

PREPARING FOR THE DIGITAL TELEVISION TRANSITION: WILL SENIORS BE LEFT IN THE DARK?

HEARING
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
ONE HUNDRED TENTH CONGRESS

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WEDNESDAY, SEPTEMBER 19, 2007

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 10:56 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Herb Kohl (chairman of the committee) presiding.

Present: Senators Kohl, McCaskill, Smith, and Coleman.

OPENING STATEMENT OF SENATOR HERB KOHL, CHAIRMAN

The CHAIRMAN. Hello to one and all, and we would like to welcome you to this hearing and welcome our witnesses, and we thank you all for your participation. We are here today to bring attention to the unique needs and vulnerabilities of seniors as well as others across our country as the Nation transitions from free over-the-air analog TV to digital TV, commonly referred to as the DTV transition.

Broadcasters will stop airing their signals in analog after February 17, 2009. Without proper preparation, millions of Americans may turn on their TVs on February 18, 2009, only to find themselves left in the dark, without access to critical weather updates, emergency alerts, news or entertainment programming.

Some claim that the transition will be the most significant advancement in technology since the dawn of color TV. There will be many benefits, indeed. Most importantly, the transition will improve the lines of communication between our nation's first responders during emergencies. Unfortunately, this Committee's investigation has left us deeply concerned about how the DT transition will be implemented.

As one of the witnesses will tell us today, we need an investment in consumer education akin to the multimillion dollar awareness campaign for Medicare Part D when it was unrolled. However, we must learn from that disastrous implementation of Medicare Part D that left millions of seniors confused and scrambling for help.

The fact is that Congress mandated this transition. What Congress did not do is clearly determine who should oversee and take responsibility for this transition.

Today, we will hear from GAO that there is little coordination between the government agencies that have jurisdiction over different aspects of this transition in order for Congress to provide

adequate funding for a widespread awareness campaign about this transition. As of now, believe it or not, only \$5 million has been set aside to educate 300 million Americans about the impending transition over the next 17 months. This, as you know, is a pittance compared, for example, to the \$400 million being spent in Great Britain to educate 60 million citizens about their transition.

Millions of American families may be impacted by this change. There are roughly 20 million households that rely exclusively on free over-the-air programming. Seniors are particularly vulnerable to slipping through the cracks of the transition. Not only are they more likely to rely on free over-the-air analog TV signals, as shown in a study by the Association of Public Television Stations, but for many seniors, television is their only link to the outside world.

Several of today's witnesses will tell us that seniors need targeted outreach, and, of course, I agree. This Committee's investigation has revealed that in spite of this need, little is being done to address the unique needs of seniors and provide entities in the aging network with the resources they need to ensure a successful transition.

We are deeply concerned about how seniors and Americans, in general, will be able to find, install, and afford the converter boxes which will be necessary to allow their analog television sets to continue to work. The government's plan is to provide coupons worth \$40 to partially offset the cost of converter boxes. However, the Committee's investigation has determined that this coupon program is fraught with confusion and is vulnerable to fraud and abuse.

Seniors may not realize that the coupon will not pay for the entire cost of the converter box and be stuck with bills that they did not expect and cannot afford. Retailers may try to sell seniors more expensive TVs or converters than they need. One of today's witnesses will be detailing such misleading sales that are already occurring in electronic stores around the D.C. area.

I will be introducing critical legislation to help address many of these concerns. The bill will establish and fund a public-private partnership that will be charged with making sure older Americans and their families are educated about the transition. The bill will also require commercial broadcasters to air public service announcements, require easily identifiable labels to be placed on coupon eligible converter boxes, and establish a toll-free number to answer questions and provide installation assistance.

These are just a few of the common sense changes to help consumers and especially seniors weather the DTV transition. If properly planned for and implemented, this transition could be relatively seamless. Without adequate planning and coordination, many seniors will clearly be left in the dark. So we look forward to hearing from our witnesses today, and we will continue to work with each of you to identify the shortfalls of the DTV transition.

[The prepared statement of Senator Kohl follows:]

PREPARED STATEMENT OF SENATOR HERB KOHL

Good morning. I would like to welcome our witnesses and thank them for their participation. We are here today to bring attention to the unique needs and vulnerabilities of seniors as the nation transitions from free over-the-air analog TV to digital TV. Commonly referred to as the DTV transition, broadcasters will stop

airing their signals in analog after February 17, 2009. Without proper preparation, millions of Americans may turn on their TVs on February 18, 2009 only to find themselves left in the dark without access to critical weather updates, emergency alerts, news or entertainment programming.

Some claim that the transition will be the most significant advancement in technology since the dawn of color TV. There will be many benefits. Most importantly the transition will improve the lines of communication between our nation's first responders during emergencies. Unfortunately, my committee's investigation has left me deeply concerned about how the DTV transition will be implemented. As one of the witnesses will tell us today, we need an investment in consumer education akin to the multi-million dollar awareness campaign for Medicare Part D. However, we must learn from the disastrous implementation of Medicare Part D that left millions of seniors confused and scrambling for help.

The fact is—Congress mandated this transition. What Congress did not do is clearly determine who should oversee and take responsibility for the transition. Today we will hear from GAO that there is little coordination between the government agencies that have jurisdiction over different aspects of the transition. Nor did Congress provide adequate funding for a widespread awareness campaign about the transition. As of now, only \$5 million dollars have been set aside to educate 300 million Americans about the impending transition over the next 17 months. This is a pittance compared to the \$400 million being spent in Great Britain to educate 60 million citizens about their own digital transition.

Millions of American families may be impacted by this change—there are roughly 20 million households that rely exclusively on free over-the-air programming. Seniors are particularly vulnerable to slipping through the cracks of the transition. Not only are they more likely to rely on free over-the-air analog TV signals, as shown in a study by the Association of Public Television Stations, but for many seniors television is their only link to the outside world. Several of today's witnesses will tell us that seniors need targeted outreach—and I agree. This committee's investigation has revealed that, in spite of this need, little is being done to address the unique needs of seniors and provide entities in the aging network with the resources they need to ensure a successful transition.

I am deeply concerned with how seniors and Americans in general, will be able to find, install, and afford the converter boxes to allow their analog television sets to continue to work. The government's plan is to provide coupons worth \$40 to partially offset the cost of converter boxes. However, the Committee's investigation has determined that this coupon program is fraught with confusion and vulnerable to fraud and abuse. Seniors may not realize that the coupon will not pay for the entire cost of the converter box and be stuck with bills they did not expect and cannot afford. Retailers may try to sell seniors more expensive TVs or converters than they need. One of today's witnesses will be detailing such misleading sales that are already occurring in electronics stores around the D.C. area.

I will be introducing critical legislation to help address many of these concerns. The bill will establish and fund a public-private partnership that will be charged with making sure older Americans and their families are educated about the transition. The bill will also require commercial broadcasters to air public service announcements, require easily-identifiable labels to be placed on coupon-eligible converter boxes, and establish a toll-free number to answer questions and provide installation assistance. These are just a few of the common sense changes to help consumers, and especially seniors, weather the DTV transition.

If properly planned for and implemented, the DTV transition could be relatively seamless. Without adequate planning and coordination, many seniors will be left in the dark.

I look forward to hearing from our witnesses today and we will continue to work with each of you to identify and address the shortfalls of the DTV transition.

We will turn now to our first panel. Our first witness will be Mark Goldstein. Mr. Goldstein is the director of physical infrastructure issues at the U.S. Government Accountability Office. Mr. Goldstein oversees the agency's audits and investigations in the areas of Federal property and telecommunications. Mr. Goldstein has also served as a deputy executive director and chief of staff to the D.C. Financial Control Board and also is a senior staff member of the Senate Committee on Governmental Affairs.

After Mr. Goldstein, we will hear from Jonathan Adelstein, a commissioner at the Federal Communications Commission. Pre-

viously, Mr. Adelstein worked extensively on telecommunication issues as a senior legislative aide to former majority leader Tom Daschle and also as a staffer for the Special Committee on Aging.

Our final witness on the first panel will be John Kneuer, assistant secretary for the U.S. Department of Commerce's National Telecommunications and Information Administration. In directing the NTIA, Mr. Kneuer oversees the association's telecommunications and information policy initiatives.

We welcome you, gentlemen. We would be pleased to hear your testimony.

Mr. Goldstein, you may speak first.

STATEMENT OF MARK GOLDSTEIN, DIRECTOR OF PHYSICAL INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Mr. GOLDSTEIN. Thank you very much, Mr. Chairman, and good morning. I am pleased to be here today to report on our work and the progress made in consumer education efforts for the digital television transition.

We are currently finalizing a report on initial public and private sector efforts underway to implement the transition. As such, the findings that I am reporting today are preliminary in nature and principally related to consumer education and outreach programs.

The primary goal of the DTV transition is for the Federal Government to reclaim spectrum that broadcasters currently use to provide analog television signals. In all, the DTV transition will free up 108 megahertz of spectrum, including a portion of the spectrum that will be reallocated for public safety purposes, which became a higher priority following the terrorist attacks of September 11. FCC will auction the remaining spectrum for commercial purposes, with the resulting proceeds allocated for, among other things, reducing the Federal deficit.

The Digital Television Transition and Public Safety Act of 2005 mandates that analog television broadcast signals cease on February 17, 2009. After that date, households that had previously viewed television on analog sets solely through the reception of over-the-air signals must take action to ensure that they can view digital broadcast signals.

The act also directed the NTIA to establish a \$1.5 billion program through which households can obtain coupons to assist in the purchase of digital-to-analog converter boxes that will enable people to view the digital signals. NTIA has begun to implement the converter box subsidy program, and in August 2007, it selected IBM Corporation to administer the program.

While there are many steps necessary to successfully complete the DTV transition, my testimony today will focus on consumer education and awareness. In particular, I will discuss, one, consumer education efforts currently underway; two, education efforts and programs being planned; three, the difficulties that might arise in the implementation of such programs; and, four, ongoing work on DTV consumer education and awareness that the GAO will undertake in the coming months.

My statement today includes the following major points:

No. 1, several Federal and private stakeholders have already begun consumer education campaigns with both independent and coordinated efforts underway. FCC and NTIA have been involved in consumer education and awareness programs, and some private sector organizations are voluntarily taking the lead on outreach efforts.

For example, FCC has launched a Web site, DTV.gov, and NTIA has begun outreach efforts to some groups most likely to lose all television service as a result of the transition, including at-risk groups such as the elderly. Private, public, and nonprofit groups have joined together to form the DTV Transition Coalition to coordinate on consumer education efforts and messages.

Second, with respect to any upcoming consumer education planning, widespread and comprehensive efforts have yet to be implemented. However, additional efforts are currently being planned both for the general population and at-risk groups. FCC, NTIA, and private sector stakeholders have plans to further educate consumers as the transition nears.

FCC recently solicited comments on proposed consumer education programs, including potentially requiring television broadcasters to conduct on-air consumer education efforts. The proposals also include potential requirements for industry to report on the status of their specific consumer outreach efforts, including those efforts targeted to at-risk groups.

NTIA's contractor is also developing a consumer education component for the converter box subsidy program. Additionally, the DTV Transition Coalition and various industry trade associations are planning information and education campaigns, and some groups are planning to broadcast public service announcements.

Three, despite the efforts currently underway and those being planned, difficulties remain in the implementation of consumer education programs. While private sector organizations are conducting outreach efforts, these actions are voluntary and, therefore, the government cannot be assured of the extent, timing, or actual messages included in private sector efforts.

Strategic communications experts from industry, government, and academia identified for us potential challenges to a consumer education campaign, including, (1), prioritizing limited resources to target the right audience for an adequate period of time; (2), educating consumers who do not necessarily need to take action; and, (3), reaching underserved populations, such as the elderly and disabled; and, finally, aligning stakeholders to form a consistent, coordinated message.

Finally, in our ongoing work related to the DTV transition, we will report on the progress of consumer education and awareness about the DTV transition over the next 17 months. For example, we will continue to monitor consumer education programs, and we plan to conduct a series of consumer surveys throughout the year prior to the transition date. In addition, throughout the transition process, we will continue to assess government and industry consumer education efforts and analyze these efforts compared with key practices for consumer outreach.

Mr. Chairman, this concludes my summary of the prepared statement, and I would be happy to respond to any questions that you have. Thank you.

[The prepared statement of Mr. Goldstein follows:]

United States Government Accountability Office

GAO

Testimony
Before the Senate Special Committee on
Aging

For Release on Delivery
Expected at 10:30 a.m. EDT
Wednesday, September 19, 2007

DIGITAL TELEVISION TRANSITION

Preliminary Information on Initial Consumer Education Efforts

Statement of Mark L. Goldstein, Director
Physical Infrastructure Issues

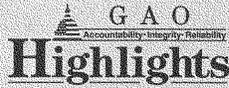


GAO-07-1248T

September 19, 2007

DIGITAL TELEVISION TRANSITION

Preliminary Information on Initial Consumer Education Efforts



Highlights of GAO-07-1248T, a testimony before the Senate Special Committee on Aging

Why GAO Did This Study

On February 17, 2009, federal law requires all full-power television stations in the United States to cease analog broadcasting and broadcast digital-only transmissions, often referred to as the digital television (DTV) transition. Federal law also requires the National Telecommunications and Information Administration (NTIA) to create a program that subsidizes consumers' purchases of digital-to-analog converter boxes. After the transition, households with analog sets that rely on over-the-air broadcast signals must take action or they will lose television service, but some households might not be aware of this potential disruption. This testimony provides preliminary information on (1) the consumer education efforts currently underway, (2) education efforts being planned, (3) difficulties with the implementation of consumer education programs, and (4) ongoing GAO work on consumer education and awareness regarding the transition. GAO interviewed officials with the Federal Communications Commission (FCC) and NTIA. Further, GAO met with a wide variety of industry and other stakeholders involved with the transition, including members of the DTV Transition Coalition—a group of public and private stakeholders, and experts on strategic communications. GAO discussed this testimony with FCC and NTIA officials and incorporated their comments

www.gao.gov/cgi-bin/gettrpt?GAO-07-1248T.

To view the full product, click on the link above. For more information, contact Mark L. Goldstein, (202) 512-2834, or goldsteinm@gao.gov.

What GAO Found

A number of federal and private stakeholders have begun consumer education campaigns, with both independent and coordinated efforts underway. FCC has taken several steps to promote consumer awareness, such as launching a Web site, participating in events intended to educate the public, and requiring sellers of televisions to include consumer alerts on non-digital televisions. NTIA has created brochures in English and Spanish to provide the public information about its converter box subsidy program and is partnering with organizations to perform outreach to disadvantaged groups. Earlier this year, the DTV Transition Coalition was launched to help ensure that no consumer is left without broadcast television due to a lack of information. Over 160 private, public, and non-profit groups have joined the Coalition to coordinate consumer education efforts.

While widespread and comprehensive consumer education efforts have yet to be implemented, various efforts are currently being planned. FCC, NTIA, and private sector stakeholders have plans to further educate consumers as the DTV transition nears. For example, voluntary public service announcements to raise awareness of the transition are planned by industry groups and FCC is considering requiring broadcasters, manufacturers and cable and satellite providers to insert various messages and alerts in their products and programming. In addition, the converter box subsidy program will have a consumer education component. Because many education efforts are in the planning or early stages of implementation, it is too early to tell how effective these efforts will be.

Various factors make consumer education difficult. While private sector stakeholders are participating in outreach efforts, these actions are voluntary and therefore the government cannot be assured of the extent of private sector efforts. Strategic communications experts from industry, government, and academia identified potential challenges to a consumer education campaign, including (1) prioritizing limited resources to target the right audience, (2) educating consumers to help protect them from making unnecessary purchases, (3) reaching underserved populations, and (4) aligning stakeholders to form a consistent, coordinated effort.

GAO has work planned to assess the progress of consumer awareness. In particular, GAO plans to conduct a series of surveys to determine the population affected by the DTV transition, levels of awareness about the transition, and demographic information about the affected population. Throughout the transition, GAO will continue to monitor government and industry education efforts and analyze these efforts relative to best practices for consumer education campaigns. GAO plans to review the government's responsibility for consumer education, monitor the outcome of FCC's rulemaking related to consumer education, and collect details of the consumer education component of the converter box subsidy program.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to report on our work for the House Energy and Commerce committee and this committee on the progress made in consumer education efforts for the digital television (DTV) transition. We are currently finalizing a report on initial public and private sector efforts underway to implement the transition; as such, the findings that I am reporting to the Committee today are preliminary in nature and principally related to consumer education and outreach programs.

A primary goal of the DTV transition is for the federal government to reclaim spectrum¹ that broadcasters currently use to provide analog television signals. The spectrum that the federal government will reclaim at the end of the transition is considered highly valuable because of its particular technical properties. In all, the DTV transition will free up 108 megahertz (MHz) of spectrum. The Federal Communications Commission (FCC) has reallocated 24 MHz of the spectrum that will be recovered for public safety purposes, which became a higher priority following the terrorist attacks of September 11, 2001. FCC will auction the remaining spectrum for commercial purposes, with the resulting proceeds allocated for, among other things, reducing the federal deficit.

The Digital Television Transition and Public Safety Act of 2005 mandates the cessation of analog television broadcast signals on February 17, 2009. After that date, households that had previously viewed television on analog sets solely through the reception of over-the-air signals must take action to ensure that they have the necessary equipment, such as a digital-to-analog converter box, or subscription video service to be able to view the digital broadcast signals. If they do not take such action, they will lose the ability to view the digital signals on their analog sets. The act also directed the National Telecommunications and Information Administration (NTIA) to establish a \$1.5 billion program through which households can obtain coupons for the purchase of digital-to-analog converter boxes. NTIA issued a final rule that adopted regulations to implement the converter box subsidy program, and in August 2007, selected IBM Corporation (IBM) to administer the program. Beginning

¹The radiofrequency spectrum is the part of the natural spectrum of electromagnetic radiation lying below 300 gigahertz. It is the medium that makes possible wireless communications, including cellular and paging services, radio and television broadcasting, radar, and satellite-based services.

January 1, 2008, households can request up to two \$40 coupons toward the purchase of eligible² digital-to-analog converter boxes.

Three private sector groups have asserted various estimates of the number of households that rely solely on over-the-air television. While one group estimates that 11 percent of households rely on over-the-air broadcasts, another group's estimate is 16 percent of households, and a third group's estimate is 20 percent of households. Further, private sector estimates claim an additional 5 percent to 27 percent of households that subscribe to cable or satellite television have at least one television set that receives an over-the-air signal. One group asserted that households that rely on over-the-air broadcasts are disproportionately comprised of older citizens than other households. Although it is unclear what percentage of households that rely exclusively on over-the-air broadcasts use analog rather than digital television sets, millions of those households potentially stand to be left without any television service unless they take action. To help the public understand the DTV transition and the various options they have, consumer education and awareness programs are underway and additional programs are being planned.

While there are many steps necessary to successfully complete the DTV transition, my testimony today will focus on consumer education and awareness. In particular, I will discuss (1) consumer education efforts currently underway, (2) education efforts and programs being planned, (3) the difficulties that may arise in the implementation of such programs, and (4) ongoing work on DTV consumer education and awareness that we will undertake.

To meet these objectives, we interviewed officials with FCC and NTIA, as well as a wide variety of industry and other private stakeholders, such as broadcasters, manufacturers, retailers, and consumer advocacy groups. Further, we consulted strategic communications experts representing public, private, and academic organizations to identify potential challenges that might obstruct consumer education efforts. We performed our review from January 2007 through August 2007 in accordance with generally accepted government auditing standards. We discussed this testimony with FCC and NTIA officials to obtain their comments. FCC and NTIA provided additional information that we incorporated where appropriate.

²NTIA established technical and performance specifications that converter boxes must meet to be eligible for the coupon program.

In Summary:

- Several federal and private stakeholders have begun consumer education campaigns, with both independent and coordinated efforts underway. FCC and NTIA have been involved in consumer education and awareness programs and some private sector organizations are voluntarily taking the lead on outreach efforts. For example, FCC has launched a Web site (DTV.gov) and NTIA has begun outreach efforts to groups most likely to lose all television service as a result of the transition—including at-risk groups such as the elderly—with “information sheets” and brochures. Private, public, and nonprofit groups have joined together to form the DTV Transition Coalition to coordinate on consumer education efforts and messages.
- Widespread and comprehensive consumer education efforts have yet to be implemented, but additional efforts are currently being planned both for the general population and at-risk groups. FCC, NTIA, and private sector stakeholders have plans to further educate consumers as the transition nears. FCC solicited comments on proposed consumer education programs, including potentially requiring television broadcasters to conduct on-air consumer education efforts. The proposals also include potential requirements for industry to report on the status of their specific consumer outreach efforts, including those efforts targeted to at-risk groups. Included in NTIA’s converter box subsidy program is a consumer education component—the details of which have not been made public. Some organizations, such as the DTV Transition Coalition and various industry trade associations, are planning information and education campaigns and some groups are planning to broadcast public service announcements.
- Despite the efforts currently underway and those being planned, difficulties remain in the implementation of consumer education programs. While private sector organizations are conducting outreach efforts, these actions are voluntary and therefore the government cannot be assured of the extent of private sector efforts. Strategic communications experts from industry, government, and academia identified potential challenges to a consumer education campaign, including (1) prioritizing limited resources to target the right audience for an adequate period of time, (2) educating consumers who do not necessarily need to take action, (3) reaching underserved populations, such as the elderly and disabled, and (4) aligning stakeholders to form a consistent, coordinated effort.
- In our ongoing work for the House Energy and Commerce committee and this committee, we plan on reporting on the progress of consumer education and awareness about the DTV transition throughout the

upcoming transition period. For example, we will continue to monitor consumer education programs and plan to conduct a series of consumer surveys throughout the year prior to the transition date. These surveys will be aimed at estimating the population that will be affected by the DTV transition and the public awareness of the transition. We will estimate the percent of the population relying on over-the-air broadcasts, as well as demographic characteristics of the affected population to determine what groups might be most disrupted by the transition. We will report on changes in consumer awareness over time based on surveys we plan to conduct throughout the transition process. In addition, throughout the transition process, we will continue to assess government and industry consumer education efforts and analyze the efforts compared with key practices for consumer outreach.

Background

The United States is currently undergoing a transition from analog to digital broadcast television, often referred to as the DTV transition. The transition will enable the government to allocate valuable spectrum from analog broadcast to public safety and other purposes. Further, digital transmission of television signals provides several advantages compared to analog transmission, such as enabling better quality picture and sound reception as well as using the radiofrequency spectrum more efficiently than analog transmission. With traditional analog technology, pictures and sounds are converted into "waveform" electrical signals for transmission through the radiofrequency spectrum, while digital technology converts these pictures and sounds into a stream of digits consisting of zeros and ones for transmission.

The Digital Television Transition and Public Safety Act of 2005 addresses the responsibilities of two federal agencies—FCC and NTIA—related to the DTV transition. The act directs FCC to require full-power television stations to cease analog broadcasting and to broadcast solely digital transmissions after February 17, 2009. As we have previously reported, households with analog televisions that rely solely on over-the-air television signals received through a rooftop antenna or indoor antenna must take action to be able to view digital broadcast signals after the termination of analog broadcasts. Options available to these households include (1) purchasing a digital television set that includes a tuner capable of receiving, processing, and displaying a digital signal; (2) purchasing a digital-to-analog converter box, which converts the digital broadcast signals to analog so they can be viewed on an existing analog set; or (3) subscribing to a cable, satellite, or other service to eliminate the need to acquire a digital-to-analog converter box. The act also directed NTIA to

establish a \$1.5 billion subsidy program through which households can obtain coupons toward the purchase of digital-to-analog converter boxes. The last day for consumers to request coupons is March 31, 2009, and coupons can be redeemed through July 9, 2009. As required by law, all coupons expire 90 days after issuance. Consumers can redeem their coupons at participating retailers (both “brick and mortar” and online) for eligible converter boxes.

