark and not have gotten a converter box or not be able to get a signal—as I understand it, we also have some digital cliff issues, which I will ask you about in a moment. But if you

were to estimate the number of Americans that you think we will not reach or will not take appropriate action to get a converter box, do you have any notion of how many Americans that will be?

Mr. MARTIN. I think it is very difficult to estimate. The awareness among consumers today has increased dramatically, from about 35 to 40 percent a year ago to over 80 percent today. Some estimate over 90. In Wilmington, as we were approaching the transition, the NAB had done a survey and they said that 97 percent of the people were aware of the transition. The number of people who were unaware was very low in Wilmington as a result of the education efforts, and I think that the education efforts hopefully will be as successful around the country. There will always be some few number of people who may not be aware.

Senator DORGAN. I think the issue is to drill down on awareness. Being aware and understanding are two very different concepts. I mean, somebody might be aware of something happening, but understanding what is going to happen and what they might be required to do to respond to it is something different.

Let me ask on the issue of the converter boxes. We have put out \$40 certificates. My understanding is most converter boxes are costing \$60, although there is a \$40 converter box on the market I am told that is not widely available. Tell me if there is a \$40 box on the market, why is it not widely available.

Mr. MARTIN. It took a little while for the \$40 box to become available. But I agree with you. I think the consumer electronics retailer outlets need to be carrying the lowest available box that is currently on the market, that is available in the marketplace. And I have written to the consumer electronics companies and their representatives and said that they need to be carrying the \$40 boxes. I do not understand why they would not be carrying that as an option for consumers on the low end.

Senator DORGAN. What percent of them are now carrying the boxes? I understand it is hard to find.

Mr. MARTIN. None of them are carrying them.

Senator DORGAN. None of them. So, again, I do not understand that. If we are giving out \$40 coupons and most people are having to pay \$60 for a converter box, and yet there is a \$40 box available but not made available in the marketplace, why?

Ms. BAKER. I will speak to that. Actually the box is available in 169 stores, according to our contractor, as of this week. I think you are right. It is an important market pressure to bring the market prices of the other boxes down as well, and it is important to have it available in the marketplace. We are pleased to see it.

The boxes have several different permissive features, and so I think this is an important one on the price feature. But there are 34 analog pass-through boxes that are available, widely available in the market, that many consumers will want to purchase. There are some that have a smart antenna, which I also think is an important interface. There are some that have enhanced closed captions for the hearing impaired and some that have a video description which are to assist visually impaired customers. There are 150 boxes out there. I think it is important for all of these boxes to be out there, and I am pleased to see the market working and the prices of these things coming down.

Senator DORGAN. Well, but are they coming down? If most of them are being sold at \$60, that is 50 percent more than the \$40 box that most Americans do not have access to.

Ms. BAKER. There are some now that are available at \$44. There are some at \$59. There are some that are free shipping when you use the phone option. If you order them on the phone, they will ship them to you for free. There are various market aspects that are covering various parts of the constituencies.

Senator DORGAN. Let me just give you a North Dakota example. In North Dakota, 52,900 coupons have been requested, 21,000 have been used, and 13,000 have expired. Almost 14,000 have expired. What is going to happen with the expired coupons, and why do you think so few of the many coupons, 52,000 requested, 21,000 redeemed? Why so few redeemed and what is going to happen to the expired coupons?

Ms. BAKER. We are actually pleased with the redemption rate of coupons. Many coupon programs you see are in the single-digit redemption rate. So we are pleased with the redemption rates and they do seem to be creeping up, which we also think is important.

I have actually sat out at our call center, and when people call for coupons, they typically order two. We might have thought that they might have ordered one, but they typically order two. And it is more about "how many can I have", as opposed to "how many do I need?" So I think that may attribute to why we are seeing two being ordered instead of just one.

Senator DORGAN. I would encourage you to do some review of that, perhaps some surveys and so on, to try to understand that number because my understanding is that the coupons that have expired will not be renewed. Is that correct?

Ms. BAKER. They will not be reissued, but importantly, the money for those coupons is put back into the pot of money that will be recycled and more coupons will be sent out from those coupons that are not redeemed.

Senator DORGAN. Mr. Goldstein, if you are among those of us who are worried about coming up to a date and just turning the switch—they did not do that in England, as I said, and I have read some about what the experience was in England. If you are one of those that is worried about problems in the days following that, what do you estimate to be the problems that will be most confronted?

Mr. GOLDSTEIN. Senator Dorgan, we have talked, in the last couple of months as we have issued reports, about a number of different problems. One, of course, is awareness and the number of OTA households.

You asked a few minutes ago about the difference between Wilmington and the United States as a whole. Wilmington has an over-the-air population of only about 7 percent, where the Nation is at about 15 percent based on our consumer survey. So roughly double. So you have to extrapolate to some extent the amount of problems that were faced in Wilmington and imagine what that might mean to the United States overall.

We have reported about consumer problems, even though there is a considerable range of consumer awareness efforts ongoing from the private and the public sector. We have also talked about some

technical issues over time, including issues related to the same kinds of things that have occurred in Wilmington, coverage areas, inability to get the boxes up and running, need of assistance, inability to understand what is happening and when. We found a variety of problems of those kinds of nature. Antenna problems also we have raised.

There is a lot of different problems that are going to affect both the consumer side and the broadcast side as we get closer to the date. Not all parts of the country, not all broadcasters at this point have their towers in the order that they need to be. There are still many issues that are unresolved.

Senator DORGAN. I am just curious. Has anybody on the panel hooked up a converter box?

Ms. BAKER. I have. A lot of them.

Senator DORGAN. You have?

Ms. BAKER. Yes, sir.

Senator DORGAN. Successfully?

Ms. BAKER. They are actually very simple.

Senator DORGAN. Are they simple?

Ms. BAKER. They are designed to be very simple. I understand that they can be technically challenging, but you know, putting batteries in a remote control can sometimes be technically challenging. So TV is personal and a lot of the communities, the vulnerable communities that we are reaching out to, the elderly, the rural, the disabled, the minorities, the low-incomes, these folks are not technically savvy and they do need assistance. It is a challenge. That is why we encourage people to really act early and try these boxes out, try to hook them up early.

Senator DORGAN. One of the reasons I ask the question is I was asked to unplug a dishwasher at home last evening, and the instruction manual said that was easy as well. I am lucky I am still not working on it.

Mr. SAFFO. Senator?

Senator DORGAN. Yes?

Mr. SAFFO. One thing we did experience when we did have the boxes that were connected successfully, sometimes the antennas, if they had antennas on the roof, had to be adjusted. Now, obviously, since Wilmington is a pretty flat area—it is in the coastal plain of southeastern North Carolina—if you get into a mountainous area, you get into an area which is a highly urbanized area with a lot of buildings or a hilly area, you might have some difficulty in the adjustment of those antennas.

Senator DORGAN. Would the FCC provide for the Committee's benefit the digital cliff areas? Or do you know where the cliff areas are where there will be some areas where the antenna will simply fail to pick up a signal once the conversion happens?

Mr. MARTIN. One of the benefits of doing the test in Wilmington was to identify exactly where that digital cliff is and the impact of where viewers used to be able to get a signal and then were no longer able to.

I think that there are two different issues that occurred in Wilmington that people should be aware of.

I should just say, Senator, for the record I am nervous about what is going to occur in February as well. We are doing all that

we can to minimize that burden, but that does not mean I do not think everyone up here is nervous and concerned about it.

But the bigger problem in Wilmington was not actually the result of the digital cliff. It was actually a result of one of the analog stations shrinking its coverage area and resulting in viewers who used to be able to have coverage no longer having it because of the shrinking of that coverage area. That was a much more significant problem in Wilmington than the digital cliff. It was only several hundred people in Wilmington, but the people that were impacted by the shrinking of the coverage was a much more significant problem.

Senator DORGAN. The reason I ask that question is the topography of Wilmington is rather flat. In many parts of the country, you are going to have contoured land, and I am just curious whether that is going to affect what is called the digital cliff.

But if you will submit whatever information the FCC can to us, that would be very helpful, with respect to this digital cliff.

Mr. MARTIN. Of course.

Senator DORGAN. Mr. Chairman, thank you.

The CHAIRMAN. Thank you.

Senator Wicker?

**STATEMENT OF HON. ROGER F. WICKER,
U.S. SENATOR FROM MISSISSIPPI**

Senator WICKER. Thank you, Mr. Chairman.

Obviously, there has been quite a bit of testimony that I have missed.

I appreciate the fact that we have concerns today about the elderly and their ability to participate in this transition. I am mindful of the fact that they rely, I think to a greater extent, on television for much of their information and much of it is over-the-air.

I also appreciate the benefit of the experience that we received from Wilmington.

Wilmington is a medium-sized city. What would the population of Wilmington be?

Mr. SAFFO. Mr. Wicker, it is 100,000 within the city limits and 187,000 total within the county of New Hanover, which is the second smallest county in North Carolina.

Senator WICKER. Was the entire county part of this experiment?

Mr. SAFFO. Yes, sir. Not only including New Hanover County, but also Brunswick County, Pender County, Columbus, and Bladen County. There were five counties all together.

