

PREPARING CONSUMERS FOR THE DIGITAL TELEVISION TRANSITION

HEARING

BEFORE THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

JULY 26, 2007

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ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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PREPARING CONSUMERS FOR THE DIGITAL TELEVISION TRANSITION

THURSDAY, JULY 26, 2007

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

The Committee met, pursuant to notice, at 10 a.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. Between 15 and 21 million households rely exclusively on over-the-air television. Many more have second and third over-the-air sets in their homes.

In February 2009, these Americans could see their TVs go dark, disconnecting them from the news, public safety announcements and their community, unless they get a converter box and attach it to their television. Yet, far too few of these consumers know that the transition from current analog TV technology to digital TV is underway.

An article in the—last month's *National Journal* stated that only 10 percent of our citizens know that DTV transition is slated for 2009. Many stakeholders in industry, in government, and in our communities are engaged in well-intended efforts to publicize and promote the upcoming transition. To date, however, their efforts have yielded too few results. We need to get the digital transition right.

Consumers stand to benefit mightily from the DTV transition. They can expect sharper pictures, served up with CD-quality sound that provides a dramatically improved viewing experience. DTV also makes possible multicasting. This could mean whole new channels devoted to local news, weather, children's fare, and non-English-language programming. Along with these improvements, public safety will receive unbroken slices of our airwaves to enable interoperable communications and improve information-sharing.

Managing the transition is, by no means, easy. We are now nearly 18 months away. We have seen working groups, conferences, tip sheets, and a converter box coupon plan. What we do not have yet is a public that is aware that digital TV and—transition is taking place.

The time to act is now, before the digital transition devolves into a digital disaster. We must work together to ensure that no citizen is left behind in the transition to digital television.

Today, we have a panel of very knowledgeable and distinguished men and women. Our first panel is the Assistant Secretary of Commerce, for Communications and Information of the National Telecommunications Information Administration of the Department of Commerce, the Honorable John Kneuer; and the Chief of the Consumer and Governmental Affairs Bureau of the Federal Communications Commission, Ms. Cathy Seidel.

Secretary Kneuer, welcome, sir.

**STATEMENT OF HON. JOHN M.R. KNEUER, ASSISTANT
SECRETARY FOR COMMUNICATIONS AND INFORMATION
NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE**

Mr. KNEUER. Thank you, Mr. Chairman. Thanks for having me, and for this opportunity to testify before you.

As you know, NTIA's traditional responsibilities have expanded considerably with the enactment of the Deficit Reduction Act of 2005. Specifically, the Act charged NTIA to administer a number of new one-time programs to be funded from the anticipated spectrum auction proceeds associated with the transition to digital television. These programs include our recently announced Public Safety Interoperable Communications Program, as well as two important initiatives that are directly germane to the digital TV transition.

First, Congress directed NTIA to implement a Digital-to-Analog Converter Box Program, provide financial assistance to those consumers that wish to continue to receive broadcast programming over-the-air, using existing analog-only televisions.

Second, to ensure that viewers in primarily rural and remote areas who rely on LPTV or television translator stations are able to continue to receive these services, Congress authorized NTIA to provide funding to assist licensees of those stations with the transition.

Under the Digital-to-Analog Converter Box Program, eligible U.S. households may obtain up to two coupons of \$40 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 this program, including up to \$100 million for program administration, \$5 million of which will be used for consumer education. It authorizes an additional \$510 million in contingent funding, to be available upon 60 days notice to the Congress.

To meet the mandated deadlines to start and complete this coupon program, we published a request for proposals in March to procure end-to-end services to implement and administer the coupon program, including the consumer education and communications component. I'm happy to report, this procurement process is well underway. We expect to make an award by the middle of this month.

To make the most effective use of the \$5 million available for consumer education, NTIA has focused its consumer education resources on population groups most likely to lose television service as a result of the transition. We'll obtain optimum leverage from those dollars by maximizing our engagement with the diverse range of stakeholders through partnerships. Indeed, we received

support from many partners in the private sector who are working to help inform consumers of the digital transition.

Over 120 business, trade, and industry groups, as well as grass-roots and membership organizations that share an interest in the transition, came together earlier this year to charter the Digital Television Transition Coalition. NTIA has been working with the coalition since its inception. To reach those most likely to be affected by the digital transition, NTIA has identified five target groups for its consumer education efforts: seniors, the economically disadvantaged, rural residents, people with disabilities, and minorities.

With respect to seniors, NTIA is working closely with the AARP to ensure that the coupon program is highlighted in their publications and online newsletters. We're also reaching out to establish partnerships with the Administration on Aging, the National Council on Aging, SeniorNet, and other organizations, to ensure that seniors are not caught by surprise by the digital transition.

We're expanding our outreach efforts into minority and rural communities. We'll work with the U.S. Hispanic Chamber of Commerce, the U.S. Black Chamber of Commerce. NTIA is also partnering with the Southeast Asian Resource Action Center to translate and distribute coupon program information in Chinese, Korean, Vietnamese, and Filipino communities. We're pursuing partnerships with the Koahnic Broadcast Corporation for the dissemination of coupon information to Alaskan native villages, as well as Native Voice One to reach tribal reservations through radio communications.

We've printed our brochures in both English and Spanish to explain the digital transition and the options available to households, depending on the type of television service. We've distributed copies of those brochures to every member of the House and Senate, community organizations, constituency groups, industry stakeholders.

We've established a toll-free number, 1-888-DTV-2009. This is currently in English, Spanish, and with TTY capability for people who are hearing-impaired. In addition to the toll-free number, we're working with the American Association of People with Disabilities, we maintain our website, Consumer Information Accessible Form, to ensure disabled Americans are made aware of the transition.

In addition to the private sector partnerships I've discussed, we are also leveraging our relationships with other governmental agencies to extend the reach of our message. In particular, we will work with agencies that target economically disadvantaged Americans. We're currently in discussions with the IRS, the U.S. Department of Agriculture Food Stamp Program, Social Security Administration, Department of Veterans Affairs, GSA, and others.

As I mentioned at the outset, Title III also directed NTIA to implement and administer programs related to the digital television transition with regard to eligible low-power television and television translator stations, to obtain equipment to enable them to convert the incoming digital signals into broadcast format, and to ultimately convert to the digital signals. We've been working aggressively to effectuate the statute's requirements to begin the pro-

gram authorized under the statute, and recently posted information about these programs on our website.

Thank you, again, for the opportunity to testify, and I'll certainly look forward to your questions.

[The prepared statement of Mr. Kneuer follows:]

PREPARED STATEMENT OF HON. JOHN M.R. KNEUER, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today. As you know, NTIA is responsible for the development and implementation of United States national policies related to domestic and international telecommunications and for the effective use of Federal radio spectrum and state-of-art telecommunications research, engineering, and planning. NTIA also administers the provision of grants in support of the equipment needs of public broadcasting stations.

NTIA's responsibilities have expanded considerably with the enactment of the Deficit Reduction Act of 2005. Specifically, the Act charged NTIA to administer a number of new one-time programs to be funded from anticipated spectrum auction proceeds associated with the transition to digital television broadcasts through the Digital Television Transition and Public Safety Fund. These programs include our recently announced Public Safety Interoperable Communications (PSIC) Grant Program and two other important initiatives that are directly germane to the digital television transition that is the subject of today's hearing: (1) the Digital-to-Analog Converter Box Coupon Program, and (2) the Low-Power Television (LPTV) and translator digital conversion and upgrade programs. My testimony today will focus chiefly on our activities with respect to the Converter Box Coupon Program, which will most immediately help to prepare consumers for the transition. However, before closing, I would also like briefly to discuss our work in the LPTV and translator areas.

NTIA's Role in the Digital-to-Analog Transition

Title III of the Deficit Reduction Act of 2005 (the Act) directed the Federal Communications Commission (FCC) to require full-power television stations to cease analog broadcasting on February 17, 2009. To avoid any unnecessary service disruptions for American television viewers during the conversion from analog to digital television broadcasting, the Act established, and directed NTIA to administer, two sets of programs. As I will explain, these programs are intended to bridge the gaps between the analog and digital platforms that will continue to exist for some period of time.

First, Congress directed NTIA to implement a Digital-to-Analog Converter Box Coupon Program to provide financial assistance to those consumers that wish to continue receiving broadcast programming over-the-air using analog-only televisions not connected to cable or satellite service. Second, to ensure that viewers in primarily rural and remote areas who rely on LPTV or television translator stations are able to continue to receive these services, Congress authorized NTIA to provide funding to assist licensees of these stations with obtaining equipment to (A) enable them to convert the incoming digital signal of their corresponding full-power station to analog format for rebroadcast; and (B) to ultimately convert the LPTV and translator facilities themselves to broadcast in digital format.

The Digital-to-Analog Converter Box Coupon Program

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

Activities to Date

NTIA has made substantial progress in fulfilling its requirements under the law to ensure that coupons for converter boxes will be available to U.S. households upon request beginning January 1, 2008. Because the auction receipts that fund this program are not anticipated to be available until after this date, NTIA entered into a Borrowing Agreement in May 2006 with the Department of Treasury to borrow

funds necessary to implement the Coupon Program. NTIA then initiated a rule-making seeking comments from interested parties on the most efficient and effective way to administer the program. In March of this year, NTIA published regulations that set forth the framework for the Coupon Program and provide guidance to consumers, converter box manufacturers, and retailers. The regulations outline requirements related to household eligibility, converter box technical specifications, and retailer certification. Shortly after releasing the rules, NTIA held its first public meeting to discuss various aspects of the Coupon Program.

To meet the mandated deadlines to start and complete the Coupon Program, NTIA published a Request for Proposals (RFP) in March of this year to procure end-to-end services to implement and administer the Coupon Program. The procurement covers three broad, functional areas: (1) consumer education and communications; (2) systems processing (*e.g.*, determining consumer eligibility, distributing and activating coupons, certifying retailers, and providing training materials); and (3) financial processing (*e.g.*, administering the processes to authorize coupons for redemption and ensure payment to retailers, and performing independent auditing). I am pleased to report that this procurement process is well underway, and we expect to make an award by mid-August.

NTIA also continues to collaborate with the FCC to ensure that the converter boxes offered to consumers under this program meet our technical specifications. In that regard, NTIA and the FCC entered into a Memorandum of Understanding pursuant to which the Commission will provide verification and testing services for the converter boxes. Moreover, in May of this year, NTIA issued a Notice that provides guidance to converter box manufacturers regarding the submission of test results and sample equipment. To accommodate the numerous inquiries that the agency receives daily from consumers, manufacturers and retailers, NTIA maintains and continuously updates a "Frequently Asked Questions" section on our website.

Consumer Education Initiatives

As the title of this hearing reflects, it is essential that consumers be prepared for the digital television transition. The success of the transition will be judged by how smoothly and efficiently it occurs, and this will depend to a critical extent on effective outreach to consumers. Consumers will need to know the options available to them to participate in the transition. For example, consumers who receive cable, satellite or other pay-television services to view television will not need converter boxes. Likewise, consumers that have televisions equipped with digital receivers will not need a converter box. Neither of these groups will need to apply for a coupon as part of NTIA's program. Likewise, consumers may choose to effect the transition on their own, by subscribing to cable or satellite, buying a digital television, or buying a converter box with additional functionality, such as a DVD.

As I mentioned earlier, the Act allotted NTIA \$5 million for consumer education. To make most effective use of these funds, NTIA will focus its consumer education resources on population groups most likely to lose all television service as a result of the transition, and we will obtain optimum leverage from those dollars by maximizing the engagement of a diverse range of stakeholders through partnerships. In this regard, I would like to acknowledge the support we have received from our many partners in the private-sector who have stepped up to the plate to help inform consumers of the digital transition.

Over 120 business, trade and industry groups, as well as grass roots and membership organizations that share an interest in a smooth transition, came together earlier this year to charter the Digital Television Transition Coalition to ensure that no consumer is left without broadcast television due to a lack of information about the transition. The Coalition will use marketing and public education strategies including paid and earned media placements to distribute consistent, unified, and accurate information about the transition. NTIA will work with the Coalition to coordinate our messages. In particular, we encourage the industry to get the message out about the benefits of the digital transition. For example, consumers should be made aware that digital transmission is a more efficient technology that will allow broadcasters to provide a better viewing experience and give consumers more choices while using less radio spectrum.

We also understand that consumer education must be made at an optimal time to afford consumers sufficient time to prepare for the transition. To reach those most likely to be affected by the digital transition, NTIA has identified five target groups for its consumer education efforts: (1) seniors; (2) the economically disadvantaged; (3) rural residents; (4) people with disabilities; and (5) minorities.

With respect to seniors, NTIA is working closely with the AARP to ensure that the Coupon Program is highlighted in their publications and online newsletters. AARP *The Magazine* reaches 22.5 million of the organization's members and AARP

Segunda Jeventud reaches another 400,000 members. NTIA is also working with the American Library Association to distribute posters and coupon applications to participating libraries, and to train librarians to help seniors fill out coupon applications. NTIA has also reached out to establish partnerships with the Administration on Aging, the National Council on Aging, SeniorNet, and other organizations to ensure that seniors are not caught by surprise by the digital transition. During the recent National Cable and Telecommunications Association convention, I participated on a panel hosted by Retirement Living TV, available via cable to 24 million households, for the purpose of raising awareness among seniors of the upcoming digital transition.

NTIA is also expanding its outreach efforts into minority and rural communities. We will work with the U.S. Hispanic Chamber of Commerce and the U.S. Black Chamber of Commerce to disseminate coupon application information nationwide through retailers in predominantly Hispanic and African-American neighborhoods. NTIA is also partnering with Southeast Asia Resource Action Center to translate and distribute coupon program information in Chinese, Korean, Vietnamese and Filipino communities. We are pursuing partnership opportunities with Koahnic Broadcast Corporation for dissemination of coupon information to Alaskan Native villages as well as Native Voice One to reach tribal reservations through radio communications. In addition, NTIA will collaborate with the Appalachian Regional Commission to distribute information packets about the transition to 70 councils of government and local development districts representing 23 million people in 410 counties (42 percent rural).

Moreover, we have printed brochures in both English and Spanish to explain the digital transition and the options available to households depending on the type of television service, and we have distributed copies of these brochures to every member of the House and Senate, community organizations, constituency groups, and industry stakeholders. We have also established a toll free number, 1-888-DTV-2009, to assist consumers who do not have Internet access, are hearing impaired, or who simply prefer to receive information about the Coupon Program over the telephone. In addition to this toll-free number, NTIA is working with the American Association of People with Disabilities (AAPD), and we maintain our website and consumer information in accessible form to ensure disabled Americans are made aware of the transition.

The NTIA staff will also continue to participate in meetings and conferences over the next 2 years to spread the word about the transition as well as the Coupon Program through events such as the upcoming White House Faith-Based and Community Initiatives Conference in August and the AARP convention in September. We will be hosting a public meeting on September 25, 2007, to discuss progress in educating the public about the Coupon Program. This public meeting will focus on our partnerships in the digital transition and will feature two CEO-level panels from the impacted industries. The public meeting will also include an expo in the Department of Commerce lobby which will include displays from over a dozen companies and organizations featuring products and services to enable consumers to make a smooth digital transition. We invite you to attend that meeting and welcome any suggestions or concerns you have about the Coupon Program.

Government Partnerships

In addition to the private sector partnerships discussed above, NTIA will also leverage our relationships with other governmental agencies to extend the reach of our message. In particular, we will work with agencies that target economically disadvantaged Americans. We are currently in discussions with the Internal Revenue Service, the U.S. Department of Agriculture Food Stamp Program; the Social Security Administration; the Department of Veterans Affairs; the White House Office of Faith-Based and Community Initiatives; the General Services Administration; and the Department of Health and Human Services' Administration for Children & Families, Administration on Aging, and Centers for Medicare & Medicaid Services.

Separately, as I noted above, we are also working in cooperation with the FCC to implement significant measures to increase awareness among the general public about the DTV transition and the Coupon Program. Both the www.DTV.gov webpage and NTIA's website, www.ntia.doc.gov/otiahome/dtv/index.html, provide significant information about all aspects of the transition. I encourage the Members of this Committee, and all of Congress, to help us in this important effort by linking your own websites to these consumer education materials.

The Low-Power Television and Translator Upgrade Program

As I mentioned at the outset, Title III of the Deficit Reduction Act of 2005 also directed NTIA to implement and administer other programs related to the digital

television transition. Specifically, it mandates that we provide funding to assist licensees of eligible Low-Power Television and television translator stations to obtain equipment to enable them to convert the incoming digital signal of their corresponding full-power station to analog format for rebroadcast; and to ultimately convert the LPTV and translator facilities themselves to broadcast in digital format. We have been working aggressively to effectuate the statute's requirements to begin the program authorized under Section 3008 of the Act in Fiscal Year 2008 and recently posted information about these programs on our website (www.ntia.doc.gov/otiahome/dtv/lptv.html).

With respect to the LPTV and translator upgrade program under Section 3009 of the Act, however, NTIA has discovered an inconsistency in the statute that we believe must be corrected in order to enable us to implement Congress' intent. Specifically, as presently drafted, Section 3009 requires the Assistant Secretary to "make payments . . . during Fiscal Year 2009 from the Digital Television Transition and Public Safety Fund . . . to implement and administer [the] program"; however, the same provision later states that "[s]uch reimbursements shall be issued to eligible stations no earlier than October 1, 2010" (i.e., the beginning of Fiscal Year 2011).

These conflicting payment obligations cannot be resolved without a technical correction to the dates contained in Section 3009 of the Act. The Department of Commerce has raised this issue with appropriate Congressional authorizers and appropriators to suggest a legislative remedy.

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

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

Ms. Seidel, before I call upon you, I'll call upon the Vice Chairman for his opening remarks.

Senator STEVENS. Well, thank you very much, Mr. Chairman. I'm sorry to be late, but I would like to put my statement in the record, as though read, to begin with.

The CHAIRMAN. Without objection, so ordered.

[The prepared statement of Senator Stevens follows:]

PREPARED STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

Thank you, Mr. Chairman, for holding this important hearing. One of the most important steps this Committee took last year, on a bipartisan basis, was to set a hard date for the digital television transition. This transition will reap important benefits for all Americans, but especially with respect to public safety because they will receive much needed spectrum. Additionally, the auction will fund vital programs like the \$1 billion for interoperability grants, \$1.5 billion for the converter box program, more than \$7.3 billion for deficit reduction and \$43.5 million for E-911.