To help inform consumers about the transition, eight private sector organizations launched the DTV Transition Coalition in February 2007. These eight organizations are the Association for Maximum Service Television, Association of Public Television Stations, Consumer Electronics Association, Consumer Electronic Retailers Coalition, Leadership Conference on Civil Rights, LG Electronics, National Association of Broadcasters, and the National Cable and Telecommunications Association. These founding organizations comprise the Coalition’s steering committee and make decisions on behalf of the Coalition. To better represent the interests of at-risk or underserved populations—such as the elderly—AARP later joined the steering committee. The Coalition’s mission is to ensure that no consumer is left without broadcast television due to a lack of information about the transition. Currently, the Coalition has over 160 member organizations comprised of business, trade and industry groups, as well as FCC.³

Recent surveys conducted by industry trade associations indicate that consumer awareness of the digital transition is low. The Association for Public Television Stations reported in January 2007 that 61 percent of participants surveyed had “no idea” that the transition was taking place. Another study conducted by the National Association of Broadcasters focused on households that primarily receive their television signals over-the-air—and will therefore be most affected by the transition—and reported that 57 percent of those surveyed were not aware of the transition. Both surveys found that most people with some awareness of the transition had limited awareness of the date the transition will take place.

³While NTIA is not an official Coalition member, the agency has been participating in Coalition activities since its inception. The Coalition, as well as FCC and NTIA, have created Web sites providing information on the DTV transition and converter box subsidy program. These Web sites are available for viewing at the following addresses: www.dtvtransition.org, www.dtv.gov, www.ntia.doc.gov/dtvcoupon/index.html.

**Federal Government
and Private
Stakeholder
Consumer Education
Efforts Are Underway**

Federal and private stakeholders are making progress in educating consumers about the DTV transition, with both independent and coordinated efforts underway. FCC and NTIA have been involved in consumer education and awareness programs and some private sector organizations are voluntarily taking the lead on outreach efforts.

FCC has taken several steps toward educating consumers about the transition. For example, FCC has launched a Web site (DTV.gov), which, among other things, provides background information on the DTV transition and answers common consumer questions. In addition, FCC has met with some industry groups, consumer groups, and other government agencies and participated in public events intended to educate audiences about the transition. Moreover, in April 2007, FCC adopted a rule requiring all sellers of television-receiving equipment that does not include a digital tuner to prominently display a consumer alert that such devices will require a converter box to receive over-the-air broadcast television after February 17, 2009. To ensure that retailers are in compliance, FCC staff have inspected over 1,000 retail stores and Web sites and issued over 250 citations with potential fines exceeding \$3 million. In addition, FCC has issued notices to television manufacturers with potential fines over \$2.5 million for importing televisions without digital tuners. In June 2007, FCC announced that it had re-chartered an intergovernmental advisory committee comprised of 15 representatives from local, state, and tribal governments to help it address, among other things, consumer education about the DTV transition. Similarly, it re-chartered a consumer advisory committee that will also make recommendations to FCC about the transition on behalf of consumers, with specific representation for people with disabilities and other underserved or at-risk populations.

NTIA has also taken initial steps towards educating consumers about the transition. NTIA has statutory responsibility for the converter box subsidy program, for which Congress appropriated up to \$5 million for education efforts. According to NTIA, its education efforts are focused on the subsidy program and more specifically on five groups most likely to lose all television service as a result of the transition: (1) senior citizens, (2) the economically disadvantaged, (3) rural residents, (4) people with disabilities, and (5) minorities. According to NTIA, it has begun outreach efforts to these groups through partnerships with private organizations as well as other federal agencies. Also, it has created "information sheets" for consumers, retailers, and manufacturers that outline the subsidy program and are available on its Web site. NTIA said it has provided informational brochures in English and Spanish to the public and provided a copy to every member of Congress and federal agencies that serve some of the

populations noted above. The agency also created a consumer hotline that provides information about the transition in English and Spanish, and TTY numbers that provide information in English and Spanish to the hearing impaired. In addition, in August 2007, NTIA contracted with IBM to implement the broad consumer education component about the program.

On a voluntary basis, some private stakeholders have begun implementing measures to inform consumers about the DTV transition. As previously mentioned, one such private-sector led effort is the DTV Transition Coalition, which has developed and consumer tested various messages about the transition, using surveys and focus groups of the affected consumers—the general population, senior citizens, minority groups, and over-the-air analog television households—to understand what messages are most effective in informing them about the transition. Subsequently, the Coalition said it agreed upon one concise message that includes information about the transition itself, the rationale for the transition, and the ways consumers can effectively switch to DTV. In particular, the Coalition suggests consumers can prepare for the transition by purchasing a DTV converter box, purchasing a new television set with a built in digital tuner, or subscribing to a pay television service such as cable, satellite, or telephone company video service provider. The Coalition said its member organizations will distribute this information to their constituents, including senior citizens, the disabled, and minority groups. The Coalition message will also be delivered to media outlets.

In addition to coordinated efforts within the Coalition, private sector organizations also have independent education efforts underway. For example, a number of industry associations host Web sites that inform consumers of, among other things, common consumer questions about the transition, how to check if the television they own is digital-ready, and how to dispose of analog television sets. One national retailer told us that it added a feature to its registers so that when a consumer purchases an analog television, a message about the transition is printed on the bottom of the receipt.

Many Consumer Education Efforts Are Still in the Planning Stages and Have Not Been Widely Implemented

Widespread and comprehensive consumer education efforts have yet to be implemented, but additional efforts are currently being planned. FCC, NTIA, and private sector stakeholders have plans to further educate consumers as the digital transition nears. The converter box subsidy program, to be administered by NTIA, will also have a consumer education component implemented by its contractor, IBM. Because many education efforts are in the planning or initial stages of implementation, it is too early to tell how effective these efforts will be.

FCC has solicited input on proposed consumer education programs. In August 2007, in response to a letter containing proposals on advancing consumer education submitted by members of Congress, FCC released a notice of proposed rulemaking soliciting public comments. These proposals include requiring television broadcasters to conduct on-air consumer education efforts and regularly report on the status of these efforts, requiring cable and satellite providers to insert periodic notices in customers' bills about the transition and their future viewing options, and requiring manufacturers to include information on the transition with any television set or related device they import or distribute in the United States. Each of the requirements mentions civil penalties for noncompliance. Another proposal on which FCC sought comment would have FCC work with NTIA to require that retailers participating in the converter box subsidy program detail their employee training and consumer information plans, as well as have FCC staff spot check the retailers for compliance. Also, FCC sought comments on a proposal requiring partners identified on FCC's DTV.gov Web site to report their specific consumer outreach efforts. The comment period on the notice of proposed rulemaking is scheduled to close on September 19, 2007; the period to file any rebuttal closes October 1, 2007.

NTIA also has not fully implemented education efforts about its subsidy program in large part because it is contracting out the consumer education component of its program. The contract was recently awarded in the middle of August 2007 to IBM and plans are in the development stage.

Many private sector consumer education efforts are in the planning stages and have yet to be fully implemented. Representatives from private sector organizations told us there are several reasons why they are waiting to fully launch their consumer education campaigns. In particular, some said they are trying to time their education efforts for maximum effectiveness and that they do not want to start too early and possibly lose the attention of consumers later on. Another reason is that they are waiting for key events to occur, such as the availability of converter boxes in retail stores,

so that education efforts can contain complete information. A number of nonprofit organizations told us that a lack of dedicated funding hampers their ability to educate and outreach to their constituents. Through its many member organizations, the DTV Transition Coalition intends to disseminate information about the transition in a variety of formats, including through presenting at conferences, creating media attention, and distributing informational materials to Congressional offices. The National Cable and Telecommunications Association has created public service announcements about the transition in both Spanish and English, which will be aired by cable operators and networks in markets throughout the country in the fall of 2007. The National Association of Broadcasters also has plans to launch a public service announcement campaign related to the transition by the end of 2007, which will air on its local television broadcasting affiliates, independent stations, and broadcast networks.

Difficulties Remain in the Implementation of Consumer Education Programs

Despite efforts currently underway and those being planned, difficulties remain in the implementation of consumer education programs. Private sector organizations are participating in outreach efforts, but these actions are voluntary and therefore the government cannot be assured of the extent of private sector efforts. Moreover, given the different interests represented by industry stakeholders, messages directed at consumers vary and might lead to confusion. For example, in addition to providing information about why the transition is occurring, some industry stakeholders have incentives to provide consumers with information on a wide host of technology equipment or services that consumers could purchase, at varying costs. Advocates for the elderly, disabled, and non-English speaking households told us that they are concerned that their members will become confused by the options and end up purchasing equipment they do not need or more expensive equipment than necessary to maintain their television viewing.

Further, we heard from strategic communication experts from industry, government, and academia that potential challenges might obstruct consumer education efforts. In particular, the experts and others highlighted several challenges:

- *Prioritizing limited resources.* With limited time and financial resources, it is likely to be a challenge for stakeholders to determine how best to allocate those resources within the campaign—for example, whether to target a smaller audience over a set period of time, versus targeting a broader audience over a shorter period of time. This is applicable because,

according to industry stakeholders, there may be specific groups that are more vulnerable than others to losing television service.

- *Educating consumers who do not necessarily need to take action.* Many of the outreach efforts will be focused on educating consumers on what to do to keep their television sets from going dark after the termination of analog broadcasts. However, a large proportion of U.S. households will not need to do anything—for example, because they have cable or satellite television service that will enable their analog set to continue to display programming. Because many messages focus on the actions that households that rely on over-the-air analog broadcasting need to take, consumers unaffected by the transition might become confused and purchase equipment they do not need. In our past work looking at a similar digital transition in Germany, we have described this potential confusion to cable and satellite households as a challenge of educating consumers about the transition.
- *Reaching underserved populations.* Conveying the message to underserved populations, such as senior citizens, the disabled, those residing in rural areas, or non-English speaking households, will provide an added challenge. Many groups reaching out to consumers about the transition are doing so on Web sites, which may not be available to people who lack Internet access or are less technically savvy. Another challenge is providing information in a wide variety of formats, such as in different languages for non-English speaking consumers and in text, video, voice, and Braille for the disabled. Overall, a challenge of consumer education is that those households in need of taking action may be the least likely to be aware of the transition.
- *Aligning stakeholders.* Industry representatives also noted the challenge of aligning stakeholders—some of whom are natural competitors—to work together. In our past work, we have reported that federal agencies engaged in collaborative efforts—such as the transition—need to create the means to monitor and evaluate their efforts to enable them to identify areas for improvement. Reporting on these activities can help key decision makers within the agencies, as well as clients and stakeholders, to obtain feedback for improving both policy and operational effectiveness. Some progress in aligning stakeholders, such as the formation of the DTV Transition Coalition, has been made, but some stakeholders may have competing interests. For example, recent announcements produced by the National Cable and Telecommunications Association invoke the DTV transition, but ultimately promote the role of cable television in the transition.

Our Future Work Will Focus on Consumer Awareness of the DTV Transition

In our ongoing work for the House Energy and Commerce committee and this committee, we plan to assess the progress of consumer education and awareness about the DTV transition. We will continue to monitor consumer education programs and plan to conduct a series of consumer surveys throughout the year prior to the transition date. These surveys will be aimed at determining the population that will be affected by the DTV transition and the public awareness of the transition. In determining the affected population, we will look at the percent of the population relying on over-the-air broadcasts for their primary television, as well as the percent of the population with non-primary televisions being used to watch over-the-air television. Additionally, we will review the demographic characteristics of the affected population to determine what groups might be most disrupted by the transition. We will survey for public awareness of the DTV transition, and specific knowledge of the transition, such as when the transition will take place. We will seek to determine the level of public awareness of those who will be affected by the transition and awareness of the converter box subsidy program and other options for viewing digital signals after the transition. We plan to report on changes in consumer awareness over time by conducting surveys throughout the transition process.

Furthermore, we will continue to assess government and industry consumer education efforts and will analyze the efforts compared with key practices for consumer outreach. We will review the government's responsibility for consumer education, monitor the outcome of FCC's notices of proposed rulemaking regarding the transition, and collect details on IBM's consumer education plan as they become available.

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

Contacts and Acknowledgements

For questions regarding this testimony, please contact Mark L. Goldstein on (202) 512-2834 or goldsteinm@gao.gov. Individuals making key contributions to this testimony included Matthew Cail, Colin Fallon, Simon Galed, Bert Japikse, Crystal Jones, Sally Moino, Andrew Stavisky, and Margaret Vo.

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The CHAIRMAN. Thank you very much, Mr. Goldstein.
Mr. Adelstein

**STATEMENT OF JONATHAN ADELSTEIN, COMMISSIONER,
FEDERAL COMMUNICATIONS COMMISSION, WASHINGTON, DC**

Mr. ADELSTEIN. Thank you, Mr. Chairman, and thank you so much for inviting me to discuss the impact of the DTV transition on seniors. It is a special honor for me to be here, because, as you noted, I did spend 6 years as a staff member on this Committee under then Chairman David Pryor. So you know that issues of concern to seniors and to this Committee are at the top of my list.

I will focus today on how the Federal Government can establish a coherent, coordinated response to educate older Americans about the DTV transition. We all need to do a lot more outreach to prepare our seniors. That includes the FCC; other Federal agencies, such as NTIA and the Administration on Aging; the broadcasting, cable, and consumer electronics industries; State, Local, and Tribal Governments; and consumer advocacy groups and community-based providers. We all need to do this together.

The consequences of failing to mount a more aggressive outreach campaign would be a disaster, so I applaud your leadership and the leadership of the Aging Committee here in focusing our attention on the need to activate now and focusing on the particular needs of seniors.

I am just one of five commissioners on the FCC, but I have really closely followed the DTV consumer outreach efforts that our agency is making. We have an excellent staff, and they are willing, capable, and ready to execute whatever plans they are asked to implement.

Unfortunately, the FCC's DTV outreach and education efforts to date have been lackluster at best. It isn't that there is a lack of good ideas about how to reach older Americans. Rather, there has been a lack of leadership, focus, and resources for putting these ideas into action.

The government hasn't established a command and control structure that is responsible to coordinate the national DTV transition effort. We need to vet, prioritize, and implement good ideas from both the public and private sectors into a comprehensive, coherent, and coordinated plan.

Only the government can play the role of referee to keep industry representatives with sometimes conflicting priorities—to coordinate them to send a clear message that serves all consumers and isn't skewed by their own self-interests. I am concerned that we haven't responded with the urgency required by the potential magnitude of this huge change in the way Americans view their TV, particularly over-the-air viewers, a disproportionate number of whom are elderly and on fixed incomes.

This isn't just about entertainment, as you noted. It is about how seniors get their news, their public safety information, and their emergency information. Now, what is the topic today? U.S. PIRG is going to testify later today that they did a spot check, and they found that clerks at leading TV retailers don't know enough themselves to help consumers get the information they need. Now, if

these young, tech-savvy workers don't get it, imagine the challenges that a lot of seniors face.

If we fail to reach everyone affected, I fear that government and business alike will face a tsunami of complaints when analog over-the-air signals stop just 517 days from now. No senior should face a blank TV screen when they wake up on February 18, 2009, and turn on any set in their home.

We need to implement a transition plan that is comparable to our response to the Y2K computer threat and one that is commensurate to the Federal Government's multimillion dollar campaign to inform seniors of the new prescription drug benefit. As you noted, the drug benefit faced massive confusion after \$65 million was spent in 1 year alone, and look what we are trying to spend on this DTV transition. So we need to build on the successes and failures of those efforts.

Commissioner Copps, my colleague, and I managed to increase our fiscal year 2009 budget request to OMB by twenty-fold, a huge increase from our previous request. Even though these resources are urgently needed, it is not solely a matter of money.

As you can see from the prescription drug plan, throwing money at it obviously didn't do the trick. It is a matter of coordination, it is a matter of priorities and it is a matter of leadership.

First, we need to create a Federal DTV task force immediately. The FCC and NTIA need to spearhead a multi-agency task force to develop benchmarks and timelines. It needs resources and staff, and it should be accountable to Congress.

The task force would be able to coordinate with public and private partners, leverage existing resources, and develop a single unified Federal message. In addition to coordinating government efforts, it can convene joint meetings with the private sector DTV coalition to ensure a coherent, consistent message. Like any advertising campaign, you want to hit consumers with it over and over again, and you want it to be consistent, in order for it to sink in.

With a unified message developed, the task force can work with other agencies, such as the Administration on Aging, Social Security Administration, HHS, and AmeriCorp, and can help seniors to integrate these DTV educational efforts. At every point of contact with consumers, there ought to be notice made of this transition.

All Federal agency websites and correspondence or mailings to citizens' homes, such as Social Security mailers or Meals on Wheels deliveries, are golden opportunities to inform consumers about the transition, including the converter box program and the analog cut-off date, in a comprehensive way. The task force needs to launch a coordinated grassroots information distribution campaign, working with State, Local, and Tribal Governments, private sector partners, and community-based providers. The FCC also needs to establish a dedicated hotline, as you suggested, for consumer information. This is especially important for seniors, many of whom lack access to the Internet.

I am confident that with further direction from Congress and this Committee, the FCC and other Federal agencies and all interested stakeholders can develop and implement a coordinated, comprehensive, and coherent consumer awareness and education cam-

paign. There is still time, but given how long we have waited already, there is not a minute to waste.

Thank you for inviting me to testify, and I am happy to answer any questions you might have.

[The prepared statement of Mr. Adelstein follows:]

**Testimony of
Jonathan S. Adelstein
Commissioner
Federal Communications Commission**

**Before the
Special Committee on Aging
United States Senate**

September 19, 2007

Chairman Kohl, Senator Smith, and members of the Committee, thank you for inviting me to appear before you to discuss the impact of the national transition from analog to digital television (DTV) on America's growing older population. It is a special honor for me, since I spent six years as a Professional Staff Member for this very Committee, so issues of concern to you and our seniors are always at the top of my list.

I will focus on how the Federal Government can establish a coherent, coordinated response to educate seniors about the DTV transition. Collectively, the FCC, other federal agencies, such as National Telecommunication and Information Administration (NTIA) and the Administration on Aging (AoA), the broadcasting, cable, consumer electronics industries, state, local and tribal governments, consumer advocacy groups and community-based providers need to do much more outreach to prepare our seniors. The consequences of failing to mount a more aggressive outreach, awareness, education, and assistance campaign would be disastrous, so I applaud your leadership on the Aging Committee for focusing us on the need to activate now.

To put my testimony into proper context, the FCC is composed of the Chairman and four Commissioners, all nominated by the President and confirmed by the Senate. The Chairman is the chief administrator and directs resources and the activities of the various bureaus, including the Consumer and Governmental Affairs Bureau (CGB), which is principally responsible for executing the Commission's consumer outreach efforts.

For the past two years, I have closely followed the DTV consumer outreach and education effort of the FCC and, in preparation for this hearing, was briefed by CGB on the FCC's activities targeting to older Americans. At the outset, I want to emphasize my belief that the committed and talented staff of the FCC is second to none in federal service and that the CGB staff is willing, capable and ready to faithfully execute whatever plan they are instructed to implement.

Unfortunately, the Commission's DTV outreach and education efforts to date have been lackluster at best. The silver lining in this dark cloud is that there is not a lack of informed and thoughtful ideas about how to reach older Americans. Rather, there has been a lack of leadership and resources in putting these ideas in action. Specifically, there is a lack of an established command and control structure that is responsible to coordinate the national DTV transition effort and to vet, prioritize and implement meritorious ideas from the public and private sectors into a comprehensive, coherent and coordinated plan. Only the government can play the role of

referee to ensure that industry representatives with sometimes conflicting priorities are coordinated to send a clear message that serves all consumers and is not skewed by special interests.

I agree with Chairman Martin that “special emphasis must be placed on ensuring that households including or headed by seniors are aware and well informed of the DTV transition and its implications for them.” Still, I am concerned that there has been a persistent under-appreciation for the potential magnitude of this historic change in the way Americans – particularly over-the-air viewers, many of whom are elderly and on fixed incomes – get their news, public safety and emergency information, and entertainment.

As U.S. Public Interest Research Group (U.S. PIRG) will testify, their recent investigation is finding that store clerks at leading TV retailers are ill-prepared to help consumers get the information they need. If these young, tech-savvy retail workers don’t get it, imagine the challenge many seniors face.

If we fail to reach, inform and prepare the estimated 111 million television households in the U.S., I fear that congressional, state, local and tribal government offices, the FCC, broadcasters, and local cable operators will face a tsunami of complaints when analog, over-the-air transmission ends on at 11:59 pm on February 17, 2009, just 517 days from now.

No senior should face a blank TV screen when they wake up on February 18, 2009 and turn on any set in their home.

Learn From Past Campaigns to Educate and Inform Seniors

We need to implement a coordinated, national DTV transition plan that is comparable to our response to the Year 2000 computer threat. In the context of another initiative very familiar to members of the Aging Committee, I believe we need to dedicate resources to inform all Americans, and especially seniors and other at-risk groups, on a scale that is reasonably commensurate to the federal government’s multi-million dollar publicity campaign to inform seniors of the Medicare drug plan and the prescription drug benefit established under the Medicare Modernization Act.

In comparing the DTV transition and the Medicare prescription drug benefit program, similarities include: (1) there is a substantial senior base in the overall targeted audience, (2) the information can be dense, technical and confusing to seniors, (3) there is a federal subsidy that needs to be publicized, (4) there are affected industries that have a financial stake in educating seniors; and (5) there are multiple message points that need to be clearly and consistently conveyed by a date certain. We also can learn from the federal government’s implementation of the last national preparedness and education campaign.¹

¹ According to the Government Accountability Office (GAO), the total federal spending on the national Medicare publicity campaign was significant. In Fiscal Year 2004 alone, the Federal Government spent approximately \$65 million. GAO found that despite the large expenditures, the Administration’s education materials did not provide “clear, accurate, and accessible information to Medicare beneficiaries.” GAO reported that the materials that were distributed “collectively fell short of conveying program features.” According GAO, the responsible federal agency

I am pleased that with my encouragement and that of my colleague Commissioner Copps, the Commission's Fiscal Year 2009 Budget Request to the Office of Management and Budget for DTV consumer education increased nearly twenty-fold to \$20 million. That is roughly one dollar for each over-the-air household. This is a large improvement from previous Commission requests for DTV education and outreach funding. It is my hope that something in that range is the figure ultimately submitted in the President's FY 2009 budget proposal to Congress.

Even though these resources are urgently needed and will determine the scope and depth of our efforts, it is not solely a matter of funding to raise the awareness of Americans, particularly at-risk groups such as the elderly, low income families, rural residents, people with disabilities, minority groups and Non-English speakers. It is a matter of coordination and prioritization. As GAO found with the prescription drug education campaign, we cannot just throw money at the task. Instead, we need to develop a coordinated, national plan. The FCC, in conjunction with NTIA, is the best-positioned federal agency to provide leadership, direction and focus at the Federal level.

Ideas Moving Forward

Despite initial outreach efforts, studies continue to show that a significant number of consumers are not knowledgeable about the DTV transition and related products and services. With a population older in the U.S. than in many other countries, a recent study shows that elderly Americans are much more susceptible than younger Americans to fall on the wrong side of the DTV divide. Some may say that is inevitable. I say it means we have to redouble our efforts.

While Berlin, Germany reportedly spent about \$980,000 to educate a population of 3.4 million about their DTV transition over a four-week period,² and the United Kingdom plans to spend approximately \$450 million for DTV outreach and education programs from 2008 to 2012, we're in the position of having to do more in less time and with far fewer financial resources. Nevertheless, I believe that with proper coordination and planning, we're up to the task. Here

was "effective in raising awareness of the drug card program, but was less effective in its efforts to inform and assist beneficiaries." *GAO, Medicare: CMS's Implementation and Oversight of the Medicare Prescription Drug Discount Card and Transitional Assistance Programs* (Nov. 2005); *GAO, Medicare: CMS's Beneficiary (DATE?); Education and Outreach Efforts for the Medicare Prescription Drug Discount Card Transitional Assistance* (Nov. 2005).