Senator WICKER. Well, I am sure that experience will be instructive to us.

I wonder, Secretary Carbonell, if you have any information specific to the elderly in rural communities and if there is anything you can share with the Committee about that.

Ms. CARBONELL. Well, particularly our experience on the ground—obviously, the aging services network which are the actual providers that are on the ground, over 29,000 organizations, are very knowledgeable of the area that they serve, know the clients, serve them in the majority of instances every day.

We went through a similar historic experience, just in numbers of people, with the Medicare Part D prescription drug roll-out. And

it was a complicated matter in which people needed to look at the options available and choose the plans that best met their needs, which is similar to this situation because it is particular to the television set that they own right now, whether they have rabbit ears or they have a roof antenna.

So the issues that we have been seeing across the country in those that have requested—we are prioritizing to make sure that our network prioritizes and serves and reaches out to those that are homebound, people that we are serving right now, providing home care, home-delivered meals. And that we are not only taking that information out, but that we are asking some of the actual home care workers to look at the kind of television set that these people have and assist them as they need to get the coupons, complete the application, and then make sure that when that box comes, if that person needs additional assistance, that there will be somebody, either a staff person that goes into the home to do the home care or a volunteer that delivers the meal or a volunteer from the community, just like you had in Wilmington where you had the fire department, the firemen actually helping, emergency rescue. These are folks that are working with our aging network day in and day out in our communities.

But the most important thing is to make sure that we identify those pockets and target those people. So the work that we are fine tuning now, in coordination with the NTIA and FCC, really focuses on those target areas that are identified as either low enrollment or high concentrations of elderly people, similar to the mapping that we did for low-income subsidy under Medicare in areas where the enrollment efforts were much lower. So we are targeting, trying to sift that information together, and matching it with our community providers, and being able to get that assistance on the ground with the rest of the coalition members that are present in the community, which encompass the Rotary Club, other civic organizations. And actually, there has been a lot of participation with local television stations and broadcasters and also retailers in assisting with this.

Senator WICKER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Klobuchar?

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you very much, Mr. Chairman. Thank you for holding this hearing.

And thank you, Mr. Mayor, for having this experiment occur in your city. I am sure it was not easy. And I am glad you have some good things to report.

I just wanted to follow up what Senator Wicker was saying. It is my understanding of the houses that just had the traditional rabbit ears, something like 14,000—is that right?

Mr. SAFFO. That is about right in the five-county area. Yes, ma'am.

Senator KLOBUCHAR. And there were about 700—and we can talk with Chairman Martin about this, but 700 concerns raised or complaints afterward. Is that right?

Mr. SAFFO. In the jurisdiction that I represent, the calls that we received there at the fire department—and that was the folks that we used to address the issues—was about 300.

Senator KLOBUCHAR. So 300.

Mr. SAFFO. Yes, ma'am.

Senator KLOBUCHAR. And do you know where that number 700 came from?

Mr. MARTIN. The 700 number was the first-day calls we received.

Senator KLOBUCHAR. The first day calls.

Mr. MARTIN. We received about 2,000 in total, but 700 on the first day. That is probably where you got that number.

Senator KLOBUCHAR. Very good. Thank you. And while the number seems small, when you look at my State, there are 430,000 households that rely exclusively on over-the-air television. That is more than 20 percent of the households in my State. So you can see if you add that up, it is more than just hundreds where there is going to be an issue.

And I appreciate, Chairman Martin, you saying that you are concerned about the fact that it is going to be less than 150 days from today we are going to be converting over.

So I just want to follow up—I know you talked about this briefly, Chairman Martin—about some of the issues that went wrong that need to be fixed. And I remember at the earlier hearing we talked about this digital cliff, and I am just picturing in February in Minnesota—have you ever been on a roof with an antenna in February in Minnesota, Chairman Martin?

Mr. MARTIN. Not in February.

Senator KLOBUCHAR. It is going to be just a little bit different than the mayor's jurisdiction. So it is not an optimal time to suddenly learn that you have to upgrade your antenna.

So could you talk a little bit about the digital cliff? And then we will go to this other issue of the analog signal contours. But if you could talk first about that and what we need to do about that and what it means.

Mr. MARTIN. What it means is that in general most people, when you switch from analog to digital, will receive a better picture, an improved quality picture. Digital pictures are either on or off, whereas analog signals fade gradually over distance. So if you get a digital signal, it is a clearer picture, but there are certain people who would have gotten a fuzzy analog picture before, but will be unable to get a digital signal as a result.

Senator KLOBUCHAR. And that is the digital cliff?

Mr. MARTIN. That is right. And in general, when people talk about the differences in topography or whether it is an urban area with the urban canyons or mountains, if you are getting a clear signal today, a clear analog signal, you should be able to get a clear digital signal. Our engineers estimate that the digital cliff will impact about one percent of people, but that is still not an insignificant amount when you talk about a significant number of people throughout the country. When we talked about this the last time, that was my estimate. It is about one percent of households that we estimate, based upon what happened in the U.K. and our engineering estimates, that will suffer from this digital cliff.

Senator KLOBUCHAR. And how do they know they are going to be one of those people?

Mr. MARTIN. Unfortunately, they are all going to be on the edges of the contours. So if you are receiving an analog signal that is fuzzy today on certain channels, then that would be a channel you might not be able to receive.

But one of the difficult things about the digital cliff effect is that today—and it will be the same case after the switch—each broadcaster's footprint is different. So you may have the digital cliff effect for one channel but not for the other. So if you receive four broadcast channels over the air, you may be subject to a digital cliff for one but not the other three.

Senator KLOBUCHAR. And so then how do we fix it besides having you come to Minnesota and stand on the roofs?

Mr. MARTIN. Unfortunately, I think that is where you get into both what Mayor Saffo testified to and Assistant Secretary Baker testified. It is important for people, particularly those in areas where it is going to be more difficult for them to switch antennas later, to try to make the transition early so they can see whether or not they are going to be required to get a new antenna.

Senator KLOBUCHAR. Oh, I see. So you are saying make that switch early so that you can see if it is a problem so you are not suddenly stuck with it.

Mr. MARTIN. Unfortunately. We can identify where the edges of those contours are, but we are not going to be able to predict specifically. And even in those cases, it will vary channel by channel. But we will not be able to do it with as much specificity as any individual would need to say we can pinpoint it to this address will be subject to a digital cliff and this address will not. It will be on the edges of those contours.

And it will also be outside technically of where they are required to be serving. The circle that they are required to serve they will still be serving. It will be the people that are just outside those edges who used to get the signal before but who are no longer able to.

Senator KLOBUCHAR. OK. Then to move on to the next topic. You said about 15 percent of the markets around the country will experience a significant shrinkage of analog signal contours post transition. Could you explain that to us?

Mr. MARTIN. What we have found was a much more significant problem in Wilmington from a viewer perspective was that one of the channels had reached as far north from Wilmington, all the way to Raleigh, North Carolina, and as far south as Myrtle Beach. Just to give you a sense of distances, it would be the same as if the Richmond signals were reaching Baltimore. After the channels were converted from analog to digital, they were no longer going to reach as far as they had before. That was actually by design. That is what the broadcaster wanted. He no longer wanted to be serving all the way up that far.

And as a result, the people that were in the Raleigh area and in the Myrtle Beach area were still going to be able to get an NBC affiliate from their Raleigh station or from their Myrtle Beach station, but there are people in between those areas, in between the two, that were then left out. And that is what is estimated will be

the folks who are unserved. It will be about 15 percent of the markets in the country that will have a broadcaster who is having some kind of a significant change like this where they are diminishing—

Senator KLOBUCHAR. So they might again get some of the channels and then not certain ones where they had this larger contour—

Mr. MARTIN. Exactly. Fortunately, on that, what we are trying to identify now is a way to be able to—and what I have asked our engineers to do, based upon what we did in Wilmington, is both in Wilmington and throughout the rest of the country, identify ways in which you can put either translator or repeater antennas to make sure that there is no one who used to get a signal from an NBC affiliate, for example, in Wilmington, who is no longer going to get any kind of a coverage. So it is not that we will be able to carry the signal all the way to Raleigh or all the way from Richmond to Baltimore in every instance, but we can make sure that there are not pockets of places, like there were in Wilmington that received no coverage afterwards. And that is why we need to identify where those pockets will be throughout the country and how we authorize those broadcasters to put in repeater antennas so they can make sure they are covered.

Senator KLOBUCHAR. So this is kind of like when my family used to drive out to Wyoming on vacation and we could still get WCCO radio and hear the Twins game. We would keep moving it and it would go longer and longer. And what would happen here is—this was a radio station, but you are going to have it within the contours, but they could pick up like a sister affiliate that they did not have before. Is that what it will be?

Mr. MARTIN. It could be. It is an interesting analogy. The switch from analog to digital in radio is going to also eliminate the ability to get those long distance AM signals as well. They can no longer bounce off the atmosphere and you cannot get those distance signals. That is one of the down sides of the switch from analog to digital radio that will occur. So in that sense, it is very similar.