As such, Congress cannot afford to let the transition delay or fail. I am concerned that some of the proposals currently coming out of the FCC regarding the auction may threaten the overall value and affect the American taxpayer by potentially costing them billions of dollars.

With respect to the TV side of the transition, I am pleased by the progress made to date. We all know that some elements will require special attention. I look forward to hearing from our witnesses as to how the transition will address rural areas of the country, like Alaska. We have our fair share of residents in Alaska who rely solely on broadcast TV for their news and entertainment. I am also concerned that no demographic is overlooked as the transition moves forward. Thank you, Mr. Chairman.

The CHAIRMAN. And now, Ms. Seidel?

**STATEMENT OF CATHERINE W. SEIDEL, CHIEF,
CONSUMER AND GOVERNMENTAL AFFAIRS BUREAU,
FEDERAL COMMUNICATIONS COMMISSION**

Ms. SEIDEL. Good morning, Chairman Inouye, Vice Chairman Stevens, and members of the Committee. Thank you for the opportunity to speak about the ongoing efforts of the Federal Commu-

nications Commission to facilitate and promote consumer education and awareness about the upcoming digital television transition.

The Commission is working, consistent with its statutory authority and budgetary capacity, to ensure that no American is left behind in this important part of the digital revolution. For some time now, we have been working, both on our own and in cooperation with industry, other government agencies, and consumer groups, to advance the transition and promote consumer awareness.

Our efforts to date have been threefold. First, we have been working to get the right rules in place to facilitate a smooth transition. Second, we have been actively enforcing our rules to protect consumers. And, third, we have been promoting awareness of the transition through our consumer education and outreach efforts. Through all of our activities, the Commission has been dedicated to minimizing the negative impact of the digital transition on consumers, while maximizing the benefits to them.

The Commission has initiated several rulemaking proceedings designed to facilitate the upcoming transition. In one recent proceeding, the Commission proposed to ensure that cable subscribers do not lose access to broadcast signals because of the digital transition. About 50 percent of cable subscribers today, at least 32 million people, subscribe to analog, not digital, cable. These consumers are at risk of losing their ability to watch broadcast television after the digital transition, unless the Commission acts. According to the 1992 Cable Act, cable operators must ensure that all local broadcast stations carried pursuant to the Act are viewable by all cable subscribers. The Commission is currently considering a rulemaking that would require cable operators to ensure their analog customers don't lose their broadcast signals. Cable operators can either continue to carry signals in analog format to the millions of analog cable subscribers, or, alternatively, cable operators who have chosen to go all-digital can provide their subscribers with the necessary equipment to view broadcast and other channels.

One of the most important actions we have taken to facilitate a smooth transition is to ensure that electronics retailers fully inform consumers at the point of sale about the DTV transition date and the equipment necessary to continue to be able to receive over-the-air television signals. Consumers have certain expectations, and one of which is that the television that they purchase today will also work 2 years from now. As of March 1st, all television receivers shipped in interstate commerce or imported into the United States must have an integrated digital tuner.

Despite this prohibition on shipment, retailers may continue to sell analog-only devices from their existing inventory. In April of this year, the Commission released an order requiring retailers to disclose to consumers that a television with only an analog tuner will not receive over-the-air broadcast signals after February 17, 2009. Such notice should ensure that consumers are making a fully informed decision about the television that they seek to purchase before bringing it home. It will also help educate consumers about the upcoming digital transition.

Just last week, the Commission adopted a Notice of Proposed Rulemaking on several DTV education initiatives. This NPRM seeks comment on proposals that would require broadcasters, mul-

tichannel video programming distributors, retailers, and manufacturers to take certain actions to publicize the digital transition. The Chairman intends for the Commission to complete this proceeding expeditiously.

In addition to our policymaking efforts, we have also been vigorously enforcing our digital transition-related rules. As I described earlier, in April the Commission adopted labeling requirements to ensure that consumers are protected from the unknowing purchase of television equipment without integrated digital tuners. As of July 24, 2007, Commission staff had inspected about 1,089 retail stores around the country, as well as retailers' websites, to monitor compliance with the labeling rules. As a result of these inspections, the Commission issued over 262 citations notifying retailers of violations. As an outgrowth of these investigations, the Chairman recently presented his colleagues with Notices of Apparent Liability against seven large retailers for apparently violating the Commission's television labeling requirements. These fines, in aggregate, total over \$3 million.

The Commission has actively pursued entities violating the DTV tuner requirement by acting on complaints and staff review of U.S. Customs data. On May 30, 2007, the Commission issued Notices of Apparent Liability against two companies, Syntax-Brilliant Corporation and Regent USA, Incorporated.

Swift enforcement of all of our DTV-related rules is critical to protecting consumers from purchasing television sets that may be rendered useless in 18 months. Enforcement activities in this area will continue to be a priority for the Commission.

In addition to our policymaking and enforcement efforts, we have devoted resources to promoting consumer awareness of the upcoming transition through education and outreach. Specifically, the Commission has prepared and disseminated numerous consumer publications to alert and inform consumers about the transition. For example, we have issued a consumer advisory on what consumers should know about buying TVs as the analog cutoff date approaches. We have also issued a consumer advisory on closed captioning for digital television, which will help inform and advise people who are deaf and hard of hearing. And we recently revised one of our DTV fact sheets, "DTV is Coming, (And Sooner Than You Think)," to add a section focused on helping consumers determine whether their current TV set contains a digital tuner.

Moreover, we are reaching out to consumers through many different venues, including forming partnerships with government and other organizations. For example, we are working together with government agencies, including the NTIA and the United States Administration on Aging to enhance the Commission's consumer education and outreach efforts. In addition, we are working with the Digital Television Transition Coalition, of which we are now a member, to coordinate consumer education and outreach efforts.

We have also partnered with several organizations, including the Consumer Electronics Retailers Council, the NACAA—and the NACAA—to help us disseminate DTV education information. In addition, we are continually developing working relationships with state and local entities and educational institutions. For example,

we have been in contact with representatives of the Council of Great City Schools, which is a coalition of 66 of the Nation's largest urban public school systems, about ways that we can work with them to inform and educate school-aged children about the transition. We have also reached out to state and local entities to enlist their participation in consumer education and outreach efforts. Some of the organizations we have reached out to include the State Chambers of Commerce, the National Association of Regulatory Utility Commissioners, the National Association of Telecommunications Officers and Advisors, the National Council of State Legislators, the National Congress of American Indians, and other tribal organizations, as well as the United States Hispanic Chamber of Commerce.

Our consumer outreach and education activities are geared, in part, toward reaching consumers who are likely to be unaware of the upcoming digital transition, including senior citizens, non-English-speaking consumers, minority communities, people with disabilities, low-income individuals, and people living in rural and tribal areas. For example, earlier this month we held an Indian Telecommunications Initiative Regional Workshop in Albuquerque, New Mexico. The workshop focused on the DTV transition, with the goal of assisting Indian tribes in preparing, organizing, and conducting DTV outreach campaigns. While there, we organized and conducted DTV panels, exhibited equipment, and distributed DTV education materials.

In addition, we have coordinated with the National Council of Aging, as well as the Umbrella Leadership Council of Aging Organizations, to find ways that we can work together to educate seniors about the upcoming transition.

We have also taken a number of measures to ensure that we are communicating with the large Spanish-speaking community throughout the country. For example, all of our DTV consumer publications are available in Spanish versions, and our dedicated *DTV.gov* webpage has an entire section in Spanish.

Furthermore, consumers who call our toll-free number, 1-888-CALL-FCC, may receive assistance, including DTV-related information, in English or Spanish.

Another important way we have been disseminating information is through our participation in events and conferences. For example, we have worked with AARP to arrange a speaking role for Commission staff on the DTV transition at AARP's Annual Convention this fall in Boston on one of the convention's presentation stages. We are also working with AARP to obtain prime exhibit space on their convention floor that will further enable us to spotlight the DTV transition and its implication for seniors.

We recently announced that we will host a DTV Consumer Education Workshop on September the 26th. The Commission's workshop will consist of officials from organizations who represent a broad range of DTV stakeholder groups, including government agencies, industry, tribal organizations, disabilities, community groups, non-English-speaking groups, senior citizen organizations, low-income consumers, and other public interest organizations that may represent underserved communities or those living in rural areas. The purpose of this workshop will be to provide an oppor-

tunity for all interested parties to jointly discuss the challenges associated with the upcoming transition, and explore ways in which these organizations can work together and with us to develop coordinated consumer outreach initiatives.

In addition to furthering the activities already discussed, the additional funding we have requested from Congress will allow us to undertake several new initiatives that will greatly enhance our efforts to reach these consumers, those who currently rely on over-the-air service. For example, in order to reach consumers more directly, additional funding would allow us to expand our dissemination of published materials through targeted direct mailings of DTV-related information to hundreds of thousands of households, with a focus on underserved communities and senior citizens, and we could translate our DTV consumer education materials into languages other than Spanish, possibly including French and Mandarin, and distribute these materials through government and community organizations serving immigrants and non-English-speaking consumers.

In conclusion, the Commission is committed to ensuring that Americans are not left in the dark after the DTV transition. Through all of our activities, policy enforcement, and consumer outreach, the Commission is dedicated to minimizing the negative impact of the upcoming transition. We look forward to working closely with Congress, other agencies, and industry and consumer groups during the next 18 months to minimize the burden on consumers and ensure that all consumers reap the benefits of the digital transition.

As the deadline approaches, we plan to continue our close coordination with NTIA and the DTV Transition Coalition, and to accelerate our consumer education and outreach initiatives, as funding permits, to ensure that all Americans are aware of the transition and understand what steps they need to take in order to continue watching TV when analog broadcasting ends.

Thank you.

[The prepared statement of Ms. Seidel follows:]

PREPARED STATEMENT OF CATHERINE W. SEIDEL, CHIEF, CONSUMER AND
GOVERNMENTAL AFFAIRS BUREAU, FEDERAL COMMUNICATIONS COMMISSION

Good morning, Chairman Inouye, Vice Chairman Stevens, and members of the Committee. Thank you for the opportunity to speak about the ongoing efforts of the Federal Communications Commission (Commission) to facilitate and promote consumer education and awareness about the upcoming digital television (DTV) transition. The Commission is working, consistent with its statutory authority and budgetary capacity to ensure that no American is left behind in this part of the digital revolution.

For some time now, we have been working both on our own and in cooperation with industry, other government agencies, and consumer groups to advance the transition and promote consumer awareness. Our efforts to date have been threefold. First, we have been working to get the right rules in place to facilitate a smooth transition. Second, we have been actively enforcing our rules to protect consumers. And, third, we have been promoting awareness of the transition through our consumer education and outreach efforts. Through all of our activities, the Commission has been dedicated to minimizing the negative impact of the digital transition on consumers while maximizing the benefits to them.

Policy and Rulemaking Activities

The Commission has initiated several rulemaking proceedings designed to facilitate the upcoming transition.

Viewability NPRM. In one recent proceeding, the Commission proposed to ensure that cable subscribers do not lose access to broadcast signals because of the digital transition. About 50 percent of cable subscribers today—at least 32 million people—subscribe to analog not digital cable. These consumers are at risk of losing their ability to watch broadcast television after the digital transition unless the Commission acts. According to the 1992 Cable Act, cable operators must ensure that all local broadcast stations carried pursuant to this Act are “viewable” by “all” cable subscribers. The Commission is currently considering a rulemaking that would require cable operators to ensure their analog customers don’t lose their broadcast signals. Cable operators can either continue to carry signals in analog format to the millions of analog cable subscribers or alternatively, cable operators who have chosen to go all-digital can provide their subscribers with the necessary equipment to view broadcast and other channels.

Consumer Information and Labeling. One of the most important actions we have taken to facilitate a smooth transition is to ensure that electronics retailers fully inform consumers at the point of sale about the DTV transition date and the equipment necessary to continue to be able to receive over-the-air television signals.

Consumers have certain expectations and one of their expectations is that the television that they purchase today will also work 2 years from now. As of March 1, 2007, all television receivers shipped in interstate commerce or imported into the United States must have an integrated digital tuner. Despite this prohibition on shipment, retailers may continue to sell analog-only devices from existing inventory. In April, the Commission released an order requiring retailers to disclose to consumers that a television with only an analog tuner will not receive over-the-air broadcast signals after February 17, 2009. Such notice should ensure that consumers are making a fully informed decision about the television that they seek to purchase *before* bringing it home. It will also help educate consumers about the upcoming digital transition.

DTV Education NPRM. Just last week, the Commission adopted a Notice of Proposed Rulemaking on several DTV education initiatives. This NPRM seeks comment on proposals that would require broadcasters, multichannel video programming distributors, retailers and manufacturers to take certain actions to publicize the digital transition. The Chairman intends for the Commission to complete this proceeding expeditiously.

Enforcement Activities

In addition to our policymaking activities, we have also been vigorously enforcing our digital transition-related rules.

Labeling Requirement. As I described earlier, in April we adopted labeling requirements to ensure that consumers are protected from the unknowing purchase of television equipment without integrated digital tuners. As of July 24, 2007, Commission staff had inspected about 1,089 retail stores around the country, as well as retailers’ websites, to monitor compliance with our rules. As a result of these inspections, we issued over 262 citations notifying retailers of violations. As an outgrowth of our investigations, the Chairman recently presented his colleagues with Notices of Apparent Liability against seven large retailers for apparently violating the Commission’s television labeling requirements. These fines, in the aggregate, total over \$3 million.

DTV Tuner Requirement. The Commission has actively pursued entities violating the DTV tuner requirement by acting on complaints and staff review of U.S. Customs data. On May 30, 2007, the Commission issued Notices of Apparent Liability against two companies—Syntax Brilliant Corp. and Regent USA, Inc.

Swift enforcement of all of our DTV-related rules is critical to protecting consumers from purchasing television sets that may be rendered useless in 18 months. Enforcement activities in this area will continue to be a priority for the Commission in the coming year.

Consumer Education and Outreach

In addition to our policymaking and enforcement activities, we have devoted resources to promoting consumer awareness of the upcoming transition through education and outreach efforts.

Consumer Publications. Specifically, the Commission has prepared and disseminated numerous consumer publications to alert and inform consumers about the transition. For example, we have issued a consumer advisory on what consumers should know about buying TVs as the analog cutoff date approaches. We have also issued a consumer advisory on closed captioning for digital television which will help inform and advise people who are deaf and hard of hearing. And, we recently revised one of our DTV fact sheets—“DTV is Coming (And Sooner Than You

Think)”—to add a section focused on helping consumers determine whether their current TV set contains a digital tuner or whether they will need to purchase a new one.

Collaborative Partnerships. Moreover, we are reaching out to consumers through many different venues, including forming partnerships with government and other organizations. For example, we are working together with government agencies including the National Telecommunications and Information Administration (NTIA) and the U.S. Administration on Aging to enhance the Commission’s consumer education and outreach efforts. In addition, we are working with the DTV Transition Coalition, of which we are a member, to coordinate consumer education and outreach efforts.

We have also partnered with several consumer organizations, such as CERC and NACAA, to help us disseminate DTV education information. In addition, we are continually developing working relationships with state and local entities and educational institutions. For example, we have been in contact with representatives of the Council of Great City Schools, a coalition of 66 of the Nation’s largest urban public school systems, about ways we can work together to inform and educate school age children about the transition.

We have also reached out to state and local entities to enlist their participation in consumer education efforts. Some of the organizations we have reached out to include State Chambers of Commerce, the National Association of Regulatory Utility Commissions, the National Association of Telecommunications Officers and Advisors, the National Council of State Legislatures, the National Congress of American Indians, other Tribal organizations, and the U.S. Hispanic Chamber of Commerce.

Targeted Outreach. Our consumer outreach and education activities are geared in part toward reaching consumers who are likely to be unaware of the upcoming digital transition, including senior citizens, non-English speaking consumers, minority communities, people with disabilities, low-income individuals, and people living in rural and tribal areas.

For example, earlier this month we held an Indian Telecommunications Initiative Regional Workshop in Albuquerque, NM. This workshop focused on the DTV transition with the goal of assisting Indian Tribes in preparing, organizing and conducting their own DTV awareness programs and initiatives. While there, we organized and conducted DTV panels, exhibited equipment, and distributed DTV education materials.

In addition, we have coordinated with the National Council of Aging, as well as the Umbrella Leadership Council of Aging Organizations (LCAO), to find ways we can work together to educate seniors about the upcoming transition.

We have also taken a number of measures to ensure that we are communicating with the large Spanish-speaking community throughout the country. For example, all of our DTV consumer publications are available in Spanish versions and our dedicated *DTV.gov* webpage has an entire section in Spanish. Furthermore, consumers who call our toll-free number, 1-888-CALL-FCC, may receive assistance, including DTV-related information, in either English or Spanish.

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We recently announced that we will host a DTV Consumer Education Workshop on September 26. The Commission’s workshop will consist of officials from organizations who represent a broad range of DTV stakeholders, including government agencies, industry, tribal organizations, disability community groups, non-English speaking groups, senior citizen organizations, low-income consumer representatives and other public interest organizations that may represent underserved customers or those living in rural areas. The purpose of this workshop will be to provide an opportunity for all interested parties to jointly discuss the challenges associated with the upcoming transition and explore ways in which these organizations can work together, in conjunction with the Commission, to develop coordinated consumer education activities.

In addition to furthering the activities already discussed, the additional funding we have requested from Congress will allow us to undertake several new initiatives that will greatly enhance our efforts to reach those consumers who currently rely upon over-the-air service. For example, in order to reach consumers more directly, additional funds would allow us to expand our dissemination of published materials through targeted direct mailings of DTV-related information to hundreds of thou-

sands of households, with a focus on underserved communities and senior citizens. And, we could translate our DTV consumer education materials into languages other than Spanish, possibly including French and Mandarin, and distribute these materials through government and community organizations serving immigrants and non-English speaking consumers.

Conclusion

In conclusion, the Commission is committed to ensuring that Americans are not left in the dark after the DTV transition. Through all of our activities—policy, enforcement, and consumer outreach—the Commission is dedicated to minimizing the negative impact of the upcoming transition. We look forward to working closely with Congress, other agencies, and industry and consumer groups during the next 18 months to minimize the burden on consumers and ensure that all consumers reap the benefits of the digital transition. As the deadline approaches, we plan to continue our close coordination with the NTIA and the DTV Transition Coalition and to accelerate our consumer education and outreach initiatives, as funding permits, to ensure that all Americans are aware of the transition and understand what steps they need to take in order to continue watching TV when analog broadcasting ends.

The CHAIRMAN. I thank you very much.