² According to GAO, "[i]n Berlin, two important consumer education mechanisms were messages on terrestrial-only television signals and information sessions with retailers. On television signals received by terrestrial television, households saw a rolling scroll that informed them about the DTV transition. Deutsche TV-Platform and the Berlin Chamber of Commerce also held information sessions with retailers. Other consumer education mechanisms included a direct mailing to every household, a consumer hotline, flyers and newsletters, an Internet Web site, and advertisements on buses and subways. One primary concern with the consumer education effort was to avoid confusing cable and satellite subscribers. Because the DTV transition only affected households relying solely on terrestrial television, the consumer education effort focused on means that would target only these households, and not households subscribing to cable and satellite service. We were also told that a short consumer education period was best for informing households about the DTV transition; in Berlin, the consumer education effort lasted approximately 4 weeks and cost approximately 800,000 Euro (\$984,160)." *GAO, Telecommunications: German DTV Transition Differs from U.S. Transition in Many Respects, But Certain Key Challenges are Similar*, July 2004 (footnotes omitted).

are some next steps that I believe we need to take, immediately, to get on the path of reaching and educating people in more than 111 million U.S television households.

Create Federal DTV Transition Task Force. It is long overdue for the FCC, NTIA and other relevant federal agencies to formalize their relationship and develop a Federal DTV Transition Task Force with representation from the leadership of each agency. This multi-agency task force would develop benchmarks and a timeline to achieve nationwide awareness of the DTV transition. And, it would be accountable to Congress. To be effective, the task force would need a certain measure of budgetary and policy formulation and execution authority to avoid the complicated bureaucratic decision-making apparatus of each agency. In addition to authority, the task force would need staff. From the FCC, for example, there should be detailed staff from CGB, the Media, Enforcement, and Public Safety and Homeland Security Bureaus and the Offices of General Counsel and Engineering and Technology. With dedicated staff from different agencies, the task force would also serve as the clearinghouse for all things related to the DTV transition national campaign and for coordinating this network of networks. The aging network, for example, would have access to financial and human resource to assist seniors make the transition.

The task force would be able to coordinate with public and private partners, leverage existing resources and develop a single unified federal message, *i.e.*, develop and use common terminology to describe the digital-to-analog converter box program and other DTV technology. In addition to coordinating government efforts at all levels, the Federal task force can convene joint meetings with the private sector DTV Transition Coalition to ensure a coherent, consistent message across all channels.

Maximize Existing Federal Resources. Once a unified message has been developed, the task force could then work with other federal agency components, such as the AoA, the Social Security Administration, Department of Agriculture, Labor, Education Health and Human Services, the U.S. Postal Service and AmeriCorp, to integrate DTV educational information into every point of contact that is made with a consumer. All federal agency websites and correspondence or mailings to citizens' homes, such as Social Security mailers and Meals on Wheels deliveries, are golden opportunities to educate and inform consumers about different aspects of the DTV transition, including the converter box program and the analog cut-off date.

Establish a National DTV Call Center and Hotline. We should establish a National DTV Call Center with staff that speaks foreign languages and provide access for persons with disabilities, and a national toll-free number that is easy to remember and unassociated with the ongoing, non-DTV operations of the FCC. NTIA's toll-free number is a standard recording; and some have complained the FCC's general customer helpline is much too long, as it covers many other issues, and consequently it is not as useful as it could be. Consumer outreach specialists should be able to develop a more succinct and consumer-friendly message. Additionally, the call center could be the point of contact for households in need of local assistance to obtain or install converter boxes. We can help state and local governments connect seniors to community-based service providers. This is especially important to seniors, a disproportionate number of whom do not have access to the Internet or know how to reach our website.

Launch a Targeted Grassroots Information Campaign. The task force, working with state, local and tribal governments, the DTV Transition Coalition partners, and community-based service providers, could target communities with the highest concentration of over-the-air viewers, including senior citizens, low-income, non-English speaking, rural populations and tribal communities. It can launch a coordinated grassroots information distribution campaign, which would include posting signs in supermarkets, retail stores, churches, social service organizations, all modes of public transportation and other public places. For example, the FCC, the AoA and its allied aging network -- which includes state and local agencies, as well as community based service providers like Meals on Wheels -- have been in discussion about various information distribution efforts.

While these steps may require some additional funding from Congress or a reallocation of funds already appropriated to the FCC, first and foremost, dedicated leadership and focus are required from the FCC -- the expert agency primarily responsible for the DTV transition.

Conclusion

Thank you for inviting me to testify about raising the awareness of America's elderly population and informing them about the DTV transition. I am confident that with further direction from Congress and this Committee, the FCC, other federal agencies and all interested stakeholders could develop and implement a coordinated, comprehensive and coherent consumer awareness and education campaign.

I will be happy to answer your questions.

The CHAIRMAN. Thank you very much, Mr. Adelstein.
Mr. Kneuer.

**STATEMENT OF JOHN KNEUER, ASSISTANT SECRETARY,
NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE,
WASHINGTON, DC**

Mr. KNEUER. Thank you, Mr. Chairman, Senator McCaskill. Thank you for this opportunity to testify before you today.

As you know, NTIA's responsibility has expanded considerably with the enactment of the Deficit Reduction Act of 2005. Specifically, the act directed NTIA to administer a \$1.5 billion digital-to-analog converter box coupon program, part of the subject of today's hearing.

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 broadcast signals for display on analog television sets. The act authorizes NTIA to use up to \$990 million to carry out the program, including up to \$100 million for program administration, of which \$5 million can be used for consumer education. It also authorizes an additional \$510 million in contingent funding to be available upon 60 days notice to the Congress.

NTIA has made substantial progress in fulfilling its requirements under the law. On August 17, we awarded the contract to IBM to provide end-to-end services to implement and administer the coupon program. IBM, together with three partners, will manage three broad functional aspects of the coupon program: systems processing, financial processing and consumer education and communications.

Consumer education must be conducted at an optimal moment to afford consumers sufficient time to prepare for the transition. 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 over-the-air converter boxes. Likewise, consumers that have televisions equipped with digital receivers will not need a converter box. By contrast, households that wish to continue viewing over-the-air television with an analog television receiver must be educated about the need to obtain a converter box. Moreover, consumers who acquire converter boxes will also need to be aware that there is financial assistance available to them to obtain these boxes.

We recognize that we must pay particular attention to certain communities to ensure that they are aware of the digital transition and are prepared to adapt to the required changes. We have identified five target groups for our consumer education efforts: seniors and older Americans, the economically disadvantaged, rural residents, people with disabilities and minorities.

As you know, America's seniors make up a large percentage of consumers served by governmental, social service, commercial and nonprofit organizations. Accordingly, we have been leveraging our relationships with these organizations to reach senior constituencies that they serve.

For example, we are working very closely with the Administration on Aging of the U.S. Department of Health and Human Services. We are also collaborating with the AARP, who will testify later, to ensure that the coupon program is highlighted in its publications and online newsletters, which reach more than 22 million subscribers, in both English and Spanish. Earlier this month, we participated in the AARP member convention in Boston, and the agency has been coordinating very closely with AARP for almost a year.

We have also reached out to establish partnerships with other organizations, including SeniorNet, an organization that supports about 200 senior learning centers across the country; the National Caucus and Center of Black Aged, Inc.; and the National Indian Council on Aging. At the end of October, NTIA will participate in the National Hispanic Council on Aging conference and distribute Spanish language materials about the transition.

In addition to our efforts, over 120 business, trade and industry groups, as well as grassroots and membership organizations that share an interest in a smooth transition, came together earlier this year to charter the Digital Television Transition Coalition. 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 has been working with the coalition since its inception on coordinating our messages.

We will also continue to participate in meetings and conferences over the next 2 years to spread the word about the transition and the coupon program. We will be hosting our second public meeting next week on September 25 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, including participation from the AARP.

The public meeting will also include an exposition in the Department of Commerce lobby that will include displays from over a dozen companies and organizations featuring products and services to enable consumers to make a smooth digital transition. We certainly invite you and your staff to attend this meeting and welcome any suggestions or concerns that you have about the coupon program. I will note that the very next day, the FCC will be holding a similar program, and NTIA will be participating in that as well.

In conclusion, I want to thank the Committee for the opportunity, and I am happy to answer any of your questions.

[The prepared statement of Mr. Kneuer follows.]

**Testimony of John M. R. Kneuer
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U. S. Department of Commerce**

**Before the
Special Committee on Aging
United States Senate**

**Hearing on
The Digital Television Transition and its Impact
On Older Americans**

September 19, 2007

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today. As you know, the National Telecommunications and Information Administration (NTIA), Department of Commerce, is responsible for the development and implementation of U.S. 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 grants in support of the equipment needs of public broadcasting stations and public safety interoperable communications.

NTIA's responsibilities expanded considerably with the enactment of the Deficit Reduction Act of 2005 ("Deficit Reduction Act" or "Act"). Specifically, the Act directed NTIA to administer over \$2 billion in new, one-time financial assistance programs using anticipated spectrum auction proceeds associated with the transition to digital television broadcasting. These programs include the Public Safety Interoperable Communications (PSIC) Grant Program as well as the Digital-to-Analog Converter Box Coupon Program, the subject of today's hearing. My testimony today will

focus chiefly on NTIA's activities to date with respect to the Converter Box Coupon Program.

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

Title III of the Deficit Reduction Act, entitled the "Digital Television Transition and Public Safety Act of 2005," directed the Federal Communications Commission (FCC) to require full-power television stations to cease analog broadcasting on February 17, 2009. To avoid 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, a number of programs intended to bridge the gaps between the analog and digital platforms. One of the programs, the Digital-to-Analog Converter Box Coupon Program, was enacted to accommodate consumers that wish to continue receiving broadcast programming over the air using analog-only televisions not connected to cable, satellite, or other multi-channel video programming service.

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 broadcast signals for display on analog television sets. The Act authorizes NTIA to use up to \$990 million to carry out the program, including up to \$100 million for program administration, of which \$5 million can be used for consumer education. It also authorizes an additional \$510 million in contingent funding to be available upon 60 days advance notice to Congress.

Activities to Date

I am pleased to announce that NTIA has made substantial progress in fulfilling its requirements under the law to ensure that coupons for converter boxes will be available upon request to U.S.

households 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 an agreement in May 2006 with the Department of the Treasury to borrow funds necessary to implement the Coupon 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 wishing to participate in the program. Specifically, the regulations outline requirements related to household eligibility, converter box technical specifications, and retailer certification.

In March, NTIA also published a Request for Proposals (RFP) to procure end-to-end services to implement and administer the Coupon Program. I am pleased to report that on August 17, NTIA awarded this contract to IBM. IBM, together with three partners, will manage three broad, functional aspects of the coupon program: (1) systems processing (*e.g.*, determining consumer eligibility, distributing and activating coupons, certifying retailers, and providing training materials); (2) financial processing (*e.g.*, administering the processes to authorize coupons for redemption and ensure payment to retailers, and performing independent auditing); and (3) consumer education and communications. IBM's partners include Corporate Lodging Consultants which will oversee retailer certification and training as well as coupon redemption and payment; Epiq Systems which will handle coupon distribution and customer support; and Ketchum, a global public relations firm that will oversee the consumer education program.

Consumer Education Initiatives

The success of the transition will be judged by how smoothly and efficiently it occurs, which will

depend to a critical extent on effective outreach to consumers. We understand that consumer education must be conducted at an optimal moment to afford consumers sufficient time to prepare for the transition. Consumers will need to know the options available to them to participate in the transition. For example, consumers who only receive cable, satellite or other pay-television services to view television will not need over-the-air converter boxes. Likewise, consumers that have televisions equipped with digital receivers will not need a converter box. These consumers will not need to apply for a coupon as part of NTIA's program. By contrast, those households that wish to continue viewing over-the-air television with an analog television receiver must be educated about the need to obtain a converter box. Moreover, consumers who require converter boxes will also need to be aware that financial assistance is available through the Coupon Program.

We recognize that we must pay particular attention to certain communities to ensure that they are aware of the digital transition and are prepared to adapt to the required changes. Accordingly, NTIA has identified five target groups for its consumer education efforts: (1) seniors and older Americans; (2) the economically disadvantaged; (3) rural residents; (4) people with disabilities; and (5) minorities.

Senior Outreach

As I mentioned, Ketchum will be developing the consumer education program to drive awareness of the Coupon Program. Ketchum has deep experience working with seniors because they recently handled the consumer education for the Medicare Prescription Drug Program, bringing

40 million seniors to awareness about this program. A key part of what Ketchum will deliver for NTIA is to leverage the relationships and networks they developed with the Medicare Prescription Drug Program. As you know, America's seniors make up a large percentage of consumers served by governmental, social service, commercial, and non-profit organizations. NTIA will leverage relationships with these organizations to reach the senior constituencies that they serve. For example, NTIA is working closely with the Administration on Aging (AoA) of the U.S. Department of Health and Human Services to capitalize on the agency's credibility and reputation for meeting the needs of seniors and their caregivers through a variety of home and community-based services. NTIA and AoA are discussing a variety of activities to ensure that seniors - - particularly those who have language barriers or are located in remote or rural areas - - are aware of and understand the Coupon Program. We are discussing various outreach strategies including working with AoA's national aging services network which reaches into every state, tribe and community in the United States.

NTIA is also collaborating with the AARP to ensure that the Coupon Program is highlighted in its publications and online newsletters. *AARP The Magazine* reaches 22.5 million of the organization's members and *AARP Segunda Juventud* reaches another 400,000 members. Earlier this month, NTIA participated in the AARP Members Convention in Boston, and the agency has been coordinating very closely with AARP for almost a year. 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 other organizations including SeniorNet, an

organization that supports about 200 senior learning centers across the country; the National Caucus and Center of Black Aged, Inc; and the National Indian Council on Aging. At the end of October, NTIA will participate in the National Hispanic Council on Aging Conference and distribute Spanish-language materials about the 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.

In addition to efforts targeted specifically to senior citizens, other consumer outreach efforts will also likely reach seniors. As I mentioned earlier, the Act allotted NTIA \$5 million for consumer education. To make the maximum use of these funds, we will leverage those dollars through partnerships with a diverse range of stakeholders. In this regard, I would like gratefully to acknowledge the support we have received from our many partners in the private-sector and the government who have stepped up to the plate to help inform consumers of the digital transition. To date, we are actively seeking partnerships with over 145 groups and organizations, including 14 federal government agencies and departments.

Private Sector Partnerships

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.

NTIA is also expanding its outreach efforts into minority and rural communities. We will work with the United States Hispanic Chamber of Commerce and the United States Black Chamber of Commerce to disseminate coupon application information nationwide through retailers in predominantly Hispanic and African-American neighborhoods. NTIA is also partnering with the Southeast Asia Resource Action Center and Panasonic to translate and distribute coupon program information in Chinese, Korean, Vietnamese and Filipino communities. We are pursuing partnership opportunities with Koahnic Broadcast Corporation to disseminate coupon information to Alaskan Native villages, as well as with 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 they receive,

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. We will ensure that materials we develop will include large print formats for seniors. In addition to the toll-free number, NTIA is working with disability organizations, such as the American Association of People with Disabilities (AAPD) to ensure that our information is in accessible forms 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 two years to spread the word about the transition and the Coupon Program through events such as the White House Faith-Based and Community Initiatives Conference, the recently completed AARP convention earlier this month, the Hispanic Chamber of Commerce annual conference being held next week, the upcoming Congressional Black Caucus meeting, the Rural Telecom Conference and the National Hispanic Council on Aging meeting. We will be hosting our second public meeting next week, 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, including participation from AARP. The public meeting will also include an expo in the Department of Commerce lobby that 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. We note that the FCC will also be hosting a digital television consumer education meeting on September 26.

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 presently in discussions with the Internal Revenue Service, the United States 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 and Families, the Centers for Medicare & Medicaid Services and, as mentioned previously, the United States Administration on Aging,

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.

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

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

Mr. Goldstein, it seems that there is a lot of work based on your testimony as well as others, a lot of work that the public sector and the private sector have yet to do in the coming months to make the digital transition happen. I think we are all aware of that, and that is why we are here today.

In your opinion, is this work being sufficiently coordinated, and do we have someone in charge of this whole transition?

Mr. GOLDSTEIN. Mr. Chairman, I think I would answer your question in two parts. First, I would say that it is pretty clear to us, based on the initial work we have done, that there is no one in charge.

The FCC has the broadest telecommunications responsibilities in the government. They have the responsibility to compel broadcasters to do what is necessary. NTIA, with its general responsibilities for electronic commerce, is really embarking on kind of a new road for it.

So, truly, it seems to us that the bulk of any oversight responsibility, while coordinated between those two agencies, ought to fall probably to FCC. Yet there seems to be confusion even on the part of the FCC between the Chairman and some other commissioners regarding what its responsibilities are for the transition in various public documents in recent months. So we are concerned about this.

It is clear, despite the important efforts that are going on now and those that are planned, that without greater coordination and someone being in charge, the challenges are likely to rise, and the chances of success are likely to diminish some.

Second, because there isn't really anyone in charge, we found in our work that there was no comprehensive planning effort, no overall performance management structure or risk management program in place. Overall, there are components here and there, and NTIA has some plans, but nothing broadly for the transition or even the consumer education part of the transition that will help ensure that the transition meets its goals and its milestones.

There are, obviously, a lot of things going on out there, but no one is really trying to assess what risks might show up, what kind of gaps might be there, what kind of problems might exist, and how to best mitigate them. We are only in sort of a startup phase, as you know, but we have already found issues of confusion and, potentially, even conflict between Federal Government Web sites which have information on them which appear to potentially conflict, and other kinds of information gaps that exist that people really need to know about, for instance, regarding the converter box program.

They are available, and the Web sites indicate that they are available starting in January. However, that is really a test phase. They are not really generally available until April. But there is almost no information that would let seniors or other Americans know that. So there are a lot of coordination and planning issues that, even here in the startup phase, may bedevil the program.

The CHAIRMAN. Thank you.

Commissioner Adelstein, you recommended the establishment of a Federal task force that would work in partnership with the pri-

vate sector and consumer groups to develop a coordinated approach to educating seniors and the public. As you are aware, we are developing legislation that incorporates your recommendations, and we look forward to working with you, as well as other stakeholders, on this issue.

Your testimony called the current public education efforts at the FCC, quote, “lackluster.” So tell us, what are your predictions for February 18, 2009, if, in fact, nothing is done to increase consumer awareness?

Mr. ADELSTEIN. Well, I am very concerned that if we don’t do a better job of planning—and we just heard from the GAO that we are not doing a good job, they said that there isn’t the proper leadership, and there isn’t the proper focus—and because of that we are going to have one of the biggest outrages that this Congress has ever seen. You will be inundated with letters and phone calls from angry constituents, all of the Federal agencies will be inundated—as well as the cable companies, and the broadcasters. It will be a really difficult day in the history of American broadcasting if we don’t turn this around, and I am hopeful that we can.

What we have here is a warning, and we have 17 months left, so there is time to turn this around. But we must have more leadership. We have to do more planning, but what is the plan now? You can’t find out what the plan is. We are kind of doing this ad hoc as we go. What are the benchmarks by which we need to meet to get to the point where everybody in this country is going to be properly educated? We don’t have any in place.

What is the industry doing? I am not 100 percent sure. We hear different things. They keep changing their mind about what their dates are. They don’t have a coordinated message among themselves. Even the Federal Government, as we just heard from the General Accounting Office, doesn’t have a coordinated message within itself, and we are also not reaching out to coordinate the message among industry.

Now, we can’t force the Industry on what to say, but it would be nice if we looked at some of these PSAs in advance and gave them some suggestions, because they each have their own self-interests at stake here, and they have their own pecuniary agendas. Our agendas need to focus on the public but what are we doing to make sure the public interest is served, that the broader message is consistent?

As I said, it is like an ad campaign. You want it to be simple, direct, clear and consistent, and repeated so it sinks in to the American consciousness. With all these different messages coming from all these different places, the government not coordinating with each other, the industry not coordinating with each other and the FCC, not coordinating all together, we are not going to have the kind of level of understanding among the public that we are going to need to avoid some of the consequences I laid out.

The CHAIRMAN. Thank you.

Mr. Kneuer, in your testimony, you note that any eligible U.S. household can request up to two coupons to help reduce the cost of a digital-to-TV converter box. Your agency uses the standard census definition of a household, which leaves out individuals living in institutions.

Will the millions of elderly and disabled residents of nursing homes and assisted living facilities across the Nation also be eligible to obtain a coupon if they should wish to have one? Can you ensure that these residents do not lose their window to the outside world?

Mr. KNEUER. We did rely on the census definition of households, and persons living in institutions are not eligible as households, per se. That is why part of our education effort is to reach out and work with the communities that do work with people in those facilities to make sure that they are aware of the transition as it is coming, and that there is nothing that would prevent a caregiver or a relative from redeeming a coupon, purchasing a box, and bringing it to somebody who lives in one of those institutions.

The CHAIRMAN. Thank you. Well, we applaud you for including seniors in your list of target groups for consumer education efforts and for reaching out to the appropriate actors, such as the Administration on Aging. However, there is concern about potential problems that can occur at local retailers throughout the course of the transition.

Tell us what your agency will do to ensure that retailers properly educate their sales associates about the coupon program and mitigate the problems of up-selling?

Mr. KNEUER. One of the requirements that we put in our program as we sought a vendor to fulfill the coupon redemption and the rest was that they give us proposals on how they would work with retailers and educate retailers and bring training to retailers. Retailers also need to be registered under the program to make sure that we have got real, sophisticated retail entities taking part. You have to have been in the business for a period of time, have education materials in place.

It is a part of what we are requesting IBM to do with their partners—is to bring training to the retailers, to reach out, not just to—the general information for everyone, but also that information that can reach the five groups that we have identified as those most in need. We have got that down to a level of granularity, even including large type print for seniors, as well as foreign language material for people who may not have English as a primary language.

The CHAIRMAN. Thank you.

Well, we have our distinguished co-Chairman of this Committee here today, Senator Smith, and we will ask him to make his remarks and ask his questions followed by Senator McCaskill and then Senator Coleman.

Senator Smith.

**OPENING STATEMENT OF SENATOR GORDON SMITH,
RANKING MEMBER**

Senator SMITH. Thank you, Mr. Chairman. In the interest of time, if I may, I will put my statement in the record.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF SENATOR GORDON SMITH

Thank you Mr. Chairman.

Today, we are about a year and a half away from one of the largest transitions in United States broadcasting history.

Already advertisements are popping up on television sets alerting consumers about the upcoming digital TV or DTV transition. “Are You Ready?” they ask viewers, encouraging them to ensure their TVs will not go dark on February 17, 2009. I have the same question for the federal government, “Are We Ready?”

In the Aging Committee we have the opportunity and responsibility to look at the digital transition with a narrow focus on our seniors—those most likely to be impacted. The transition is a massive undertaking and its success depends on significant efforts from both the public and private sectors.

I am encouraged by recent efforts in both the public and private sector to help facilitate the DTV transition. Specifically, I applaud the NTIA for their selection of a vendor to implement the converter box coupon program and the cable industry’s announcement of a \$200 million advertising campaign to inform their customers of the DTV transition.

We must ensure that the necessary steps are taken to guarantee a smooth transition without fraud or interrupted TV service for elderly households. It is imperative that seniors receive accurate information on the transition in a format that is easy to understand. I also want to ensure that the federal government provides the appropriate resources, including funding, to inform and assist our nation’s seniors on issues related to the transition. In doing so, it is imperative that all stakeholders work with the Aging Network.

The Aging Network is a comprehensive system that includes 655 area agencies on aging, 29,000 local service provider organizations and hundreds of thousands of volunteers who interact with seniors on a regular basis in communities throughout our country. Many of you are familiar with their work with various programs, including Meals on Wheels that provides meal services to homebound seniors.

The Aging Network is one of the primary resources to communicate information and offer services to the elderly community related to many government programs and issues impacting them. I anticipate the Network will be integral to the success of the DTV transition for this segment of our population. I look forward to hearing how each of the stakeholders here today plans to work with the Aging Network to ensure seniors are ready for the transition.

As part of the education campaign, we must make a concerted effort to protect seniors from potential fraud. There is no shortage of swindlers willing to capitalize on the confusion and fears that could surround the DTV transition. With seniors as their main prey, I guarantee that these bad actors are already scheming to dupe seniors into the purchase of unneeded televisions or converter boxes. I look forward to hearing from our witnesses on how they will proactively work to prevent this type to fraud.

I welcome our witnesses and look forward to hearing their testimony.

Thank you Mr. Chairman.