But as is in this case, the people in Raleigh and in Myrtle Beach will be able to get the NBC affiliate there. But the people that are in between those three markets will be left out. And we need to find a way to get a repeater for one of those other signals there so they still do not lose access to—

Senator KLOBUCHAR. So, would they have to pay extra for that, or is it just trying to change the technology so we can—

Mr. MARTIN. Oh, the consumer would not have to. I am talking about getting the broadcasters to put a repeater antenna. The broadcaster would end up having to pay extra to put a repeater antenna there.

Senator KLOBUCHAR. OK. So, Assistant Secretary Baker—is that your correct title?

Ms. BAKER. Acting.

Senator KLOBUCHAR. Acting Assistant Secretary Baker, with what you have learned from Wilmington, can you target the advertising more or the information we give to people more as we know where this—you know, I use the number 700 because that is what came in the first day or 300 complaints. We know these two issues

that are going on, the digital cliff and the contour issue. Is there a way to tailor some of the communications with consumers in addition to what we are doing today?

Ms. BAKER. I think the entire DTV coalition agrees that the problems that we see in this area need an awful lot more consumer education. So certainly we will be working with our partners.

Again, I think the most important from our perspective is to get your box early and try it out to make sure that it works, and if you have any technical challenges, then you will have time to—I mean, it is important both from a technical standpoint as well as a programmatic standpoint. We want to see people getting their boxes now. For those that are not in this area, they will enjoy digital television sooner, but for those who are in these areas, then they will realize that they have a problem and they can act soon to try and fix it.

Senator KLOBUCHAR. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank you very much.

Before I begin my questioning, a few facts might help us. The United States has a population of about 300 million people. And about 3 years ago we made available \$5 million for consumer education for this transition. We realized that maybe that is not enough, so we added \$2.5 million last year, and if we are successful in this appropriation process that is going on now, you may get an additional \$20 million. \$27.5 million. And this program is supposed to last until February 19, 2009.

On the other hand, on the British Isles, with a population of 60 million, they made available \$400 million for consumer education. Their program of transition will last about 5 years because they felt it was so important that they had to communicate and make certain that every household, bar none, had information on this transition. It is a long process, expensive process, but this small country, less than us, 20 percent, decided to spend that much money.

That is why we are holding this hearing here because we are concerned that if the British felt that it took \$400 million and 5 years to carry out their transition, we have to be super people to do it with less.

Now, Mr. Goldstein, in your testimony you have indicated that there will be a dramatic increase or a spike just before the transition date.

Mr. GOLDSTEIN. Yes, Mr. Chairman, that is likely. There is likely to be a significant spike. In our discussion with NTIA, they have agreed with that as a very significant possibility. But I need to say that to this point in time, only about 12.5 percent of U.S. households have even requested a coupon and only 5 percent of households have used one. So we have a long way to go, and while a lot of money has been spent by the DTV coalition and by Federal agencies to this date, we are still concerned that a lot of people who need a coupon will not get one in time.

We also believe that the expiration rates, particularly among some of the greatest at-risk populations, are fairly high. For instance, among seniors, the expiration rate is 43.2 percent, when for the U.S. population as a whole, it is only 30 percent, and only 8.7

percent of seniors have requested coupons, where in the population as a whole, it is 12.5 percent. So that at-risk populations, while messages are being sent and hopefully received, there is still some evidence that they are not being received at a good enough pace yet.

The CHAIRMAN. Are you satisfied that we have a plan to confront this spike or a sudden surge?

Mr. GOLDSTEIN. Mr. Chairman, we indicated in our report last week—we made a recommendation to the Secretary of Commerce that NTIA needed to develop a plan that would be able to deal with the anticipated spike.

The CHAIRMAN. Do you believe we do have one?

Mr. GOLDSTEIN. We did not find such a plan. No, sir.

The CHAIRMAN. Secretary Baker, do you believe that you can come up with a plan to meet this sudden spike?

Ms. BAKER. Yes, sir. There are several parts of the plan, and we are actually going to put it down in writing. We will be happy to submit it to you. We are currently processing about 3.2 million coupons a month. We have spoken with our contractor. They can bring it up to 4.5 million coupons a month. I do think that the backlog that is often referred to from the start of the program was because we did not send out coupons until February 17. So we had a month and a half where we were not sending out coupons. So we hope to avoid a backlog toward the end of this program.

What we really want to do is to encourage people to act now so that we will see a strong and high demand for an extended period of time like we did in Wilmington. The results in Wilmington were terrific. It was a nice bell curve where as soon as it was announced, the coupon requests went up and then they came down now that the switch has happened.

So we anticipate spikes, particularly as media increases. A hundred days out we know is going to be a great big spike. We will continue to watch consumer demand and redemption and visit with the Committee on all of our available data. But we think it is important that people apply, buy, and try now. And as you know, we have also submitted a request for \$7 million to have additional flexibility in our ability to fund additional coupons for this increased demand.

The CHAIRMAN. A survey was made and it found that 97 percent of the population in Wilmington knew about the early transition, and yet the FCC received 797 calls on the first day and 1,800-plus calls during the first 5 days. On a national level, this could mean that you could be fielding millions of calls from confused consumers on or about this date, February 17, 2009. Are we prepared for that?

Mr. MARTIN. Well, I think that what we hope to be able to do is learn some lessons from Wilmington so we can continue to minimize that. Many of the calls that we received were not that they were not aware of it. As I indicated, we have received actually only about 100 calls during the whole time since September 8 from consumers who said they were unaware of the early transition.

But there were problems and challenges for viewers both in terms of some of the antenna issues that I was talking about with Senator Klobuchar and also the fact that there were over 300 calls from viewers who had problems with their initial converter box,

turning it on, scanning for channels, making sure it was hooked up properly to their television.

Fortunately, we were able to resolve many of those over the phone by just walking them through, hooking up their converter boxes. But that is something that we now need to integrate into our messaging more appropriately to make sure that people understand how the converter boxes work to try to take away that segment of the calls that we were receiving from Wilmington by the time we get to next February.

But I think that we have got to continue also to find ways to minimize the problems from a technical standpoint on the antenna issue so we can make sure and try to address that and to minimize the burden that is going to be placed on viewers, at least to the maximum extent we can.

The CHAIRMAN. Believe me, I am not trying to place blame anywhere—

Mr. MARTIN. No, no.

The CHAIRMAN.—because we in the Congress were the ones who appropriated \$5 million, and we are still holding back. Compared to the British, our appropriation is almost nothing. I am certain we all agree that communication is absolutely essential in a democracy such as ours. And I am concerned that segments of our population may be denied or deprived of this important element in our democracy.

Over a period of 4 months, the FCC and the industry really saturated the Wilmington market, and I applaud this. According to the numbers I have here, there were more than 400 events, distributed more than 85,000 publications, and Chairman Martin, you made five visits to the city. This outreach program is laudable, but do we have a nationwide program to ensure that they will get the same Wilmington treatment?

Mr. MARTIN. Well, I think it is important to try to put into context that this was also a substitute for some of the industry efforts that were going on throughout the rest of the country. As you know, the broadcasters, the cable operators, and the consumer electronics industries have all indicated they are going to be spending hundreds of millions of dollars educating consumers for the DTV transition. None of those educational efforts were going to be going on in Wilmington, and they will be ramping up as we approach it.

But I agree that we need to take what we put in place in Wilmington and try to build a similar kind of grassroots effort in those markets where we have identified they have a significant number of at-risk viewers. So for all the markets in which there are more than 100,000 over-the-air households or 15 percent of the viewing population, we have actually tried to identify those as our target markets where we are going to be doing the same kinds of Commissioner visits and town hall meetings.

We have actually put out a request for proposal with some of the resources, if we are able to get some additional resources from Congress. But anticipating that we might, we have already put out a request for proposal for grassroots organizations to conduct both the same kind of grassroots educational efforts and also potentially helping hook up at-risk households, as we did with the fire department down in Wilmington.

So we are trying to take the blueprint from what we did down in Wilmington and at least replicate it in those 81 at-risk markets throughout the country. It is not completely everywhere in the country, but we are doing our best with the limited resources that we have.

The CHAIRMAN. From the standpoint of the three officials there, did we appropriate enough money?

Mr. MARTIN. From the Commission's standpoint, there were several years even leading up to this transition where we had asked for money and actually received zero money for consumer education. The initial \$5 million that you had indicated actually went to NTIA, and we had asked for money in the first years of our budget and Congress actually provided us none for consumer education prior to this past January.

The CHAIRMAN. Do you need some more?

Mr. MARTIN. Yes, at least the \$20 million that we have asked for, for this year. A significant component of that is for upgrading our call center. We increased our call center in anticipation of Wilmington. Several million dollars, we have already estimated, will be needed just for the call center, and that is even if we can bring down the calls. So absolutely we are hopeful that Congress will be able to provide us some additional resources.

Ms. BAKER. It appears that the statutory cap on administrative funds is a little short. So we do need more administrative funds due to the popularity of the program and the amount of coupons that are being requested. So certainly for administrative funds, the statutory cap of \$160 million is short, is shy of what we need, which is why we submitted our request.