Mr. Secretary, Ms. Seidel, your testimony suggests that much is being done. However, recent polls taken in the United States suggest that anywhere from 60 to 90 percent of our fellow Americans are not aware of this transition. Yet, on the other hand, we have been told that, in the British Isles in the United Kingdom, about 80 percent of their citizens are aware of the transition. Is there something they're doing right, and we're not doing?

Mr. Secretary?

Mr. KNEUER. Well, I think, if you're looking at whether or not consumers are aware of the actual date that this transition concludes, in February of 2009, I'm not surprised that there is less awareness of that. I expect, as our public education campaigns ramp up, and as the broadcasters' campaigns ramp up, awareness of the conclusion of this transition will improve. But I think there are tens of millions of American households that are currently aware of digital television and high-definition television. By the end of this year, the reports are, there will be 85 million DTVs sold and in households across America. So, I think Americans are getting very broadly aware of, and accepting of, DTV, but we certainly have more work to do over the next 18 months to make sure that they are aware that this transition will come to a conclusion in February of 2009.

The CHAIRMAN. Ms. Seidel, do you have any suggestions?

Ms. SEIDEL. I agree with Mr. Kneuer, in that, certainly as we ramp up and accelerate our educational programs and our consumer outreach, we think that the awareness will increase. We think that the efforts we have undertaken so far have increased awareness, but recognize there is still much to do.

We are hoping, for example—the Chairman just announced the new membership of our Consumer Advisory Committee, and he tasked it with its primary focus being on the DTV transition and helping us help to ensure that all consumers are made aware. And we have a broad array of organizations that are represented there on the membership, including AARP, including organizations representing people who are disabled, and including organizations representing people from rural communities and other consumer groups. So, we think that we will receive input that will help us

find and develop partnerships with others, to help us get the word out and increase awareness as the transition nears.

The CHAIRMAN. We have provided \$5 million for the education program on the transition. On the other hand, the British have provided \$400 million for similar education, with a smaller population. Do you think \$5 million is adequate, Mr. Secretary?

Mr. KNEUER. Five million dollars is certainly a limited pool of money to do a broad nationwide education campaign, but I think it was at least implicitly understood by setting that amount that the vast majority of the public education would be performed by those industries that have an interest in this transition: the broadcasters, the cable industry, and the consumer electronics industries. And they have committed to conducting a very active and broad consumer education campaign.

We're focusing our \$5 million on making people aware of the existence of our coupon program, that there is, in fact, financial assistance for those consumers who need assistance with the transition and haven't effected the transition in some other way on their own. We're going to be issuing a contract, middle of next month, where, included in that, will be the funding of that \$5 million for that broad consumer education campaign.

The CHAIRMAN. I thank you very much.
Senator Stevens?

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Well, thank you very much.

One of the things I pointed out in the statement I put in the record is that we have tied this coming auction to the whole subject of the changeover in DTV. We have provided that, as the money comes in from the auction, it's automatically available from the Treasury; a billion dollars for interoperability grants, \$1½ billion for a converter box program, \$7.3 billion for deficit reduction. And then we go into a cascade of funds, thereafter, from the auction.

Now, Secretary Kneuer, it was our estimate that the auction would raise in excess of \$10 billion. And—based on that estimate, we made these allocations. There is money for public safety programs, as well as wireless alerts, and E-911. The whole concept related to DTV conversion and the availability of funds in order to go into the emergency side is tied to this auction.

Now, let me ask you this. Do you think the current auction rules proposed by the FCC are going to undermine that value? Should we look forward to having less money come from the auction because of the change of the rules proposed by the FCC now?

Mr. KNEUER. I think we've had the highest degree of success in auctions where we provided maximum flexibility, from a technology standpoint, from service-providing standpoint. You know, the auction that we concluded last year, for the AWS auction, raised \$14 billion. And I think maximum flexibility does tend to lead to maximum revenues.

Senator STEVENS. Well, should we be thinking—I'm sure the Chairman has mentioned, already—should we be thinking about finding ways to finance a part of the public information program because of the reduction in funds available from this auction?

Mr. KNEUER. I would hesitate to make a guess of what the actual auction revenues would be. You know, I would look to OMB and CBO and others to come up with actual scores. I am very mindful of the fact that the money that we're currently spending, we've borrowed from the Treasury. This is in anticipation of those revenues coming in, when—like you said, our first obligation when the auction revenues come in is to provide \$7.2 billion to the Treasury for deficit reduction. Then we can pay back the money that we've already borrowed, and, to a large degree, already spent. So, I'm very focused on making sure that we do have auction receipts that will cover all these expenditures under the statute.

Senator STEVENS. In that legislation, we gave several entities the right to borrow against the money that would be in the Treasury once this auction took place. I'm a little worried about it. Not just a little. Senator Inouye and I started the auction concept. The first time we had an auction, it was estimated that we'd bring in somewhere less than a billion dollars; I think it was a little over half a billion dollars. That brought in \$17 billion, as I recall. And now we have an estimate that it is at least \$10 billion. Based upon that conservative side of \$10 billion, Congress, at our request, made these allocation of funds in advance, and gave people—gave entities—the right to borrow against those funds based upon the timing of this auction. Now, I'm sort of worried about the fact that there is an undercurrent here now that, maybe, because the public isn't ready for this auction—this transition, we should delay the auction, or we should delay the transition date. That either one is going to cost the taxpayers money, in my opinion, in the long run. Because if we don't get the money from the auction, we're going to have to pay back the money you've borrowed from the Treasury. And that's going to be a real battle up here, I think.

What about the converter box program? As I said, that is basically going to be financed by the auction. What are you doing now to reach out to places in rural Alaska or rural America, to make sure people understand about the necessity to have those boxes?

Mr. KNEUER. Absolutely. We're going to be issuing the contract for the vendor who will perform the management of the coupon program, including the consumer education efforts. When we put out our Request for Proposals for that contract, the things we focused on, and asked the vendors to focus on, were their proposals to reach out to rural America, to reach out to retailers to participate in this program, not just big-box retailers and large nationwide chains, but also give us proposals on how they intend to reach out to rural retailers and smaller businesses. We've been working with the Alaskan Native Broadcast Corporation and Native Voice One to reach out to tribal communities. We clearly have a focus, given the limited amount of resources that we have in this program for consumer education, to make sure that those monies are focused, to the extent possible, on rural, hard-to-reach, hard-to-serve communities.

Senator STEVENS. Ms. Seidel, I don't know what your responsibilities are, vis-à-vis the Commission itself, to talk to them about the relationship between these proposed changes and the responsibility of the FCC, as far as the transition is concerned. Tell me, do you

advise the Commission on the impact of some of the proposed changes and what they might do to consumers?

Ms. SEIDEL. In terms of—if you're talking about the specifics of the particulars of the 700 MHz auction, that is a proceeding that is handled by our Wireless Bureau, which Fred Campbell heads up. Based on the discussion and the exchange a few minutes ago, I will certainly take your suggestions and your concerns back to the Bureau. If you had particular questions about consumer outreach and how we are undertaking to reach rural communities and communities in Alaska and other places, I'm happy to provide you with some suggestions of things that we have been doing in that regard.

Senator STEVENS. Well, my feeling is that maximum flexibility leads to the maximum amount of funds coming in from the auction, and if the maximum amount of funds are there, we're going to have all this cascade of funds that Congress has already provided to the transition. Now, again, I can't get involved in some of your in-house conversations, but do you believe the Commission's aware of the connection between flexibility and the amount of funds that come in?

Ms. SEIDEL. Oh, certainly. Consumer awareness and making sure that we promote the digital television transition and reach all consumers, especially those that are hard to reach, is a priority for the Chairman, and certainly the 700 MHz auction is a priority for the Chairman. So, certainly I think the interrelationship between those two is something that is, you know, constantly discussed.

Senator STEVENS. Well, I've got to confess, I'm sorry, now, we agreed to the concept of 7.3 billion for deficit reduction before some of these other matters are dealt with, including paying back some of the money that has already been borrowed from the allocations of funds that are below that, in terms of looking at the total amount that's brought in.

I hope people are aware of the connection between this auction and the transition. The——

Please, I've got enough already. Thank you.

[Laughter.]

Senator STEVENS. I do think that we have—the greatest problem right now is the distribution of these converter boxes to rural America. If there is anyplace rural in America, it is Alaska, 241 small villages out there, and a whole series of small communities that are not villages, they're not tribes and tribal villages. It just seems to me that we've got to have a greater awareness of the problems.

Senator Inouye's Hawaii, most people don't realize that the ring of islands around there—actually, if you put a circle around Hawaii, it's larger than Alaska. But there is a lot of water in between.

[Laughter.]

Senator STEVENS. But the problems of distribution are the same. Their communications are different, their means of transportation—70 percent of our villages can be reached only by air, year round, and we've got a problem of dealing with them, in terms of converter boxes. So, I just don't think that the people that are suggesting a delay understand what the impact of that delay is going to be on places like Alaska. And I don't think the FCC understands that this rattling the cage over this, what's going to happen at the

auction is doing anything other than reducing the amount of money we're going to get in. Now, I hope that people settle down and we keep the schedule, and the schedule works. I think it will work, and I think we'll bring in more money than we expect if we don't rattle this cage any longer.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Sununu?

**STATEMENT OF HON. JOHN E. SUNUNU,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator SUNUNU. Thank you, Mr. Chairman.

First, just a couple of observations, as we didn't all have opening statements, and I know more formal comments will be placed in the record.

But I, first, want to make the observation that there is a little bit of good news here, in that we seem to have moved past the idea of delaying the transition date. And that's really only in the last few months that I think we really nailed that down with the finalization of the regulations. And I think everyone feels confident that we'll be able to get this transition done. And, as an advocate of doing it even earlier, I think the fact that there is so much confidence in holding that date, at this point, is an indication that we could have done it even earlier, which would have been good for consumers, and good for the economy. But I am pleased to know, or to make the observation that we're beyond a discussion of delay.

Second, I think we need to remember that, among the greatest beneficiaries of this process will be public safety. We've got 24 MHz that's going to be put into the hands of public safety. That's important. It's something I think the members on this committee strongly support. But it is also important that, at the end of the day, that 24 MHz is used in—as efficiently as possible, and that we not burden the public safety spectrum with regulations, or with mandates, with regard to the technologies that can be used in providing that spectrum for public safety.

There's a lot of skepticism about the intelligence of the American consumer, every time we talk about digital transition, and I want to stand up for the general intelligence, the ability, and the flexibility of American consumers. We want to make sure we have good ad campaigns, good communication, but, at the end of the day, I remain confident that the video/television-watching public is going to be able to understand what's available to them, in the way of technology, to help with this transition, what's available to them in the way of products and services, whether it's satellite or cable or fiber to the home. All of these are going to be able to deal with the digital transition in a very effective way.

Finally, I think it's important to emphasize that if we want this to go smoothly, we've got to end the debate about other regulations in the digital transition. Discussion about down conversion, discussion about multicarriage or must-carry, I don't think that's helpful. I think those are the kinds of 11th-hour regulations that will cause problems for consumers, not because they're not capable or understanding of the process, but because imposing those regulations at

a late date will change the dynamics of delivering the products, will change the dynamics of the communications campaign.

So, I think we're on the right track, and I think consumers are going to be able to handle this well, but I do want to hear our panelists address a couple of issues. One was touched on briefly, and that is the ad campaign, the publicity campaign. The point was made that \$5 million is a relatively small budget, in the way of communications and advertising it and for Mr. Kneuer. But, as you mentioned, the private sector is going to play a role here, and it is a little disappointing that we don't have anyone representing the private sector on either of these panels, to talk about what they are or aren't doing. How much are they spending? How do they feel about the consumers that they serve? Because they're the ones that are going to be on the front line in dealing with consumers if this transition isn't handled well. As politicians, we're going to bear some of the burden and the blame if the process doesn't go well, but that's different than dealing with 5 million or 10 million or 20 million subscribers or viewers that might not be happy with the process.

So, I would like you to address the issue of private-sector support. What do you see out there now? And have you made any effort to estimate how much will be spent by distributors, content providers, and broadcasters in their effort?

Mr. KNEUER. Sure. The people who are going to be most affected by this, these are the broadcasters' customers. There are massive market incentives for the broadcasters to reach out to their customers and continue to have contact with their customers after the transition. So, there is absolutely going to be a large, concerted campaign, not just by the broadcasters, but also by the cable industry, the consumer electronics industry. I talked a little bit in my testimony about this DTV Coalition, that started with those three, and now includes over 120 members. It's not just the market participants in these industries that are taking part in this coalition now, but also those organizations that have special missions to serve special constituencies and identify groups that may be difficult to reach.

I think the good news is that the easiest way, and the best way, to inform people about a change in television is through television. So, the broadcasters, by putting on campaigns, those who rely most on television, watch the most television, are likely to get the most information about this and accelerate the transition on their own.

So, I don't have a sense—and I don't know that they have provided, sort of, a dollar figure, "We're committing X number of dollars in PSA announcements," and the rest. But they have been working together, and have made a commitment to an accelerated broad campaign that will get much larger and much more intense as we get closer to the transition—get closer to the conclusion of the transition.

Senator SUNUNU. The money that's been allocated for converter boxes, \$1.5 billion, was based, in part, on CBO estimates, and, in part, on the estimates of the number of households that receive over-the-air signals—over-the-air-only signals. In our committee memo, it's noted that, according to the FCC, as of June 2004, less than 15 percent of households relied exclusively on over-the-air

transmission. I can't help but notice that that number is 3 years old, and it would seem to me to be quite helpful to have a number that's a little bit more current. Do either of you have more current figures?

Ms. Seidel?

Ms. SEIDEL. I would have to check with my colleagues in the Media Bureau on that, but I certainly can check and get back to you.

Senator SUNUNU. Mr. Kneuer?

Mr. KNEUER. We have been looking at numbers from lots of different sources. There are the FCC numbers. Different industries come up with different numbers. I've been hesitant to pick an industry number and say, "This is absolutely the right one." But the clear trend is that that number is shrinking, if by nothing else, by the virtue of the tens of millions of digital sets that are being sold year after year. So, clearly that number is going down. And, I think, as people get more aware of the transition, millions of Americans are effecting the transition on their own, either by buying DTV sets or subscribing to cable to satellite.

Senator SUNUNU. Yes, I agree with that answer, but I can't help be a little bit disappointed that it seems neither the Senate Commerce Committee, nor the FCC, nor any of the other sources that we rely on can give us a more updated number than that June 2004 number. Clearly, it's going down. I think that's a good thing. And I think, on the whole, the estimates of the cost of this converter program were probably higher than will ultimately be the case.

A final point. On the proceeds of the auction that Senator Stevens raised concerns about, I'm concerned about the proceeds of the auction. Mr. Kneuer, as you emphasize, the more regulations, the more encumbrances, the more requirements you place on those that purchase or win in the auction for spectrum, the less you're going to get from that auction. That's an economic fact of life. And it does place some of these programs at risk. There could ultimately be less in proceeds, because of the regulations and encumbrances the FCC is considering on the upcoming auction. That is a reason not to change the allocations, but not to place the encumbrances on the auction in the first place. If the goal for the taxpayers, for the country, for competitive reasons, is to make spectrum available so that it can be used in innovative and dynamic ways, then we need to avoid coming up with new ways to regulate and devalue the spectrum just prior to its auction. That's certainly something—I feel very strongly—but I'd like to give you both an opportunity to respond.

Mr. Kneuer, has the administration raised concerns or voiced opposition to limitations on the 700 MHz spectrum?

Mr. KNEUER. You know, I am, likewise, with regards to the auction proceeds and the revenues, I think, as Senator Stevens was saying, we've already borrowed large amounts of money. It's my signature that's on the promissory note, so getting the auction revenue in to pay back those notes is of keen importance to me. I think you're right, that the more flexibility we put on spectrum in the past—you know, we've had maximum revenues and lots of innovation—that being said, I think the situation around 700 re-

mains pretty fluid. There are still people out there pushing for even more regulation than the things that have been proposed, whether it be wholesale, which sounds a lot like regulated resale rather than wholesale. I think there are people who are expressing concerns about, if there are constraints on the big block of spectrum, maybe the incumbents will be forced into, and dominate, the smaller geographic areas and the smaller blocks. So, I think there is lots of movement. You're seeing people in the industry still putting in proposals, so there is lots of movement around this, as of now.

At the end of the day, I would certainly hope that they would adopt policies that maximize innovation and maximize investment and bring in enough revenue that we're going to be able to cover all these programs and have the \$7.2 billion for deficit reduction.

Senator SUNUNU. Thank you.

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, Mr. Chair.

And thank you for being here. I would share what Senator Sununu is saying, that this is an exciting opportunity, with digital television, but, at the same time, we're only 19 months away, as you know—I assume you have the calendar marked on your wall—from the February 17, 2009, transition date; and I was thinking back to Y2K. I was county attorney at the time, and everyone was hooked up with cell phones that night. It was New Year's Eve, and I think I talked to our sheriff and our police chief, and I remember us just waiting for something to happen, and everything went quite well. And I think part of that was the planning.

I'm concerned about this, because of the fact that we have 457,000 households—this is according to Nielsen, that are over-the-air analog TV in Minnesota, and that's just in my state. And, of course, most of them are rural customers, and many of them are elderly.

My question, just to follow up on some of the Chairman's questions, with Great Britain, 80 percent of them know—and I think our stats show 60 percent of American consumers don't know, or even higher—and in Great Britain, you have 80 percent of them aware of the transition. So, what exactly are they doing differently? Just concisely, what are they doing differently in Great Britain?

Mr. KNEUER. Well, they've got a very different relationship with their TVs in Great Britain. They've got a annual tax that the government reaches out to consumers every year and says, "This is the amount of money you owe for your television." So, the government already has a built-in relationship with every TV customer. So, that may be one aspect of it.

But, like I said, I'm not surprised that the awareness of the conclusion of this transition is not extraordinarily high right now, but I think there is a broad awareness and a broad acceptance of the DTV transition, and American consumers are availing themselves, and effecting the transition on their own, in huge numbers. As we get closer, I think, if the ad campaigns by the broadcasters and

others focus on, as we get closer, ramping up, making people aware, that, you know, the end is, in fact, coming.

Senator KLOBUCHAR. So, is there a commitment that the broadcasters are going to be making these—doing these ads and commercials?

Mr. KNEUER. Well, they've made public announcements and commitments. I don't have regulatory authority. I think the Commission is introducing rulemakings on specific commitments on the amount of public awareness that they'll be required to do. But certainly it is not only their responsibility, but it's in their own best interest to make sure that their customers are aware of this and that they retain access to those customers after the transition.