Senator SMITH. It does reflect, I think, the ongoing concern that this Committee and many other Senate Committees—specifically the Commerce Committee, which Senator McCaskill and I serve on—are focusing on this. So you may feel like you are being bombarded on this issue. Obviously, the reason is because few things get the attention of our constituents more than their functioning TV sets, and we want to accelerate and facilitate this transition so it is as seamless as possible.

We really do need an education campaign that is simple, that is multifaceted, and that is repetitive so as to make sure that seniors are not victimized by those who would sell them a converter box that they don’t need. We don’t want them to have to buy it, and we want to make sure they get what they need, and that they get it in a timely way.

But I have a specific question for the FCC and the NTIA, and it relates to the aging network, which consists of the Administration on Aging, 56 State units, 655 area agencies on aging, 243 tribal organizations, and 29,000 local service provider organizations. As I understand it, this network is not being utilized, and it is an army of willing workers that is authorized under the Older Americans Act and a resource for your agencies, gentlemen, that, if you are not going to use it, I need to encourage it and plug you into

it as best we can. Because when you look at Meals on Wheels and the people who are going into the homes, these are the people who enabled us to get through a very difficult Medicare Part D problem, or implementation, much more successfully and more quickly than many thought possible. It still wasn't perfect, but it would have been much worse had this army on the ground not been available.

It does seem to me that we are missing the boat, as I understand it, because this incredible resource is not being utilized by your agencies. Is that correct? What can you do to do differently?

Mr. ADELSTEIN. I think that is an important point. I think we do need to work more closely. Now, our staff has reached out to AOA, and it has some positive, very early stage ideas underway. One State, for example, we are going to closely coordinate with, but we have 49 others that we are not yet working with, so I think we need to do a lot more.

One of the ideas that I think is so important is that we have a Federal level task force or working group that involves all the different Federal agencies meeting at the highest levels to discuss what the priorities of the agencies are. This task force should, specifically, really focus very heavily on bringing in AOA and its leadership and also working with all the different state offices on aging to bring those resources to bear.

For example, working with Meals on Wheels to help spread the word. One of the ideas is that they will put on the tray a little flyer about the DTV transition that is written in a very simple way, and all those folks will get that information. There are so many creative ideas like that that are out there, but how are we going to get them implemented? How are we going to do it in time? Are we coordinating enough with AOA?

I am afraid to say, as you know, our efforts are very nascent. We are just beginning to reach out, which is important, but we need to be doing a lot more—I mean, not just working with AOA, but other Federal agencies, like SSA, which has mailers that go out to all of our seniors. The Federal Government ought to be coordinating with all the different resources we have to make sure this message gets out through all the different mechanisms we have, and I think AOA is one of the best and most important.

Senator SMITH. Well, please take this hearing as a friendly prod. I hope you will utilize this resource.

Mr. KNEUER. Senator, we are working very, very closely with AOA, as well as SeniorNet and others. They have been—from the outset, when we knew we had this responsibility, we looked out across the executive branch and across the Administration where there were resources. I mean, it is clear that senior citizens are the largest consumers of these governmental services, and there are a host of different executive branch agencies that provide those services.

AOA is one of the first ones that we have been working with. We are working closely with them, as our vendor coordinates the consumer outreach message, having that integrate into the AOA services is exactly what we plan to do.

Senator SMITH. Mr. Goldstein, one of the concerns that I have is how effective the information is that we are giving to seniors. Is it simple? Is it clear? Can senior citizens follow it? I wonder from

your study that you did recently how effective—or how we can improve our brochures and our government Web sites so that this can be understood by folks out there.

Mr. GOLDSTEIN. A couple of points, Senator. One is I think there does need to be clear and more consistent messages, and we have talked a little bit about that. We do see some inconsistencies and some gaps in the messages that are being provided today.

We sat down with a panel of experts in strategic communications not long ago, and we talked to them about specific things that they recommended that need to be part of any campaign. They included prioritizing limited resources so that when you don't have a lot of time and you don't have a lot of money, you are very, very sure of who you are reaching out to and at what point. So you have to make decisions between small and large audiences and long and short periods of time in order to make sure that your message is heard.

You need to—and we are quite concerned about this possibility—educate consumers who don't need to take action. That doesn't seem to be really part of what has been developed much so far, and there may be many, many seniors who are confused and may go buy a set top box who don't need to do so at all. So there is potentially some confusion at that point.

Obviously, reaching the underserved and more vulnerable parts of the population is key, and NTIA, particularly, has an outreach program designed to do that. But, obviously, we have a lot of time and a lot of message still to get out there. Then, aligning stakeholders to make sure that the messages that are being sent are clear and they are consistent.

Many of the stakeholders and organizations involved are voluntary. Some of them are natural competitors, and so you are going to see messages that are designed to meet their own objectives and not necessarily the public's, in part, as well. So I think there are a lot of challenges remaining.

Senator SMITH. Very good. I see my time is up, and I may have another question.

The CHAIRMAN. Thank you very much, Senator Smith.

Senator MCCASKILL.

Senator MCCASKILL. Thank you, Mr. Chairman.

I did a little field trip in preparation for this subject matter, and I was in the market for a television. So as I went around to buy televisions, I began asking the people at Best Buy and Circuit City about when the boxes were going to get there, and they said, "Well, we have Direct TV here. You can"—you know, they were busy trying to point me out to cable or satellite providers. I said, "No, no. Isn't there supposed to be a box here somewhere that is going to help me convert my TV?" The salespeople really didn't know what I was talking about.

Now, these boxes are supposed to be available January 1, and we are about to embark upon the biggest Christmas selling season in terms of buying TVs outside of—before the Super Bowl. I think the retailers will tell you that we are about to go into their busiest 3 months.

When very confused consumers—and I have spent a lot of time trying to figure out all this stuff, plasma, LCD, DLP, do we worry

about—what is it—a cable card? I really have worked at it. Now, if the people that are selling this stuff don't know the boxes are coming, and we don't really know when the boxes are going to get here, and there seems to be a chicken and an egg thing, in that they are not going to order boxes until they have demand, and they are not going to have demand until people know about the boxes, and, meanwhile, it is 4 months from now. I think it takes 4 months to manufacture the boxes, doesn't it, Commissioner Kneuer?

Mr. KNEUER. I don't know the manufacturing time in terms of months and the rest of it. Those are precisely the reasons we wanted to make sure that our vendor put together a concerted effort to do education with retailers as these things come online.

The statute dictates that we be eligible and prepared to receive coupon requests as of January 1, 2008. It doesn't give us any authority on dictating supply chains and the rest. But recognizing exactly the dynamic that you are underlining, that having multiple manufacturers, having a competitive environment for boxes, and getting boxes into the marketplace is important, we designed our program to encourage the broadest possible participation by manufacturers, the broadest possible participation by retailers.

The retailers told us from the outset, don't expect to get them lined up for this Christmas season. It is too early this year, and they are too focused on managing this year's Christmas rush. Introducing a new product will come after that in the January time-frame.

So we have had lots of interest from manufacturers. We have been certifying boxes. We intend to certify, and I am sure we will be certifying more boxes. I believe boxes will be getting into the marketplace and broadly distributed by a broad cross section of both, you know, big box stores, nationwide retailers, and smaller regional retailers as well.

Senator MCCASKILL. If someone has a coupon, and it expires, do they get another coupon?

Mr. KNEUER. We want to—one of the things that the vendor has put in place is a very, very granular track, and one of the nice things about having IBM coordinating this entire thing, being responsible for the outreach to the retailers, is they will have visibility down by the zip code. If somebody sends in a request for a coupon, and the data from the vendor is that there aren't retailers in their area, or that there has been an interruption in the supply chain for some reason, whatever it is, we would not send those coupons out. We don't. . .

Senator MCCASKILL. But what if somebody gets one, though? I am just assuming that this isn't going to work perfectly.

Mr. KNEUER. Well. . .

Senator MCCASKILL. If it doesn't, and if someone gets a coupon, and they can't find a box, and the coupon expires, do they get another coupon?

Mr. KNEUER. We won't send coupons out, if that is the scenario. As things move along, and we have got wide-scale availability, and there is a nationwide market for this, if a coupon expires, you won't get another coupon. If a coupon is lost or destroyed, you can get another coupon.

We won't send out coupons if there isn't a supply chain in place. But once the supply chain is in place, if the 90 days go by, and that coupon expires, you won't get another one. The reason for that is the statute tells us that they have to expire after 90 days.

Also, people are going to make other choices. People will go into a store and decide—you know, maybe this time—they may have requested a coupon and then make a different decision. I want to have that \$40 going back into the money I have available to fund people who really do decide that they want the financial assistance.

Senator MCCASKILL. Well, that brings me to the second point I want to make this morning. You know, I don't mean to be crass here, but when things work well, there is usually a profit involved. As I look at the first commercial that I have seen on digital transition—and it is advertising that is running here in the Washington area with an—it is very effective—an elderly woman.

Basically, the message of the ad is if you have cable TV, you are going to be OK. By the way, that picture on cable TV is just fantastic, and it is crisp, and really, it felt more like a commercial for cable TV. Now, it did give a Web site, which I don't think is going to be as valuable to the senior population as it might be to others, and it might have given a phone number, but I think the phone number—you just get a recording.

So there wasn't anything in that message saying that you don't have to buy another cable box—you can get a coupon. I think that what is going to happen here is the retailers are not going to see profit in this. They are not going to promote it.

The cable industry is not going to promote the education about the boxes because all they want to do is make sure that every TV in your house—that you are renting a box from them. They are not motivated. The satellite people aren't motivated. They want to sign you up for satellite.

I am trying to figure out who is motivated here, and how this is ever going to work in a way that is going to be effective if we don't force feed it, and it doesn't feel like we are force feeding anything. It feels like we are just kind of letting everybody do their own thing, which I don't think is going to work at all.

By the way, I am not comforted by the fact that the subcontractor that is going to do the public education piece is the same one we had for Medicare Part D. Well, that wasn't good. I mean, I wasn't even in office at the time, and they were calling me at home, you know, all the seniors trying to figure out their medicines.

So I am worried. Don't you think we need to, that the FCC needs to, say to NTIA, "We need one message, and you have got to do one message, and it has got to be fair in terms of making sure the consumer knows they don't have to buy more cable boxes, and they don't have to go to satellite?"

Mr. KNEUER. I think there is—a different way you can look at the dynamic is that there are, in fact, very, very powerful market incentives for all of these market participants to deliver messages to their different customers. Cable certainly has a very different message than the broadcasters have, and satellite likewise. I think it is a good thing for satellite carriers and cable carriers to tell people, "Don't worry. If you have got a box on your set that is supplied

by cable or supplied by satellite, you don't need to go to a store." Senator McCaskill. But they don't tell you if you don't have a box, you are going to have to buy one.

Mr. KNEUER. There has been. . .

Senator MCCASKILL. Most cable houses don't have a box on every TV. There are TVs that don't have, and they are getting a signal now, and they are not going to get a signal after this.

Mr. KNEUER. Under the—I will let Jonathan speak to this. On the regs that the commission adopted last week, the requirement is that cable operators are going to have to manage that, whether they have a box or don't have a box, for 3 years post the transition, from now through the next 3 years.

So having a unified message, there is a danger to having a unified message. I think there is a considerable danger to having the Federal Government establish a mandated message. While it may seem comforting on the one hand, people are going to delay taking steps that they are currently taking if they have to wait and look to a bureaucracy to say, "This is the message you are allowed to deliver," rather than looking after their own very vital self-interests. If they don't manage this transition to educate their customers, they are not going to have customers, and it is a much bigger stake than anything I think I can deliver to them.

This is a huge market opportunity and a huge market danger for all of these entities, and I think you see that. You see cable has committed \$200 million to this effort. I don't think that is purely altruistic, and I don't think it is anything that we ever could have required of them. I think there are challenges that is requiring specific messages. I don't think—and Jonathan pointed it out—I don't think we can tell them what to say.

Senator MCCASKILL. Well, we may not be able to tell them, but I think we can do better than we are doing now.

Commissioner Adelstein.

Mr. ADELSTEIN. Well, I couldn't agree with you more, Senator, that we have a problem here with this, and that we do need to have sort of a clearinghouse for these ideas. That doesn't mean a mandated message. That means shouldn't somebody from the government at least have had an inkling about what this PSA is going to look like?

They are talking about spending \$200 million to tell people not to worry about it, when maybe a cable customer has a TV in the kitchen that only gets over the air broadcast signal that is going to go into snow, but the ads tell them not to worry and they think everything is fine until their TV no longer works. So, in fact, I am not sure that ad is particularly helpful in promoting the kind of message we want.

That doesn't mean the government tells them what to say. I am not sure that we need to do that or that we have the authority to do that. But why don't we sit down with them and try to discuss this in a way that we can try to move them in a cooperative public-private partnership toward a coherent, consistent message to the degree we can. There will be differences, because they do have their own self-interests at heart, but we have the public's interest at heart. We are the only ones with the public's interest in heart,

and we are not, I don't think, doing the job we need to do to make sure we are showing that kind of leadership.

We have a lot of issues that both cable and broadcasters have in front of us, and when we sit down with them we need to say, "Hey, what are you doing?" and "That isn't as helpful as it could be. If you are going to spend this kind of money, let us tell people what the pros and cons are, what they need to do." If we don't do that, nobody else is going to.

If we don't try to coordinate the message, nobody else is in a position to be the referee, and everybody will be fighting for their own self-interest. We will have conflicting messages, we will have confusion, and there will be a huge waste of scarce resources, and I am afraid that is what is happening right now.

Senator MCCASKILL. The only thing I think we should require is that they put you all's phone number on all the ads. [Laughter.]

Mr. KNEUER. If I could. . .

Senator MCCASKILL. I don't want them to call me.

Mr. KNEUER. If I could just add to that a little bit, there is this public-private partnership that exists. The DTV coalition is made up of the consumer electronics industry, the cable industry, the broadcast industry, and more than 120 advocacy groups. The FCC recently joined it, and we have been participating in this coalition since its inception.

The purpose of that clearinghouse and of that coalition is to do precisely what Jonathan's talking about, which is have a single place for all of the parties that have an interest in this transition to coordinate their message, to talk about how we are going to reach hard to reach communities, as well as the broader public. So I think that activity and that public-private partnership, to a large extent, already does exist.

Given the fact that there would be serious issues with us doing anything more than coordinating messages—like I said, I don't believe that any of us have the authority to dictate messages. So not being able to dictate messages, but rather coordinating messages—I think that activity is going on, and I think, to date, it has been successful.

We have had lots of productive meetings with them. We had the secretary of commerce over at NAB recording interviews and public announcements both in English and Spanish which are going to be delivered to thousands of television stations across the country. I mean, this is one example. But this public-private collaboration and partnership, to a large extent, I think, is already taking place.

Mr. ADELSTEIN. With all due respect, that group was established because we didn't do anything as the government. I mean, that sort of filled a vacuum, and I am very appreciative of the fact that the private sector stepped up and did that. But what you have in terms of the Federal Government's participation is we had some staff go and monitor, and the FCC finally joined it a few weeks ago.

What if the FCC had its own leadership group that was coordinated among government? Just as businesses in the private sector have tried to coordinate among them, why don't we coordinate among government agencies? What about coordinating with SSA and AOA, as Senator Smith suggested, and all the other agencies

that can help us get the word out to seniors, so we get our own message together, which GAO said we haven't done yet.

Then once we have that kind of a powerful group together, wouldn't it be a different environment if that group called the DTV coalition in, and the government said, "You come in and tell us what you are doing. You come in and report to us. You tell us what your PSA is going to look like. You tell us what your timelines are. Let us talk about a coordinated plan." Because nobody is going to plan if the government doesn't do it, if we don't step in, they are all going to follow their own self-interests, because that is the way that our system works, and that is fine with the private sector because most of the time we don't step in.

But there has to be some leadership here, because we don't have enough time to just let all these different ad hoc and conflicting efforts—be released with the hope that they somehow add up to a comprehensive awareness campaign.

Senator McCASKILL. Thank you.

The CHAIRMAN. Thank you, Senator McCaskill.

Senator Smith.

Senator SMITH. Thank you, Mr. Chairman.

There is one more thing I would like to put on your radar screen, gentlemen. You know, with the coupon program, and with this transition period, I want to encourage you to think of worst case scenarios in terms of fraudulent schemes that might come up. I wonder if at this point you have any thoughts as to how the government can participate in educating seniors about the kinds of frauds that can—that are likely—that they can confront.

Mr. KNEUER. We looked at waste, fraud and abuse as one of the key concerns that we had as we looked at launching this entire program, and on two different fronts, one on waste, fraud and abuse in the program itself, whether or not coupons would be redeemed fraudulently—people trying to aggregate coupons and commit a fraud against the Federal Government. The second part is the opportunity for fraud in the fulfillment and the retailing side of things, which is why we decided the best way to answer both of those is to certify retailers into the program.

This program isn't open to any retailer. Retailers need to show that they have training materials, make sure that they have been in the business for more than a year. So we want to strike a balance of having a very, very broad retailer participation, because you want people to go to their local store and not have to go and say, "OK, it is only available at a Best Buy," and there may not be one nearby.

So we try to balance having broad participation, but also having some oversight and some rigor on who the retailers are and under what terms they are going to participate. So I guess the vendor is going to be responsible for developing training materials and bringing it to them, and they need to represent that they have got a trained staff, and that the materials that they are using to educate people about our program are accurate and made available to the broadest extent possible.

Senator SMITH. Mr. Adelstein.

Mr. ADELSTEIN. Well, I will let—the secretary talk about the converter box program. We have a problem going on right now in

terms of misleading consumers that we are actively engaged in enforcing our labeling rules. We have a requirement that retailers put a label on the analog television sets that aren't able to receive a digital signal. It turns out, we did an investigative check into it, and there was vast lack of compliance, and we have talked about fines totaling over \$3.2 million already for just those violations.

Subsequent to those violations, I went to one of the shops of one of the companies that we fined and found that the labels were no longer with the televisions. They moved the televisions around, and the analog labels were on digital TVs, and the digital TVs had analog labels. I mean, they were all mixed up, because as the inventory moved around, nobody knew about these labels.

As a matter of fact, the clerk didn't even know that the label was there, and the clerk wasn't very well educated on the DTV transition. Again—Senator McCaskill talked about it—these folks have a real opportunity to sell people products. You come in, and they don't tell you about the converter box. They say, "All you need is this new \$2,000 or \$3,000 TV. Don't worry about the converter box," or "You can sign up for Direct TV."

I mean, there are all these different ways of moving people to some product that actually makes more money for them than the converter box. So the poor senior that walks in the store can be victimized in ways that aren't necessarily illegal, but are certainly unethical and inappropriate, and ways that causes more harm than good to the consumer. We need to make sure that the retailers step up to the plate.

We are engaged now in consent decree negotiations with the retailers to make them comply with these rules, and in the process of doing that, they are talking about agreeing to a comprehensive education effort, that includes staff training and putting millions of inserts into their newsletters and enhancing consumer education efforts. We are going to try to do that for every retail store and we need to continue to enforce our rules. I am pleased that we have enforced them the way we have, but we are a long way from making sure that consumers aren't misled.

Right now, there are loads of analog TVs that are being dumped into the market very cheap that people are buying, and they have no idea as they walk out of the store that those aren't going to work after February 17, 2009.

Senator SMITH. John, I wonder if you can inform me as to—the system you have sounds good as it relates to the retailer. Is there anything that can be done to—does it capture the traveling salesman who may knock on the door of the senior and want to sell them a converter box that somehow defrauds them—they buy a \$50 box, and they didn't need it, because they could have gotten one through the processes that we are providing?

Mr. KNEUER. When we supply coupons to people, so if, when a consumer requests a coupon from us, when they get that coupon mailed back to them, it will also include a list of retailers by zip code near them who are approved into the program, who can educate them and help them, as well as a list of the approved boxes. So I don't know if there is anything within the distribution of the coupon program we could do for people who, you know, if you have gotten that kind of a traveling fraud.

But to the extent that somebody asks for a coupon, when that coupon is delivered to them, it is also going to include information, where you should go to get the best information and to find a certified retailer and what boxes are available for the program. So if they follow that guide. . .

Senator SMITH. If they want to buy something from the traveling salesman, they can do that. They may—they didn't need to get it from him, because they are going to pay for it. . .

Mr. KNEUER. Right.

Senator SMITH. . . . whereas they could have gotten it through the coupon program. But I wonder, I didn't think what you laid out could stop that, but what I would like to see is an information campaign that includes a warning that you don't have to buy something—this is how you get.

Mr. KNEUER. Right.

Senator SMITH. Is that being done?

Mr. KNEUER. I think those are the kinds of things—as we are developing the overall messaging campaign. We awarded this contract just, almost a month ago, to the day. They are now undergoing the process of consumer research and going out and talking about those things. But those are the kinds of things that—we can certainly go back to them and say, you know, here is something you ought to think about. That, not just in making people aware, but letting them know that there is a way to manage this and sort of warn them against those sorts of fraud opportunities.

Senator SMITH. I think it is very important to provide that kind of warning, because that is sort of where fraudulent schemes can get around the program that has been designed. Thank you.

The CHAIRMAN. Thank you very much, Senator Smith.

We would like to thank the three gentlemen. It has been a very good panel, and I think we got many of the most important issues out, understanding the challenges and what needs to be done, and you have provided a good service here this morning. Thank you so much.

Mr. GOLDSTEIN. Thank you, Senator.

Mr. ADELSTEIN. Thank you.

Mr. KNEUER. Thank you, Mr. Chairman.

The CHAIRMAN. On Panel II, our first witness on this panel will be Nelda Barnett. Nelda Barnett is a member of the AARP Board of Directors, where she chairs the AARP Foundation board. She is a member of the Board Governance Committee and the AARP Financial Board. In addition to being a former AARP Kentucky state president, Ms. Barnett has devoted 30 years to the aging field.

Next, we will hear from Amina Fazlullah, a media reform advocate and staff attorney with the U.S. Public Interest Research Group, specializing in media technology and digital consumer rights. Ms. Fazlullah monitors the FCC and previously served as a law clerk at the FCC's Office of Strategic Planning and Policy Analysis.

Next, we will be hearing from Sandra Markwood. Ms. Markwood is the CEO of the National Association of Area Agencies on Aging, which represents the interests of the nation's 655 area agencies and 240 Title VI native American programs. Additionally, she has

worked for more than 20 years providing policy and programmatic support in counties and cities all across the United States.

Last, we will be hearing from Marcellus Alexander, Junior, who is the executive vice president of television for the NAB. The National Association of Broadcasters aims to represent the interests of free over-the-air radio and TV broadcasters, and Mr. Alexander oversees that effort. Previously, he served as vice president and general manager of KYW TV in Philadelphia.

We thank you all for being here this morning, and we will take your testimony.

Ms. Barnett.

**STATEMENT OF NELDA BARNETT, BOARD MEMBER, AARP,
OWENSBORO, KY**

Ms. BARNETT. Good morning to you, and thank you very much for affording us this opportunity to come and testify on the impact the digital television transition will have on older Americans. My name is Nelda Barnett, and I am a member of the AARP Board of Directors.

The digital transition will require an adjustment and an expense for many Americans. For older Americans, there will be additional burdens that must be addressed.

Thank you, Chairman Kohl, for holding this hearing and for drafting legislation to ease these burdens.

AARP has urged policymakers to mitigate the challenge the DTV transition presents for all consumers, particularly older persons. 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 seven points:

First, a large percentage of analog-only households are older individuals who will be disproportionately impacted by the DTV transition and who are not prepared. Recently, CENTRIS released survey data that revealed older individuals are more likely to be found in over-the-air households and require a special focus for DTV transition education.

The second one, older Americans rely on television broadcasts for critical weather and safety information and can't afford to lose access to these broadcasts. Older individuals rely on their television for daily weather forecasts, as well as all important weather updates and national and local emergency announcements. The DTV presents a challenge to uninterrupted access to this critical weather and safety information which much continue after the DTV transition.

The third one, older persons confront additional challenges related to obtaining and redeeming the converter box coupons and installing the converter boxes.

Fourth, coupons should only be distributed when converter boxes are available for purchase at the retail stores. Consumers will become frustrated if they have a coupon that cannot be used and that does expire in 90 days. A mechanism should be designed to track the location of stores stocking the coupon qualified boxes.

Fifth, older persons are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers' up-selling efforts.