I think that Congress could have appropriated an awful lot more money in consumer education, but you probably then would also have seen less participation by the broadcasters and the cable industry. I think they have stepped in. I think public-private partnerships have stepped in to fill the gaps on the consumer education. We have been grateful for the creativity of this committee in coming up with more money for us through the low power conversion fund that you gave us, \$4.5 million in education. We will certainly use that. So certainly the money that you are giving us we will use, but we are very pleased with the participation from the industry on consumer education.

The CHAIRMAN. Assistant Secretary Carbonell, do you have anything?

Ms. CARBONELL. Well, I think, one of the areas, particularly the vulnerable homebound people will need help in, is in the technology piece, the actual installation and connection. Under the Older Americans Act, which is the program that we run throughout the country, home repairs is one of the allowable services, but the coverage for home repairs is not across the country.

So one of the areas that we have been working, with NTIA and FCC not only is to target those specific messages to those areas of need or areas where there is under-enrollment like the GAO has mentioned, but also looking at abilities to really walk people through the entire process. The grassroots—as much as we can invest, hands-on, to give support to some of the local aging networks that are working with these people day in and day out to try to

assist actually those people that are most fragile. We know that 24 percent of our elderly population live in rural areas. The Older Americans Act is serving about 27 percent of our clients out of the 11 million that we serve on a yearly basis who reside in rural areas. So again, those would be the areas where we would definitely benefit from additional resources and support. We are fine tuning efforts to really target those populations, those at greatest need in that area.

The CHAIRMAN. I believe every government entity, county, State, city, township, village, has some agencies handling aging problems. Do you have any program to provide instruction or education to those officials on what they can do to help in this? Because they are in daily contact with the elderly population.

Mr. MARTIN. Through our work with the Assistant Secretary and HHS, we have been working with—as you said, each State, many counties and cities have their own organizations that deal with the aging community, and we have been working with them. We did so in Wilmington and that was critical. We also worked with other private sector groups and nonprofits that were targeting the aging community like the Meals on Wheels program in Wilmington where we both made sure that information was getting through them to the people that were having their meals delivered and then also made sure that those people had the opportunity to apply for the coupons and get converter boxes. So we have been trying to work with those organizations. That has been working through the Assistant Secretary, helping us with the contacts at the local level.

The CHAIRMAN. Were they cooperative?

Mr. MARTIN. In general, actually I would say that HHS and the efforts from the localized aging organizations have been very helpful. I think that has been one of the things that has been very helpful. The United States Postal Service has been very helpful. They put up posters in all of the post offices throughout the country. They have done that once already. They are going to do that again for us later on. Those are two of the agencies that have been the most helpful in trying to help us get the message out.

The CHAIRMAN. Chairman Martin, we are going to do our best to make certain that your \$20 million will be made available. Would that be sufficient to meet the deadline, February 17, 2009?

Mr. MARTIN. I do not know for sure if it will end up being sufficient. I know that when we were asking for that money a year ago, through our appropriations process, I went to all of the Commissioners on the Commission and said how much money did they think that we could possibly need. And I came back and we talked about what we would do with the resources. And I asked for the maximum amount of money that any Commissioner identified that we could possibly need.

In addition to working with other organizations, we have also been looking at what we would end up doing as far as taking out, for example, advertisements. The AARP magazines would actually have a coupon attached to the advertisement they could just clip and mail in to NTIA to make sure that that would be able to be provided to them. So we are doing as much as we can think of. Whether that will ultimately be enough or not, I do not know. I certainly know we need at least that much.

The CHAIRMAN. Mr. Goldstein, I want to thank your agency for keeping us apprised of the numbers and concerns that you have.

Mr. GOLDSTEIN. Certainly, Senator, I would be happy to.

The CHAIRMAN. Those numbers led us to believe that this hearing was necessary, and I think it is.

Mayor Saffo, your experiment has been very helpful to us because we hope we can learn a lot from that. We thank you for your presence here.

Mr. SAFFO. Thank you, sir.

The CHAIRMAN. To all of you, thank you very much. I have got to get back to my meeting.

[Whereupon, at 3:59 p.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
HON. KEVIN J. MARTIN

Question 1. In Wilmington, one converter box manufacturer collaborated with the government to provide converter boxes for residents of nursing homes. Is there a similar plan in place nationally to help the elderly residents in nursing homes and assisted living centers obtain converter boxes and install them?

Answer. An invaluable lesson learned from Wilmington is that DTV transition success depends on the commitment and collaboration of the local community, including local industry, governmental and nongovernmental organizations. In Wilmington, the Commission worked directly with local firefighters and other local, community-based organizations to help consumers install converter boxes. Building on that experience, the Commission recently solicited contracts from grass roots and community-based organizations to assist consumers, particularly consumers who are elderly, homebound or have limited mobility, with the procurement and installation of digital TV converter boxes and related equipment. Commission staff is currently reviewing the bids, and we plan to get these contracts in place as quickly as possible.

Question 2. Will the lack of converter box installation assistance across the country inhibit a successful transition?

Answer. As described above, the Commission recently solicited contracts from grass roots and community-based organizations to assist consumers, particularly consumers who are elderly, home-bound or have limited mobility, with the procurement and installation of digital TV converter boxes and related equipment. Commission staff is currently reviewing the bids, and we plan to get these contracts in place as quickly as possible.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER IV
TO HON. KEVIN J. MARTIN

Question 1. Chairman Martin, do you believe that the Federal Communications Commission (FCC) has the authority to adopt a quiet period rule?

Answer. I am not sure whether the Commission has the statutory authority to adopt a quiet period. In light of the shift from analog to digital television, Congress provided the Commission, in section 614(b)(4)(B) of the Communications Act, with the authority to “establish any changes . . . necessary to ensure cable carriage of [digital] broadcast signals.” In the past, I have taken the position that this provision gives the Commission broad authority to adopt carriage regulations, including, for example, the authority to require the carriage of broadcast stations’ multicast signals. Unfortunately, the Commission has not agreed with my interpretation of this provision, and instead has embraced a narrower interpretation of our authority in this area. Thus, if the Commission does have the authority to require carriage of multicast signals, then I agree that we also have the authority to adopt a quiet period. If, however, we do not have the authority to require carriage of multicast signals, then I am not sure whether we have the authority to adopt a quiet period.

Question 2. It is my understanding that you have reached out to a number of stakeholders on this issue. Have you found the industry willing to work with the FCC to find a voluntary agreement?

Answer. Broadcasters have proposed a voluntary quiet period that would extend for roughly 2 weeks before and after the February 17, 2009 transition date. Not all large broadcasters have agreed to participate. This approach also does not have the agreement of the cable operators and other MVPDs, who prefer a mandatory and enforceable quiet period that begins in December.

Question 3. If the FCC were to promulgate rules surrounding a quiet period, would those rules require a notice-and-comment rulemaking proceeding? It is my understanding that many retransmission consent agreements expire at the end of

2008. Could these rules be done in an expedited manner in order to minimize the potential for consumer disruption?

Answer. I do not believe we needed to issue a Notice of Proposed Rulemaking.

Question 4. A number of timeframes have been suggested for a quiet period. Again, to minimize any consumer disruption prior to the transition to digital television, are certain timeframes more appropriate than others?

Answer. It is important for the Commission to minimize any potential burdens consumers may face as they transition to digital on February 17, 2009. To this end, I believe that a quiet period beginning a few weeks before would be sufficient to minimize any potential consumer confusion.

Question 5. If prior to the transition to digital television, a broadcaster and relevant multi-channel video distributor are unable to reach an agreement on the carriage of signals, what authority does the FCC have to resolve this dispute so that consumers are not unnecessarily harmed?

Answer. We have no direct authority to resolve a dispute. Broadcasters and MVPDs have a statutory obligation to bargain in good faith. Specifically, section 325(b)(3)(C)(ii) of the Communications Act prohibits broadcasters from “engaging in exclusive contracts for carriage or failing to negotiate in good faith” for retransmission consent. Section 325(b)(3)(C)(iii) similarly prohibits MVPDs from “failing to negotiate in good faith” with retransmission consent broadcasters. Our rules at 47 C.F.R. § 76.65 detail these prohibitions, and the Commission has clearly stated that actions taken in the context of a retransmission consent negotiation that are “sufficiently outrageous, or evidence that differences among . . . agreements are not based on competitive marketplace considerations, [will] . . . breach a [negotiating entity’s] good faith negotiation obligation.” The Commission has authority to act in such cases, and either party in a retransmission consent negotiation can file a complaint with the Commission if they believe the other party is acting in bad faith.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
HON. KEVIN J. MARTIN

Question 1. Chairman Martin, there are around 100 over-the-air broadcast stations that will be allowed to reach only 85 percent of its population for a time after the DTV hard date. On the hard date, if a consumer no longer receives a digital signal from a station they used to receive analog signal from, how will the consumer know that his or her inability to receive an over-the-air signal is not the result of the ‘digital cliff’ or a reduction in coverage due to the station’s digital antenna located at a different site than the analog antenna (such as in Wilmington), but because the station is not broadcasting at its full power?