Senator KLOBUCHAR. Maybe this is for Ms. Seidel. This might be a naive question, but is there a way to target the advertising to the analog TV customers?

Ms. SEIDEL. I think, in talking with the Digital Television Transition Coalition, and in talking to NAB in that respect, as well, my understanding is that there is a fair amount of research underway to try to target in more detail exactly where those over-the-air households are. And I've received or, I've seen some statistics, thus far, that are by state, and percentages of the population within each state that are over-the-air viewers. And my understanding is that members of the coalition are trying to get that down to a more granular level, and getting it down by county, and that they feel confident they'll be able to get that figure by county. And then, you know, we would target—certainly, the Commission would be looking to target our outreach in those counties and in those areas where that percentage is relatively high, and starting there.

Senator KLOBUCHAR. OK. And then—

Ms. SEIDEL. But—

Senator KLOBUCHAR.—you know, I'm—go ahead.

Ms. SEIDEL. Oh, excuse me.

Back to what Mr. Kneuer said, though, the item, that I mentioned earlier in my remarks, that the Commission is considering, does ask questions about whether the broadcasters should be required to report on their outreach efforts to date, and whether there should be other types of industry-required reporting or actions to help further outreach on the private sector.

Senator KLOBUCHAR. And when will the Commission complete this consideration?

Ms. SEIDEL. My understanding is that the Commission has adopted the item and is endeavoring to get it released as quickly as possible, so that will be in the very near term.

Senator KLOBUCHAR. Then my last group of questions are about the rural customers. And, as we know, they disproportionately rely on this. It's my understanding that they will most likely have to rely on a coupon program to get a converter box. I'm trying to imagine how this will work, in practice. You know, what's going to happen to those that are not near an electronics retailer? We have some counties in Minnesota that it can take hours to get to a electronics retailer. So, how are they going to get the converter box? Is there going to be a mail-order system? Or what's going on to help them to get these boxes?

Mr. KNEUER. The coupon program is designed to reach all of those kinds of consumers. With regards to retailers, we want to make sure that we have an outreach to retailers that goes beyond just the big nationwide chains and the large consumer electronics. So, we've allowed for retailer participation from mail-order, over the Internet, as well as traditional brick-and-mortar, and we've also required that the vendor who's going to fulfill the coupon program for us has a plan to reach out to some of those nontraditional retailers to make sure that the same sorts of retailers that your constituents rely on for all of their day-to-day needs will also be able to participate in the coupon program.

Senator KLOBUCHAR. Thank you very much.

The CHAIRMAN. Thank you very much.

Senator McCaskill?

**STATEMENT OF HON. CLAIRE McCASKILL,
U.S. SENATOR FROM MISSOURI**

Senator McCASKILL. Thank you, Mr. Chairman.

I'm concerned that, as of fairly recent data from Nielsen and the broadcasters, one in five Missourians is getting over-the-air signal right now. I mean, frankly, this scares me, politically. I mean, there is no anger that comes close to the anger of an American who can't get television.

[Laughter.]

Senator McCASKILL. And I know who they're going to blame. They're not going to call you, Mr. Kneuer. And they're not going to call you, Ms. Seidel. But you know who they're going to call? They're going to call me, and they're going to be mad. So, I am very discouraged that we don't have more finite answers this morning. I mean, we're talking about something—I mean, this is like tomorrow, if we're talking about government time.

[Laughter.]

Senator McCASKILL. I mean, the idea that this rule hasn't been finalized yet as to what we can even expect, in terms of PSAs and bill inserts, really worries me. Can you tell us what the Commission—are they going to require the broadcasters to begin PSAs at a certain date? Are they going to require bill inserts anywhere, in terms of that? I mean, do we know what they're going to require, the Commission?

Ms. SEIDEL. Because that proceeding—the item has not been released, and the text of it will be released soon—I think it would be premature for me, and because I was not part of the staff that worked on that proceeding, I can't really tell you the specifics, but it would seek comment on issues such as those. But, in addition, I can talk to you a little bit about the concerns you raised about outreach and how people are going to be made aware.

I think your point's well taken, that it will be very challenging to directly touch every single American about the transition and make sure—or make sure the ones we're touching are the ones that are the consumers who rely exclusively on over-the-air. That's why part of the Commission's approach to this has been, not only just developing the materials and making sure that we distribute them to consumers who call, or consumers who write us, or e-mail us, but making sure that we establish partnerships with groups all

around the country that serve and/or have members who are part of the group—the communities we think will be most difficult to reach, including people in rural areas and senior citizens, people in tribal areas. We had a very productive Indian telecommunications initiative earlier in the month, where we had over 78 different—I believe it was 78 different tribes there representing over 30 tribal nations, and we had radio stations—tribal radio stations and tribal broadcast stations who agreed to work with us to make sure the word got out to those hard-to-reach—

Senator McCASKILL. I think that's fine. But let me disagree with you. And I don't have a lot of time, and I've got several questions. You know, it's not hard to educate the United States of America. It's called—you do it over television. You know, look around this room, and you'll see people that spent a great deal of their lives raising money in order to communicate over television. We know how to reach people through television. And what I'm frustrated about is that these PSAs and this education—I mean, you all are supposed to be the experts on educating consumers on this transition, but yet, no one can give us definite answers when broadcast education is going to begin with public service announcements. I would appreciate, just as soon as either one of you know—when there is any kind of requirement that these broadcast announcements are going to begin so that people will understand.

Let me move to the boxes. Has NTIA field tested any of these boxes yet?

Mr. KNEUER. We've received—under our regs, manufacturers that wanted to submit a box have to submit an expression of interest in detail saying that, "We intend to build the boxes, and we intend to participate in the program," 60 days prior to submitting a box to us. We've received a large volume of those expressions. We have some boxes already in. We've got an MOU with the FCC that we will be using their labs, in coordination with us, to verify the boxes, to make sure that the boxes that enter the marketplace actually meet our specs and are functional.

Senator McCASKILL. I take it—

Mr. KNEUER. But we've had—

Senator McCASKILL.—that is no.

Mr. KNEUER. We have—we do have boxes that are—have been submitted. We have not—

Senator McCASKILL. Have they—

Mr. KNEUER. We have not—

Senator McCASKILL.—been field tested yet?

Mr. KNEUER. I don't know the status of the actual testing, but all that is ongoing.

Senator McCASKILL. OK. I would love to know if any of the boxes have, in fact, been field tested and what the results of those field tests were. The only thing that's going to make people madder is if they get these coupons, and they get the boxes, and then their signal is degraded and they don't get a good signal. And so, I would like to know what the specific plans are for field testing, and what the results of those field tests are.

It's my understanding these coupons are going to be available January 1.

Mr. KNEUER. Yes.

Senator MCCASKILL. So, we're talking literally 6 months from now.

Mr. KNEUER. Yes.

Senator MCCASKILL. It's also my understanding that we couldn't get Best Buy's CEO, in the House, to even commit that he would put coupon-eligible boxes in all of his stores. Do we have any commitment from the retailers of America as to the availability of these boxes? And the second part of my question is, do we have any plans underway to protect seniors? Because this is going to be an area that will be very easy for the elderly to be preyed upon with people handing out coupons that aren't real, providing boxes that don't work. So, I'm concerned that since we're going to start handing these coupons out in 6 months, and we don't even have a rule we can talk about in public yet as to how we're going to tell people about the coupons, but yet, we're going to have the coupons available in 6 months. I mean, I am really worried about this.

Mr. KNEUER. To the point on the boxes, the details on what the field tests are, what the requirements of—all of those were published in our rule. They're transparent. We'll get you the information on that.

And, as we conclude testing, and we approve boxes, that information will be made public. So, all that information will come out on a rolling basis as they enter the market. Multiple manufacturers are on the record saying they intend to have these boxes in the marketplace, so I'm confident, given the resources that we've put into the program, there is a billion-dollar marketplace for this. There have been very broad expressions of interest by the manufacturers that there will be boxes in the marketplace.

As far as the retailers, as I said, we're going to be issuing our contract with the vendor in the middle of next month. Part of our agreement—part of the request that we put in to the vendors that would fulfill that contract is outreach to the retailers to make sure that they are getting as many retailers as possible to get into—participate in the program.

Getting to your point on seniors and fraud, one of the challenges, and one of the reasons you don't want to allow any retailer, without any constraints, to participate in the program, is, you want to have some constraints, to make sure that these retailers have systems in place to prevent waste, fraud, and abuse, that they are not coming up with phantom coupons and defrauding the government.

So, all of those things are, sort of, balanced together in our rule. But, no, I absolutely agree, it's very important that we have as broad a cross-section of retailer participation as possible, that these devices are out there, as widely distributed as we can get them. That's why we didn't rely simply on brick-and-mortar, but we're allowing for online retailers and catalogs. So, I think there will be a broad distribution of these across, essentially, all communities.

Senator MCCASKILL. I thank you very much. I appreciate—Mr. Chairman—I will warn you that, when people start calling in, I'm giving them your numbers.

[Laughter.]

Senator MCCASKILL. Thank you.

The CHAIRMAN. Thank you very much.

Senator Snowe?

**STATEMENT OF HON. OLYMPIA J. SNOWE,
U.S. SENATOR FROM MAINE**

Senator SNOWE. Thank you, Mr. Chairman.

Well, I know, from the outset, when we considered this whole transition, almost, I guess, 10 years ago, could be more than that, that this was one of the driving concerns, the fact that, you know, we're going to get ahead of the consumer in this process. And now that we have a definitive time, in terms of the deadline, and being, you know in 2009, in February 2009, and you still have 40 million households and, you know, 60 to 70 million television sets that will require this conversion, I mean, that's a monumental undertaking.

Now, I know that both of your agencies have websites. I'd be interested in knowing, Mr. Kneuer, if you could explain to the Committee as to how many people have been visiting your website. What type of information or feedback are you getting from consumers? Does it engage the consumer? I know, we have looked at it, and it seems to be, probably, you know not user-friendly, in terms of engaging the consumer in how this is all going to work, more practical information. So, can you describe what kind of feedback and traffic that you're getting from this website? Because that's going to be crucial. That can't be the only thing. That's just one dimension to this enormous problem. But it's going to be public education, without question.

The Horowitz Associates found that approximately 60 percent of consumers weren't even familiar with the DDT—DTV transition that'll affect them in this digital transition, and only 25 percent could even discuss it in any detail. So, we really do have a long ways to go in this process.

Mr. KNEUER. I'm happy to get you the numbers on the number of web hits we've had at our webpage, and *DTV.gov*.

What I can tell you is—based on the most recent meeting of the broad DTV Transition Coalition that includes the broadcasters and the industry participants they've got their own webpages.

Currently, the vast majority of the traffic to their webpages is being driven by ours. So, consumers are starting out coming to the Government, looking at *DTV.gov*. We've got links to the other commercial sites. My expectation and anticipation is, as the education campaign ramps up, and the broadcasters and others engage in their activity, that ratio will shift dramatically, so consumers will be made aware of the transition by this broad industry campaign. We intend to slipstream behind that, making sure that, as they are notifying people about the broader transition, they are also directing them to us so they can find out about this program we have that will give financial assistance to those consumers who need it.

Senator SNOWE. Do you have an agency that's designing your websites? I mean, do you have any—I think, certainly, that you would want to, you know, probably reexamine it from that standpoint.

OK. Ms. Seidel?

Ms. SEIDEL. We have the *DTV.gov* website, and I can get you the number of hits and what feedback we have been receiving on those. I don't have it with me.

But the number of hits to the website have increased significantly, even from October of this past year. And, in terms of feed-

back once people visit it, we do get e-mails from people about DTV questions. And I don't recall—and we'll check—but I don't recall input about how to modify the site itself. But, then again, as I think I mentioned earlier, we are working with a number of community organizations and organizations representing the people that you all have talked about, and one of the things we do ask them is whether there are ways that we can make our website more friendly. But then, also, we recognize that not everyone uses the Internet. How else can we reach the consumers and the constituencies that you serve?

But we do have, on the *DTV.gov* website, one of the pieces of that is a DTV Deputy Program Quiz. We've received very positive feedback on that piece of it, in particular, because it is geared toward students, who we know, in many cases, may be more technologically savvy than their parents and grandparents, and we go through, What is DTV? And what is the difference between the different types of DTV? When is the DTV transition occurring? And what might it mean for you? And what might you need to do, or your families and your friends and other ones—other people you know—need to do, to be sure that you're ready, come February 17, 2009? So, that is one piece of the website that I know we have gotten very favorable feedback. But we constantly look for ways to improve it. So, to the extent you all have suggestions, we would welcome them.

Senator SNOWE. Well, do you think \$5 million is sufficient for a national campaign to educate the public?

Ms. SEIDEL. You know, I would refer to what the Chairman has said, and I think what we have been endeavoring to do is to maximize, with the resources that we have, our ability to reach people. Certainly, to the extent additional resources were made available, we could enhance the campaign. I think the Chairman has spoken about some of the things he would do with the additional 2008 funds, like making sure that we have brochures and information about the transition in grocery stores in communities where we know there may be a high percentage of over-the-air users, and being able to run some print—you know, doing some PSAs ourselves, and certainly direct mail.

Senator SNOWE. Well, you know, given, you know, this monumental task, and the number of TV sets and households remaining to make this transition to digital, you know, I would suggest having some kind of measurement, in terms of deadlines, to accomplish this goal. Can you measure it by the converter box purchases? What can you measure it by? And you should have timelines, frankly, so that it can go through this process through 2008. Otherwise, you're going to converge, in 2009, and we're going to have a disaster on our hands.

Mr. KNEUER. We're going to be able to measure the take rate of the coupons, and then, as the coupons are actually redeemed—under the statute, the coupons expire after 3 months, and I think we can expect that a lot of consumers will request these coupons, go into a retailer, and then decide to take some other path, either buy a set-top box with more functionality, buy a television, do something else. That coupon, then, would not be redeemed. We'll be able to track the coupons going out, as they're redeemed, and

those coupons that aren't redeemed and expire after 3 months. So, we'll have very real time tracking of how consumers are taking advantage of our program, where our resources are, and the amount of money that we have left.

Senator SNOWE. Well, you should have a timeline for all that—I mean, certainly to know how many are outstanding, and having measurement along the way, so it doesn't all converge in 2009. I mean, you really should have that calendar and measurement and standards, so that further outreach or other efforts have to be undertaken in order to accomplish this goal.

One other question. You know, I come from a small rural state, and the National Association of Broadcasters estimates that 90 percent of the full-power stations will already be transmitting both digital and analog, and the conversion will be fairly seamless, but there are 10 percent or so—and there are certainly some stations in my state—that will have to have an immediate flash cut. So, is there a procedure in place to address that, to make sure that that's seamless, as well?

Mr. KNEUER. On the full-power stations?

Senator SNOWE. The smaller stations.

Mr. KNEUER. The low-power stations, we've got additional programs, under our responsibility, where we will provide translators for the low-power stations, so that, immediately upon the transition in 2009, where the high-power stations drop off, the LPTV stations will be able to have translators to continue transmitting to their communities. A second program will give them additional resources, to actually upgrade their translators to go to all-digital.

Senator SNOWE. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Cantwell?

STATEMENT OF HON. MARIA CANTWELL, U.S. SENATOR FROM WASHINGTON

Senator CANTWELL. Thank you, Mr. Chairman.

Mr. Kneuer, I'm glad you brought up the coupons, because my understanding is they are for 90 days, and obviously they'll be available at the beginning of 2008. So, do you think that all the set-top boxes will be available for purchase, at that point in time?

Mr. KNEUER. Certainly we expect there will be set-top boxes in the marketplace in January of 2008. If, for whatever reason, we got information there were not boxes available, and consumers were requesting coupons—the statute requires us to be able to process coupons as of January 1, 2008—if there was a disconnect between the availability of boxes, we wouldn't want consumers to get those coupons, have them expire in 90 days, and not have boxes. So, we would hold, and not deliver, the coupons to consumers if there was, for some reason, a disconnect in the supply chain of the boxes.

Senator CANTWELL. How are you going to do that?

Mr. KNEUER. We will have information from the retailers, from the manufacturers, we'll know how many boxes are out there. If we get an influx of coupon requests, but we have information that there aren't, in fact, boxes—

Senator CANTWELL. Are you going to look up every ZIP Code and then find a retailer in that neighborhood, and then see, and, if it is, then you'll send out the coupon, and, if not—

Mr. KNEUER. I wouldn't expect that the supply issues, to the extent there were any, would be small-market specific. There would either be a problem that they didn't get the manufacturing completed, or there was only a few manufacturers that had gotten boxes done. Like I said, we've had a huge expression of interest from manufacturers, so I would expect there to be—

Senator CANTWELL. So, you're thinking Wenatchee and Ellensburg and the Tri-Cities and Walla Walla, and all these places, they're going to, on January 1, 2008, have available set-top boxes for purchase.

Mr. KNEUER. That's everything that we've seen in the response, that there would be boxes in place.

Senator CANTWELL. And if they're not, somehow are you going to look up that ZIP Code, and you're not going to send out the coupon.

Mr. KNEUER. Those are issues—like I said, if we received information that there were geographic problems on the distribution of boxes, we would have to go back to our vendor and make sure they have systems in place to deal with that.

Senator CANTWELL. But there are no inventory requirements, is that right?

Mr. KNEUER. That's right.

Senator CANTWELL. So, what happens if they run out of stock?

Mr. KNEUER. Like I said, I think our intention, in designing this program, was to create it, to make it as easy as possible for manufacturers and retailers to participate, while doing what's responsible to guard against waste, fraud, and abuse. So, we have adopted a standard for the boxes that was the broad industry-suggested standard. We adopted criteria for retailers that represented a broad consensus among the retail industry. So, we have, to the extent possible, wanted to encourage as much marketplace participation as possible, but, no, we don't have regulatory authority to reach out to every retailer in American and say, "Here are the number of boxes you need to carry. You know, make sure you have this," that's not the way the program is currently set up.

Senator CANTWELL. Well, I think you're hearing a lot of frustration from members. It's one of the reasons I've been concerned about the dates that we had set for this transition, is just how long it takes. Just because technology exists doesn't mean that you can deploy it that quickly. And so, how we're setting these mandates up, and, if you ask me, there is a high potential for a train wreck here. You're basically, as we ask these questions, telling us, "Well, we've not optimized the program for that. We optimized the program for the retailers." Well, it's the consumers we're asking to do something. We're asking them to make a big transition. We're using resources to try to help that, but a plan that basically has coupons available, and maybe not products available, and then the coupon expires, all of this.