As we just heard a moment ago, older persons—Sixth, is older persons residing in nursing homes and assisted living facilities are at risk of being left behind in this transition. The NTIA converter box coupon rules define a household as all persons who currently occupy a house, apartment, mobile home, group of rooms or a single room that is occupied as separate living quarters and has a separate U.S. postal address. This definition does not cover residents in nursing homes or in assisted living facilities. Congress needs to take steps to ensure these residents qualify to participate in the converter box coupon program.

There must be—and seventh—there must be a coordinated nationwide education campaign that includes Federal, state and local agencies and programs serving consumers who are at great risk of losing their broadcast television service, particularly the vulnerable population groups, such as the older people. Chairman Kohl's draft legislation addresses this need for government coordination, developing a partnership to create a public education campaign that provides information to older individuals, their families, their caregivers, and aging support networks.

In conclusion, in about 17 months, on the morning of February 18, 2009, consumers in households around the country could discover that they are unable to view their regular morning television programs. Older Americans could be cutoff from the important weather and safety information. They will be confused, frustrated, and angry that this important information and entertainment source is no longer operational through no fault of their own.

We all have an important role to play to keep consumers connected and, particularly, to assist more vulnerable populations such as the older people. While AARP will do its part to prepare our members and older persons, generally, we are also counting on policymakers to take any steps necessary to ensure all consumers, regardless of age, income, native language, or other factors, are ready for this significant change.

Thank you very much for allowing me to be here this morning.
[The prepared statement of Ms. Barnett follows.]



**STATEMENT
BEFORE THE
SENATE SPECIAL COMMITTEE ON AGING
OF THE
UNITED STATES SENATE**

ON

**PREPARING FOR THE DIGITAL TELEVISION TRANSITION: WILL
SENIORS BE LEFT IN THE DARK?**

SEPTEMBER 19, 2007

WASHINGTON, D.C.

WITNESS: NELDA BARNETT

AARP BOARD OF DIRECTORS

For further information, contact:
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Good morning. Mr. Chairman and members of the Committee, thank you for this opportunity to testify today on behalf of AARP regarding the impact of the digital television transition on older Americans. My name is Nelda Barnett and I am a member of AARP's Board of Directors.

We want to thank the Chairman for holding this hearing today. The digital transition will require an adjustment – and an expense – for many Americans. However, for older Americans there will be additional burdens that must be addressed. AARP appreciates the Committee's focus on the impact of this transition on older Americans and welcomes the legislation the Chairman has drafted to ease these burdens. As the transition proceeds, AARP is committed to working with this Committee and other Members of Congress to help make certain consumers are aware of the transition and know the steps to take to ensure they have access to broadcast television after February 17, 2009.

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). AARP has urged policy makers to mitigate the challenge for all consumers, particularly older persons. 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.

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 and public safety announcements, along with information on government and politics, and community news. In fact, Americans aged 50 and above watch the greatest 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, there will also be significant costs, monetary and non-monetary, for consumers. These costs are particularly challenging for older persons. They will need assistance in searching for an available converter box, understanding confusing and/or inconsistent messages, and addressing potential difficulties attaching the converter box to their sets.

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

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

¹ Nielsen Media Research, 2005.

- Older Americans rely on television broadcasting for critical weather and safety information and can ill afford to lose access to these broadcasts;
- Older persons confront additional challenges related to obtaining and redeeming converter box coupons, and installing the converter boxes;
- Coupons should be distributed when 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;
- Older persons are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers' "upselling" efforts;
- Older individuals residing in nursing homes and assisted living facilities are at risk of being left behind in the transition; it is unclear if these residents qualify to receive converter box coupons; and
- There must be a coordinated nationwide education campaign that includes 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 persons.

1) A large percentage of analog-only households are older individuals 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 when the transition is concluded.

The Government Accountability Office (GAO) reported that of those OTA households, about 48 percent have incomes under \$30,000. Moreover, approximately 8 million – or 40% -- 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 individuals:

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 three years;;
3. Are less likely to have HDTV capabilities in their households; and
4. Are less likely to own a digital TV.

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

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

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

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 rely on television broadcasting for critical weather and safety information and can ill afford to lose access to these broadcasts.

For many older persons, the television is the most reliable and accessible source of important safety information. They rely on their television for daily weather forecasts, as well as all-important weather updates and emergency announcements. Older individuals depend on television broadcasts for critical national and local emergency alerts.

The DTV transition presents a challenge to uninterrupted access to this critical weather and safety information. It is vital for all consumers, particularly older Americans, to continue to receive this information after the DTV transition takes place on February 18, 2009.

3) Older persons confront additional challenges related to obtaining and redeeming converter box coupons, and installing the converter boxes.

There are additional challenges involved with the transition to DTV that confront older persons, and they must be addressed as soon as possible. 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 homes to purchase converter boxes. Although it will likely be possible to purchase the converter box online, there are a number of older individuals who do not have Internet access in their homes.

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.

4) Coupons should be distributed when 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 will hinge, in part, on some uncertain timing elements. There are some consumers who will act expeditiously and request converter box coupons when they first become available in January 2008. According to NTIA rules, the coupons expire 90 days after they are mailed to the requesting

households. Based on some initial reports, we are concerned that converter boxes may not be in great supply in retail establishments until several months later. If a consumer receives the coupon in early January, it could potentially expire prior to the availability of converter boxes in community stores. It is critical that NTIA coordinate the distribution of the coupons with the availability of the converter boxes for purchase in the stores.

AARP is also concerned that older persons, 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 will stock the boxes for sale, and some stores may carry only a limited number of boxes.

The NTIA must work with the selected converter box coupon vendor, IBM, 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 areas with boxes in stock, by calling a toll-free number as well as by going to an Internet website.

5. Older persons 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. Even assuming such steps are taken, there will still be an opportunity for legitimate *free* converter box coupons to be offered for sale. Helping consumers to avoid this unnecessary extra cost will require educational materials clarifying how they can receive a valid coupon, and offering 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 the purchase of 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.

6) Older individuals residing in nursing homes and assisted living facilities are at risk of being left behind in the transition; it is unclear if these residents qualify to receive converter box coupons.

The NTIA converter box coupon rules define a household as “All persons who currently occupy a house, apartment, mobile home, group of rooms, or single room that is occupied as a separate living quarters and has a separate U.S. post address.”⁵

⁵ NTIA Frequently Asked Questions, Converter Box Coupon Program, 2007.

AARP is concerned that this definition may not cover residents of nursing homes or assisted living facilities. Residents of these facilities must also be able to prepare for the DTV transition and exercise their right to purchase a converter box using the converter box coupons. We urge Congress to take the necessary steps to ensure that these residents qualify to participate in the converter box coupon program.

7) There must be a coordinated nationwide education campaign that includes 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 persons.

It is critical that Congress work with the NTIA and FCC to construct a coordinated effort to educate the public about the transition. This effort should engage other federal, state and local government agencies that serve vulnerable population groups, including older individuals 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 to this transition. Congress should request a specific plan that addresses the coordination of efforts among these, and other government agencies and programs.

Chairman Kohl's draft legislation addresses this need for government coordination. The draft includes a provision to establish a partnership with the FCC, the Administration on Aging and its allied aging network, as well as interested industry groups (such as manufacturers and retailers of consumer electronics equipment, broadcasters, public broadcasters, cable operators, satellite providers, and advertisers) and public interest groups. The partnership will create a public education campaign that provides information about the transition to older individuals, their families, caregivers, and aging support networks.

AARP recognizes that the task of educating the general public about the DTV transition is enormous – and the five million dollars designated by Congress for consumer outreach and education related to the converter box coupon program is virtually 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 its 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 the mid-life and older Americans that make up our membership.

Conclusion:

In about seventeen months, on the morning of February 18, 2009, consumers in households around the country could discover that they are unable to view their regular morning television programs. Older Americans could be cut off from important weather and safety information. Such individuals 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 to keep consumers connected, and particularly to assist more vulnerable populations such as older persons. While AARP will do its part to prepare our members and older persons generally for the DTV transition, we are also counting on policymakers to take the necessary steps that will ensure all consumers,

regardless of age, income, native language, or other factors, are ready for this significant change.

AARP commends Chairman Kohl for drafting legislation that serves as an important step toward assisting older Americans with the DTV transition. We look forward to working with Chairman Kohl, and the Members of this Committee, to ensure that all consumers stay connected.

The CHAIRMAN. Thank you, Ms. Barnett.
Ms. Fazlullah.

**STATEMENT OF AMINA FAZLULLAH, STAFF ATTORNEY, U.S.
PUBLIC INTEREST RESEARCH GROUP, WASHINGTON, DC**

Ms. FAZLULLAH. Thank you, Chairman Kohl, Ranking Member Smith, and the members of this Committee. I am Amina Fazlullah, a media and telecommunications staff attorney for the United States Public Interest Research Group. U.S. PIRG is a federation of state public interest research groups, nonpartisan, nonprofit, public interest advocacy organizations based in 30 different states.

It has been nearly 2 years since Congress established the official transition date from analog television broadcasting to digital. Yet virtually no U.S. consumer knows what will happen on February 17, 2009.

On that date, television broadcasters will switch from analog to digital signals. The transition offers the country the return of valuable beachfront property spectrum that can be used to enhance emergency communications, spur innovation and improve broadband's connectivity.

But there is one other thing that will happen on February 17, 2009. Every consumer who watches over-the-air television with an analog set will have their sets go dark. Included in the estimated 22 million consumers in this category are 8 million households with at least one member older than 50. Based on preliminary U.S. PIRG research, we will discuss today that neither the government nor the retailers are adequately preparing consumers for the impending DTV transition.

Industry stakeholders have made substantial promises to inform the public. While U.S. PIRG agrees that this transition cannot be successful without the support of industry, we believe that the industry's participation must be mandated and closely monitored to ensure that consumers have a fully protected experience throughout the transition.

As of August 2007, U.S. PIRG completed a preliminary study that surveyed the top five electronics retailers in the D.C. metro area. Our initial findings were based on interviews with clerks and supervisory personnel, and they are alarming. They show that despite industry promises to educate and prepare personnel, all five retailers had personnel that provided inaccurate or even misleading information.

Our surveyors found that when asked, retailers did not acknowledge the existence of converter boxes or the coupon program. In many cases, the retail staff told surveyors that to continue to receive broadcast signals, a consumer's only choice would be to buy a brand new television set, or an upgraded HDTV set. For example, in a Virginia area Wal-mart, our surveyors were told that their only option was to buy a brand new HDTV or sign up for cable or satellite service.

In another Virginia area Best Buy, our surveyors were told that the upcoming transition meant that signals would now all be HDTV signals, confusing the DTV signals and HDTV signals, and that consumers would have to buy a brand new HDTV to continue getting over-the-air television. In another Virginia area Best Buy,

our surveyors were told that to continue receiving television signals after the transition, they would have to purchase a useless HDTV tuner, costing them over \$174.

In a Virginia area Target, our surveyors were told of converter boxes, but were not told of the discount and were not told of the government program or the coupon program. The digital set would actually be cheaper, they were told, than a converter box in initial cost.

In almost every store surveyed, we found a number of analog television sets still on the shelves, sometimes labeled on the box, sometimes on the shelf. But in all stores, it could be easy for a consumer to miss the warning label. Throughout this fall and the holiday shopping season, it is critical that bargain hunting shoppers aren't duped into purchasing slightly discounted analog television sets when they will have to purchase a converter box just months later.

While all stores knew of the transition and the deadline, all retailers had personnel that mistakenly switched standard definition digital television with high definition television, that is SDTV with HDTV. At no point in time did any of the personnel from any of the stores tell us that they weren't familiar with the details of the switch or directed us to any helplines, managers, materials or Web sites.

Our preliminary results demonstrate the need for strong government oversight into the industry efforts in the DTV transition. We have only a few months to ensure that the benefits of this transition don't come at a cost to our most vulnerable consumers.

Before we jump ahead to the boons of the transition, we have got to put time, effort and resources into preparing consumers for the day that their TV will go dark. If we don't find a way to communicate to our most vulnerable consumers how and when the transition occurs, we run the risk as a country of shutting off democratic debate and crucial emergency services to low income, rural, minority, and older Americans.

Thank you for both the opportunity to speak today and for your leadership as we move forward in addressing the digital television transition.

[The prepared statement of Ms. Fazlullah follows:]

**AMINA FAZLULLAH,
MEDIA AND TELECOMMUNICATIONS STAFF ATTORNEY,
UNITED STATES PUBLIC INTEREST RESEARCH GROUP
U.S. SENATE SPECIAL COMMITTEE ON AGING
“PREPARING SENIORS FOR THE DIGITAL TELEVISION TRANSITION:
WILL SENIORS BE LEFT IN THE DARK?”
SEPTEMBER 19, 2007**

Chairman Kohl, Ranking Member Smith, and members of the Committee: I am Amina Fazlullah, Media and Telecommunications Staff Attorney¹ for the United States Public Interest Research Group (U.S. PIRG). U.S. PIRG is the federation of state Public Interest Research Groups -- non-partisan, non-profit public interest advocacy organizations based in 30 states. On behalf of our members across the country I want to thank you for the opportunity to testify in today's hearing on preparing our most vulnerable consumers for the digital television transition.

It's been nearly two years since Congress established the official transition date from analog T.V. broadcasting to digital, yet virtually no U.S. consumer knows what will happen on February 17, 2009. On that date, television broadcasters will switch from analog to digital signals. The transition offers the country the return of valuable, "beach front property" spectrum that can be used to enhance emergency communications, spur innovation and improve broadband connectivity.

One other thing will happen on February 17, 2009. Every consumer who watches over-the-air TV with an analog set will have their set go dark. Including in the estimated 22 million consumers in this category are 8 million households with at least one member older than 50.

The government is of course at least aware of this problem. Congress has allocated funding for an education program. The relevant agencies have required that manufacturers stop producing new analog televisions and that retailers properly label the remaining analog televisions at the point of sale. Congress has also allocated funding to provide coupons to help consumers pay for the necessary converter boxes to get their analog television sets to work again.

Yet, based on preliminary U.S. PIRG research, which we will discuss today, neither government nor retailers are adequately preparing consumers for the impending DTV transition.

Unfortunately, the vast bulk of the governments' efforts have been focused in a lopsided manner on the future uses of the television broadcast spectrum and not on the very concrete and serious problems that arise from the DTV transition.

It is U.S. PIRG's view that neither the government nor retailers are doing enough to ensure adequate DTV education, to make sure converter boxes are made available at fair prices and that consumers are informed of the availability of coupons.

This lack of attention comes despite clear signals that the DTV transition poses a nationwide problem on the level of the Y2K threat, however unlike the over-hyped Y2K threat, the DTV transition comes with guaranteed and identified problems for millions of our country's most vulnerable consumers, again, including a disproportionate number of older Americans.

A 2007 report released by the Association of Public Television Stations (APTS) found that 22 million American households rely on over-the-air analog broadcast and 61% of these households have heard little to nothing about the impending transition¹. U.S. PIRG is keenly aware that many of the over the air households to be hit hardest belong to low income citizens or older consumers. According to the Government Accountability Office (GAO) estimates 48% of over the air households have incomes under \$30,000 and 8 million -- or 40% -- of these households include at least one person over the age of 50. A recent July 2007 study by APTS found that 24 percent of households with Americans 65 and older received their TV programming over-the-air, while only 19 percent of younger households were over-the-air².

These studies demonstrate that a substantial segment of the over the air households include low income and older Americans. It is absolutely crucial that when implementing the coupon program and the general consumer education campaign that all programs take into account the special needs of older Americans.

Over the past year, key members of Congress, Commissioners of the Federal Communications Commission (FCC) and the staff of the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA) have all echoed the same concerns -- that the transition is coming but we still do not have a comprehensive national education strategy to prepare consumers. Our country is now about 16 months away from the transition. While industry stakeholders (broadcasters, cable manufacturers and retailers) have made promises to provide point of sale notices, prepare retail staff and broadcast public service announcements -- this is too large of a problem for our government to rely on mere promises.

We welcome the fact-finding aspect of congressional hearings and agency workshops but we need government to act swiftly and begin to enforce an extensive education campaign.

U.S. PIRG has identified three major hurdles that must be met to begin to address the DTV transition properly.

- (1) **All consumers across the country must be notified of the transition.** There is precious little time left in 2007 and as the election year begins to kick into high gear it will be difficult to gain the attention of the public. It takes time and near constant repetition to get a message across on a national scale. Government must step in and ensure that PSAs are broadcast at peak hours both early and often.

¹ http://www.pts.org/news/ota_trends.cfm

² <http://www.pts.org/news/olderamericansotastudy.cfm>

Government must also utilize existing government programs that reach out to at-risk households to provide paper notice of the transition and the coupon program.

- (2) **Any retailer that will be carrying the converter boxes must provide DTV transition training to prepare staff.** The estimated 22 million consumers that will be left in the dark come February 2009 are less likely to have access to online materials and most will likely seek out face to face advice. Retailers will be on the frontlines of the transition. Government must ensure that retailers adequately train personnel and enforce penalties against companies that misinform and abuse consumers to reap greater profits from sale of unnecessary TVs to people who could get by with a low cost converter box. According to the FCC converter costs will net out at \$20 - 40 per TV after the estimated retail cost of \$60 - 80 for a converter box is offset by the \$40 value of a coupon.³ \$20 - 40 dollars is certainly a lot less than \$320⁴, the estimated cost of a 32 inch digital TV.
- (3) **Cable subscribers must be protected:** For the 40 million cable subscribers that have a total of 120 million analog sets⁵ hooked up to cable services, government must ensure that cable companies do not use this opportunity to impose lifetime rate hikes or attempt to use the DTV transition as an excuse to force consumers into higher-cost cable packages.

Safety, Media, and Democracy at Risk

More Americans choose local television news as one of their top three sources for news than any other form of traditional or new media, according to The Future of News Survey conducted for the Radio and Television News Directors Foundation⁶. At risk in the transition is not just the ability of older Americans to access entertainment but news and emergency information. There will be a great consumer outcry if the millions of Americans who rely on free TV wake up after February 17, 2009 and find that their TVs have gone dark and simply don't work.

In the confusing weeks and months that after the transition it will become even harder to reach out to populations that already utilize only a few methods of communication.

Protecting Consumer Transition Dollars

A successful digital television transition will requires that government takes concrete steps to ensure that all stakeholders act in good faith on their promise to participate in the transition. Beyond plans to educate consumers we must think about how to deal with bad

³ <http://www.ntia.doc.gov/dtvcoupon/consumer.html>

⁴ <http://www.bestbuy.com>, Dynex® - 32" 480i Standard-Definition Digital TV Model: DX-R32TV SKU: 8205694

⁵ September 11, 2007, Statement of Chairman Kevin Martin In the Matter of *Carriage of Digital Television Broadcast Signals: Amendment to Part 76 of the Commission's Rules*, CS Docket No. 98-120, Third Report and Order and Third Further Notice of Proposed Rulemaking

⁶ 2006 The Future of News, the Radio and Television News Directors Foundation

actors in this time of transition. With 890 million government dollars⁷ set aside for the coupon/converter box program it is incumbent upon government to ensure that consumers are provided with accurate information as they decide to spend for the transition.

The 22 million viewers of over the air analog television 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 through the NTIA coupon program or purchase a converter box at cost without assistance from the government through its coupon program. All of these options cost money. For families on a fixed income or operating on low incomes, even an inexpensive converter box can cost more than a week's food budget.

Communities left in the dark

According to research by the National Hispanic Media Coalition, the GAO, AARP and APTS minority and aging households are disproportionately affected by the transition.

The GAO found that non-white and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households. African-Americans make up 23 percent of over-the-air households, according to the National Association of Broadcasters. This statistic is compounded by the fact that of the 21 million over-the-air households, one-third (or seven million people) are primarily Spanish-language speakers⁸.

According to AARP eight million of the 21 million over-the-air households include at least one person over 50 years of age⁹. In July 2007 APTS found that 24 percent of households with Americans 65 and older received their TV programming over-the-air, while only 19 percent of younger households were over-the-air¹⁰.

Industry Efforts And Preliminary U.S. PIRG Research Findings

Industry stakeholders have made substantial promises to inform the public. While U.S. PIRG agrees that this transition cannot be successful without the support of industry we believe that industry's participation must be mandated and closely monitored to ensure that consumers a fully protected throughout the transition.

As of August 2007 U.S. PIRG completed a preliminary study that surveyed the top five electronics retailers in the DC Metro area. Our initial findings based on interviews with clerks and supervisory personnel are alarming and show that despite industry promises to educate and prepare personnel all five retailers had personnel that provided inaccurate or

⁷http://www.ntia.doc.gov/otiahome/dtv/DTVFactSheet_Contract_070815.html

⁸ 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.

⁹ March 2005 testimony of Lavada DeSalles on behalf of AARP, before the House Subcommittee on Telecommunications and the Internet.

¹⁰ <http://www.aptis.org/news/olderamericansotastudy.cfm>

even misleading information. The study is based on surveyors posing as consumers.

Our surveyors found that: when asked, retailers did not acknowledge the existence of converter boxes or the coupon program. In many cases the retail staff told surveyors that to continue to receive broadcast signal a consumer's only choice would be to buy a brand new television or even an upgraded HDTV set (a more expensive High-Definition TV HDTV is not necessary to receive Digital or DTV signals).

In a Virginia area Walmart our surveyors were told that their only option was to buy a brand new HDTV or sign up for cable service.

In a Virginia area Bestbuy our surveyors were told that the upcoming transition meant that signals would now all be "HDTV signals" and consumers would have to buy a brand new HDTV to continue getting over the air television.

In a Virginia area Bestbuy our surveyors were told that to continue receiving television after the transition they would have to purchase an HDTV tuner (costing \$170).

In a Virginia area Target our surveyors were told of the converter boxes but were told there was no discounts, that there was no government program and that a brand new digital television set would actually be cheaper than the converter box in initial cost.

In almost every store surveyed we found a number of analog television sets on the shelves, sometimes labeled on the box or on the shelf but in all stores it could be easy for a consumer to miss the warning labels. Throughout the fall and this season's holiday shopping season it is crucial that bargain-hunting shoppers aren't duped into purchasing a slightly discounted analog television set when they'll have to purchase a converter just months later.

Our surveys were designed to account for a lack of boxes on the shelves and the unknown manager of the coupon program. Bestbuy was the only store provided print information (in both Spanish and English), unfortunately their store representatives had clearly not read the brochure and were unable to repeat or even reference the brochure. While all stores knew of the transition and the February 2009 deadline all top five retailers had personnel that switched standard definition digital televisions with high definition televisions. At no point in time did any of the personnel from any of the stores tell us that they weren't familiar with the details of the switch or directed us to any help-lines, managers, materials or websites.

Our preliminary results demonstrate the need for strong government oversight into industry efforts in the DTV transition.

Funding the transition

U.S. PIRG is also skeptical about the success of these efforts without additional resources. In prior House and Senate Commerce testimony on the DTV transition

members of Congress highlighted the fact that the city of Berlin Germany set aside more money to transition their city than the United State's has for the entire country. In the United Kingdom the government has phased in the transition over multiple years (2008-2012¹¹) and through their substantial preparation efforts are estimated to complete their transition ahead of schedule.

If Congress wants the digital television transition and coupon program to succeed, it must adequately invest time and resources in an educational program that truly leaves no community behind. We strongly urge Congress to supplement the amount of funding for consumer education efforts.

Employing Government Muscle

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 levels.
- 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.
- Utilizing current federal programs to contact at risk populations is one effective way of reusing programs in place to access a variety of communities.
- These efforts should also be replicated at the state and local level franchise authorities. If a small increase in franchise revenues to the local authorities could cover the costs of a one-year program to notify all consumers in a local franchise area.

Conclusion

We have only a few months to ensure that the benefits of the transition don't come at a cost to our most vulnerable consumers. Yes, the return of spectrum holds exciting new opportunities for nationwide broadband or new wireless services. Yes, the quality of picture quality will improve with the transition to digital signals. However, before we jump ahead to the boons of the transition we've got to put the time, effort and resources into preparing consumers for the day their TV will go dark. If we don't find a way to communicate to our most vulnerable consumer how and when to transition we run the risk as a country of shutting off democratic debate and crucial emergency services to low income, rural, minority and older Americans.