Answer. These stations are required to notify affected consumers. Specifically, stations that have received permission to operate their digital signal at less than their full authorized facilities for a time after the end of analog TV service (and will therefore serve a reduced portion of their analog viewers or not serve them at all for a time) are required to notify viewers on their analog channels in advance of the transition date about the station’s planned delay in construction and operation of post-transition digital service and inform them about how they can continue to receive the station. Notifications must occur every day on-air at least four times a day including at least once in prime time for the 30 days prior to the station’s termination of full, authorized analog service. Notifications must include: (1) the station’s call sign and community of license; (2) the fact that the station must delay the construction and operation of its post-transition service; (3) information about the nature, scope, and anticipated duration of the station’s post-transition service limitations; (4) what viewers can do to continue to receive the station, *i.e.*, how and when the station’s digital signal can be received; and (5) the street address, e-mail address (if available), and phone number of the station where viewers may register comments or request information. These viewer notifications are in addition to, and separate from, stations’ notification requirements under our DTV Consumer Education Initiative.

Question 2. Chairman Martin, I am told that broadcasters in Washington State’s three DMAs are hesitant to conduct a “soft test” because of the complexity of the message required in order to not confuse consumers that will still be able to continue receiving analog signal over translators after the hard date. Additionally, Direct TV and EchoStar are still in the process of upgrading the set-top box of their customers in the state that currently do not receive local-into-local service. I am told installations will occur throughout the fall with the final installations in the Yakima—Tri Cities DMA scheduled for January. Until they receive the new set-top box

from their satellite provider, some of these consumers would be unduly concerned after a “soft test” that they are not prepared. I see the value of the “soft test”. Is it possible for the Commission to work with my state’s broadcasting association to develop messaging for a soft test during the next month or so that would not confuse analog translator viewers and some satellite television viewers?

Answer. We would be happy to work with the Washington Broadcaster Association to coordinate and provide assistance related to running soft tests. I have instructed staff to contact the Washington Broadcaster Association.

Question 3. Chairman Martin, does the FCC currently have the authority to issue rules to set a hard date for broadcast low-power, Class A, and translator television stations, or is a change of statute required?

Answer. Section 336(f)(4) of the Communications Act, adopted as part of the Community Broadcasters Protection Act of 1999, gives it the discretion to determine the end of the transition period for Class A, TV translator, and LPTV stations.

Question 4. Chairman Martin, I have received communications from constituents who after installing the converter box, can not receive digital UHF over-the-air television signals, but if they detach the converter box they can still receive analog UHF signals. A local television station told one such individual that UHF signals are much more line-of-sight dependent and due to the hilly terrain the digital signal was blocked. Western Washington has a considerable amount of hilly terrain. In fact, there are a number of translator stations operating today in Washington to fill in these gaps in coverage. If it proves that the switch to digital causes the over-the-air signals of some of UHF stations to be blocked by terrain in some areas, would the FCC be willing and able to open an expedited window for the construction of television translator stations for those affected stations?

Answer. Yes, the FCC would be willing and able to open an expedited window for the construction of television translator stations for those affected stations.

Question 5. Chairman Martin, Mayor Saffo testified that Wilmington participated in a regional, analog television e-cycling day? Do you see a benefit for the FCC to provide consumers information regarding the e-cycling of analog television in its communications on DTV?

Answer. Yes, there is a benefit to informing consumers about their options for recycling their analog televisions as part of our outreach. The Commission, together with the Environmental Protection Agency, issued a joint advisory regarding the DTV transition and the importance of e-cycling analog TVs. This advisory is attached and available on the www.dtv.gov website. We have disseminated the advisory to individual consumers as well as consumer groups at outreach events. We will continue to include this messaging throughout the transition, and will look for opportunities, as we did in Wilmington, to work with local officials and groups to provide consumers options at a local level for e-cycling of their analog sets.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
HON. JOSEFINA G. CARBONELL

Question 1. Will the lack of converter box installation assistance across the country inhibit a successful transition?

Answer. The Administration on Aging (AoA) has continued to work with our Federal, State and local partners to call attention to the issues related to converter box installation for seniors as we believe it is a critical piece in the overall success of the transition. We know that many seniors, who are frail, have disabilities, live alone or are homebound may have challenges installing the converter boxes once obtained. Some may not be able to physically move their TV or the furniture associated with it in order to install the converter box, or they may have difficulty understanding the technology needed to connect and operate the converter box and related antennae.

I am very pleased that some action is being taken to assist those who are frail or homebound who may need this additional assistance in the physical installation of the boxes once they are secured, and we applaud our Federal partners for being responsive to the issues we have raised. Recently the FCC requested proposals for grassroots and community-level efforts around direct assistance in securing and installing converter boxes and establishing help lines to help educate consumers and answer queries. Several major aging organizations, members of AoA’s vast national aging network, involved in the transition who have been concerned about this aspect of the transition have applied for those funds in order to provide this assistance to those they serve. The National Telecommunications and Information Administration (NTIA) will also use funds set aside from the “DTV Transition Assistance Act” (As-

sistance Act), Public Law 110-295, to provide consumer assistance with the DTV transition. NTIA will reserve up to \$4.5 million for awards under this authority for unsolicited proposals that can be awarded by November 15, 2008. NTIA acknowledges the need not just to inform consumers about the Coupon Program but to provide where appropriate and feasible hands-on assistance to vulnerable Americans who may have difficulty completing the application, picking up a converter box or connecting it to their TV sets.

We were also heartened that Secretary Gutierrez announced that residents of nursing homes, assisted living facilities, and households that use a post office box will be able to request converter box coupons. Anything we can do to assist vulnerable seniors with this transition will further its success.

In some parts of the country, AoA's national aging services network is already stepping in to help. In Virginia, for example, the Fairfax County government including the area agency on aging has asked its employees to volunteer to help senior citizens and the disabled make the transition to digital TV by volunteering to help install the converter boxes and in turn qualify for 16 hours of annual paid leave. In Wilmington, North Carolina where the pilot early transition took place on September 8, the FCC contracted with local fire departments and other community organizations to assist seniors who have difficulty obtaining or installing the converter boxes. To help senior citizens make the transition in Westland, Michigan, the local government access channel, WLND-TV, the mayor and the city government, including the local area agency on aging, hosted a digital forum in a local senior center. These are only some examples of efforts being made by the national aging network around the country to smooth the transition process. We anticipate that the network will be poised and ready to assist throughout the entire transition process with whatever resources they might be able to devote to this initiative.

Question 2. Generally, what have we learned about meeting the needs of the elderly from the test run in Wilmington, NC?

Answer. I am pleased that the September 8 early transition pilot test that took place in Wilmington, North Carolina was successful in large part for seniors. One thing that was made clear was the extraordinary value of the local aging network working in a collaborative way in the Wilmington community in ensuring that older persons were aware of the transition and that appropriate assistance was available to not only respond to questions from seniors and their families, but also to arrange for hands-on assistance in installing the boxes if needed.

The Cape Fear Council of Governments, which is the local area agency on aging for Wilmington, worked closely with the mayor, the FCC and other local entities to ensure that the transition would go smoothly for vulnerable elders. It was this collaboration with the aging and disability network agencies, faith-based organizations, local government, media outlets and interested citizens that aided in the transition. Through HELP lines funded by the FCC responding to questions, the active participation of two fire departments that combined visits with smoke alarm checks, seniors in the community were for the most part ready for the transition.

One of the major lessons learned from the September 8 pilot test, according to the local aging network, was the need for repetitive education to the community in particular education tailored to older persons, their families, and the aging/health/human services agencies working with these populations. In addition, providing information to individuals on the local Disaster Special Needs Registry, both in printed form and through phone calls, was beneficial.

It is important to note that the local aging network also found that the current financial situation was a significant factor in the provision of consumer education, assistance with converter box procurement, installation and post transition troubleshooting for those they serve, and that they have had to rely on overworked personnel and volunteers. In addition, for older persons who utilize the over the air transmission for their TV reception, there were some individual economic challenges to affording the co-pay for the converter boxes, being able to afford a new antenna, and/or transportation to a store to purchase the box or the antenna.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MARIA CANTWELL TO
HON. JOSEFINA G. CARBONELL

Question. Secretary Carbonell, can you describe your efforts toward providing direct education; one-on-one information; assistance in purchasing and acquiring converter boxes; and installation of the boxes for older adults specifically in Washington State?

Answer. The Administration on Aging has been an active partner in our Nation's preparation for the digital transition since we were first contacted by both the FCC

and the NTIA in the summer of 2007. Through our website, our regional offices, and various public outreach efforts, including a regular e-newsletter that goes out to more than 22,000 subscribers, we continue to share information with seniors, family members and our national network of aging services and community providers which works with seniors in nearly every community in our country. AoA staff have participated in various meetings and forums coordinated by NTIA and the FCC and most recently, we have provided technical assistance to the FCC as it prepared for its various town hall meetings being held across the country including ones that have recently taken place in Seattle, Spokane and Yakima, WA. At these forums, attendees, many of whom are seniors and their caregivers, receive current information about the transition as well as demonstrations in converter box setup.