So, I think there is a great deal of confusion that could go on in this plan, and I suggest, Mr. Chairman, that we, certainly, look at upping the education process of the American consumer about this. I think the notion that this many people can transition over to an

adoption of new technology without significant problems is being shortsighted.

But, let me turn to Ms. Seidel for a second, because one of the other issues is about—you know, I think in our state we have four different television markets, 36 different television stations, and over 2,000 translator stations. Some of those translators are in suburban communities, some of them are in small rural communities. I'm trying to understand, if you're a consumer sitting at home and getting a signal from Seattle, but through a translator station that's saying that you need to make this switch. Isn't that process going to be confusing for some people? Because they might actually have a signal that they never have to switch, or at least there is no deadline in the legislation that says that they have to switch.

Ms. SEIDEL. I think the point you raise about that issue and the potential for confusion is one we've talked about, as well, and we do envision putting together consumer materials to help answer questions before they arise, and to build awareness, and to try to help address questions that the consumer may have, if that's the situation.

Senator CANTWELL. What's the answer you're going to give to that consumer, who's getting the signal from a Seattle station that's emphasizing the digital transition and so, they listen to that, and they go out and make a set-top box purchase; then they find out from their neighbor, "Guess what? You never had to do that. We didn't have to do that, because we have a translator station here. You didn't have to go make that purchase." So, now they've signed up for digital broadcast, the extra dollars that it takes to get the digital broadcast, they went out and made the purchase for the set-top box, and they find out from their neighbor they didn't have to. How are you going to deal with that?

Ms. SEIDEL. Well, I think part of it is an education and awareness issue. But I do think you're right, that it will be fact-specific in many cases, so it's hard to do, like, an across-the-board outreach on an issue that will vary from one area to another, but those issues—I think they are important ones, and I think they're ones that will, you know, have the potential for raising questions for consumers, and certainly it's one I'll take back and see what more we could do on our side.

Senator CANTWELL. Is there a hard date after which the television broadcasters—after February 2009, will we still have analog broadcasts?

Ms. SEIDEL. On February 17, 2009, analog broadcasting would cease.

Senator CANTWELL. But—

Ms. SEIDEL. But the low-power—I think, in terms of the low-power stations, the analog translators, that would be a different issue, and, I think, related to the question you just posed.

Senator CANTWELL. Again, I'm asking, because, obviously, these low-powered stations—this notion and the uses of "white space" and where we're going with that. I think having a plan as it relates to the percentage of, you know, class A and low-power stations, and what you're really going to do with them—

Ms. SEIDEL. Well, I think probably the best thing for me to do is to take your questions back to the Media Bureau, who's looking at those issues, and make sure that we get back to you.

Senator CANTWELL. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Smith?

**STATEMENT OF HON. GORDON H. SMITH,
U.S. SENATOR FROM OREGON**

Senator SMITH. Thank you, Mr. Chairman.

For the record, I would note that some of the concerns being expressed—and, I think, specifically by Senator McCaskill, we included, in last year's bill, a requirement for broadcasters to inform the public through public service announcements. And I guess my question is—you know, obviously they have an incentive to do this, do you know of a date, a plan of theirs—have they shared it with you—as to when they begin to meet this requirement to make public service announcements?

Mr. KNEUER. Not with the level of granularity that would say, "On this date, we will commence PSAs at the following volume, and then we will ramp up to a higher volume, and that, by the end, we are going to do an explicit number of PSAs and commit X number of resources." They have committed that they will be conducting a broad campaign that will be based on polling on awareness, focused on pockets of population, based on what, the level of penetration, what their awareness is, and ramping it up as we get closer to the date.

Senator SMITH. Well, I—obviously, they understand their own interests in this, do they not?

Mr. KNEUER. I would think so.

Senator SMITH. OK, you've got that—you've gotten that sense from them.

You know, my own experience, as a dad, is that my kids—and I suspect all of yours—are really up on this, and they've already made the transition, and they're already with high definition, and they're demanding mom and dad get new TVs. And I know that has happened in our household. But I suspect that the AARP is correct in their concern about, specifically, the elderly. I know we're sort of beating a dead horse here, because we've mentioned this over and over again, but obviously we mention it because of the obvious concern that many who are not part of the high-tech age are intimidated by it, don't know what to do or where to go, and are, frankly, subject to exploitation through fraudsters and others. And I really think that needs to be the focus of your efforts.

To that end, Senator Pryor and I sent a letter to Secretary Gutierrez and to FCC Commissioner Martin—it was to them jointly—and we asked them to do a number of specific things: to jointly prepare a program that has an explanation of the DTV transition, including its effective date and who is affected; second, instructions to determine whether a television's—a television will receive a digital signal, and, if not, the options to ensure reception of a digital signal, and the related cost; to, third, inform related—information related to the National Telecommunications and Information Ad-

ministration Digital-to-Analog Converter Box Coupon Program; and, fourth, tips on how to avoid potential fraudulent schemes related to the DTV transition that may target the elderly.

Do you know whether the commissioner or the Secretary have responded to that, have you gotten directions to this—

Mr. KNEUER. Well, we've got the letter, and we're preparing a response for you. Each of the things, that I think you called out in your letter, are things that we've been looking at and working on, either directly, through our relationship with seeking a vendor to fulfill this coupon program for us, or through our collaboration with other Federal agencies that have, as a responsibility, reaching out to elderly communities, our partnership with AARP. So, we'll certainly be getting back to you with more detail on each of those points. But all of those things are things that we're focused on.

I think—

Senator SMITH. But—

Mr. KNEUER.—one thing—sorry.

Senator SMITH. No, go ahead.

Mr. KNEUER. One thing, with regard to seniors and the elderly, is that relative to other age groups, they actually watch a little bit more television. And so, to the extent that most of this campaign—

Senator SMITH. I'm not sure that's possible, when I think about my sons watching.

[Laughter.]

Senator SMITH. But you—you're probably—

Mr. KNEUER. It's high-school kids, and—

Senator SMITH.—right.

Mr. KNEUER.—then it ramps up. But it's—for 55–64, it's an average of 2.6 hours a day. By the time you get above 75, it's more than 4 hours a day. So, they're going to be recipients of a lot of this broadcast information about that. That being said, we need to make sure that, as they respond to this, that they're not taken advantage of, as you said, by people who may seek to do that.

Senator SMITH. Do you have any other comments, Ms. Seidel?

Ms. SEIDEL. If I might. I do think the—I think the first couple of points that you mentioned, about having information available to the elderly that would explain to them how to find out whether or not what they have is a digital television, or what they would need to do, and making sure to explain what the transition is and when the transition date is, and providing information for them about what options are available for them to continue viewing broadcast television, come the completion of the transition—we do have a DTV fact sheet that includes all of those elements, and it also links to the NTIA website and information about the coupon—about converter boxes and the coupon program.

In addition to that, we are definitely emphasizing our efforts to reach out to organizations that represent the elderly. And the Leadership Council on Aging, as I understand it, is an umbrella organization that represents something more than—close to 60 organizations that help people who are elderly.

And then, finally, I would say that the Commission is definitely committed to addressing and investigating any information that it gets about potential scams that may be targeting the elderly, and

is definitely committed to taking enforcement action in this regard, just as it has done with respect to the labeling requirements and violations of the labeling requirements. So, certainly we understand your concern.

Senator SMITH. Well, thank you for that. I look forward to a response to the letter and appreciate anything and everything you do in regards to these very obvious, but very important, steps that we need to take, as a government, to do our part of this. I think the number of Senators that have been here this morning are an indication that we understand, firsthand, that, while we get lots of calls in our offices about Medicare or Social Security or veterans issues, ranking right among those concerns is trouble with their TV sets, and so, that's why we know the flood that's going to come, and if we can make sure it's not a tsunami, that would be great.

Thanks.

Mr. KNEUER. If I could put—

The CHAIRMAN. Thank you very much.

Mr. KNEUER.—in a plug for our—

The CHAIRMAN. Senator Thune?

Mr. KNEUER. As I say, we've supplied our pamphlets, in both Spanish and English, to every member of the Senate and of the House of Representatives, supplied a PDF link. So, to the extent you are getting constituent concerns about this, we've got information that I think can be helpful.

Ms. SEIDEL. As do we.

The CHAIRMAN. Thank you.

Senator Thune?

STATEMENT OF HON. JOHN THUNE, U.S. SENATOR FROM SOUTH DAKOTA

Senator THUNE. And they're all watching C-SPAN, so they're going to make sure that they're following all this that has happened. So—

[Laughter.]

Senator THUNE. Thank you, Mr. Chairman and Vice Chairman Stevens, for holding this hearing. I also want to thank our witnesses for their testimony.

And the digital transition is coming. It's going to be here in 18 months, and I think it's important for this committee, as well as the agencies and groups that are represented on our witness panels, to do their part in highlighting the coming transition. There are a lot of other groups—industry groups that will also be required to play an important role. But, as we all know, change comes easier for some than others, and our younger generations are going to be more able to easily adapt to the digital transition. My daughters seem to intuitively know how to operate their iPods without reading the instructions, but our older generations, myself included, I think will probably find a lot of these changes a little harder to deal with. And I know the clock on my parents' VCR is still blinking 12 o'clock, so I think that's probably an indication of what we may be dealing with.

But, in South Dakota we have 12.2 percent of our households who rely on free over-the-air broadcast television, which represents about 36—almost 37,000 households. And I'm sure a lot of those

households are older or lower-income families. And so, what we're hearing from our witnesses this morning, I think, reinforces the fact that it's these households that are going to be most impacted by the digital transition. And it's my hope that, through efforts like what we're doing here today, we can highlight the coming transition, help get people prepared for the change.

I've got a couple of questions. This one, I'll direct to either of Ms. Seidel or Mr.—do you say it “Kneuer”?

Mr. KNEUER. Kneuer.

Senator THUNE. Kneuer.

Ms. Seidel mentioned, in her testimony, that, as of March 1, 2007, all television receivers shipped in interstate commerce or imported into the United States must have digital capabilities. Retailers are obviously still allowed to sell current inventory. But when do you believe there will be no more analog televisions for sale?

Ms. SEIDEL. At this point, I wouldn't speculate but I can certainly take your question back and see if some of my other colleagues in the agency have a good estimate for you. But I'm not sure I would have a good answer for you.

Mr. KNEUER. I'm not sure we have good market data on that. I think the important thing—and I think the Commission's been doing good work in this regard—is making sure that the retailers have clear labeling in the stores. There are consumers who actually may want one of those old analog TVs that are cheap, so they can hook it up to a video game or cable set-top box or whatever it may be. So, there are consumers who are going in, who, you know, may very well want to make an informed choice to purchase one of those sets. The critical thing is that it's an informed choice and that there isn't confusion in the marketplace as those last sets do move through.

Senator THUNE. In your testimony, Ms. Seidel, you mentioned that the FCC staff had inspected 1,089 retail stores around the country to see how well retailers are informing consumers about the impending transition and complying with the new labeling requirements, and you mentioned 262 citations that were issued during those inspections. That's about a 76 percent score for those retail outlets, those stores. As far as grades go, that's not quite an F, but it's a long ways from an A or a B. What do you think needs to be done to improve that labeling compliance at retail stores?

Ms. SEIDEL. A couple of things. One thing, I think, which seems to always occur is, once there are enforcement actions taken, it does seem to get attention from others, from other companies around the country. So, I think the fact that enforcement action has been swift, and has been consistent, will help.

Second, we have been working with the Consumer Electronics Retailers Council, who has, in conjunction with the FCC, put out a joint advisory to the retailers, reminding them of the labeling obligation and the requirement. And I think that, too, will help, because we do have the commitment of that organization to help us in this regard, and I think that, the consistent and continuous enforcement action, when it's appropriate, will be helpful.

Senator THUNE. What happens when you issue a citation? I mean, is there some sort of consequence associated with that for a retailer?

Ms. SEIDEL. And, again, this is probably a better question for my colleagues in the Enforcement Bureau, but I used to work there. The citation indicates that it appears that this violation has occurred, and warns them that, if it occurs a second time, a Notice of Apparent Liability could be issued, and actual monetary forfeiture issued. So, they have a very clear incentive, after that citation, to fix the problem. And, historically, you know, that is generally the case.

Senator THUNE. Citation will get their attention——

Ms. SEIDEL. Yes.

Senator THUNE.—in other words. OK. And when you choose are you selective about how you audit, or is that sort of random retail stores around the country? And——

Ms. SEIDEL. That question, I will have to take back to my colleagues in the Enforcement Bureau and let you know. But I can tell you that enforcement of these issues is, indeed, a high priority for the Chairman and the Commission. And so, I will get the answer to your specific question, but it will be one that will be ongoing effort.

Senator THUNE. We've got a billion and a half allocated for the Digital Conversion Box Program, and my understanding is that NTIA is going to use the first \$990 million to distribute \$40 coupons to—for converter boxes, on a first-come first-serve basis. There's no means test and no requirement for a household to certify that they solely rely on the over-the-air broadcasts for television viewing. And I guess my question would be, What was NTIA's rationale for that decision? And, you know, you've got the other \$550-million contingency fund, and have indicated that that's going to be used differently. My question, I guess, if you could give us a little bit background into what your thought process was——

Mr. KNEUER. Sure. I think the——

Senator THUNE.—with regard to that.

Mr. KNEUER [continuing]. The legislative history made it clear that this was intended to be a broad program, that the transition is essentially going to affect all television households, so the program should be as broadly applicable as possible. So, that's why, for the first \$990 million, we've said, essentially, any U.S. household, without any restrictions of any kind, can participate in the program.

The second pool of money, we had a different criteria for that, where we have limited access to those dollars to households that self-certify that they're exclusively over-the-air, that they don't receive cable or satellite on some set in the house. Our thinking on that was that to maximize the possibility—the likelihood that no household—household that would otherwise lose television service—doesn't have access to some financial assistance, if they need it. So, if we go through the first billion dollars, and the money is now limited to an additional \$500 million, make sure that 500 million goes as far as possible to make sure that no household would actually lose television service, absent that resource. So, households that are ineligible for the second \$500 million still have access to television, either through cable or satellite.

Senator THUNE. And do you have pretty firm estimates about whether that's going to be enough money and, in those two pools, is going to be sufficient to deal with the——

Mr. KNEUER. Given the take-up of digital televisions—as I said, the numbers I've seen are that by the end of this year it'll be more than 85 million digital set-tops in American households—given the penetration of cable and satellite, given some of the polling that we've seen with regards to, what do consumers intend to do at the end of this transition? You know, you take a focus group, and you educate them, say, "It's coming in February, your options are: subscribe to cable, subscribe to satellite, buy a digital television, buy your own set-top box that has some degree of functionality beyond what is eligible under the rule, or participate in this government program." Lots of consumers indicate that they are going to effectuate this transition on their own. Aside from the program, even exclusively over-the-air households I think a lot of consumers are going to take these coupons and go into a store and say, "You know what? That digital TV is actually what I want," and the coupon won't be redeemed. So, given the consumer acceptance of DTV in the marketplace, as we're currently seeing it, given the options consumers have to effect the transition on their own, I'm confident that the—with the full \$1.5 billion, we'll have enough money.

Senator THUNE. Well, I appreciate your answers to the questions, and I would just, again, say that this is going to be—getting this right is going to be important for a lot of—particularly, seniors, in my state at least—the television is a kind of a lifeline and—in those—particularly in those cold winter months, it is especially important. And I think that making sure that this transition occurs smoothly is going to be critical. So, I hope that, as it moves forward and—we'll continue to have, I think—all of us, probably, on this committee—an ongoing interest in that process, and what we can do to be helpful.

So, thank you for your testimony.

Mr. KNEUER. Thank you.

Senator THUNE. Thank you, Mr. Chairman.

The CHAIRMAN. I thank you very much.

Mr. Secretary and Ms. Seidel, I thank you very much for your testimony, it's been very helpful. Thank you.

Ms. SEIDEL. Thank you.

Mr. KNEUER. Thank you.

The CHAIRMAN. We will be submitting more questions, if we may.

Our next panel consists of a member of the AARP Board of Directors, Ms. Nelda Barnett; the President and CEO of the National Hispanic Media Coalition, Mr. Alex Nogales; the Vice President/Director of Public Policy of Leadership Conference on Civil Rights, Ms. Nancy Zirkin.

While they're assembling, I'd like to announce that this committee will be conducting another hearing in September, and at that time we will have industry witnesses, including electronic manufacturers, retailers, broadcasters, and cable.

I'm certain you've been waiting a long time, and I know that you want to go ahead, so may I call upon Ms. Nelda Barnett.

**STATEMENT OF NELDA BARNETT, MEMBER,
BOARD OF DIRECTORS, AARP**

Ms. BARNETT. Thank you very much, and good morning. There it is. I'm sorry.

Good morning, Mr. Chairman and members of the Committee. Thank you for this opportunity to testify on behalf of AARP.

AARP has been actively engaged in addressing DTV transition issues before Congress and Federal agencies; in particular, with the FCC and NTIA. AARP has urged policymakers to lighten the burden of this transition for all consumers, particularly older Americans.

Based on data provided by the National Association of Broadcasters, 38 percent know that there is going to be a transition, and only 10 percent know what the date is on it.

AARP's testimony centers on five different points and the impact it will have on the transition for older Americans:

Number one, a large percentage of analog-only households are older Americans, who will be disproportionately affected by the DTV transition, and who are not prepared. The approximately 20 million analog-only households should be the primary focus of education and outreach campaigns. Some 40 percent of these households include at least one person 50 years of age or older.

A recent study conducted by CENTRIS reports that older Americans are more likely to be found in over-the-air households, and are, therefore, more vulnerable to the consequences of the digital television transition. In the most recent quarter of 2007, the study found that 24 percent of households with Americans 65 and older receive their TV programming over the air, compared with 19 percent of the younger population.

The CENTRIS study revealed that 41 percent of older Americans, as compared to 55 percent of those younger, have purchased a TV set in the past 3 years. This suggests older Americans are not likely to be as exposed to DTV transition messages from electronic retailers.

The second point: Older Americans confront additional challenges related to obtaining and redeeming converter box coupons and installing the converter boxes. For older persons, there are additional challenges involved in the DTV transition that should be addressed over the next several months. Among these are mobility issues, infirmity, isolation from other family members, and distance from retail centers to purchase the box. It may be difficult, if not impossible, for many older people to leave their homes to purchase a converter box. Another hurdle would be the installation process. Moving the TV to get to the back of the set and connect the box will be difficult for frail and disabled persons, including many elderly individuals living on their own.