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.

¹¹ <http://www.digitaluk.co.uk/en/when.html>

¹ Bar Pending, Sat for New York Bar July 2007, <http://www.uspirg.org/about-us/staff/staff/faz/fullah#ho1OqT0G-9sldjgDnjvqkw>

The CHAIRMAN. Thank you very much, Ms. Fazlullah.
Ms. Markwood.

**STATEMENT OF SANDRA MARKWOOD, CHIEF EXECUTIVE
OFFICER, NATIONAL ASSOCIATION OF AREA AGENCIES ON
AGING, WASHINGTON, DC**

Ms. MARKWOOD. Thank you, Chairman Kohl, and thank you so much for bringing me here today to have the opportunity to talk with you about the kind of assistance that older adults in this country, especially frail, vulnerable older adults, are going to need with the television conversion in February 2009. My name is Sandy Markwood, and I am the chief executive officer of the National Association of Area Agencies on Aging, which represents 650 area agencies across the country as well as 240 Title VI native American aging programs.

Across the nation, these agencies are serving millions of older adults in communities every day. As you know, the upcoming digital conversion process has begun to set off alarms for all of the aging organizations and advocates who serve these vulnerable older adults.

As we work to get up to speed on the issue, local aging organizations have a myriad of questions and concerns about how the transition and the way it is handled nationally will affect the older adults that we serve. If you think that we have questions and concerns today, you can imagine the extent of the questions that consumers over the age of 60 will have with the upcoming conversion.

Fortunately, there is still time to improve the digital transition process for older adults if local aging groups are consulted and engaged to help educate and assist older adults and their caregivers in this process. As you heard, current data suggests that older adults are likely to have the older analog television sets, and they are less likely to have cable television service.

Given the other realities that many older adults face, such as physical, financial and transportation limitations, it is safe to say that older adults will be significantly and disproportionately affected by this transition. As you have already heard, older adults rely on television sets as their important life line to the outside world.

Area agencies on aging and Title VI programs are at a perfect access point for reaching the older adults who will be most affected by the digital television conversion. Area agency staff and their provider partners across the country are on the front lines, working daily in the homes and in the communities of older adults and caregivers, especially those individuals who are most in need of assistance to continue to live independently. Those older adults are the most frail and vulnerable, the low income, older adults who are over the age of 85, and minority elders.

The staff of area agencies and Title VI programs are the people that older adults go to with questions and concerns when they are in need of assistance. Meals on Wheels volunteers, senior center staff, home health workers, transportation providers, case managers—these are individuals who form important relationships with older adults and caregivers. It is these relationships that older adults and their families are going to come to trust and rely upon,

and it is these professionals, volunteers and agencies that they are going to turn to when they don't understand what they need to do about the February 2009 conversion.

While area agencies and their provider partners will surely want to do all that they can to assist older adults in their community with the digital conversion, they will be limited by a lack of information and expertise. There is currently no training and technical assistance provided to this population of service providers, and there is a lack of funding.

The amount of funding provided so far by the Federal Government for public education on the conversion is woefully inadequate. The \$5 million will probably not cover sufficient public service announcements and media events to reach a majority of seniors, much less will it answer the questions that will result from them. More importantly, from our perspective, it is likely to provide nothing for the implementation work that surely awaits the aging network.

Government and private industry must not assume that the aging network or, for that matter, any other nonprofit community group can take on this work without new and sufficient resources. Aging professionals have big hearts, but their agencies and programs have thin wallets, and they already have very overworked staff.

We have learned some hard lessons from the 2005 implementation of Medicare Part D, and we believe that they are relevant to this conversation. Area agencies on aging and Title VI programs did, and they continue to do, a lot of the heavy lifting in enrolling people in Medicare Part D.

They have held community-wide events. They have done one-on-one enrollment assistance, and they have helped older adults, confused older adults, to be able to sign up and get benefits from this program. Yet only a small number of area agencies or Title VI programs received any additional funding to do this job.

This put agencies in a very difficult spot as they were forced to divert limited dollars and staff to help older adults in need to sign up for Medicare Part D. Our agencies cannot provide this level of support to this issue without additional resources.

If the Federal Government and private industry want to ensure that the digital conversion goes smoothly and doesn't leave older Americans behind, n-4A recommends that the following actions be taken.

First, government and industry must reach out to the aging network and other aging advocates for input into any consumer education campaign. To date, n-4A and its members have not been approached by any industry group, private company, or Federal agency on this issue. Only Congress and Retirement Living TV have sought our opinion or perspective on this issue.

Our agencies and their colleagues know the challenges older adults, especially those who are most frail and vulnerable, face, and they will offer their expertise in developing and disseminating public service ads, marketing strategies, and acting in advance to prevent older adults' televisions from going dark if they get some support.

Second, government and industry must offer thorough training and technical assistance to any community-based organizations expected to assist in this effort. Again, with the Medicare Part D implementation experience still at the forefront of our minds, we ask that materials be made available to aging professionals that allow them to quickly and easily assist older consumers with basic questions about the conversion.

Government and industry should establish clear sources of consistent consumer information. But it is our experience, again, with Medicare Part D, that printed or television and radio ads alone are not enough. Older adults want to talk to a real person to get real answers.

Third, n-4A recommends that adequate and direct funding be directed to area agencies, Title VI programs, and the rest of the aging network to support any and all of the consumer education and assistance efforts that are needed. Without financial resources, the first two recommendations cannot be implemented, nor can our agencies or partners participate effectively in the conversion campaign to ensure that older adults are not left in the dark on February 18, 2009.

Thank you for the opportunity to testify today, and I would be happy to answer questions.

[The prepared statement of Ms. Markwood follows:]



Advocacy. Action. Answers on Aging.

National Association of Area Agencies on Aging

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TESTIMONY OF

Sandy Markwood

**Chief Executive Officer
National Association of Area Agencies on Aging (n4a)**

BEFORE THE

U.S. Senate Special Committee on Aging

"Digital TV and the Elderly"

September 19, 2007

10:30 a.m.

Washington, D.C.

Good morning, Chairman Kohl, Ranking Member Smith and other distinguished members of the Committee. Thank you so much for the opportunity to talk with you about the kind of assistance older adults will need with the February 2009 digital conversion of television broadcasts. My name is Sandy Markwood and I am Chief Executive Officer of the National Association of Area Agencies on Aging (n4a), which represents the 650 area agencies on aging, or AAAs as they are known, and 240 Title VI Native American aging programs that serve older adults and caregivers around the country.

As you know, the upcoming digital conversion process has begun to set off alarm bells for organizations and advocates who work with older adults and their caregivers. As we work to get up to speed on the issue, local aging organizations have myriad questions and concerns about how the transition, and the way that it is handled nationally, will affect the older adults we serve. And, if you think we have questions and concerns today, you can imagine the extent of the questions that consumers over age 60 will have about the upcoming conversion. Fortunately, there is still time to improve the digital transition process for older adults if local aging groups are consulted — and engaged — to help educate and assist older adults and their caregivers.

Needs of Older Adults

Current data suggest that older adults are more likely to have older, analog television sets and are less likely to have cable television service. Given other realities that many older adults face, such as physical, financial or transportation limitations, it is safe to say that older adults will be significantly affected by the transition.

Older adults will have greater need for upgrades or converter boxes; may not be familiar or comfortable with the technology involved in the conversion; and will have fewer resources, such as regular internet access, to research the issue. They may face transportation hurdles in securing the devices they need and/or may find the out-of-pocket costs involved to be difficult to manage and in some cases, more than their limited budgets can bear. We have particular concerns about older adults residing in

rural or frontier locations, in nursing homes or assisted living facilities, or those who, because of physical or transportation limitations, are unable to leave their homes easily. And, we need to realize that low-income older adults may not be able to afford the converter boxes, even with a government coupon program.

AAAs in the Community

Established under the Older Americans Act (OAA) in 1973, area agencies on aging offer a host of options to help older adults stay in their homes and communities for as long as possible. While our mission is to ensure that individuals can “age in place” where they want to — at home and in the community — this system also reduces long-term care costs to taxpayers by providing alternatives to more expensive institutional care.

The OAA also helps fund Native American aging programs, known as “Title VI,” to meet the unique needs of older American Indians, Alaska Natives, and Native Hawaiians. There are 650 AAAs and 240 Title VI programs that serve older adults in every community in the nation.

Following leadership at the federal level from the U.S. Administration on Aging and the state level from the State Units on Aging, AAAs leverage public and private funds to help older adults remain active and contributing members of their communities as long as they can. They do this by offering a wide range of services that fall into five broad categories: information and access services, community-based services, in-home services, housing and elder rights. Some AAAs provide direct services and some contract with local providers, but they all customize what they offer to reflect local needs and resources.

For example, older adults and their caregivers turn to their local AAAs:

- to arrange for Meals on Wheels home deliveries or attend congregate meals;
- to assess the need for and provide access to home health and other supportive services;
- to secure transportation to doctor’s appointments and other essential trips;
- to get help in a fraud or elder abuse situation;

- to get information and counseling to enroll in Medicare Part D;
- to access needed information and support for caregivers of the elderly; or
- to learn about and access other home and community-based supports that are available locally.

Impact of Digital TV Conversion on Aging Network and the Older Adults We Serve

The working relationships and partnerships AAAs and Title VI programs have with the other entities in the aging network (U.S. Administration on Aging, State Units on Aging, and local providers) make them a perfect access point for reaching the older adults who will be most affected by the digital television conversion.

AAA staff and their provider partners are on the front lines, working daily with the older adults and caregivers in their area, especially those individuals who are most in need of assistance to continue to live independently (e.g., low-income households, adults aged 85 and older, minority elders, the frail and vulnerable). They are the go-to people for elders with questions and concerns or who are in need of assistance. A homebound 77-year-old widow may rely on her Meals on Wheels volunteer for more than the nutritious meal: it may be her only social contact that day. A van driver for a AAA transportation program interacts with his regular customers as he delivers them safely to doctor's visits. The AAA's case managers work with older adults and their families, assisting them in home modification assessments, arranging home health visits, providing enrollment assistance for Medicare Part D, and accessing a host of other coordination and referral services.

It is these relationships that older adults and their families come to trust and rely upon. It is these professionals, volunteers and agencies that they will turn to if they cannot understand what they need to do for the February 2009 conversion. Imagine just a handful of possible scenarios to better understand how the aging network will be on the front lines of this conversion in less than a year.

- As national public service ads start running more frequently on television and/or radio, older consumers will start asking questions of their providers: at the senior center, at AAA-run health fairs, or of any aging professionals and volunteers they see regularly.
- A homebound senior may get a friend to buy her a converter, but then may ask her Meals on Wheels volunteer for help in setting it up.
- Rural seniors may call the AAA to find out which stores in their area are carrying the converters; additionally, they may need transportation to get to the store.
- A family caregiver living a few states away may call her father's AAA case manager to help her sort out the fact that he bought two "coupons" from someone selling a bogus product door-to-door.
- The AAA's information and referral hotline may light up on February 17, when some clients' televisions go dark and spread anxiety and confusion among an already vulnerable population.
- AAAs and providers may start seeing an increase in problems faced by more isolated elders who did not take the necessary steps to convert their televisions prior to February 17, 2009. Lack of access to emergency information, lack of connection to the outside world, and loss of entertainment, weather and news information could have a dramatic effect on the mental and physical health, as well as the personal safety, of such an older adult.

And while AAAs and their provider partners will surely want to do all they can to assist the older adults in their community with the digital conversion, they will be limited by a lack of information and expertise (e.g., there is currently no training or technical assistance provided to this population of service providers) and a total lack of funding.

The amount of funding provided so far by the federal government for public education on the conversion is woefully inadequate. The \$5 million will probably not cover sufficient public service announcements and media events to reach a majority of seniors, much less answer the questions that result. And, more importantly from our perspective, it is likely to provide nothing for the *implementation work* that surely

awaits the aging network. **Government and private industry must not assume that the aging network, or, for that matter, other nonprofit community groups, can take on this work without new and sufficient resources.** Aging professionals have big hearts but their agencies and programs have very thin wallets and already overworked staffs.

For instance, the Older Americans Act funds a wide array of home and community-based services and is a major source of funding for AAAs, Title VI programs and providers. But most of those funds are directly linked to a specific purpose, such as providing congregate meals, supporting family caregivers, training older workers or preventing elder abuse. These limited dollars are not very flexible, with few increases in OAA appropriations over the past decade. Chairman Kohl, Ranking Member Smith and Senator Lincoln have all been tremendous champions for increased funding for OAA programs, and we are hopeful for some modest increases in FY 2008, but for the most part, it is unreasonable to assume that programs funded under OAA have *any* resources to do outreach, education and one-on-one assistance regarding the digital television conversion. Any dollar spent on the conversion program would directly reduce funding for providing a home-delivered meal, a ride to a doctor's office, respite care for the caregiving spouse of a person with Alzheimer's, or an hour of chore services for a frail elder trying to remain independent in his home.

We have learned some hard lessons from the 2005 implementation of Medicare Part D that we believe are relevant to this conversation. AAAs and Title VI programs did, and continue to do, a lot of heavy lifting to ensure the success of the new prescription drug program, from hosting community education events to sitting down one-on-one with confused Medicare beneficiaries to help them find a suitable plan. Yet only a small number of AAAs/Title VI programs received funding for this work, and even that was very limited. The Centers for Medicare and Medicaid Services (CMS) offered no direct funding to the vast majority of aging network agencies. This put agencies in the very difficult spot as they considered whether to 1) turn people away, which, of course, they

did not do, or 2) divert limited dollars and staff time to deal with the crisis, which is what they did do.

Our agencies cannot do that again without responsible and sufficient financial support.

If the federal government wants to ensure that the digital conversion goes smoothly and doesn't leave behind the most vulnerable Americans, like older adults, minorities, people with disabilities, and low-income families, then it needs to direct resources toward consumer education and assistance to these vulnerable populations.

At the same time, private industry has a tremendous amount vested in a successful conversion. Not all older adults are at risk of falling behind in this conversion — and many industries will benefit from higher-income seniors buying new televisions, upgraded cable service or converter boxes. When the financial gain to industry and the government from this conversion is calculated, the figures are in the billions. So it would seem only fair that those stakeholders provide assistance to the agencies who will be left to deal with the hard work of assisting the most challenging populations during the digital conversion.

Policy Recommendations

With this in mind, n4a recommends the following.

1) Government and industry must reach out to the aging network and other aging advocates for input into any consumer education campaigns. To date, n4a has not been approached by any industry group, private company or federal agency on this issue — only Congress has sought our opinion and perspective. Our agencies and their colleagues know the challenges older adults, especially those most likely to encounter obstacles, will face with this digital conversion. We can offer our expertise in developing public service ads, marketing strategies, and acting in advance to prevent older adults' televisions from going dark on February 17, 2009. This testimony has outlined just some of the issues we are concerned about with the transition; we hope it will inform the

relevant federal agencies and industry groups and that they will turn to n4a, our members and other aging network entities for further feedback and assistance.

2) Government and industry must offer thorough training and technical assistance to any community-based aging organizations expected to assist the public in this conversion. With the Medicare Part D implementation experience still in the forefront of our minds, we ask that materials be made available to aging professionals that allow them to quickly and easily assist older consumers with basic questions about the conversion. Government and/or industry should establish clear sources of consistent consumer information (web site, toll-free number with trained staff to deal with specific questions of callers, etc.); AAAs could then refer their clients to this one-stop shop. If this does not meet the need of all populations (e.g., language barriers, accessibility issues, not elder-friendly), however, then the aging network will need training and technical assistance support (and the funding to implement it) in order to help older adults and their caregivers get the help they will need.

3) Adequate and direct funding to AAAs, Title VI and the rest of the aging network to support any and all consumer education and assistance efforts it is assumed or requested that we perform. Without financial resources, the first two recommendations cannot be implemented, nor can our agencies and partners participate effectively in the conversion campaign to ensure that older adults are not left in the dark.

AAAs and the many partner organizations they could work with on this issue — from aging service providers to volunteers to local businesses — can be a tremendous asset to the success of this digital conversion. With adequate resources, our agencies could develop approaches to reach out and assist the most at-risk older adults, support their caregivers with timely and clear information, and possibly develop innovative ways to assist them one on one.

The modernization of the broadcast spectrum must go forward, but industry and government stakeholders must also ensure that we bring *all* Americans along on the journey. We welcome any and all willing partners in this effort, we commend the Senate Special Aging Committee for focusing on this critical issue, and if we have adequate support, will do everything possible to support a successful conversion process for older Americans.

Thank you for the opportunity to testify before you today. I would be pleased to answer any questions you have today or in the future.

The CHAIRMAN. Thank you, Ms. Markwood.
Mr. Alexander.

**STATEMENT OF MARCELLUS ALEXANDER, EXECUTIVE VICE
PRESIDENT, NATIONAL ASSOCIATION OF BROADCASTERS,
WASHINGTON, DC**

Mr. ALEXANDER. Thank you, Chairman Kohl, and thank you for your leadership on this very important issue. My name is Marcellus Alexander, and I am executive vice president for television at the National Association of Broadcasters. I greatly appreciate this opportunity to testify today.

Local broadcasting is a vital part of everyday life, with local news, weather, information, and programming. The switch to digital broadcasting holds great promise, and as previously mentioned, it is of particular significance to older Americans.

Research suggests that older Americans are among the groups who will be disproportionately affected by the transition. In fact, adults ages 55 and older spend more time watching broadcast television than other television services. It is critical that we maintain their access to local news, emergency information and entertainment.

For close to 20 million households, their choice and time spent watching TV are with local broadcasting. I have managed television stations in Baltimore and Philadelphia, and I can tell you that broadcasters do not want to lose any viewers, period, and they will do what it takes to ensure that they don't.

Local broadcasters have a social and community responsibility to ensure that television viewers understand what they need to do to continue to receive their free over-the-air local television. It is also, as Senator McCaskill suggested, good business sense.

Let me be clear. DTV consumer education is the No. 1 priority of the NAB television board of directors. In July, NAB president, David Rehr, sent a letter to every Member of Congress outlining our efforts on the digital transition. One of these is the DTV Transition Coalition, started by NAB and seven other organizations. It has now grown to include over 160 members, including the FCC.

This coalition includes the AARP and cable channel, Retirement Living Television, or RLTV. These organizations will help give specific focus to reaching the older American population. AARP has taken a leading role in the coalition and is able to review and help shape the materials that the coalition sends out to its members.

In May, NAB participated in a DTV transition themed and televised town hall meeting. RLTV will be promoting these meetings across the country in the upcoming months.

Our partnership, however, can't end there. Recently, we have reached out to the National Council on Aging and sent letters to the Aging Agencies of all 50 states.

I am fortunate and blessed to have both parents still living. So I look at the transition through their eyes, and I can see firsthand some of our challenges. Mom and Dad, who live in Texas, still like to watch local news, and Dad doesn't like to miss the Dallas Cowboys play, in spite of my advice on better teams.

So we will reach Mom and Dad's eyes and ears with information from a variety of sources—public service announcements, news sto-

ries, information crawls, speakers' bureaus, seniors' publications, Web sites, just to name a few. Additionally, I am very pleased to share that early next week, NAB will announce the next phase of our comprehensive media strategy to deliver information across multiple media platforms and to grow consumer awareness across the country.

Many individual stations are already running DTV transition public service announcements. Raycom Media, for example, is running a series of PSAs under the theme, The Big Switch. Other companies, like Capitol Broadcasting, Post-Newsweek, Bonneville, Freedom Broadcasting, and Dispatch Broadcast Group, are also already running DTV public service announcements. Still many others have aired news stories on the subject.

Today, I am pleased to announce, also, that NAB has developed and sent to stations yesterday a video package that includes interview sound bites for use in newscasts and other specials that stations may choose to do. Yes, that video package does include English and Spanish language public service announcements as one part of our overall communications strategy. The PSAs are close-captioned and include a 1-800 phone number.

Now, what can Members of Congress do? NAB sent a DTV toolkit—looks like this—to every Member of Congress, suggesting ways in which you might help to reach your constituents with information about the transition. We are pleased that this Committee's Web site includes a link to DTV transition information. NAB encourages all members to include access to this information on their office Web sites.

Mr. Chairman, the NAB and the coalition efforts are well underway. We hope we can work together to ensure that all consumers, including older Americans, maintain access to free over-the-air television.

Thank you very much for this opportunity. I look forward to answering your questions.

[The prepared statement of Mr. Alexander follows:]

Statement of

Marcellus Alexander, Jr.

Executive Vice President, Television



Hearing before the United States Senate
Special Committee on Aging

**“Preparing For The Digital Television Transition: Will Seniors Be
Left In The Dark?”**

September 19, 2007

**Statement of Marcellus Alexander, Jr.
Executive Vice President, Television
On behalf of the National Association of Broadcasters**

Hearing before the United States Senate Special Committee on Aging

“Preparing For The Digital Television Transition: Will Seniors Be Left In The Dark?”

September 19, 2007

Good morning Chairman Kohl, Ranking Member Smith and fellow members. My name is Marcellus Alexander, Jr., and I am testifying today on behalf of the National Association of Broadcasters where I serve as Executive Vice President for Television. NAB is a trade association that advocates on behalf of more than 8,300 free, diverse local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the Courts.

I have managed and have been a part owner of a radio station in Detroit and have managed television stations in Baltimore and Philadelphia. I can tell you first hand that broadcasters are highly motivated to make certain that over-the-air television viewers understand what they need to do to continue to receive their local television signals after the switch to digital-only broadcasting on February 17, 2009. Local television stations that today keep their communities – and your constituents – informed and connected intend to remain a vibrant part of the media landscape in the 21st century. Key to the success of consumer education about the digital television (DTV) transition is reaching older Americans.

Broadcasters at the national, state and local levels have been coordinating extensively with government, private industry, membership organizations and others to

educate all consumers so that they understand the DTV transition. These activities began in earnest in late 2006 and will continue well after the shut-off date of February 17, 2009.¹

The future of free-over-the air television depends upon a smooth transition to digital with minimum disruption to TV consumers. For this to happen, the American public must understand what all-digital broadcasting means for them, including the many benefits it will bring, the options available to be ready for the transition and the appropriate steps to take. Broadcasters have committed to educating the American public about the upcoming transition. To that end, the broadcast industry has embarked on an unparalleled and unprecedented consumer education campaign. This is not just a plan for running Public Service Announcements (PSAs), but a multi-faceted education campaign that uses all of the tools available to achieve success.

The DTV Education Campaign is designed much like a political election campaign – where the DTV transition is a candidate that starts with low name identification, and must be introduced and promoted among our “electorate” or television viewers. No avenue to reach consumers will be left unexplored.² Broadcasters have embarked on an extensive education and marketing project to ensure we reach all demographics, all geographical areas, urban and rural communities, the young and the

¹ Deficit Reduction Act of 2005, Pub. L. No. 109-171, Title III, §§ 3002(a), 3003, 3004, 120 Stat. 21, 22.

² NAB applauds the Federal Communications Commission’s (FCC) recent action to ensure that cable subscribers will continue to receive the broadcast signals in digital and analog as needed. *See* FCC Adopts Rules to Ensure all Cable Customers Receive Local TV Stations After the Digital Television Transition, *Public Notice*, FCC 07-170 (Sept. 11, 2007).

old. While much of this campaign is already underway, the full extent of broadcasters' efforts and plans will be revealed over the next several weeks.

Broadcasters' Consumer Education Initiatives Already Underway.

After Congress set by statute the February 17, 2009 hard date for the end of analog television, the NAB Television Board of Directors made the DTV transition its single highest priority. NAB hired a full time staff of five to focus exclusively on educating consumers affected by the DTV transition. Additionally, NAB has retained a public relations firm with several full-time staff solely dedicated to developing and deploying consumer education.

As we move forward, it is imperative that consistent, unified messaging be employed to ensure the American public, including older Americans, is not confused as to what steps they need to affirmatively take to ensure their continuity of broadcast TV reception. With a large number of major stakeholders and a variety of groups affected by the DTV transition, NAB is helping coordinate the DTV Transition Coalition. With more than 160 businesses, trade associations and membership organizations, the coalition is dedicated to educating consumers on the DTV transition. The goal of the coalition is to ensure that no consumer loses free television reception in February 2009 due to a lack of information about the DTV transition. The coalition is recruiting organizations that have methods they can use to disseminate DTV-related information to their membership.