As I indicated in my testimony, AoA's national aging network, which is comprised of 56 State Units on Aging, 655 local planning and service entities called area agencies on aging, 239 Tribal and native American organizations representing more than 300 tribes; 29,000 local community service provider organizations, and more than half a million volunteers, has been very active throughout the country in helping to prepare seniors for the digital TV transition. Leading aging organizations who are trusted and visible sources of information and assistance in the community are working hard to assist older persons to be prepared for the February 2009 transition. Local senior centers, nutrition sites, adult day care programs, home delivered meals programs and other community based organizations throughout Washington and throughout the Nation are holding information sessions and distributing flyers and educational materials provided by the NTIA and FCC. Many local organizations are working with the National Association of Broadcasters that has local TV broadcasters available to speak at these events. The Washington State Association of Broadcasters is an active part of the DTV Coalition, a group of national, state and community organizations whose mission is to ensure that no one is left out when the transition occurs next February. In addition, the National Asian Pacific Center on Aging based in Seattle is providing information on the digital transition through its helpline in 9 different languages to Asian seniors throughout the State and the country.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
MEREDITH ATTWELL BAKER

Question 1. In Wilmington, one converter box manufacturer teamed up with the government and provided converter boxes for residents of nursing homes. This was a great cooperative effort. Is there a similar plan in place nationally to help the elderly residents in nursing homes and assisted living centers obtain converter boxes and install them?

Answer. NTIA was an important catalyst in ensuring that nursing home residents in Wilmington, North Carolina, were not left behind in their early digital transition. Because the nursing home rule change was not going to be effective before the Wilmington transition, NTIA reached out to converter box manufacturers to encourage them to address this challenge. NTIA is pleased that they came forward with converter box donations for the small number of nursing home residents in that market who owned analog televisions and watched broadcast-only television. NTIA is also pleased that the Federal Communications Commission mobilized partners in Wilmington, such as local firefighters, to provide in-home assistance to vulnerable seniors. As you know, NTIA recently revised its regulations so that residents of nursing homes are eligible to apply for one coupon using the special application available on the Program's homepage. Anyone may apply on behalf of a nursing home resident, so in many cases, a friend, family member or administrator will be able to assist the nursing home resident with a subsequent converter box purchase and installation.

NTIA is encouraged by the voluntary initiatives emerging to help vulnerable Americans prepare for the transition. Faith-based initiatives in particular are targeting seniors for assistance, whether it be helping them apply for coupons, picking up the converter box in the store or installing it in the home. As a partner of NTIA's, Interfaith Ministries in the greater Houston area is appealing to the members of its religious community to work through Volunteer Houston to assist in the installation of boxes via Meals on Wheels for Greater Houston.

NTIA will also use funds set aside from the "DTV Transition Assistance Act" (Assistance Act), Public Law No. 110-295, to provide consumer assistance. Use of these funds may include, but is not limited to, partnering with, providing grants to, and contracting with non-profit organizations or public interest groups in achieving these efforts.

NTIA acknowledges the need not just to inform consumers about the Coupon Program but to provide where appropriate and feasible hands-on assistance to vulnerable Americans who may have difficulty completing the application, picking up a converter box or connecting it to their TV sets. The Agency will support the National Association of Area Agencies on Aging (n4a), in the form of a cooperative agreement, to provide one-on-one assistance to a quarter million older adults to help them complete the coupon application, obtain converter boxes and install them so they can keep their existing TV sets working. Under the umbrella of the “Keeping Seniors Connected Coalition,” a variety of organizations with extensive preexisting networks in neighborhoods and communities across the United States, will help many seniors manage the DTV transition. With considerable recent experience with the Medicare Part D Campaign, these organizations are ready to hit the ground running to make the transition as seamless as possible for America’s most vulnerable seniors.

Question 2. Will the lack of converter box installation assistance across the country inhibit a successful transition?

Answer. Converter box installation assistance will be available through a number of partner organizations to promote a successful transition. NTIA will use funds set aside from the “DTV Transition Assistance Act” (Assistance Act), Public Law No. 110–295, to provide consumer assistance. The National Association of Area Agencies on Aging (n4a) has committed to assisting a quarter million vulnerable seniors with the transition, including with converter box installation, through partner organizations such as the Meals on Wheels Association of America, the National Association for Hispanic Elderly, the National Asian Pacific Center on Aging and the National Caucus and Center on Black Aged.

I am also encouraged by the voluntary initiatives emerging across the country to assist people with the transition. The DTV Transition Coalition has developed a brochure called “Help Your Neighbor Make the Switch to Digital TV” which describes how every American can be part of the solution in ensuring that February 17, 2009, amounts to a smooth transition for consumers. It is my understanding that the National Association of Broadcasters is developing a Public Service Announcement that would reinforce this message. In addition, the Federal Communications Commission (FCC) is expanding its call center to be able to provide consumer support on technical matters and has produced easy-to-follow videos on how to install a converter box. Both NTIA and the FCC are encouraging local broadcasters to publicize their telephone numbers and field questions related to signal reception.

Based on what the FCC learned from the early transition in Wilmington, North Carolina, only about 15 percent of DTV-related calls made to the FCC’s hotline in the two weeks following the September 8, 2008, transition concerned difficulties with the converter box. According to the FCC, 90 percent of those calls were resolved fairly straightforwardly over the telephone. Subsequently the FCC has developed tips for consumers, available on the www.dtv.gov website, which will help them troubleshoot any outstanding issues with converter box set-up. NTIA is aggressively cross-promoting these resources through its new “Apply. Buy. Try.” campaign. In urging consumers to install their converter boxes in advance of February 17, 2009, NTIA’s strategy is to reduce the number of consumers who resort to setting up their converter box after their analog signal has been shut off.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
MEREDITH ATTWELL BAKER

Question 1. Secretary Baker, it is clear that NTIA is not going to reissue coupons to consumers who ordered them, but did not redeem them in time, without a statutory change. It is equally clear there is no statutory change coming. The majority of calls and e-mails from my constituents regarding the DTV transition concerns expired coupons. In Washington State, as of September 22, 123,883 converter box coupons were redeemed, but 134,705 have expired. I would like to get your thoughts on a possible workaround. First, are DTV coupons transferrable among consumers? Second, would it be consistent with your interpretation of the rules if a state or local government, business, or university asks its employees to order coupons online, the employee receives their coupons at home and brings them into the office, where the employer collects the coupons, and then redistributes the coupons to those who need them—consumers whose coupons have expired or consumers from hard to reach populations?

Answer. As an initial matter, there may be a number of reasons consumers do not redeem coupons within the 90-day active period as set by statute. Some consumers may realize they did not need the coupon if all of their televisions are con-

nected to cable, satellite or other pay TV services—or they may decide to subscribe to such services. Some consumers may purchase digital televisions instead of converter boxes.

While the Coupon Program rule prohibits the sale of coupons, coupons issued by the program are transferrable to the extent they may be freely given without consideration. NTIA believes that the type of “clearinghouse” that you describe would largely be outside the direct scope of the Coupon Program’s regulations. Individual households participating in such programs would have to comply with the Coupon Program’s eligibility requirements and could not accept consideration in exchange for the coupons. Such programs would also have to comply with all applicable Federal and state laws. There may also be an increased risk of unintended waste, fraud, and abuse with such a program. For example, people could be encouraged to apply for coupons that they do not need, or they may not follow through on donating them to the clearinghouse—both such outcomes would represent waste in the Program. In addition, the clearinghouse would need to ensure that active coupons are handled securely, monitor expiration dates and encourage prompt use of coupons. Clearinghouse leadership should take measures to minimize the potential for consumers to violate the “two per household” statutory limit on coupon orders.

Question 2. Secretary Baker, I need to understand how prepared my state of Washington is for the upcoming DTV transition and what can be done to better prepare my constituents. In the table accompanying your written testimony, the three Washington State DMAs fall within the thirty areas in the country having the lowest over-the-air household participation rates in the coupon program. Of greatest concern is the Seattle-Tacoma market with a coupon program participation rate of 43 percent. According to Nielson there are 215,240 broadcast only households in the Seattle-Tacoma DMA. I know that Washington State broadcasters and cable system operators are playing PSAs, engaging in public outreach, working with community group in the Seattle-Tacoma DMA, but it appears that effort is still falling short. What other steps can be taken to increase participation in the converter coupon program?

Answer. The Agency is closely monitoring coupon request rates at the DMA level, and I share your concern that the three Washington state DMAs have among the lowest participation rates in the country. NTIA is enhancing its consumer education activities in markets with low participation rates to motivate over-the-air consumers to act in a timely manner. On September 30, 2008, NTIA launched the latest phase of its efforts to spur consumer action by announcing its “Apply. Buy. Try.” campaign. The campaign urges over-the-air consumers to apply for their coupons now—but certainly no later than the end of the year—to allow themselves 6 weeks to prepare for the analog shut-off date. It is clear from surveys conducted by the National Association of Broadcasters and others that awareness of the digital transition is near universal: however, a significant number of consumers are choosing to wait until closer to the end to make their decision on how they will transition. NTIA’s campaign aims to motivate these consumers to act early. The Agency has reached out to grassroots organizations in these markets to communicate these messages to their constituents, and I am pleased that groups such as the Organization of Chinese Americans—Greater Seattle Chapter and the Mid-City Concerns Meals on Wheels chapter in Spokane are distributing our materials.