Number three, coupons should not be distributed until sufficient numbers of converter boxes are available for purchase in retail stores. A mechanism should be implemented to inform consumers about local stores that have the coupon-qualified boxes in stock.

Number four, older Americans are particularly vulnerable to potential coupon fraud and abuse, and could be subjected to retailers' up-selling efforts. It is also critical that steps be taken to protect consumers against scam artists who could sell unsuspecting con-

sumers counterfeit or illegally duplicated converter box coupons. There may also be efforts to sell legitimate free converter box coupons. Further, consumers will need clear information to prepare for the possibility of retailers up-selling.

The fifth one, a coordinated outreach and education campaign should include Federal, State, and local agencies, and programs serving consumers who have the greatest risk of losing their broadcast television service, particularly vulnerable population groups, such as the low-income and the older people.

In conclusion, on the morning of February 18, 2009, consumers in households around the country could discover that they are unable to view their regular morning TV programs. These consumers will be confused, frustrated, and angry that this important information and entertainment source in their home is no longer operational, through no fault of their own. We all have an important role to play in keeping consumers connected. AARP is committed to doing their part to educate the nearly 39 million AARP members around the country about the DTV transition and Converter Box Coupon Program. AARP and the older Americans we represent are also counting on policymakers to take the necessary steps to ensure that all consumers, regardless of age, income, native language, and other factors, stay connected.

Thank you, sir.

[The prepared statement of Ms. Barnett follows:]

PREPARED STATEMENT OF NELDA BARNETT, MEMBER, BOARD OF DIRECTORS, AARP

Good morning. Mr. Chairman and members of the Committee, thank you for this opportunity to testify today on behalf of AARP regarding consumer issues related to the digital television transition. My name is Nelda Barnett. I'm from Owensboro, Kentucky, and I am a member of AARP's Board of Directors.

AARP has been actively engaged in addressing DTV transition issues before Congress and Federal Government agencies. We have worked closely with the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA), holding numerous meetings with senior officials to discuss AARP's concerns regarding the DTV transition. AARP has urged policymakers to mitigate the burden of this transition for all consumers, particularly older Americans. We supported the establishment of the converter box coupon program and we continue to call attention to the importance of comprehensive consumer education and outreach to inform all affected individuals about the DTV transition and converter box coupon program.

My remarks this morning will focus on the following issues concerning the transition's impact on older Americans.

1. A large percentage of analog-only households are older Americans who will be disproportionately impacted by the DTV transition and who are not prepared for the transition;
2. Older Americans confront additional challenges related to obtaining and redeeming converter box coupons, and installing the converter boxes;
3. Coupons should not be distributed until sufficient numbers of converter boxes are available for purchase at retail stores. There should be a mechanism implemented to inform consumers about local stores that have the coupon-qualified converter boxes in stock.
4. Older Americans are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers' "upselling" efforts.
5. A coordinated outreach and education campaign should include Federal and state agencies and programs serving consumers who are at the greatest risk of losing their broadcast television service, particularly vulnerable population groups such as older Americans.

Background

Older Americans have had a growing reliance on television technology. TV offers more than just entertainment. For older Americans, television can be a primary connection to the outside world—providing life-saving weather forecasts, public safety announcements, information on government and politics, and community news. In fact, Americans aged 50 and above watch the greatest average number of hours of television a day, almost 5.5 hours.¹

The transition to digital television will offer consumers real benefits: better-quality transmission and a wider range of programming options. However, as Congress has recognized, there are significant costs associated with this transition. Consumers with analog sets will need to purchase a new set with an integrated digital component, connect the set to a cable or satellite service, or purchase a converter box. These costs are not inconsequential. But for older Americans additional, non-monetary costs may be especially challenging: the inconvenience of searching for an available converter box, potential difficulties in attaching the converter box to the back of their set, and confusion regarding the transition itself.

1. A large percentage of analog-only households are older Americans who will be disproportionately impacted by the DTV transition and who are not prepared for the transition.

According to a 2004 survey,² about 21 million households rely on over-the-air (OTA) broadcast-only television. A more recent Nielsen Media Research report estimates that the current number of OTA households is approximately 20 million. These are the consumers who will be without television service at the point of the transition, and they should be the primary focus of any education and outreach campaign, and the priority households for receipt of the converter box coupons. The GAO reported that of these OTA households, about 48 percent have incomes under \$30,000. Moreover, approximately 8 million—or 40 percent—of these households include at least one person over the age of 50.³

Recently, CENTRIS released data from a survey⁴ conducted to assess the probability that older Americans are more likely to be found in over-the-air households and are therefore more vulnerable to the consequences of the digital TV transition. The survey's findings revealed that older Americans:

1. Over age 65 are more likely to be found in OTA households;
2. As a group, are less likely to have purchased a new TV in the past 3 years;
3. Are less likely to have HDTV capabilities in their households; and
4. Are less likely to own a digital TV.

The survey analysis conducted by CENTRIS concluded:

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

2. Older Americans confront additional challenges related to obtaining and redeeming converter box coupons, and in installing the converter boxes.

There are additional challenges involved with the transition to DTV that confront older Americans, and they should be addressed over the course of the next several months. Among these may be mobility issues, infirmity, isolation from other family members, and distance from retail centers in rural communities. It may be difficult, if not impossible, for many older Americans to leave their home to purchase a converter box. Although it may be possible to purchase the converter box online, there are a number of older Americans who do not have Internet access in their home.

Another potential barrier for all consumers will be the converter box installation process. Assuming the consumer is able to request coupons and purchase the converter box, the next hurdle will be the installation. The process could require moving the television to get to the back of the set and connect the box, which could be difficult for frail or disabled persons, including many older Americans living on their own. Of course, there is also the possibility that the actual connection process required will be difficult for some to master.

¹Nielsen Media Research, 2005.

²Knowledge Networks/SRI, *Home Technology Monitor Ownership Survey*, Spring 2004.

³Nielsen Media Research TV Household Estimates, 2003–2004.

⁴CENTRIS, *Analysis of Older Americans and the Digital TV Transition*, July 2007.

AARP urges Congress to work with the appropriate Federal agencies to address these issues in the next several months, to assist older Americans and other vulnerable individuals with these challenges.

3. Coupons should not be distributed until sufficient numbers of converter boxes are available for purchase at retail stores. A mechanism should be implemented to inform consumers about local stores that have the coupon-qualified converter boxes in stock.

The success of the converter box coupon program involves some uncertain timing elements. There are some consumers who will act expeditiously, perhaps in response to initial consumer outreach and education campaigns, and request converter box coupons when they first become available in January 2008. According to NTIA's rules, the coupons will expire 90 days after they are mailed to the requesting households. AARP has heard from a variety of sources that the converter boxes may not actually be available in electronic retail establishments until April of 2008. If a consumer receives the coupon in early January, it could actually *expire* prior to the availability of converter boxes in stores. It is critical that NTIA coordinate the distribution of the coupons with the availability of the converter boxes for purchase in stores.

AARP is also concerned that older Americans, particularly those with limited mobility, may have to travel to several retail establishments before locating a store that has coupon-qualified converter boxes on the shelves. In any one community, there could be a limited number of electronics stores that would stock the boxes for sale, and some stores may carry only a limited number of boxes. The NTIA will need to work with the selected coupon vendor to design a mechanism to track the locations of stores that have stocked the coupon-qualified boxes for purchase, and update this information on a regular basis. Consumers should be able to access this information and locate the store in their area with boxes in stock, by calling a toll-free number as well as by going to an Internet website.

4. Older Americans are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers' "upselling" efforts.

As recent consumer protection history has shown, whenever there is an opportunity for scam artists to take advantage of the consumer, it will happen. The converter box coupon program provides such an opportunity. It is critical that the necessary steps be taken to protect consumers against scam artists who could sell unsuspecting consumers counterfeit or illegally duplicated converter box coupons. Assuming such steps are taken, there will still be an opportunity for legitimate *free* converter box coupons to be offered for sale. Assisting consumers to avoid this unnecessary extra cost will require educational materials to inform consumers as to how they can receive a valid coupon, and to offer tips on how to avoid scam artists.

Consumers will need to be savvy shoppers to understand, and perhaps reject, anticipated efforts by retailers to sell enhanced converter boxes that do not qualify for the coupon discount, or encourage consumers to purchase new, digital sets. The process of "upselling" can be avoided by providing consumers with clear information on the types of converter boxes qualifying for use of the coupon, and for tips on what they need in their home to continue television reception.

5. A coordinated outreach and education campaign should include Federal and state agencies and programs serving consumers who have the greatest risk of losing their broadcast television service, particularly vulnerable population groups such as low income and older Americans.

Congress should work with the NTIA and FCC to construct a coordinated effort to educate the public about the transition with other Federal, state and local government agencies that serve vulnerable population groups, including older Americans and low-income households.

There are a number of Federal assistance programs, such as those administered by the U.S. Department of Health and Human Services, that could be tapped to help. For example, the aging network represents a great resource. The Administration on Aging, State Units, and Area Agencies on Aging (AAA's), along with the wide range of service providers they fund, such as Meals on Wheels and local senior centers, could play critical roles in education and outreach.

Low income assistance programs, such as Supplemental Security Income (SSI), the Low Income Home Energy Assistance Program (LIHEAP) and the Commodity Supplemental Food Program, should also be engaged in distributing information to the low income population most vulnerable in this transition. Congress should request a specific plan that addresses the coordination of efforts among these, and other government agencies.

AARP recognizes that the task of educating the general public about the DTV is enormous—and the \$5 million designated by Congress for consumer outreach and education related to the converter box coupon program is inconsequential, given the

task at hand. However, these are the resources that are available and many organizations will need to step up to inform their own members. AARP is committed to doing our part to educate the 38 million AARP members around the country about the DTV transition and the converter box coupon program.

AARP has several publications, including the *AARP Magazine* and *Bulletin* that reach over 24 million households. In addition, the AARP Spanish language magazine, *Segunda Juventud*, is distributed to over 1 million Spanish-speaking older Americans. AARP is also planning other media activities and an outreach campaign to inform and educate mid-life and older American members. Materials will be prepared and distributed to AARP state offices and volunteer chapters, to implement a coordinated outreach plan to extend AARP's reach into the community at-large.

Conclusion

On the morning of February 18, 2009, just a little over eighteen months from today, consumers in households around the country could discover that they are unable to view their regular morning television programs. These consumers will be confused, frustrated, and angry that this important information and entertainment source in their household is no longer operational, through no fault of their own. Thousands of telephones will ring in communities around the country as well as right here in hundreds of Congressional offices. Constituents will call their elected officials to complain and ask: "What has happened to my television set?"

We all have an important role to play in keeping consumers connected. AARP is committed to doing its part. AARP, and the older Americans we represent, are also counting on policymakers to take the necessary steps that will ensure all consumers, regardless of age, income, native language, or other factors, stay connected.

The CHAIRMAN. I thank you very much.
May I call upon Mr. Nogales.

STATEMENT OF ALEX NOGALES, PRESIDENT AND CEO, NATIONAL HISPANIC MEDIA COALITION

Mr. NOGALES. Thank you, Senator.

Mr. Chairman and members of the Committee, thank you for giving me the opportunity to speak to you, on behalf of the National Hispanic Media Coalition, on preparing consumers for the digital television transition. NHMC has 13 chapters across the Nation, and is also secretariat for the National Latino Media Council, which consists of 17 of the largest Latino civil rights and advocacy organizations across the Nation.

We joined the DTV Transition Coalition, and have been working with Consumer Electronics Retailers Coalition on their Spanish-language translations as part of their outreach, as well as on the outreach itself.

You have my complete statement on record, but allow me to highlight the following points:

The DTV transition consumer educational program is grossly underfunded, and needs to be supplemented. The \$5 million allocated to NTIA, and the \$2 million that the FCC has for consumer education, translates to 2 and half cents per person for 300 million people here in the United States. When Berlin, Germany, made the transition with less than 1 million people, it spent 33 cents per person. What a difference!

Consumers need to be informed on the basics, such as:

How to figure out if they have an analog or digital television set. I don't know. And I know very few people that know the difference.

Two, that their analog TV sets will go dark in less than 2 years without a converter box, if they are not connected to cable or satellite services.

Three, they need to know that they don't need to purchase a new television set, that over-the-air television will continue to be free, will offer them many more channels, and will give them a better picture, even on an older set.

Four, consumers need to be able to access user-friendly instructions on how to connect the converter boxes to their television sets, and be able to contact a live person to help them with the connections if they have difficulties.

Since a predominantly high number of Spanish speakers will be impacted by this transition, bilingual and bicultural staff is essential. We have the number of 21 million households that have rabbit ears, at this point. A full third of those, 7 million, are Latinos. For any educational campaign to be effective, it's not only relevant that the person be able to speak the language, but also understand the culture. English-written materials should not be translated to Spanish, as they are seldom culturally effective. Materials to the Spanish-speaker should be original, and the appropriate place to advertise to Latinos should be fully considered. For example, Latinos, more than anyone else, consume a great deal of radio programming because of the fact that many of our jobs are outdoors.

Already, we have seen coordination problems that can come up in major national campaigns that involve translation. Specifically, "converter boxes" was translated in four different ways by the NAB, the DTV Transition Coalition, the National Telecommunication and Information Administration, NTIA, and the Federal Communications Commission. In fact, the FCC was using two different terms for the boxes. It is imperative that we avoid confusing the consumer by using different terms for key terms. Let's agree on a translation, and remain consistent. We prefer "*caja convertidora*," because it is a precise translation of "converter boxes" and easy for the Spanish consumer to understand.

I wish, Mr. Chairman, that I was as optimistic as some of the other witnesses have been, in terms of this being a smooth transition. I am not. I just came from a meeting of the National Latino Media Council membership, and, I have to tell you, out of the eight people that were there—they're all very sophisticated, very smart individuals in the entertainment and also in the newspaper business—and not one of them really knew very much about the digital transition. They knew the term, but they don't know the mechanics.

As to the advertising, we can't really leave it to cable, and we can't really leave it to the broadcasters. As you have heard, there is no firm date as to when they are going to start with their PSAs. I don't doubt their intentions. I don't doubt their intentions at all, but the fact of the matter remains that they still cannot give us a date when they're going to start their advertising campaign, their PSAs, and everything else. So, that being the case, there are no firm dates, and we're all kind of in the air that this is going to occur.

Now, I have it not only from the NAB that this is the case, but also from the presidents of several of the organizations involved, both the Spanish-language and English-language networks. They're going so fast with their business, and they live and die, as you know, by the overnight ratings, and they have their hands full. So,

this is a priority, but a priority that they keep thinking, that is way down in the future, not realizing that it's happening in 18 months. So, until we have timeframes that tell us specifically when this is going to begin, I can tell you that I'm not optimistic at all that we're going to reach the American public.

Thank you.

[The prepared statement of Mr. Nogales follows:]

PREPARED STATEMENT OF ALEX NOGALES, PRESIDENT AND CEO,
NATIONAL HISPANIC MEDIA COALITION

Mr. Chairman and members of the Committee, thank you for giving me the opportunity to speak to you today on behalf of the National Hispanic Media Coalition's (NHMC) regarding preparing consumers for the Digital Television Transition.

My name is Alex Nogales; I am the President and CEO of NHMC. NHMC is a 21-year-old non-profit Latino civil rights, media advocacy organization based in Los Angeles, California. We have 13 chapters nationwide and our mission is to: (1) improve the image of American Latinos as portrayed by the media; (2) increase the number of American Latinos employed in all facets of media; and (3) advocate for media and telecommunications policies that benefit the Latino community. NHMC is also the Secretariat for the National Latino Media Council, a national coalition comprised of 15 of the largest Latino Civil Rights Advocacy groups in the Nation. Additionally, NHMC is an Executive Committee Member of the Media and Democracy Coalition, a national coalition comprised of many of the largest mainstream media advocacy groups in the Nation. Recently, NHMC joined the DTV Transition Coalition membership.

As you know, the transition from analog to digital television brings great opportunities but also great challenges. In 2005, the Government Accountability Office (GAO) reported that 21 million U.S. households rely solely on over-the-air television. Of these households, about 48 percent earn less than \$30,000 per year per household. These 21 million households include a disproportionate number of Spanish language speakers: one-third or 7 million people who will be impacted by the digital transition are Spanish language speakers. It is also estimated that one-third of the 21 million households include residents over the age of fifty, many of whom live on fixed-incomes; millions of these households will be in rural areas or will include persons with disabilities. Further, according to the National Association of Broadcasters (NAB), African-American households are 22 percent more likely to rely exclusively on over-the-air reception. In summary, households impacted by the digital transition will be minorities, low-income families, living on a fixed-income, and requiring a well-defined and more specific educational outreach campaign than the overall population requires. I will refer to the groups that I just mentioned as our target groups or target population.

A more specific educational outreach campaign to these target populations *must* be pro-active, consumer-friendly and culturally, linguistically sensitive. Appropriate outreach to disabled, minority, rural, low-income and senior citizens is essential. For example, the public service announcements promoting this initiative must include closed captioning for the hearing impaired and should be available in Spanish as well as other relevant languages. The call-in centers handling the voucher questions must include live-operators that include Spanish-speakers, wait time should not go over 10 minutes and must accommodate telecom relay services that make it easier for the deaf to communicate by phone. And it is not sufficient to translate the English materials to Spanish. Those doing the outreach must communicate with Spanish speakers in a manner where their message will be understood. Cultural awareness here is fundamental for the outreach campaign to be successful. Already, we have seen coordination problems that can come up in major national campaigns that involve translation. "Converter boxes" was translated in four different ways by the NAB, the DTV Transition Coalition, the National Telecommunications and Information Administration (NTIA), and the Federal Communications Commission (FCC). The FCC was actually using two different terms for the boxes. It is imperative that we avoid confusing the consumer by using different words for key terms. Let's agree on a translation and remain consistent. We prefer "caja convertidora" because it is a precise translation of converter boxes and easy for the Spanish consumer to understand.