Facilitating communication between groups that share an interest in a successful transition is crucial. The coalition has created message documents, talking points, a PowerPoint presentation and a comprehensive Web site (www.dtvtransition.org) to promote the transition. Eight founding organizations – NAB, the Association for

Maximum Service Television (MSTV), the Association of Public Television Stations (APTS), the Consumer Electronics Association (CEA), the Consumer Electronics Retailers Coalition (CERC), LG Electronics, Inc., the Leadership Conference on Civil Rights (LCCR) and the National Cable and Telecommunications Association (NCTA) – kicked off the coalition on February 28, with AARP joining soon after.

The following list details the efforts the industry has taken thus far to promote the DTV Education Campaign:

- **Surveys and focus groups:** NAB has dedicated significant financial resources to research, from nationwide focus groups to massive surveys aimed exclusively at over-the-air viewers. With this research NAB has worked to find out as much as possible about its “target voters” – America’s over-the-air, broadcast-only viewers, as well as households with secondary unconnected sets that receive local broadcast television signals. NAB commissioned a variety of focus groups across the country to explore consumer attitudes on DTV among specific groups of consumers, including older Americans, African Americans and two focus groups among Hispanics in both English and Spanish. This has enabled NAB to design messages that will drive consumers to a desired action: taking the necessary steps to make the mandatory upgrade to digital television. NAB is also commissioning tracking surveys beginning this fall to measure any increase in consumer awareness, which allows NAB to focus its efforts on areas lagging in awareness.
- **International DTV research:** NAB staff have visited and maintain dialogues with officials running respective DTV transition campaigns in the United Kingdom, Sweden, Austria and Belgium to learn how European nations – some of which have already transitioned to digital – are running their digital transition campaigns. NAB has also invited officials from those countries and others, including Austria and Singapore, to discuss DTV deployment issues with American television broadcasters. In fact, the head of the United Kingdom’s DTV transition campaign met with NAB staff and our coalition partners on July 31 in Washington. Many of these international representatives attended NAB’s annual convention in April, the NAB Show, to participate in a panel discussion on this topic.
- **Earned media:** NAB’s DTV transition team has a full-time media relations director whose sole purpose is to make sure that the DTV

transition is being covered both accurately and ubiquitously by America's reporters. NAB has briefed reporters from major news organizations in New York, Chicago, San Jose and Washington, D.C., and will facilitate reporter briefings in all 50 states. NAB's earned media team, which also employs a public relations firm, will push locally-oriented stories in inner cities, metropolitan areas and into the heartland.

- **Web site:** NAB has provided extensive resources to its Web-based outreach, including www.DTVanswers.com – the broadcast industry's official Web site to educate consumers, journalists and opinion leaders on the DTV transition. Beyond a tutorial for consumers on what steps they must take to navigate the DTV transition, the site also offers consumer education materials to television stations, those designated speakers giving DTV presentations as part of our DTV Speakers Bureau (see page 6), state broadcasters associations and others partnering with NAB in its efforts.
- **Congressional staff briefings:** NAB briefed more than 100 House of Representatives staffers on the DTV transition on April 30, 2007, and an additional 25 Senate staffers on July 16, 2007. It will host another round of House and Senate staff briefings in 2008 and with new members of the House and Senate in 2009 to ensure that elected officials know how the DTV transition will impact their constituents.
- **Congressional DTV toolkit:** NAB delivered a DTV toolkit to each member of Congress the week of July 23, 2007. The toolkit includes resources policymakers may need to communicate with their constituents about the transition, such as: a PowerPoint presentation, a sample press release, a sample op-ed, talking points for DTV speeches and communication with constituents, a bilingual congressional newsletter insert and a resource guide.
- **Local government DTV toolkit:** NAB has also partnered with state broadcast associations to deliver DTV toolkits and information to governors, state legislators, county commissioners and important local government agencies across the country – especially those dealing with elderly population.

Broadcasters Have a Comprehensive Plan For Consumer Education.

As detailed above, broadcasters' effort to educate the public are well underway. Broadcasters have rolled out particular initiatives as soon as they were ready, while continuing to put all of the pieces in place. In the coming few weeks, broadcasters will

be making public additional plans for its DTV Education Campaign. The plan will include initiatives such as the following:

- **Conferences:** To better educate opinion leaders and communities disproportionately impacted by the DTV transition, NAB staff will attend and distribute information at more than 20 regional and national conferences in 2007 – including the conferences of the American Library Association, National Association for the Advancement of Colored People, AARP, National Conference of State Legislatures, National Association of Counties, National League of Cities, Congressional Black Caucus, National Council of La Raza, League of United Latin American Citizens and others. NAB staff is also attending state broadcasters association conferences to reach out to television stations with regional DTV seminars to ensure that the efforts and messages of NAB dovetail with those of our individual broadcasters.
- **DTV Road Show:** In Fall 2007, NAB will launch a national DTV Road Show – a traveling media event that will reach more than 200 cities before February 2009. NAB spokespeople will demonstrate converter boxes in person at highly trafficked events, such as sporting events, state fairs and at state capitol buildings and city halls. These events will hit a large number of congressional districts, and NAB hopes to involve government officials and their local district offices in these demonstrations and events.
- **Speakers Bureau:** NAB is spearheading a national DTV Speakers Bureau to directly educate consumers on the transition with over 8,000 speaking engagements nationwide. Already, we have recruited over 600 speakers from 378 local television stations to participate in the DTV Speaker's Bureau. In advance of our official October 1 launch of the Speakers Bureau, we have already generated 18 speaking engagements in the month of September.

With respect to the particular issue of PSAs, NAB will continue to roll out PSAs to its members. A number of stations are currently running local PSAs to drive awareness about the DTV transition. In addition, NAB is in the process of producing a public service package for all commercial and noncommercial television stations. That package will include, but is not limited to:

- **On-air announcements:** Four to six fully produced and edited 30-second announcements on the transition, and at least one 60-second version. We are currently in production of two PSAs on the DTV transition – one in English, one in Spanish – which will be distributed to stations this week. Both versions are closed captioned;
- **Video package:** We have produced an HD video package for stations to help report on the DTV transition, which includes footage of converter boxes and other products, as well as interviews with FCC and Commerce Department officials on the DTV transition, to help stations with newscasts on the transition. The package will be distributed to stations this week;
- **Story ideas and copy** for stations to use in their newscasts;
- **Graphic elements:** Graphics, artwork and other production elements that local stations and state broadcasters groups can use to create their own spots;
- **“Donut” spots:** One or two “donut” spots – 30-second advertisements produced on the front and back ends, with room in the middle for a sound bite from a local official or news anchor – where local stations can insert their local talent into the DTV public service announcements;
- **DTV educational TV program:** A half-hour educational television program on the DTV transition that local commercial and public television stations can air;
- **“Crawls”:** NAB will be working on and consulting with local stations and networks on how best to use “crawls” – or DTV-related messages that scroll across television screens during programming – to alert consumers to the transition and drive traffic to the Web site and the toll free phone number; and
- **Non-English language spots:** NAB is working with a number of groups that will produce spots in a variety of different languages for use on stations with non-English language programming. A Spanish PSA will be distributed to stations this week.

The first of NAB’s fully-produced PSA will aim to generate support for DTV and increase public awareness that the transition is underway, that the transition will be complete in 2009, and that some households could lose their television signals unless they act. The spot will then drive viewers to gain more information about the transition by visiting www.DTVanswers.com – the broadcasting industry’s official Web site on the

DTV transition. It will also direct viewers to 1-888-DTV-2009, the toll-free number of NTIA that provides information about the transition as well as the converter box coupon program. NAB will also use the PSAs to help market digital-to-analog converter boxes, which consumers may purchase with a \$40 government voucher to successfully make the mandatory upgrade to digital.

We have pledged to ensure that all Americans, including the estimated 25 to 30 million persons who are deaf or hard of hearing, will be able to view the PSAs and other related-programming material. And of course, all NAB-produced PSAs and video footage that contains audio statements will include closed captioning.

NAB is Fully Committed to Ensuring Older Americans Do Not Lose Television Access After the DTV Transition

Technological advances like the DTV transition, while exciting for most of the country, can be difficult and frustrating for older Americans who may be less attuned to changes in the digital world. That's why it is particularly important that any campaign to educate the American people about the landmark switch from analog to digital television include special attention to the needs of older Americans.

Millions of older Americans rely on over-the-air television. In homes where the Head of the Household is over 50 years old, more than 15 percent rely exclusively on the analog over-the-air television signal. Older Americans that may be homebound, disabled, low-income, live in rural areas or have limited English proficiency are particularly vulnerable to this change, and need our help to make sure that the DTV transition provides them more benefit than difficulty.

With this special duty in mind, the NAB has incorporated a number of initiatives within our greater education campaign that focus on the needs of older Americans. First,

NAB has reached out to the AARP, the most influential group in the country dedicated to older American issues. AARP has a seat on the steering committee of the DTV Transition Coalition. Through this role, AARP is able to review and help shape the materials that the Coalition sends to its members. Further, AARP has one of the best communications networks of any member-based organization in the world. *AARP the Magazine* is the world's largest circulation magazine. As a member of the Coalition, AARP has agreed to distribute DTV-related material through their existing publications, including the magazine, newsletters and e-updates. This initiative alone will allow us to reach millions of older Americans with information about the DTV transition. In addition, the NAB exhibited at the AARP annual convention in early September and was able to reach out to thousands of older American leaders – many of whom will reach other older Americans – with DTV information.

We are not relying exclusively on the AARP, however. Earlier this month, we reached out to the National Council on Aging (NCOA), and sent letters to the aging agencies of all 50 states with a packet of information about the DTV transition. In these letters, we urged local agencies to make educating local seniors about the DTV transition a priority for the next 17 months.

NAB is working with Retirement Living TV (RLTV), a cable network focused on Americans 55 and older. RLTV is promoting DTV transition-themed televised town hall meetings across the country. NAB participated in the first of these town hall meetings in Las Vegas, Nevada with NCTA in May 2006, and helped bring RLTV into the DTV Transition Coalition shortly thereafter.

NAB's DTV Speakers Bureau is being designed with messaging aimed toward the needs of an older demographic. The DTV Speakers Bureau will reach audiences in nursing homes, retirement communities and senior centers with live speeches by trained educators, giving attendees the opportunities to ask questions in person. In the coming weeks, broadcasters and the NAB will seek out other initiatives that will help us reach every older consumer with the information they need to make a smooth transition to digital.

We caution, however, that opening up the digital broadcast spectrum to portable unlicensed devices at this time would turn the DTV transition on its head and could lead to tremendous consumer confusion. We are very concerned that allowing these devices in the television band will jeopardize the success of the transition and could cause permanent damage to the over-the-air digital broadcast system. Some Silicon Valley companies want to allow millions of transmitting devices to operate on television frequencies, without a license. We hope you will agree that our country should enact policies that facilitate the deployment of rural broadband without permanently endangering reception on millions of new digital television sets and government subsidized digital to analog converter boxes. Today local broadcasters and state broadcaster associations will be coming to Congress to speak to you about this issue.

In closing, we firmly believe that the benefits of this transition – including a clearer television picture, better sound and more channels – will endear older Americans to the switch to digital so that while the technological change may involve some hassle, it will be worth the effort in the long run. We look forward to working with this Committee and are happy to answer any questions you may have.

The CHAIRMAN. Thank you, Mr. Alexander. Mr. Alexander, without guidelines and oversight, many people are worried that many of these PSAs will be shown at times when very few or perhaps no one is watching. Can you guarantee that all commercial broadcasters can and will air PSAs during prime time slots to educate their viewers about the transition?

Mr. ALEXANDER. Senator, here is what I can guarantee. Broadcasters, as I mentioned, don't want to lose one single viewer. It is in our best interest not to lose them.

Broadcasters will present a comprehensive plan to reach those over-the-air viewers who are particularly at risk. That plan will include public service announcements. It will include, also, any number of other tools that broadcasters have at their disposal to reach those viewers.

We have to make certain that this is a successful transition, and we will use every available opportunity—public service announcements, crawls, news stories, speakers' bureau that we have got planned for across the country, a host of other elements—to make certain that the consumers are educated to this transition.

The CHAIRMAN. Ms. Fazlullah, we hope that your findings that sales clerks are providing misleading information about the boxes and the coupon program will persuade retailers to change their selling tactics. Do you expect that this will happen, or do you think we have much, much more to do?

Ms. FAZLULLAH. I would say that, unfortunately, I think it is going to take a lot more from government before the retailers actually act on providing appropriate information. We were disappointed to find that even as late as August 2007 that retailers were confusing terms related to DTV, that they were offering boxes that weren't relevant to the transition, or even trained to up-sell consumers.

The labeling that is on the analog television sets is still poor and mismanaged, and that is a serious problem going into this shopping season when there are still sets on the shelves. We hope that, talking about these findings will put a fire underneath the retailers and have them start to act better.

It is not difficult for them to do the right thing. It is very simple. They need to simply educate their personnel and provide them with basic pieces of information: there is a conversion coming, there are converter boxes available, there is a coupon program available. They can even offer consumers information about cable and satellite and other new television sets. But it is crucial that they talk about the converter box and the coupon program.

The CHAIRMAN. Thank you.

Ms. Markwood, would you say a little bit more on the ways that the Federal Government and industry groups can provide assistance and resources to the aging network so as to ease the burden that they may face in educating seniors about this transition?

Ms. MARKWOOD. Absolutely. I think that, again, harkening back to the Medicare Part D experience, the need for consistent information, the need to be able to have printed materials that are vetted through the aging network so that they are appropriate for older adults. Again, I am very concerned about some of the materials

that are out there that are really actually caricatures of older adults in both the print and video media.

Please ensure that there is a consistent package of information that the Federal Government could approve that would go out to the area agencies through the aging network, and then at that level, to train someone at that level, to be able to respond to the questions that older adults and their caregivers will inevitably ask. There has to be someone who can answer a question, it has to be a real person, and that needs to happen at the community level.

Toll-free numbers are great. Internet access, I think, is limited. But there needs to be someone who is available to be able to answer older adults' and caregivers' questions. That can happen and has happened through the aging network on many other issues, and it can happen on this one, too, with support.

The CHAIRMAN. Thank you.

Ms. Barnett, is there any more that you would like to say on your concerns about retailers not having converter boxes available, as well as the need for installation support for the elderly? Is it true that many, many elderly people, even if they get the box, will not know how to install it?

Ms. BARNETT. That is correct. Many of them will not be able to move their television in order to establish this box in place. Besides that, they probably don't know, when they see the back of the television, where to plug it in.

There will be ways that this can be done that can be helpful, but this has all got to be put in place. As Ms. Markwood just said, we have got to have the consistent message so that everybody understands, and then we can get to the families, the caregivers, the neighbors, the volunteers that can help to put this in place.

The CHAIRMAN. Thank you.

Well, we thank you all for being here today. I think this panel has demonstrated clearly and fully that we have a huge challenge awaiting us in February of 2009, and that there is much, much work that needs to be done in anticipation of that day. Your being here today helps us a lot. We thank you for coming.

With that, this hearing is closed.

[Whereupon, at 12:25 p.m., the Committee was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF SENATOR NORM COLEMAN

Mr. Chairman,

Thank you for holding this very important hearing on the Digital Television (DTV) transition and its impact on seniors.

I come to this hearing with great interest in and concern about the impact of this transition on all Minnesotans and in particular on the state's seniors.

Mr. Chairman, currently my state of Minnesota ranks third in the nation in the number of over-the-air broadcast only households. According to the Association of Public Television Stations (APTS), currently 24 percent of households in Minnesota are over-the-air only and among households over the age of 65 that number increases to 28 percent. Nationally, 19 percent of households are over-the air only, according to GAO.

Moreover, Mr. Chairman, Minnesota stands out in terms of the number of counties in which there are more than 30 percent of over-the-air broadcast only households. There are 13 such counties in Minnesota, ranging from the well-populated county of Ramsey to the more sparsely populated county of Aitkin. To put this in perspective, other states such as Florida and New York do not have a single such county while a state like California has only three such counties.

Mr. Chairman, as these figures demonstrate, this is a big-time, prime-time issue for my state. It is absolutely critical that this transition succeed. For if it does not, there will be folks who will be left in the dark following the deadline. After all, this is a transition greater than the advent of color television for we are talking about the possibility of folks losing out on television altogether as a result of the transition. At least with the transition to color, folks could continue to receive programming, albeit in black and white.

At the end of the day this is not simply a matter of folks, especially seniors, losing out on entertainment programming but also critically important and at times life-saving programming.

As of today, we are just 517 days away from the February 17, 2009, DTV transition deadline. While that February deadline may seem far off, it will arrive sooner than we think. Already 588 days have come and gone since this deadline became law.

As we get closer to the transition deadline, it is clear that much work remains to be done judging by a recent poll done by the Association of Public Television Stations (APTS), in which 61 percent of over-the-air households did not know about the transition. Accordingly it is imperative that both the federal government and industry do their best to ensure the successful debut of digital only television.

In closing Mr. Chairman, failure is not an option and so I appreciate your efforts in holding today's hearing that will further inform us as to the government's and industry's digital transition efforts.

PREPARED STATEMENT OF SENATOR SUSAN COLLINS

Good morning. I want to thank Chairman Kohl and Ranking Member Smith for scheduling this meeting today on the all-important subject of the Digital Transition.

Just under seventeen months from now, on February 17, 2009, the nation's television stations will complete the transition to digital broadcasting, and will stop broadcasting analog television signals. On that date, analog televisions sets which receive over-the-air broadcast signals will "go dark", unless they are plugged into digital converter boxes. In my home state, Maine, eighty-seven thousand households face this problem, and nationally, over 21 million households could be affected.

Right now, analog TV signals are being carried on what is sometimes called the "beach front property" of the nation's radio spectrum—the portions of the spectrum that are the most valuable, and most useful for advanced telecommunications that

require “Big Broadband”. Reallocating the spectrum will open the door to advanced interoperable communications for First Responders, broadband Internet access throughout rural America, and televisions sets with clearer, sharper pictures, and CD-quality sound.

Ultimately, the DTV transition will benefit everyone, and it is essential that the digital transition proceed. But it is also essential that the transition be managed smoothly. It is absolutely vital that the public know about the transition and be prepared for it. No one should have to turn on their TV to a “dark screen” on February 18, 2009.

To protect against this, when Congress approved the “hard date” for the digital transition two years ago, we also approved a coupon program for “digital converter boxes” that can be used to allow analog TVs to receive digital TV signals. But these coupons won’t be available until January 1, and at \$40 each they will not cover the full cost of the converter boxes, which are expected to run between \$50 and \$70 a piece.

I am concerned at the progress made so far in getting the word out to the public about the transition. Earlier this year, the Association of Public Television Stations released a survey showing that the vast majority of the 21 million American households that receive television signals over-the-air were unaware of the DTV transition. The survey also showed that only 19% of these households would purchase a converter box, while roughly half of these households do not know what they will do. Other studies confirm the findings of the APTS survey, and underscore the importance of doing more to make the public aware of the transition.

I worry that the elderly are even less well-prepared for the DTV transition than the general public.

I note that only \$6.5 million is expected to be available to educate 300 million Americans about the upcoming transition. By contrast, Great Britain is spending \$400 million over several years to get the word out about the digital transition there.

I look forward to hearing the thoughts of the panelists on where we stand on educating the public, especially older Americans, about the DTV transition. I would welcome the view of the panelists on whether the amount provided to support outreach and education is really adequate to the task, whether the coupon program can be improved, and what other steps can be taken to support a successful transition to digital broadcasting.

**United States Senate
The Special Committee on Aging**

**Testimony of John Lawson, President and CEO
The Association of Public Television Stations
Washington, DC, September 19, 2007**

Overview

Public Television strongly supports the digital transition, as we have by word and deed from the very beginning. Our stations have raised \$1.3 billion for the conversion of our digital facilities. We are rolling out a new generation of consumer friendly channels and services. We have spent a decade educating state and local governments, the federal government, local donors and our viewers nationwide about the benefits of digital television and its impact on the citizens we serve. Public Television is committed to a vibrant transition and our stations are doing everything in their power to ensure that the transition is a success. Our commitment is deeply rooted in our belief that over-the-air television service is essential to a healthy democracy.

We believe that developing and promoting the consumer benefits of DTV are the best way to drive the transition and preserve free, over-the-air television. The message needs to be clear that digital television provides a future of expanded programming and services to benefit all consumers. Simply highlighting the potential loss of service if consumers do nothing will not drive the kind of enthusiasm and momentum needed to ensure a smooth transition that the American public fully supports. No sector of the communications industry has embraced the promise of DTV more robustly than Public Television. An investment in the new generation of digital content and services from Public Television is a very effective way to increase value for the consumer and move the transition forward, as we have seen in other countries, notably the United Kingdom.

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However, we believe the success of this transition is at serious risk. Time still remains to address and mitigate the factors that are contributing to this risk, but with less than 17 months before analog television broadcasting is mandated to end, the window for action is beginning to close. Our survey research has indicated that over 60 percent of Americans have no idea that the transition is taking place. We are very concerned that the transition addresses the special needs of this diverse country and we are working to ensure that consumer education and outreach efforts target all segments of the populations, especially those most vulnerable –the elderly, minorities, non English speakers, the poor and those with limited access to high technology. We are especially concerned about ensuring a smooth transition for elderly households that greatly depend on the programming and services of our local Public Television stations.

We are recommending that the government finally make real investments in consumer education and provide for significant coordination and management of the transition. The DTV transition is industrial policy. We should acknowledge this reality and work to implement the policy successfully.

Public Television's Consistent Support of the Transition

Even though this testimony advocates major change in the federal government's current approach to the transition, nothing in this testimony should be interpreted as opposition to the "hard date" to end analog broadcasting. In fact, our recommendations are all intended to *increase* the odds that the transition, as scheduled, will be successful. And our call for a much greater investment in consumer awareness is nothing new. For example, in my testimony to the Commerce Committee in July 2005, we supported a hard date *and* called for a "Y2K-level" effort around consumer awareness for a successful transition. I also pointed to the unsuccessful attempts in the 1960's and 70's to convert America to the metric system as an example of consumer education approaches to be avoided. When Congress passed the changes to Medicare, the Department of Health and Human Services obligated approximately \$109 million to advertise, educate and inform beneficiaries

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about the Medicare Part D program. In comparison, to date the only federal funds set aside to educate the American public about the transition to digital is the \$5 million Congress provided to NTIA for education around the set-top box program.

So, I want to reiterate Public Television's support for the hard date to terminate analog broadcasting in February 2009. Stringing out analog broadcasting would be highly detrimental to Public Television throughout our country. Currently, our stations are spending \$32 million annually just for electricity to run their analog transmitters, and another \$20 million to maintain them. This is money that should be going into programming and services, not to the power bill and the production of more greenhouse gases.

Even more important to our support for a successful transition are the tremendous service opportunities that digital television broadcasting has created. For public broadcasters, it is enabling us to rollout a whole new range of programming and services for the American public and, in effect, reinvent public service media for the digital age. We are already beginning to realize this tremendous potential as local stations provide not only high-definition programming, but multiple new standard definition channels and new datacasting services, all simultaneously.

Public Television stations have embraced the capabilities of digital, offering new digital channels such as *World* (an aggregation of PBS and other nonfiction programs), *Create* (lifestyle and how-to-programs) and *V-Me* (a channel that features Spanish language Public Television programming). In addition new localized content is being produced by Public Television stations along with these new national multicast services to meet the interests and needs of their local communities.

We are also using DTV to enhance public alert and warning capabilities. In April 2007, APTS, the Department of Homeland Security and FEMA announced a continuation of their partnership to conduct a national deployment of the Digital Emergency Alert

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Service (DEAS). The national roll-out will provide Public Television stations with equipment to enhance Presidential alert and warning. Using Public Television's digital television infrastructure, highly detailed Presidential messages will be able to be delivered to any device capable of receiving a digital signal – digital televisions, radios, cell phones, PDAs and computers. This rollout is a testament to the wide range of expanded opportunities digital transmission presents, and we look forward to working with Congress to find other opportunities to expand the successful DEAS model in addressing disaster and homeland security needs throughout the country.