NTIA staff have been very active in the Seattle market. On October 1, NTIA’s consumer education director participated in a Coupon Program “sign-up” event at the Jefferson Recreation Center, partnering with the City of Seattle Department of Information Technology and KING 5 (NBC) Seattle. The Program’s partnership manager participated in meetings in early June to design a coordinated outreach strategy to seniors, including the Seattle Housing Authority, Seattle Public Library and the City Parks and Recreation Department. NTIA is accelerating its work with local partners to promote the “Apply. Buy. Try.” campaign and is engaged in earned media to urge consumers who have not taken action to do so without delay. To date NTIA has conducted radio interviews in all three Washington DMAs and television interviews in Seattle and will continue to promote the Coupon Program via the broadcast media.

Question 3. Secretary Baker, earlier this year, the availability of set-top boxes with analog pass-through capability was a front burner issue. How many manufacturers are now producing such boxes? How does NTIA ensure that the set-top box with analog pass-through reaches retailers in those parts of the country where they are most likely needed? Is NTIA tracking the number of set-top boxes with analog pass-through purchased?

Answer. In response to the concerns of the low-power television broadcasting community. I sent personal letters to all of the coupon-eligible converter box manufac-

turers on record last winter. The response from manufacturers was swift and significant. By May 2008 converter boxes with an analog pass-through function were being shipped to the leading retailers in the Coupon Program. Consumers today may choose from over 41 brands and models with an analog pass-through feature available in retail stores. NTIA expects retailers to meet the needs of their consumers and to stock analog pass-through converter box models in geographic areas where they are needed. We note that of the top ten coupon-eligible converter box models sold nationwide, four have an analog pass-through capability.

Question 4. Secretary Baker, what is the methodology NTIA uses to project consumer demand for coupons for DTV set-top boxes through March 31, 2009? How confident is NTIA in its projection for consumer demand for coupons through March 31, 2009? Your written testimony includes a table of over-the-air household participation rates in the coupon program for each of our Nation's DMAs. Why are some communities listed as being above 100 percent in participation? For example, Wilmington, North Carolina has an over-the-air household participation rate greater than 200 percent. Can you explain? One might read into the statistic that some consumers ordered coupons that did not need them and then transferred the coupons to others. To the best of your knowledge did that occur in Wilmington?

Answer. Early in the Program's planning phase, NTIA developed an economic analysis that calculated a baseline market of between 20.4 and 51.9 million converter boxes, based on estimates of the number of "untethered" analog televisions in households that might require them. The Program made an assumption that out of this potential market, 50 percent of households choosing the converter box option would redeem coupons, suggesting that between 10.2 million and 26.0 million coupons would be redeemed. NTIA is finalizing a plan to address expected demand in the Program's final months which will elaborate on a variety of scenarios the Agency might face and our plans to meet consumer demand.

NTIA uses "participation rates" as indicators of coupon requests in given communities. Some communities are listed in the table you reference as having participation rates above 100 percent for over-the-air households because NTIA calculated these figures based on information provided by the Consumer Electronics Association (CEA) that about sixty (60) percent of over-the-air consumers in each DMA would be potential purchasers of converter boxes. (Please note that a follow-up report released by CEA last month showed the figure had increased to 67 percent.) The estimated market figures were compared then to the actual number of OTA coupon requests NTIA received from a particular DMA to derive the OTA participation for that community. Thus, the participation rate is the number of OTA requests divided by CEA's estimated market. In markets in which coupon requests from OTA households exceeded the CEA 60 percent estimated market figure, then the resulting participation rate is greater than 100 percent.

Because the converter box option appears to be a more attractive option for many consumers as the education campaign builds awareness, NTIA has revised its estimates and, out of an abundance of caution, is now using the entire (100 percent) over-the-air household population in a DMA as the potential over-the-air market for coupon requests. Using these revised estimates the Wilmington participation rate is substantially lower—but still above 100 percent. Since the Program relies on self-certification as the mechanism for determining whether a household is indeed over-the-air reliant, it is to be expected that due to a lack of perfect knowledge among consumers, that there would be some error in consumers' response to the Agency's certification question on the application. (Please again note that NTIA's estimates of participation relate to coupon requests, not coupons redeemed.)

Question 5. Secretary Baker, I understand that some Indian tribal representatives have expressed interest in tribes being able to secure the DTV coupons for distribution by those tribes to their respective tribal members. Is this option under consideration? What outreach measures are being performed by NTIA to inform or educate rural communities such as American Indian tribes and Alaskan Native villages? Does NTIA have statistics on the level of participation of various American Indian tribes and Alaskan Native villages in the converter box coupon program?

Answer. NTIA has vigorously promoted the Coupon Program among Native American tribes and Alaskan Native villages. In July, I sent a mailing to leaders of the 563 Native American tribes and all Bureau of Indian Affairs superintendents and regional directors to help them prepare their members for the transition to digital television. My letter to tribal leaders encouraged them to use their existing communications channels to help spread the word about the Coupon Program and to "consider posting information at tribal buildings and schools, having a call-in show about the digital transition, or holding information sessions with tribal elders." The mailing included a CD and hardcopy of the TV Converter Box Coupon Program

Partnership Toolkit with fact sheets, brochures, posters and information on low-power and translator stations.

NTIA staff have engaged in significant earned media outreach to Native American publications, print and broadcast, including *Native Peoples*, *Colors NW*, *Seminole Tribune*, and *Navajo Times* to secure interviews with NTIA spokespersons or offer resources for publication. In addition, we have reached out to various radio stations throughout the country including, *Voices From the Circle*, *Native America Calling*, and *National Native News* to secure interviews for NTIA spokespersons. The Agency has also reached out to former grantees in Washington state, such as the Suquamish and Kalispel Tribes, respectively, to provide assistance. In 2007 and 2008, NTIA also participated in the largest gathering of Native American leaders, the National Congress of American Indians convention, leveraging speaking opportunities and staffing a booth to answer questions and forge partnerships to help make the Coupon Program a success.

In terms of tribal representatives securing coupons, the law is very clear that “a household may obtain coupons by making a request as required by the regulations . . . [and] The Assistant Secretary shall ensure that each requesting household receives, via the United States Postal Service, no more than two coupons.” This stipulation prevents NTIA from allowing tribal representatives to receive coupons on behalf of consumers, although it does not prohibit consumers from allowing surrogates to take their coupons to retail stores to redeem them, if consumers are unable to do so due to infirmity, lack of transportation and so forth.

In terms of keeping statistics on Coupon Program participation by Native American tribe, the Agency has coupon participation data down to the zip code level, which it updates and posts on its website weekly. I have attached a table of the number of authorized over-the-air households that have requested coupons by zip code as of October 22, 2008. Unfortunately the Agency does not have corresponding Nielsen data at that level of granularity to determine what the potential coupon market is for each zip code. Therefore the Agency monitors Coupon Program participation rates by over-the-air households at the Designated Market Area (DMA) level. As I discussed earlier, the Agency is redoubling its consumer education efforts in markets—including those in Washington state—with unusually low participation rates.

Question 6. Secretary Baker, the “DTV Transition Assistance Act” allows NTIA to accelerate grant support for the digital upgrade of low power television and translator stations and use surplus funds for consumer education and technical assistance efforts. Are translator stations currently applying for funds under the program? What is NTIA doing to reach out to translator station owners and operators to make them aware of the changes to the program? My understanding is that to expedite the release of funds for consumer education and technical assistance under the Act, NTIA is accepting unsolicited proposals. What criteria is NTIA using to decide on which unsolicited proposals to fund? How transparent is the proposal selection process?

Answer. Yes, low-power stations are applying for funds under the Low-Power and Television Translator Digital-to-Analog Conversion Program (Conversion Program). NTIA has received applications for this program from over 900 low-power television facilities. After passage of the Act on July 30, 2008, NTIA reviewed the program and determined that \$3.5 million would be sufficient to fulfill its responsibilities. On August 28, 2008, NTIA published a notice in the *Federal Register* announcing the change in the funding availability for the Conversion Program. NTIA posted the notice on the Conversion Program Internet page and notified leaders of the national trade organizations in the low-power television field. To be sure that the information was distributed to all potential Conversion Program applicants, NTIA mailed a letter in September to every licensee of a low-power television facility in the country. In October, a second announcement was mailed to every licensee about the change in funding. NTIA discussed the change in funding availability at the national convention of the Community Broadcasters Association, one of the two main trade groups in the low-power industry. NTIA also discussed the change in two public meetings NTIA held in October on the low-power grant programs.

In terms of your question regarding the criteria for review of unsolicited proposals, I would refer you to the plan the Agency has developed with respect to the use of Assistance Program funds at http://www.ntia.doc.gov/dtvcoupon/dtv_techassist_081015.pdf. In terms of publicizing the availability of these funds, the Agency determined that because of the specialized and urgent nature of these activities, it would not be in the public interest to seek full and open competition for this award. In the interest of expediency, NTIA will accept certain unsolicited proposals for use in fulfilling its mission to provide consumer education and tech-

nical assistance to targeted, hard-to-reach populations at risk of losing their television service after February 17, 2009.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
MARK L. GOLDSTEIN

Question 1. According to your testimony, in areas with predominately senior populations, close to half (43 percent) of households have allowed their coupons to expire. Does GAO have a specific recommendation to address this problem?