Congress allocated \$5 million to NTIA to educate consumers about the DTV coupon program. The FCC has only requested \$1.5 million for consumer education effort in its 2008 budget request. That's a total of \$6.5 million to educate 300 million

people, about 2 cents per person. This is a seriously under-funded consumer education program. When Berlin, Germany transitioned to DTV, it spent \$984,000 to educate about three million people, or 33 cents per person. Why is the City of Berlin willing to make this expenditure on its citizens, but our Nation is not? Furthermore, the FCC does not plan to begin its public education campaign until 2008, when the converter box coupons and the boxes are expected to be available on January 1, 2008. In our opinion, the FCC campaign is starting a year late. Consumers need to know about the DTV transition generally, and the coupon program specifically, as soon as possible, but certainly well before NTIA makes the coupons available to the public. We need to start seeing Y2K-level consumer education efforts soon or you will have a big problem on your hands. Consumers need to be aware of how the transition will impact them. They need to know (1) how to figure out if they have an analog or digital TV; (2) that their analog TV sets will go dark in less than 2 years without a converter box if they are not connected to cable or satellite service; (3) they need to know that they don't need to purchase a new TV set, that over-the-air television will continue to be free, will offer them many more channels and will give them a better picture even on an older set; (4) consumers need to be able to access user-friendly instructions on how to connect the converter boxes to their TV sets and be able to contact a live person to help them with the connection if they have difficulties.

We strongly encourage the NTIA to bring in community based organizations (CBOs) that represent the disabled, minority, rural and senior advocates that will help develop a thorough outreach plan to ensure that the outreach and educational component of this program is solid and has no holes. We can't afford to make mistakes on a program that is a first-come, first-serve program where the populations that are in most need of these coupons run the risk of being the last to hear about the program.

NAB estimates that about 5 percent of the population knows that the digital transition is taking place. I suspect the NAB is being optimistic. Not many people outside the Beltway have heard about the digital transition and its possible impact on their households. Not enough has been done so far to educate our target groups that this historic change is taking place and that their over-the-air televisions will go dark after February 17, 2009 without a converter box. The outreach program needs to start today and more effort needs to be made by the NTIA, FCC and the DTV Transition Coalition to reach community-based organizations that focus on the target groups. We need more people outside of D.C. to know about the transition and be able to communicate in a clear and understandable manner to those that will be impacted.

Finally, NHMC objects to the two-phase plan that NTIA is proposing for the distribution of the coupons. In the first phase, where \$990,000,000 is allocated, all U.S. households will be able to apply for up to two \$40 coupons per household to purchase converter boxes. The second phase is only open to households that certify in writing that they rely on over-the-air reception. Once the \$990,000,000 is spent, those that apply late or do not find out about the coupon program in time will be burdened by an added certification that may deter them from applying. Changing eligibility mid-course will result in needless customer confusion. Indeed, the certification will be a deterrent to low-income families, especially those that do not predominantly speak the English language. Ladies and gentleman, I have no doubt that the disenfranchised population that will be the most impacted by the digital transition will be the last to apply for the coupons. This being the case, having to certify in writing that they rely on over-the-air reception is just adding an additional burden that will discourage many of them from applying for the converter boxes. A two phase-plan with an added burden for those that are hardest to reach doesn't make a lot of sense. If the reason for this two-phase system is because NTIA thinks there is a likelihood that the program will run out of funds before all the impacted households have obtained their coupons, then NTIA should go back to Congress and ask for additional funding.

Summary

- The DTV Transition consumer educational program is grossly under-funded and needs to be supplemented.
- We need to start seeing Y2K-level efforts for the DTV Transition. Efforts must be pro-active, consumer-friendly and culturally sensitive and they need to begin now. Efforts should include a well-coordinated campaign that includes CBOs working closely with the NTIA.
- Since a predominantly high number of Spanish-speakers will be impacted by this transition, bilingual and bi-cultural staff is essential. For any educational

campaign to be effective it's not only relevant that the person be able to speak the language but also understand the culture.

- English-written materials should not be translated to Spanish as they are seldom culturally effective. Materials to the Spanish-speaking should be original and the appropriate place to advertise to Latinos should be carefully considered. For example, Latinos more than anyone else consume a great deal of radio programming.
- We oppose a two-phase program that adds a burdensome requirement for those that apply later. The second-phase certification requirement is in effect a detractor.

The CHAIRMAN. I thank you very much, Mr. Nogales.
Ms. Zirkin?

**STATEMENT OF NANCY M. ZIRKIN, VICE PRESIDENT,
DIRECTOR OF PUBLIC POLICY, LEADERSHIP CONFERENCE ON
CIVIL RIGHTS (LCCR)**

Ms. ZIRKIN. Thank you, Chairman Inouye. And thank you, Senator Stevens.

I am Nancy Zirkin, and I'm Vice President——

Senator STEVENS. Pull the mike up toward you, Ms. Zirkin.

Ms. ZIRKIN. Is it on?

Senator STEVENS. Yes.

Ms. ZIRKIN. OK. Thank you.

I'm Nancy Zirkin, Vice President and Director of Public Policy with the Leadership Conference on Civil Rights. Thank you very much for the opportunity to testify. It's a very important issue for the Leadership Conference.

LCCR, as many of you know, is our Nation's oldest, largest, and most diverse coalition of nearly 200 national civil rights and human rights organizations. LCCR is also a founding member of the DTV Transition Coalition.

The huge switch from analog into digital TV will have a profound impact on millions of Americans, as we have heard throughout this morning, especially seniors, the poor, the minority communities, people with disabilities, and those for whom English is not their first language.

And the reality today, as Senator Thune said, is that everybody needs TV, not just for entertainment, but for news, both local, national, and worldwide. Imagine 9/11 without TV coverage and you'll understand how important a working television is to the 21 million American households who now rely solely on free analog TV.

LCCR believes that access to communications in the 21st century is not a luxury, but a fundamental right of every American. The challenges involved in preparing Americans for the digital TV transition are of such magnitude that a strong Congressional response is required. I think Senator McCaskill had it right; in the end, voters will look to Congress if their TVs go dark.

LCCR applauds Congress, and both of you, for your leadership in this transition, and for recognizing the need for government support to help consumers know about the coupon program, and about covering the cost for the transition for the converter boxes. But we are troubled. The \$5 million allotted by Congress to educate consumers about the coupon program is not nearly enough to support the kind of public education campaign that we all know is required. Public education campaigns are not unlike State election cam-

paings, where people running for office try to educate, across the board. The actual cost of Senate campaigns last year in California, Ohio, Pennsylvania, three states whose combined population is about 21 million households, was \$39 million, way more than the \$5 million allocated for the transition.

Our fear is that the people who will be most affected by the change won't hear about it and, therefore, won't have access to the coupons. We are also concerned that our most vulnerable populations will be the least likely to receive the first-come, first-serve limited number of coupons for the converter boxes. That is, unless Congress ensures that a comprehensive, coordinated, national consumer education effort focuses on both the transition and the coupon program to be administered by NTIA.

We heard Mr. Kneuer's assertion on monitoring the program, but we believe Congress must determine that the coupons are going to those who need them most. Sufficient independent research is required to determine, early on, who is taking advantage of the coupon program, so that NTIA knows how to respond, or whether and where to deploy additional funds for the program. We believe that the government can play an important role in conducting this research through the GAO, with Congress tracking the whole process.

NTIA and FCC have stated their commitment to educating all consumers about the transition and the coupon program, but a public education effort must be done by all agencies. Each agency should serve as a site where the coupons could be distributed. These efforts should be replicated at the State and local level.

Unless the very people in underserved communities who rely on free TV are reached early, they will be left with only unaffordable actions. It is a complete luxury for them to have a set-top box or to have to afford even a converter box. It is equivalent to 1 week's food for a poor family. Congress can make sure that that does not happen.

Finally, let me say that LCCR, through our member organizations representing over 60 million Americans, will do our part to educate consumers, but we and the DTV Transition Coalition cannot do it without additional help and oversight from the Congress and NTIA.

Thank you very much.

[The prepared statement of Ms. Zirkin follows:]

PREPARED STATEMENT OF NANCY M. ZIRKIN, VICE PRESIDENT, DIRECTOR OF PUBLIC POLICY, LEADERSHIP CONFERENCE ON CIVIL RIGHTS (LCCR)

Chairman Inouye, Ranking Member Stevens, and members of the Committee: I am Nancy Zirkin, vice president and director of public policy of the Leadership Conference on Civil Rights (LCCR). Thank you for the opportunity to testify in today's hearing on preparing consumers for the digital television transition.

LCCR is the Nation's oldest and most diverse coalition of civil rights organizations. Founded in 1950 by Arnold Aronson, A. Philip Randolph, and Roy Wilkins, the Leadership Conference seeks to further the goal of equality under law through legislative advocacy and public education. LCCR consists of approximately 200 national organizations representing persons of color, women, children, organized labor, persons with disabilities, the elderly, gays and lesbians, and major religious groups. Additionally, LCCR is a founding member of the DTV Transition Coalition, a large coalition that includes as members the Federal Communications Commission, the U.S. Department of Commerce, industry groups, grassroots and membership organizations, manufacturers, retailers, trade associations, civil rights organizations, and

community groups. I am privileged to represent the civil and human rights community in submitting testimony for the record to the Committee.

Today, I would like to discuss what the government-mandated transition to digital television means for the communities LCCR represents, and what needs to be done to ensure that no community is left in the dark. Will *all* Americans be sufficiently educated about the transition, so that they will be able to make it relatively easy and without undue economic burden? Moreover, will *all* Americans actually receive the benefits of digital television, including High Definition Television and multicasting, or will they be deprived of these remarkable technological advances?

While a wide range of private stakeholders in the broadcasting, cable, retail, and manufacturing industries are already working hard to address the impact of the transition, LCCR believes that the challenges involved in preparing Americans for the digital television transition are of such magnitude that a strong Congressional response is required.

What's at Stake

Making the transition to digital is not simply a matter of being able to watch wrestling, or *American Idol*, or reruns of *Friends*. At stake in the transition to digital television is the ability of the Nation's most vulnerable populations to maintain uninterrupted access to their key source of news and information and emergency warnings: free, over-the-air television. It would be a great tragedy if the millions of Americans who rely on free TV wake up after February 17, 2009 and find that their TVs simply don't work.

A successful digital television transition will require well-informed consumers who can access what, for many, will be brand new technology. This cannot occur without a comprehensive, coordinated national consumer education effort focusing on not only the transition itself, but also on the coupon program to be administered through the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA).

The need for such an effort is particularly important for the communities that LCCR member organizations represent. In 2005, the GAO found that up to 19 percent, or roughly 21 million American households, rely exclusively on over-the-air, free television. According to the GAO, 48 percent of households that rely solely on over-the-air television have incomes under \$30,000.

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

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

- According to the GAO, non-white and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households.
- Of the 21 million over-the-air households, one-third (or seven million people) are Spanish-language speakers, according to the testimony of Alex Nogales, President and CEO of the National Hispanic Media Coalition, before the House Subcommittee on Telecommunications and the Internet in March 2007.
- Eight million of the 21 million over-the-air households include at least one person over 50 years of age, according to the March 2005 testimony of Lavada DeSalles on behalf of AARP, before the House Subcommittee on Telecommunications and the Internet.
- One-third or more of over-the-air television viewers have disabilities, according to the American Association of People with Disabilities.
- African Americans make up 23 percent of over-the-air households, according to the National Association of Broadcasters.

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

Funding

First and foremost, we are deeply concerned that the \$5 million that Congress has allocated to NTIA to educate consumers about the coupon program will be woefully inadequate to support the kind of public education effort that the transition re-

quires. Public education campaigns are not unlike state election campaigns in terms of scope. Therefore, consider California, Pennsylvania, and Ohio, whose combined population is approximately 21 million households—comparable to the number of households that will likely need to be educated on the digital television transition. The cost of a Senate campaign in Ohio in 2006 was nearly \$9 million; for all three, it was approximately \$39 million.

The lack of sufficient resources within the digital television transition consumer education effort for support of nonprofit, social justice, or community-based organizations further limits the scope of public education efforts that will be possible. LCCR is committed to working with our community-based organizations to make sure their members know about the transition and the coupon program. However, we are skeptical about the success of these efforts without additional resources. We believe that the costs of the digital transition to the 21 million over-the-air households should be paid for by the ample proceeds generated by the auctions of re-claimed spectrum.

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

Research and Oversight

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

NTIA's Digital-to-Analog Converter Box Coupon Program currently contemplates what is essentially a two-phase process. Under the first phase, while the initial \$990 million allocated for the program is available, all U.S. households—including cable and satellite customers—will be eligible to request up to two \$40 coupons to purchase up to two, digital-to-analog converter boxes. Under the second phase, if NTIA requests the additional \$510 million already authorized by Congress, then households that certify in writing they rely on over-the-air reception will be eligible for coupons.

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

- It is too early to comment on the oversight of government-funded consumer outreach, since the Request for Proposals (RFP) award to provide services in support of the Digital-to-Analog Converter Box Coupon Program has not yet been made.
- However, it is clear now that we will need sufficient independent research to determine who is taking advantage of the coupon program during the first phase of the process, so that NTIA knows how to respond or whether and where to deploy additional funds.
- The government can play an important role in conducting this research through the General Accounting Office, with Congress tracking the progress.

Additional Governmental Outreach

While both NTIA and the Federal Communications Commission are committed to educating consumers about the transition and the coupon program, a public education effort of this magnitude should not be limited to only a few agencies.

- Ensuring a successful transition will require public education at the national, state, and local level.
- At a minimum, every Federal agency should be required to participate in educational outreach, and if possible, serve as a site where coupons can be distributed.
- These efforts should also be replicated at the state and local level.

Conclusion

I want to acknowledge that despite the great challenges in making sure that all Americans know about the digital television transition and the coupon program, the transition presents great opportunities. Industry, broadcasters, manufacturers, interest groups, and Federal officials agree that digital TV offers viewers better quality transmission and a wider range of programming options. Because the digital signal has the ability to provide so much more information, it has the ability to provide

more services to those who speak languages other than English and people with disabilities (such as enhanced closed captioning and video description services). We do not know if the broadcasters are going to provide such services, but we do know that there is the potential to do so. Thus, the transition has the potential to open the door for more Americans to participate fully in the digital age. This will only be true, however, if all families will be able to access digital television programming.

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

The CHAIRMAN. I thank you very much.

The population of the United States is about five times the size of the United Kingdom. the United States will spend \$5 million for education. The British Isles are spending \$400 million. They will be sending out individuals to vulnerable households, such as the elderly, to provide them with individual service for installation and explanation. Their program of transition will begin in 2008 and end in 2012. Ours will begin in 2009. They've already started their education program; in fact, a year ago. So, I can assure you that Congress has heard your message, and we will do something about it.

Thank you very much. We have to rush off; a vote is on, and they're holding it up for us.

Thank you.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. FRANK R. LAUTENBERG,
U.S. SENATOR FROM NEW JERSEY

Thank you, Mr. Chairman, for holding this hearing on the transition to digital television. We are on the cusp of a revolution in television.

On February 17, 2009, just a little more than a year and a half from today, we will make the transition to digital television.

The DTV transition will be the biggest development in television since color TV. Consumers will enjoy more programming, a clearer picture, a wider screen, and improved sound quality. And the transition will free up valuable spectrum that can be used to improve public safety and to provide wireless broadband service.

But for some consumers, the DTV transition will not mean improved television service. Instead, it will mean no television service at all.

Those viewers who rely on free over-the-air broadcast television could see their TV sets go black on February 17, 2009 unless they are prepared for the transition. Nearly 110,000 New Jersey households rely on over-the-air television.

We know that these viewers are disproportionately poor and elderly. These are households that need television for their news and to learn about everything from local storms to national emergencies. We can't leave them in the dark.

The National Telecommunications and Information Administration (NTIA) has a coupon program to help consumers who rely on over-the-air TV buy converter boxes for their television sets. But that program will only work if consumers know about it. We need education programs so that all consumers are ready for the DTV transition.

I am also concerned that, even with the DTV transition 18 months away, there are analog-only television sets still on the market. I want to know what is being done to ensure that consumers are fully informed before they purchase TVs that may not work in the very near future.

The DTV transition presents tremendous opportunities. But we must make sure that everyone can benefit from it.

Thank you Mr. Chairman.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Washington, DC, August 30, 2007

Hon. CLAIRE MCCASKILL,
U.S. Senate,
Washington, DC.

Dear Senator McCaskill:

Thank you for your letter following up on my testimony before the Senate Commerce, Science, and Transportation Committee hearing held on July 26, 2007, regarding "Consumers and the Digital Television Transition." I am pleased to respond to your letter.

NTIA's goals with respect to certifying digital-to-analog converter boxes that will be eligible for purchase with coupons are twofold: (1) to ensure that the converter boxes meet the required performance standards set forth in NTIA's Final Rule (47 C.F.R. § 301 Technical Appendix 1); and (2) to adopt a certification process that will not add significant costs or delay to the development and production of coupon-eligible converter boxes. The core technical performance requirements are based on the Advanced Television Systems Committee (ATSC) Recommended Practice: Receiver Performance Guidelines ATSC A/74; Federal Communications Commission (FCC) Rules; and industry standards, such as those issued by the Consumer Electronics Association (CEA). NTIA received public comments on its proposed certification process and carefully considered the suggestions that we adopt the well-established procedures used by the FCC in certifying certain types of new products. Field test-

ing was not suggested and is not required in NTIA's Final Rule. Further, NTIA and FCC engineering specialists have determined that laboratory tests performed according to the A/74 Guidelines will reliably predict performance in the field.

Once prototypes are ready, participating manufacturers must conduct tests or have independent laboratories conduct tests to demonstrate that each converter model meets the features and performance specifications set forth in our regulations. The manufacturers are required to submit detailed certified test results, along with a sample of the tested equipment, to NTIA and the FCC laboratories. Working closely with the FCC to review the performance of each converter box while in the laboratory, NTIA will certify those converter boxes that meet the requirements. Manufacturers will then be notified as soon as possible whether or not each model has been certified.

In addition, NTIA plans to purchase and randomly test certified coupon-eligible converter boxes to ensure that—as manufactured and marketed—they conform to the certified specifications. If a converter box is found not to meet NTIA's requirements, that model will no longer be eligible for the Coupon Program.

NTIA has responded to several technical inquiries and has posted responses to Frequently Asked Questions on its website to help manufacturers understand the requirements in order to help them to comply. Those responses can be found at: <http://www.ntia.doc.gov/dtvcoupon/manufactureFAQ.html>.

With regard to your second inquiry, concerning manufacturers' prototypes and testing activities, NTIA's Final Rule indicates that the notices of intent received from manufacturers shall be treated as business confidential and proprietary information, and states that NTIA will not release this information unless otherwise required by law. NTIA has accepted notices of intent, test results, and prototypes from manufacturers who have relied on NTIA's assurance of confidential protection for their highly proprietary information. The Coupon Program relies on the voluntary participation of manufacturers. NTIA has not requested commitments from any companies to manufacture converter boxes by a certain date. NTIA is aware, however, that manufacturers are in the process of negotiating distribution and marketing contracts with retailers and others. This activity is consistent with our expectation that converter boxes will be available for purchase by consumers in early 2008.