Answer. Regarding the high expiration rate of converter box coupons requested by seniors, we do not have a specific recommendation to address this issue. As we indicated in our testimony, the expiration rate for coupons is inordinately high in areas comprised predominantly of seniors. While we are able to report the request, redemption, and expiration rate in these areas, we have not explored the cause of the high expiration rate nor the effect that it might have. The National Telecommunications and Information Administration (NTIA) and Federal Communications Commission (FCC) identified seniors as one of the “hard-to-reach” populations and have targeted seniors in their outreach efforts, but it is unclear what effect this will have on seniors’ high expiration rate of converter box coupons.

Question 2. Will the lack of converter box installation assistance across the country inhibit a successful transition?

Answer. We have not performed work related to converter box installation and how this might affect the DTV transition. FCC has noted that after the transition in Wilmington, North Carolina, on September 8, 2008, it received numerous calls to its helpline regarding converter box problems. These problems mostly consisted of consumers’ need to properly install their converter boxes and to re-scan for digital channels after installing the box. FCC has indicated that consumer education efforts need to instruct consumers about how to effectively hook up their boxes and the need to re-scan for digital channels after the transition date.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
MARK L. GOLDSTEIN

Question 1. Mr. Goldstein, do you expect NTIA to exceed its cap for administering the converter box subsidy program? If so, why do think it will happen? Given the increase in demand expected in the upcoming month, do you believe that NTIA has a handle on the administrative costs required through the end of the program?

Answer. While we estimated potential coupon requests in our testimony on June 10, 2008,¹ we did not examine NTIA’s costs associated with administering the converter box subsidy program and therefore do not know if NTIA has a handle on its administrative costs that it might incur through the end of the program or whether it will exceed its cap. In our June testimony, we estimated that households with a landline telephone would request approximately 30.6 million coupons. Our estimates ranged from 25.6 million to 35.5 million coupons for households with a landline telephone and did not include non-landline households or households where telephone status could not be determined. While we could not substantiate an assumption that other households would respond similarly to landline households, if they do, we estimated the potential for an additional 11 million coupon requests.

Question 2. Mr. Goldstein, in your testimony you said that the GAO found that “households in both predominantly minority black and Hispanic or Latino areas were less likely to redeem their coupons compared with households outside these areas.” How rigorous was the methodology used by the GAO to arrive at this conclusion? Why do you think that these populations are more likely to let their coupons expire? Do you think it would be valuable to perform a similar analysis for American Indian tribal lands?

Answer. Our methodology employed the best available data and reflects coupon behavior for demographic areas (zip codes) with a preponderance of households in a given demographic group. Specifically, to draw comparisons on coupon requests, redemptions, and expirations across demographic differences, we analyzed the NTIA data by zip codes. To do so, we merged the NTIA zip code data with data from the 2000 Census SF-3 summary file Zip Code Tabulation Areas. From the census data, we grouped zip codes into urban and rural categories and looked at coupon requests,

¹GAO, *Digital Television Transition: Broadcasters’ Transition Status, Low-Power Station Issues, and Information on Consumer Awareness of the DTV Transition*, GAO-08-881T. (Washington, D.C.: June 10, 2008).

redemptions, and expirations for zip codes that were over 50 percent black or Hispanic/Latino.

We did not perform work to address the question of why certain population groups were more or less likely to redeem coupons.

Additional information about population subgroups would be valuable; however, we did not perform work on coupon requests, redemptions, and expirations in American Indian and tribal lands. Since our methodology employed NTIA and census data by zip codes, there may be limitations in determining which coupon requests originated in American Indian and tribal lands.

Question 3. Mr. Goldstein, of the 45 high risk areas identified by the FCC, how many are predominantly rural? Does GAO believe that NTIA is effectively implementing the converter box subsidy program in less densely populated areas?

Answer. We did not analyze the demographic composition of the high risk areas identified by FCC, so we are unable to answer how many of the high risk areas identified by FCC are predominantly rural. The 45 areas were chosen by NTIA and FCC based on areas of the country that have at least one of the following population groups: (1) more than 150,000 over-the-air households, (2) more than 20 percent of all households relying on over-the-air broadcasts, or (3) a top 10 City of residence for the largest target demographic groups. The target demographic groups include rural households.

While in our testimony we indicated that NTIA is effectively implementing the converter box subsidy program, we did not specifically determine effectiveness based on population density. However, our analyses of NTIA coupon data show that the coupon request rate of 15 percent and redemption rate of 46 percent in rural areas are both slightly higher than the urban rates of 12 percent and 37 percent, respectively. In addition, the rate at which coupons have expired is lower in rural zip codes, at 25 percent, than in urban zip codes at 32 percent.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUE TO
HON. BILL SAFFO

Question. In your testimony, you mentioned that the vast majority of calls received right after the switch were from seniors, or family members and friends calling on behalf of a senior, who needed hands-on assistance to install the converter box. In your view, what could have been done in the planning stages of Wilmington's transition to prevent this type of predicament among the senior population on the day of the transition?

Answer. Although the FCC did an excellent job promoting when the switchover was to occur, many of these seniors either saw the advertisements and ignored them or had no way of getting the assistance they needed (ordering the coupons, getting out to purchase a box, installing the box) before the switchover. This caused a huge influx of calls immediately after the switchover by frustrated seniors who now had no access to television at all. To better service the senior population with the switch to digital cable, I feel the following would be helpful:

Have people in place to assist seniors with the boxes before the date of the switch. *This includes helping the seniors to apply for the coupon, purchase the box and antenna, and install the box.*

Easier access to ordering the coupons would be helpful as well. Many seniors do not have internet access and ordering the coupons by mail is difficult for them. It would be a good idea to allow seniors to order the coupons over the phone and, for those who need the extra help, have someone available to help them order the coupon by phone. Advertise directly to the senior population through senior centers, meals-on-wheels, social services, etc.

Have accessibility to free digital boxes and antennas for those who did not know about coupon program or do not have the resources to use the coupon program. Once the switchover occurs, these seniors need immediate television access for emergency purposes and the coupon program takes time.

Provide stickers (in large print) to label the new remote. Also, provide simple operating instructions to give to seniors (also in large print). The addition of a new remote is very difficult for many seniors to understand.

Provide additional service for those seniors who need ongoing assistance. All it takes is to accidentally change the main television to the wrong channel, and the digital box will not work properly. This has been a frustration for many seniors who have called for assistance multiple times.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
HON. BILL SAFFO

Question 1. Mayor Saffo, in your testimony you said that “they (FCC) seemed to be everywhere educating our residents and answering their questions.” Wilmington is a moderately sized city with a percentage of over-the-air households less than the national average and a percentage of non-English speakers less than the national average. How much of the financial cost of the Big Switch preparations and its immediate follow-up was borne by the City of Wilmington? From discussions you may have had with other mayors, do you believe that most cities have the resources available to provide the same level of customer service as the focused Federal effort in Wilmington?

Answer. The FCC funded the entire project for the digital switch. The City of Wilmington did not incur any out of pocket expenses, however, we did donate some “in-kind” support such as facilities, staff time etc. The City of Wilmington has a total of 1000 employees and without the support of the FCC, this would have been a very challenging project for the City to implement.

Question 2. Mayor Saffo, could you describe what the City learned as a result of the two soft tests conducted. Were any translator stations involved in the tests? If so, were viewers of the analog translator stations confused by the test?

Answer. The City of Wilmington learned immediately how many people needed help who thought they had hooked up their converter boxes properly when, in fact, they did not. My recommendation would be to conduct several soft tests prior to the switch over as we only conducted two in Wilmington leading up to the transition and that the test be done, if at all possible, during prime time viewing slots when more people are watching.

Question 3. Mayor Saffo, in addition to your city’s fire department, what other organizations did you consider to provide technical assistance to seniors and other with installation of their set-top boxes?

Answer. The Department of Social Services, the Department of Aging, Meals on Wheels, all senior centers, faith based groups such as churches and synagogues as well as young volunteers from our local university.

Question 4. Mayor Saffo, how successful was the television e-cycling day? Do you see a benefit for the FCC to provide consumers information regarding the e-cycling of analog television in its communications on DTV?

Answer. New Hanover County had been conducting e-cycling days since March 2008 on the last Saturday of every month. We stressed that a new television was not necessary; that a converter box was available. Total of 80 tons of electronic equipment was collected (from March–September)—half of that was actual television sets. An important key to our success was having our TV stations provide information to their viewers on up-coming e-cycling events and to encourage keeping old televisions sets out of our landfills through participation in these events. Our stations conducted almost monthly interviews with Lynn Bestul, Solid Waste Planner with the New Hanover County government, to get information out to the public. He suggests conducting two events before and one event right to get a majority of the televisions.

An event costs \$1,300 as we paid \$0.13/lb for television set recycling.