NTIA will be very active in the coming months publicizing the Coupon Program and the coupon-eligible converter boxes. On August 15, 2007, NTIA awarded a contract to IBM to support the Coupon Program. Among its responsibilities, IBM will work to achieve NTIA's consumer education objectives with the assistance of an experienced public relations and communications firm. IBM has hired Ketchum, a global public relations firm with proven ability to drive consumers to action, as demonstrated by their leadership in educating more than 40 million seniors about Medicare's Prescription Drug Coverage.

NTIA's strategic plan includes two objectives that are especially relevant to achieving a successful digital transition for all Americans. First, our consumer education resources will focus on households that rely on over-the-air television. Our research indicates these households are on average more likely to consist of rural residents, minorities, the economically disadvantaged, seniors, and people with disabilities. Therefore, our consumer education activities will target these groups. Second, our efforts will leverage resources through partnerships to maximize engagement among diverse stakeholders. I have enclosed a summary of NTIA's outreach activities to date, which illustrates some of our partnership activities.

With regard to your request that NTIA secure commitments from the broadcast community to begin running Public Service Announcements, NTIA has no statutory or regulatory authority to secure such commitments. As commercial licensees, broadcasters are regulated by the Federal Communications Commission. However, NTIA has been working closely with the DTV Transition Coalition. In a July letter to Senate Commerce Committee Chairman Inouye, the National Association of Broadcasters (NAB) addressed your question about the commitment of commercial broadcasting to produce and air PSAs informing the public about the digital transition. I would refer you to this letter for the NAB's specific consumer education plan. In particular, the NAB has committed to producing four to six on-air announcements on the transition and is exploring how to best use "crawls"—that is, DTV-related messages that scroll across television screens during programming—to alert consumers to the transition. Based on discussions with the NAB, it is my understanding that these announcements will begin airing this fall, before NTIA begins to accept consumers' coupon requests on January 1, 2008.

NTIA has produced and made available on its website a brochure about the Coupon Program, which we distributed to every member of the Senate and House. I would welcome Senators and other Members of Congress linking to this information

on their websites. This brochure is available in English and Spanish at <http://www.ntia.doc.gov/dtvcoupon>. I would also invite you and your staff to attend and participate in NTIA's September 25, 2007, DTV Transition Public Meeting, Expo and Networking Event, to be held at the U.S. Department of Commerce. This event will be an important opportunity to hear from industry CEOs and key constituency groups about their specific plans to inform consumers about the transition.

I look forward to continuing to work with you and all the Members of the Committee, and the U.S. Congress, on efforts to ensure a smooth digital television transition. If you have any questions, please contact me at (202) 482-1840.

Sincerely,

JOHN M.R. KNEUER,

Assistant Secretary for Communications and Information.

cc: The Hon. Daniel K. Inouye, Chairman, Committee on Commerce, Science and Transportation, U.S. Senate

The Hon. Ted Stevens, Vice Chairman, Committee on Commerce, Science and Transportation, U.S. Senate

The Hon. Kevin J. Martin, Chairman, Federal Communications Commission

ATTACHMENT

FACT SHEET ON NTIA'S OUTREACH ACTIVITIES DIGITAL-TO-ANALOG CONVERTER BOX COUPON PROGRAM

As of August 23, 2007, NTIA is actively seeking partnerships with over 145 groups and organizations—including 14 Federal Government departments and agencies and 5 local and state organizations—to work with us to raise consumer awareness about the Coupon Program and to prepare our citizens for the transition. NTIA is focusing its consumer education activities on over-the-air-reliant households who, on average, are more likely to be (1) elderly; (2) economically disadvantaged; (3) rural residents; (4) minorities; and (5) people with disabilities. Some examples of our outreach include:

Senior Outreach

- NTIA is working closely with AARP to ensure that the Coupon Program will be highlighted in their publications and online newsletters, both in English and Spanish. *AARP The Magazine* reaches 22.5 million members and *AARP Segunda Juventud* reaches 400,000 members.
- NTIA will partner with SeniorNet, an organization that supports about 200 senior learning centers across the country, to provide information about the Coupon Program to seniors through those centers.
- During the recent National Cable and Telecommunications Association convention, Assistant Secretary Kneuer participated on a panel hosted by Retirement Living TV designed to raise awareness among seniors of the upcoming digital transition.

Economically Disadvantaged Outreach

- NTIA is working with the American Library Association to distribute posters and coupon applications to participating libraries, and to train librarians to help its patrons apply for coupons. For consumers without home Internet access, NTIA will provide a link to be placed on library terminals that will enable consumers to quickly go to the coupon application page and apply online.
- Other groups NTIA is actively recruiting include the Salvation Army, United Way, YMCA, America's Second Harvest, and Catholic Charities.
- NTIA will work with the Community Action Partnership, the national organization representing the interests of the 1,000 Community Action Agencies (CAAs) working to fight poverty at the local level.

Minority Outreach

- NTIA has reached out to the National Congress of American Indians, the Pan-Asian Council on Aging, Native American Council on Aging, The National Caucus and Center on Black Aging, National Council on Aging, and the National Hispanic Council on Aging.
- NTIA is exploring with Univision (with reach into 99 percent of Hispanic households) the development of Public Service Announcements and a "how to" video aimed at Hispanic consumers.

- NTIA is partnering with the Southeast Asia Resource Action Center and Panasonic to produce and distribute brochures in the most commonly spoken Asian languages, including Chinese, Vietnamese, Tagalog, and Korean.

Disabled Outreach

- NTIA will meet the needs of citizens with special needs to enable them to take advantage of the Coupon Program. For example, NTIA's Final Rule requires that manufacturers pass through Closed Captioning so that this service will be uninterrupted with the installation of the converter box and the transition to all-digital broadcasting. NTIA will work with disability groups to allay concerns that coupon-eligible converters will not pass through Closed Captioning to display on existing analog televisions.
- NTIA will continue to reach out to private and public organizations serving the home-bound and people with special needs. Organizations that provide home health care, meals on wheels, senior day care, and other elder care services will be a particular target of our efforts.
- NTIA has actively sought the input of disability groups in the development of its program, including the American Association of People with Disabilities, the Northern Virginia Resource Center for Deaf and Hard of Hearing Persons, and Easter Seals. NTIA participated in the Telecommunications for the Deaf and Hard of Hearing, Inc. (TDI) conference in San Francisco on August 24.

Rural Outreach

- NTIA is working closely with the Appalachian Regional Commission (ARC) to provide information packets to 70 councils of government, local development districts representing 23 million people in 410 counties (42 percent rural).
- In October, NTIA will actively participate in the Rural Telecommunications Congress Conference in Springfield, Illinois.
- NTIA has reached to the U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service to distribute information to extension offices nationwide.

Government Outreach

- NTIA will leverage relationships with government departments and agencies to reach constituencies they serve. NTIA will continue to expand its group of government contacts and expects to reach millions of households through these initiatives.
- NTIA is partnering with departments and agencies to use their existing publications and electronic newsletters to insert coupon information in scheduled mailings; link to the coupon application form from their websites; put coupon applications at local social service offices; talk about the program at meetings and conventions; and utilize all existing communication opportunities to inform them of the Coupon Program.
- NTIA has reached out to the U.S. Department of Agriculture Food Stamp Program, Center for Medicare & Medicaid, Social Security Administration, Veterans Affairs, Department of Education's Faith-Based Office, General Services Administration, Health and Human Services Administration for Children & Families, the Administration on Aging, IRS and its Earned Income Tax Credit section, the USDA's Rural Development and Cooperative Extension, and the Department of Defense.
- NTIA is also reaching out to state and local organizations to reach people where they live and work. NTIA has initiated outreach relationships with the National Association of Counties, National League of Cities, National Council of State Legislatures, and the National Association of Regulatory Utility Commissioners.

Publications, Meetings, and Conferences

- Assistant Secretary Kneuer will be writing and submitting an article for publication later this year in the National Association of Telecommunications Officers and Advisors (*NATOA Journal: Promoting Community Interests in Communication*), The National Education Association's *Today Magazine* reaching 3.2 million readers, and the American Library Association's *American Libraries*. The article will be timed to reach consumers around January 1, 2008, when consumers can begin to request converter coupons.
- NTIA staff will continue to attend meetings and conferences over the next year spreading the word of the transition and the government program designed to offset the cost of the converter boxes. For example, NTIA will attend the White

House Faith-Based and Community Initiatives Conference and the AARP Convention in September and other major conferences focused on our target groups.

Ease of Information and Application

- Brochures, flyers, posters, and applications will be printed in English and Spanish and other languages as appropriate.
- NTIA intends to make the application process as simple and straightforward as possible for consumers. We will encourage consumers to apply over the phone using a toll-free number, but they will also have the option to use the Internet or mail or fax their applications. The actual coupon application will be straightforward and will be market tested to ensure it is understandable and consumer friendly.
- NTIA will make the process to use the coupon to purchase and install a converter box as simple as possible. NTIA will work with retailers to simplify their processes and encourage retailers to accept phone orders from consumers to meet the needs of the home-bound. NTIA will provide a list of retail outlets selling the converter boxes, including online retailers, and also a list of approved boxes that can be purchased with the coupon.
- NTIA is working with the Consumer Electronics Association (CEA) to create an installation video and quick set-up guide to help seniors set up the converter as effortlessly as possible.

CONSUMER ELECTRONICS ASSOCIATION
Arlington, VA, July 26, 2007

Hon. DANIEL INOUE,
Chairman,
Committee on Commerce, Science, and
Transportation,
U.S. Senate,
Washington, DC.

Hon. TED STEVENS,
Vice Chairman,
Committee on Commerce, Science, and
Transportation,
U.S. Senate,
Washington, DC.

Dear Chairman Inouye, Vice Chairman Stevens and Members of the Committee:

Thank you for holding today's hearing on Preparing Consumers for the Digital Television Transition. The Consumer Electronics Association (CEA) has long been committed to ensuring that consumers are informed about the DTV transition. As the transition date of February 17, 2009 approaches, CEA's tireless efforts to educate consumers are even more paramount to ensuring a seamless transition. Even as we are less than 2 years away from the transition date, we continue to lead the way with our efforts.

Currently, CEA's educational tools for retailers and consumers to use include:

Five websites that promote the DTV transition through consumer and dealer education:

- *myCEknowhow*: www.myCEknowhow.com. To help consumers navigate the new features and options made available by digital television, the CEA and CNET have joined forces to produce interactive CEknowhow Buying Guides. The Guides, which can be found on *CNET.com* and the CEA's consumer information site, www.myCEknowhow.com, are designed to introduce consumers to digital television and to ease confusion about the technology before shoppers even enter the store. Information regarding NTIA's DTV converter box program also is included in this program.
- *Antenna Web*: www.antennaweb.org. This website specifically permits consumers and salespeople to determine the free, over-the-air DTV signals that can be received at their location and what type of antenna is needed to do so. The site receives approximately 100,000 hits per month.
- *The Connections Guide* website is an interactive resource designed to help consumers better understand how to connect their audio and video (including DTV) products. This site is located at: www.ce.org/connections_application/.
- *CE Know How*: www.ceknowhow.com. This is an online retailer education program that is designed to equip retailers with up-to-date product category training for sales associates. *CEknowhow.com* is customizable, allowing retailers to license and tailor the program to suit their particular needs. In 2004, more than 24,000 sales persons completed training via *CEknowhow.com*.

In addition to these websites, CEA includes a wealth of information about HDTV on its own website: www.ce.org/hdtv. In addition, CEA recently issued a DTV Toolkit for legislators. The Toolkit contains materials for answering constituent ques-

tions about the transition. All of the materials included in the packet are available on CEA's website: www.ce.org/hdtv.

We have an ambitious schedule of additional consumer education plans for 2007 include producing an HDTV Handbook for Retailers and Consumers in partnership with *Dealerscope* and *e-Gear*. We also are developing and producing a number of short videos for use on various websites and for use at retail locations. Video topics will include a transition overview, setting up a converter box and how to receive HDTV.

We are updating our *Ceknowhow.com* consumer website to include information on the converter box coupon program and DTV labeling information. In addition, we are translating the website into Spanish. We are continuing our ongoing media outreach, including press kits mailing, satellite media tours and matte service articles—in English and Spanish. As part of this outreach, we are developing public service announcements about the transition and the coupon program. Further, we are reaching out to local government officials and libraries to educate about the transition and where to send their constituents for more information.

Finally, CEA is exhibiting at a myriad of relevant conferences, including the National Association of Consumer Advocacy Agencies (NACAA), National Conference of State Legislatures (NCSL), and Digital Life in order to explain all aspects of the DTV transition and coupon program.

We appreciate your interest and support regarding DTV education. We welcome the Committee's use of our materials to educate constituents and welcome the opportunity to speak to your constituents at any time.

It is critical that all stakeholders play a part in educating consumers. CEA is working closely with industry and government partners and we are proud of our leadership role in the DTV Transition Coalition (www.dtvtransition.org). It would be extremely helpful for the Committee to ensure that all stakeholders are involved in reaching out to our Nation's consumers. CEA remains steadfast in its commitment to educate consumers about all aspects of the DTV transition.

We respectfully request that this letter be submitted into the formal record of this today's hearing.

Sincerely,

GARY SHAPIRO,
President and CEO.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
HON. JOHN M.R. KNEUER

Question 1. Your written testimony indicates that NTIA will not award the contract for administering the converter box coupon program until mid-August. Will the entity awarded the contract have enough time to establish the program before coupons become available on January 1, 2008?

Answer. On August 15, NTIA awarded a contract to IBM to provide end-to-end services for the Coupon Program. NTIA and IBM will be open for business to accept coupon requests between January 1, 2008 and March 31, 2009. At that time consumers will be able to call 1-888-DTV-2009, go online at www.MyDTV2009.gov or mail in their coupon applications to request their coupons.

Question 2. What is the NTIA doing to work with retail outlets to ensure that they will display converter boxes conspicuously?

Answer. NTIA has been working aggressively to recruit retailers of all sizes into the program. Manufacturers and retailers have every incentive to market and merchandize converter boxes just as they do their other products. Manufacturers with whom we have spoken plan to make it clear on the converter box that these are coupon eligible devices and have been certified by the government. Retailers, such as Radio Shack, have committed to in-store signage that will inform consumers about the transition and the benefits of the converter option. Other major retailers who have expressed their intent to participate in the Coupon Program include Wal-Mart, Best Buy, and Circuit City.

Question 3. Are you confident that workable, affordable converter boxes will be widely available on January 1, 2008?

Answer. Yes. Retailers are ordering converters from manufacturers in order to be ready to serve consumers after the Holiday 2007 season. To date, NTIA has certified three models and 18 retailers. Retailers are responsible for determining when converters will be available in their stores. Indications are good that they will be ready to sell converters and redeem coupons in early 2008.

Question 4. How will consumers be able to determine which retailers carry converter boxes, especially given that many consumers who rely on over-the-air broadcasting may not have Internet access?

Answer. When NTIA mails out the coupons, we will include an enclosure in the mailing with important information about the Coupon Program including a list of nearby certified retailers, linked to household zip code, as well as makes and models of eligible converter boxes. NTIA will also provide a list of eligible online retailers.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
CATHERINE W. SEIDEL

Question 1. How many analog-only televisions remain in retailers' inventories?

Answer. The Commission does not have estimates of the number of analog-only televisions currently in retailers' inventories. I would note, however, that industry statistics indicate that shipments of analog-only television sets to retail outlets have declined precipitously in recent years. For example, between 2005 and 2006, the number of analog-only televisions shipped to retail stores dropped from 20.43 million sets to 10.79 million sets. In addition, industry estimates project that shipments of analog-only television sets this year will total 1.35 million. Further, we note that, the Nation's largest consumer electronics retailer, Best Buy, recently announced that it has pulled all remaining analog television products from store shelves and will only sell digital television products. See http://bestbuymedia.tekgroup.com/article_text/101707_2DNR FCC.pdf.

Question 2. What recourse is there for consumers who unwittingly buy analog-only televisions because labeling requirements have not been complied with?

Answer. The Commission is devoting significant resources to enforcing our labeling requirements. We are doing so in order to prevent unwitting consumers from purchasing analog televisions. With respect to the Commission's labeling requirement, the Commission has, as of October 31, 2007, inspected nearly 1,325 retail stores and websites and issued nearly 283 citations notifying retailers of violations for failing to comply with our requirements. Because retailers are not licensees, we must give them a citation prior to issuing a Notice of Apparent Liability (NAL). Currently there are NALs pending against fourteen retailers for apparently violating the Commission's labeling requirements. These fines, in the aggregate, total nearly \$4 million. In addition, the Enforcement Bureau has issued another six NALs on delegated authority. It is my hope that through our vigorous enforcement actions, retailers will take concrete actions to avoid consumer confusion as the digital transition draws near.

Question 3. Is the FCC working with retailers to educate their salespeople on how to explain the digital transition to customers?

Answer. In addition to television broadcasters, cable and satellite providers, and consumer electronics manufacturers, retailers can play an important role in educating consumers about the transition to digital broadcast television. For some time now, the Commission has been working with the Consumer Electronics Retailers Coalition (CERC) on educating members of the public about the DTV transition. In the spring of 2006, the FCC, CERC, and the Consumer Electronics Association (CEA) developed and disseminated a "Buying a Digital Television" tip sheet for consumers. Together with CERC and CEA, we are in the process of updating the tip sheet with the latest information on DTV. Also, in June of 2007, the FCC and CERC developed and disseminated a joint "Retailer Advisory on Mandatory Labeling of Consumer Electronics Products," to assist in educating CERC members and members of the public on the Commission's labeling requirements regarding sales of analog-only TVs and TV equipment. Additionally, CERC participated in the Commission's recent DTV Consumer Education Workshop, serving on a panel that addressed the industry's role in the transition. Further, in July and August of 2007, CERC distributed over 400 packets of FCC DTV information at retailer events and conferences. Finally, Chairman Martin recently circulated a draft Report and Order to the other Commissioners that, if adopted, would require industry participants to implement a number of public outreach and education measures to help ensure that consumers receive timely and accurate information about the DTV transition. Among other things, the Report and Order contemplates that the Commission will work closely with NTIA to ensure that retail outlet personnel are fully trained and that consumers have access to the information they need to make informed choices.