Further expanding upon the digital technology offerings, commercial television station groups recently formed the Open Mobile Video Coalition. APTS is a founding partner in this venture to provide consumers access to programming using their mobile devices.

These new digital services are the future of non-commercial, public service media in America, and our stations are eager to phase out our legacy analog services and focus on this digital future.

Polling Data: 22 Million Households at Risk

However, Public Television is not willing to completely shift our focus to digital if it means abandoning the 22 million American TV households who depend upon over-the-air broadcasting to receive our programming. We are concerned that many of these people will be abandoned if we continue along with an under-funded consumer education campaign and an unmanaged transition process.

Beginning in November 2006, APTS commissioned the polling firm Centris to conduct scientific surveys of American television consumers to guide us in our transition efforts. Our findings are summarized below:

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- Over 60 percent of survey participants say they have “no idea” the transition is taking place.
- Even if respondents reported an awareness of the transition 53 percent said they had “no idea” when the transition will end.
- There is a great confusion in the marketplace about what consumers will do to deal with the transition. 32 percent of respondents said they will “do nothing” while 14 percent said they “don’t know” what they will do to obtain TV reception about the transition.
- Retail point of sale efforts to educate over-the-air households will likely have limited impact, given that over-the-air viewers lag in purchases of TV sets in general, and buying digital sets in particular. The study found that in the past 3 years over-the-air households purchased new TV sets at about a 12-13 percent rate each year. In comparison, cable and satellite homes bought new TVs at an 18 percent per year rate.
- Despite drawing closer to the transition date, the number of over-the-air households has remained virtually unchanged since 2004 – approximately 22 million.

Special Attention Must be Paid to Older Americans

Public Television is very concerned that the transition adequately addresses the special needs of older Americans. APTS recently conducted a study which found that older Americans are significantly more likely to receive their television signals over-the-air, and are therefore less prepared than the rest of the U.S. population to transition from analog to digital-only television in 20 months.

The study revealed that Americans aged 65 and older are consistently more likely to receive television signals via an over-the-air antenna than are Americans under 65. These findings cover the period between the first quarter of 2002 and the first quarter of 2007. In the most recent quarter, 24 percent of households with Americans 65 and older

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received their TV programming over-the-air, compared to only 19 percent of younger households. Moreover, the study found that of Americans aged 65 and older who rely solely on over-the-air connections for television programming, only 4.8 percent own a digital TV.

In addition, 41 percent of Americans 65 and older and 55 percent of those younger than 65 have purchased a new television set in the past 3 years. This suggests that the older viewing population may not be as attuned to recent changes in TV technology offerings and may not be spending as much time in retail outlets that sell TV sets. Since this older population may not be exposed to DTV transition messaging from electronics retailers, any efforts to educate the public about the February 2009 end of analog TV transmissions must pay special attention to elderly viewers.

These findings confirm what we have long suspected—that older Americans need to be specially addressed so that they have the information they need about the digital transition. They need to know that digital over-the-air television will continue to be free, will offer them many more channels and will give them a better picture.

Recommendations for Action in Time Remaining

Based upon this polling data and other findings, we recommend the following actions by Congress and other key players in the DTV transition.

1. We urge Congress to continue to support Public Television in creating the new content and services that will drive consumer demand for DTV. We believe that stressing the consumer benefits of DTV are the best way to drive the transition and preserve free, over-the-air television. An investment in the new generation of digital content and services from public *digital* television is an extremely effective way to increase consumer benefits, as we have seen in other countries.

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We applaud Congress for preserving advance funding for CPB in the House and Senate Budget Resolutions, as well as the Labor-HHS-Education bill as reported by the Appropriations Committee in both chambers and passed by the House. This has provided the first increase in the regular CPB appropriation in four years. But our funding since 2001 had not kept up with inflation, let alone provided for the new digital content that will drive the transition for television viewers nationwide.

We also applaud Congress for their foresight in recognizing the value of new digital programming and services for their constituents, and as such, making a significant investment in our infrastructure that will help to ensure those services may be delivered into every home in America. As stations' digital infrastructure needs ramp down, we call on Congress to make the same commitment to the future of digital services by transitioning their infrastructure investment into an investment in new digital Public Television content which will drive consumer demand for digital television service.

2. Congress must provide a real financial investment in consumer education. It is clear that the Administration will never allocate, nor even request, funding for this basic necessity of a national DTV consumer campaign. As such, we call on Congress, as we have in the past, to allocate resources for consumer education. We are not talking about a new, permanent federal program, but a one-time, substantial outlay in basic public education activities.

Please understand, Public Television broadcasters, along with our commercial colleagues, will invest airtime and other resources in the transition. We are co-founders of the Digital Transition Coalition which has pledged to work together on a comprehensive consumer education campaign to increase awareness of the transition. The privately-funded campaign will use basic marketing and public

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education strategies to help television viewers better understand the nature of the transition and provide information about steps consumers may need to take to maintain their over-the-air television signals. However, the government itself is a major stakeholder in the success of the transition and a successful spectrum auction.

Congress should rely on grassroots organizations like Public Television and our partners to lead the consumer awareness campaign funded by a one-time federal grant. If Congress is serious about providing real funds for consumer education, there needs to be a grant-making process that allows groups with the most consumer outreach experience to effectively run the consumer education campaign. To date, the only federal funds allotted to consumer education have been the \$5 million Congress provided to NTIA to educate the public about the set-top-box coupon program. This money was awarded based on a procurement process that left no opportunity for grassroots groups like ourselves, AARP and the Leadership Conference on Civil Rights to effectively participate in the process.

To fund the appropriate level of activities needed to undertake the campaign, we call on Congress to invest a minimum of \$20 million in a comprehensive grassroots education campaign administered by a respected grassroots organization.

Public Television is perfectly suited to undertake this endeavor as we have been at the frontlines of educating elected officials, corporations and our viewers about the transition for the past decade. Additionally, by virtue of their educational mission to address underserved populations through broadcast media and person-to-person outreach, local Public Television stations already have deep and effective ties to the many local institutions, organizations, advocacy groups and service providers that directly communicate with these constituents. Public

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Television stations possess an unparalleled universal broadcast coverage (99 percent of American households in analog and currently 95 percent in digital), a local presence in each community, a nonprofit educational mission and a history of effective outreach projects that bring information and guidance to Americans beyond the television screen. It is also clear that Public Television has American's trust as reflected in a recent Roper poll, which ranked Public Television as second only to national defense as the most valued use of tax dollars.

Public Television has tremendous experience educating our nation's older Americans through broadcast television and direct community outreach. One particularly good example of the outreach ability was demonstrated with the broadcast of *The Forgetting*, a documentary about Alzheimer's, and the diverse community activities organized by Public Television stations designed to extend the educational mission of the documentary beyond the screen. Throughout the country, local Public Television stations supplemented the national broadcast of this program with local outreach activities, including workshops, retreats, discussion groups, local follow-up programming, companion websites, the publication of local resource guides and information packets, extensive advertising and promotion, community events, coordination with local churches, telephone support and live call-in programs, information in English and Spanish, and close coordination with AARP, local Alzheimer's Associations, state agencies on aging and disabilities, libraries and hospitals.

This combined experience and high level of public trust, provides us with the expertise and tools necessary for managing a national grassroots consumer education campaign. We are prepared and eager to undergo this campaign, but it will take a commitment by Congress to make adequate investments in consumer education to ensure that no viewer is left behind.

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3. In addition to calling on Congress to provide a financial investment in the grassroots consumer education campaign, we also call on Congress to establish a public-private entity to coordinate all aspects of the transition. In the past we have advocated for the SwitchCo model that was established in U.K. in April 2005. SwitchCo was formed at the government's request by the UK's public service broadcasters to oversee all aspects of the transition to digital. It operates as an independent, non-profit organization leading the process of digital TV switchover in the UK by providing impartial information on what people need to do to prepare for the move to digital and when they need to do it, in addition to working with industry and consumer groups to coordinate the technical roll-out of digital television.

With limited time remaining before the analog shut-off and the need for immediate action increasing, we call on Congress at a minimum to appoint a Federal Advisory Committee of public and private stakeholders responsible for reporting to Congress on steps undertaken to ensure a successful transition.

Preservation of Free, Over-the-Air Television is Good for America

Mr. Chairman, Mr. Ranking Member and members of the Committee, there is one other key point that underlies our position and which needs elaboration. As one of the last locally owned and operated media outlets in the country, we believe that preservation of free, over-the-air television should be a cornerstone public policy goal of Congress and the FCC. Over-the-air broadcasting is essential to the health of this nation's media marketplace and our democracy. It provides a powerful tool for consumers against the rising cost of cable and satellite. It provides a platform and outlet for the multitude of local voices in diverse communities throughout the nation. The pending acquisition of Dow Jones and the Wall Street Journal is one more example of the relentless and dangerous concentration of media ownership in our country.

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Mr. Chairman we appreciate your support of Public Television and radio in our country. We also share your desire for a successful digital television transition. Our recommendations today are delivered in the spirit of making this transition successful. I appreciate this opportunity to submit written testimony for the record, and am happy to answer any questions you or other distinguished members of the Committee may have in writing.



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
G31 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Kohl:

Thank you for your letter concerning the digital transition that will take place on February 17, 2009. I share your concern that the transition must occur in a seamless manner without any disruption in service for the millions of affected households. Moreover, I too believe that special emphasis must be placed on ensuring that households including or headed by seniors are sufficiently aware of the upcoming transition and its implications for them.

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 three-fold. 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.

Without the proper policies in place, some viewers may be left in the dark or be unable to realize the full opportunities offered by digital technology. Such an outcome would be unacceptable. The Commission, therefore, 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% of cable subscribers today subscribe to analog not digital cable. Nielson estimates that of the 77.9 million people that receive analog cable and no premium networks, almost 20% are senior citizens. That means that at least 14.8 million senior citizens may lose access to these analog broadcast signals 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-

-The Honorable Herb Kohl

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. Accordingly, the Commission released an order in April 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.

And, just last week, the Commission adopted a Notice of Proposed Rulemaking on several DTV education initiatives. This NPRM seeks comment on requiring broadcasters, multichannel video programming distributors, retailers and manufacturers to take certain actions to publicize the digital transition. I intend for the Commission to complete this proceeding expeditiously.

In addition to our policymaking activities, we have also been vigorously enforcing our digital transition-related rules. 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. As examples of our enforcement resolve, I would note that the Commission has issued Notices of Apparent Liability against two companies – Syntax Brillian Corp. (approx. \$2.9 million) and Regent USA, Inc. (\$63,650) for violations of Commission rules designed to protect consumers from the unknowing purchase of television equipment without integrated digital tuners.

In addition, as of July 24, 2007, Commission staff had inspected 1089 stores and websites and issued 262 citations notifying retailers of violations for failing to provide a Consumer Alert label for television receiving equipment with analog-only tuners. As an outgrowth of our investigations, I recently presented my 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 three million dollars. Enforcement activities in this area will continue to be a priority for the Commission in the coming year.

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. As detailed in our responses to your specific questions and recommendations below, many of these efforts include educating and assisting senior citizens.

—The Honorable Herb Kohl

How will your agency ensure that older Americans who rely on over-the-air broadcasting are not left without television service on February 17, 2009?

Please be assured that the Commission is doing everything within its statutory authority and budgetary capacity to ensure that older Americans who rely on over-the-air broadcasting are not left without television service on February 17, 2009.

Without the proper policies in place, some viewers may be left in the dark or be unable to realize the full opportunities offered by digital technology. Such an outcome would be unacceptable. The Commission, therefore, 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% of cable subscribers today subscribe to analog not digital cable. Nielson estimates that of the 77.9 million people that receive analog cable and no premium networks, almost 20% are senior citizens. That means that at least 14.8 million senior citizens may lose access to these analog broadcast signals 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.

A successful completion of the digital transition also depends upon government and industry working together in promoting consumer awareness. 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 include focusing on groups that may not otherwise learn about the 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 year, we conducted presentations and provided DTV information at senior centers and retirement homes in Richmond, VA and New York State. We have also exhibited and made presentations on DTV to seniors attending the American Association of Retired Persons (AARP) annual conferences, NAACP conventions, the national Black Family Reunion, the Midwest Black Family Reunion, and the Congressional Black Caucus. A couple of months ago, we participated in a taped video segment on the DTV transition for Retirement Living TV, a Web site containing TV programming on topics of interest to people aged 55 and up. According to the producer for Retirement Living TV, the site has a potential audience of some 23 million viewers. We continually look for other opportunities to reach as many senior citizens as possible with information about the transition and what it means to them. In addition, 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, MA, on one of the convention’s “Presentation” stages. We are also working with AARP to obtain prime exhibit space on their

—The Honorable Herb Kohl

convention floor that will further enable us to spotlight the DTV transition and its implications for seniors.

Our work with AARP is not limited to participation at AARP sponsored events. We are working with AARP on the creation and placement of articles about the DTV transition and preparation for it, in the periodic publications that it circulates to its members, including one that is published in Spanish. These publications have a combined circulation of over 22,000,000 people. We conduct meetings, conference calls, and other communications regularly with AARP representatives about DTV developments and opportunities to reach AARP members with information about the transition. Our work with AARP serves as a model for effective collaboration with other organizations that represent or assist elderly Americans and we expect to duplicate the successes we have achieved working with AARP as we advance our relationships with these other agencies and organizations.

We are actively seeking out ways in which we can get the word out to senior citizens. For example, we recently coordinated with the U.S. Administration on Aging, seeking to partner with them on DTV education and outreach to seniors, as well as their families and caregivers. Similarly, we have also coordinated with the National Council of Aging to express our desire to work with them, as well as the umbrella Leadership Council of Aging Organizations (LCAO), in educating seniors about the upcoming transition.

How will your agency address the unique needs of frail, homebound, disabled, limited English proficiency, minority, rural and low-income older Americans that will need specific guidance and assistance in order to purchase and install a converter box through the National Telecommunications and Information Administration's (NTIA) Digital-to-Analog Converter Box Coupon Program (coupon program) without any undue burden?

The Commission also plans to address the unique needs of frail, homebound, disabled, limited English proficiency, minority, rural and low-income older Americans that will need specific guidance and assistance in order to purchase and install a converter box through the National Telecommunications and Information Administration's (NTIA) Digital-to-Analog Converter Box Coupon Program (coupon program) without any undue burden.

We are especially aware of the many and varied special needs that seniors across the country have for information and assistance. We are working to develop meaningful relationships with a number of state and local entities and community-based organizations, and anticipate conducting joint DTV awareness outreach activities at the local level especially designed for seniors who may require special assistance. Similarly, by working in coordination with DTV Transition Coalition members and our local, state, tribal and federal partners, we are identifying other charitable and social services agencies at the federal, state and local levels, and will contact them directly via letters, email and telephone calls regarding the availability of DTV transition awareness materials that would aid them in informing and assisting the seniors and other consumers they serve. Specifically, we plan to coordinate with many of these agencies and organizations in disseminating DTV transition information directly to seniors using their established distribution networks. This could include, for example, direct distribution of DTV

–The Honorable Herb Kohl

information to walk-in clients, enclosing information in consumer correspondence, reproducing DTV publications in large print to make them easier for seniors who may have low vision, translating materials into multiple languages to meet the needs of seniors with limited English proficiency, posting information and links on Web sites that are frequently visited by seniors, and training local volunteers to provide direct assistance to seniors who need or request it.

How will your agency provide guidance to the families, caregivers, and aging support networks of these vulnerable older Americans?

The Commission will do its best to provide guidance to the families, caregivers, and aging support networks of these vulnerable older Americans. We already have produced numerous fact sheets and advisories, many of them also in large print and Spanish language formats, to provide guidance to consumers on the DTV transition. Topics include: advisories on the mandatory labeling of TVs with analog-only tuners; guides to buying TVs; public television stations in the digital age; compatibility of cable TV and DTV receivers; closed captioning for DTV; and various general publications, including an extensive booklet titled “DTV: What Every Consumer Should Know.” As I described above, the Commission is working to get this information directly to seniors through various distribution networks. In this regard, we are making a special effort to identify agencies and organizations that provide services to elderly Americans, and will work with these organizations and agencies to inform and assist seniors with regard to the DTV transition. Through these means, we also will ensure that this information is put into the hands of the families, caregivers, and aging support networks for seniors.

How will your agency mitigate the potential scams that may target the elderly once the coupon program is initiated?

The Commission will work to mitigate potential scams that may target the elderly once the coupon program is initiated. We will investigate and address complaints of scams and other inappropriate conduct connected with the DTV transition with the same resolve and determination we have demonstrated in enforcing our labeling requirement and tuner mandate. In this regard, it is our goal to investigate, or assist other law enforcement agencies in investigating, opportunistic individuals or companies preying on unsuspecting seniors and other vulnerable consumers. In addition, to the extent that we become aware of or have reason to suspect that seniors are being targeted by scams associated with the DTV transition, including the coupon program, we will work in coordination with NTIA and the Federal Trade Commission (FTC) to prepare and issue consumer alerts and advisories on how to avoid falling victim to such scams. We will ensure that any such alerts and advisories are distributed broadly through our distribution networks and those of our local, state, tribal, federal and industry partners, as described above.

In your letter, you also include several recommendations for developing and implementing a DTV transition program to inform and educate households that include or are headed by seniors.

-The Honorable Herb Kohl

We appreciate the useful suggestions reflected in these recommendations and provide responses to each of them in the paragraphs below.

An easily comprehensible explanation of the DTV transition, including its effective date and who is affected. I agree that our education and outreach materials must be clear and impart all the information needed by seniors and other consumers in order to prepare for the DTV transition. From the beginning, our DTV outreach and education initiative has been focused on developing and distributing clear, unambiguous publications designed to educate consumers about the transition and the steps they may need to take to continue watching over-the-air television after the transition is complete. For example, we recently issued a consumer advisory titled "Buying the Right TV: What Every Consumer Should Know." As you have recommended, this advisory offers easily understandable information on what the digital transition is, any purchasing decisions consumers will have to make in anticipation of the transition, and NTIA's converter box program. The advisory also cautions consumers about purchasing analog TV sets that will not work without converter boxes to receive over-the-air broadcasts after February 17, 2009. Many of our DTV advisories and publications, including the aforementioned one, are available in large print. We continually update and develop new DTV publications, and we welcome any additional suggestions you may have about making our publications even more useful and practical for seniors and other consumers. Furthermore, seniors may receive DTV-related information by calling our toll-free number, 1-888-CALL-FCC.

The public safety and emergency preparedness concerns the DTV transition will address, such as updating of the Emergency Alert System and the potential public safety hazards of not successfully transitioning. During the DTV transition and beyond, it is critically important that seniors receive accurate and timely alerts, other necessary information, and services during emergencies. With respect to the Emergency Alert System (EAS), the Commission has expanded participation in the EAS over the years. Today's EAS includes not just digital and analog TV broadcasters, but also digital and analog radio broadcasters, digital and analog cable TV service providers, wireless cable service providers, Direct Broadcast Satellite (DBS) systems and Satellite Digital Audio Radio Systems (SDARS). In May, the Commission revisited the EAS rules in a Report and Order that requires wireline telephone companies providing video programming services to participate in the EAS. In other words, seniors and other Americans currently receive EAS alerts and warnings not just from broadcast TV stations, but from a wide variety of communications services providers.

This service diversity will be strengthened as EAS providers implement a digital or "Next Generation EAS" over the coming years. Next Generation EAS will make possible a host of new alert capabilities and will include a build-out of diverse and redundant delivery systems that will be a vast improvement over the infrastructure currently in place. The EAS Second Report and Order and Further Notice of Proposed Rulemaking were released on July 12, 2007.

—The Honorable Herb Kohl

In addition, as part of our Public Safety and Homeland Security Bureau's outreach efforts, we will solicit the help of local emergency officials to educate the public on the potential public safety hazards of not successfully transitioning to DTV.

Instructions to determine whether a television(s) will receive a digital signal and, if not, the options to ensure reception of a digital signal and the related costs; Information related to the coupon program, eligible versus non-eligible converter boxes, certified retailers and important associated deadlines. The Commission's consumer education and outreach plans are geared toward not only educating the consumer about what the DTV transition is, but also what the consumer must do in order to ensure the continued ability to view over-the-air television programming. To that end, we recently updated on the Commission's website a Consumer Fact Sheet called "'DTV' is Coming (and Sooner Than You Think!)," which presents in easily understandable terms what actions seniors, their families and caregivers can take to ensure that seniors and all others in their households or under their care are able to continue watching over-the-air television after the transition is complete on February 17, 2009. This Fact Sheet explains several ways consumers can determine whether their televisions are able to receive digital over-the-air broadcast programming, thus negating the need for a digital-to-analog converter box. This Fact Sheet is available in large font format and will be widely disseminated, particularly to groups such as the elderly who may rely solely on over-the-air broadcasts for their television programming. As we do with other DTV publications, we will distribute this Fact Sheet broadly to consumers, community-based organizations, the media, and local, state, tribal, and federal agencies. In addition, we will highlight it at the various conferences and events we attend, and post it prominently on our specially-created Internet Website, www.dtv.gov.

In addition, consumers who cannot readily determine whether their television contains a digital tuner are advised to (1) check their set for the manufacturer and model number, and (2) then contact the set manufacturer or the retailer where they purchased the set to determine if it contains a digital tuner. This information may also be available online through the manufacturer's or retailer's website. Consumers are further advised to contact their local broadcast stations to determine the channel numbers on which the stations are broadcasting digital programming and then tune their televisions to those channels to see if they can receive the digital broadcast programming.

Current Commission publications, the [dtv.gov](http://www.dtv.gov) website, and the NTIA website (<http://www.ntia.doc.gov/dtvcoupon/index.html>) provide information for consumers on the upcoming digital-to-analog converter box coupon program administered by NTIA, which is scheduled to begin on January 1, 2008. I would note that the Commission's Website already links to NTIA's converter box coupon program. We will also be sure to enable consumers to download a converter box application from our www.dtv.gov and www.fcc.gov Websites as well as post on these Websites a list of retail locations through which consumers can redeem converter box coupons. When appropriate, we will issue a Public Notice announcing that these materials and information are available on our Website.

–The Honorable Herb Kohl

As NTIA makes information available about its DTV converter box coupon program, we will also coordinate with NTIA to update our Fact Sheets and other consumer publications to include, as you suggest, information about eligible versus non-eligible converter boxes, certified retailers, associated deadlines and other information designed to inform and assist seniors and other consumers. We will disseminate this information broadly through the distribution networks I described above, with a special emphasis on getting the information to elderly Americans. Our staff meets regularly with NTIA regarding DTV developments, possible joint consumer education activities, and strategies for reaching seniors and others who may need additional or tailored information about converter boxes and the coupon program, in order to prepare for the transition.

Tips on how to avoid potential fraudulent schemes related to the DTV transition that may target the elderly. Once NTIA has finalized the converter box coupon application process and made it available to the public, we will coordinate with NTIA to ensure that seniors and other consumers are provided clear, easy to understand information about the application process. We will also list in our various publications and on our Website contact information for authorized vendors of converter boxes as that information becomes available. In addition, we will work with NTIA to ensure that seniors, when they request converter box coupon applications, receive detailed information about where to direct any questions or complaints they may have. To the extent that we are made aware of scams or other unscrupulous activities associated with the DTV transition, we will work with NTIA and the FTC to prepare and distribute consumer alerts and advisories which, as you recommend, will include tips on how to identify and avoid such scams. In addition, as I stressed above, we will vigorously investigate any complaints or other information we receive indicating that consumers, including seniors and other vulnerable groups, are being taken advantage of in connection with the DTV transition.

In addition to the activities described above, the Commission has been active on a number of other fronts as set forth in the Appendix. We believe that our participation in these activities will enable us to directly reach senior citizens, as well as other Americans, to prepare them for the transition.

I am committed to ensuring that all Americans, including senior citizens, are not left in the dark after the digital transition. Through all of our activities -- policy, enforcement, and consumer outreach -- the Commission is dedicated to minimizing the negative impact of the digital transition. I 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. In particular, we plan to continue our close coordination with NTIA and the DTV Transition Coalition to ensure that senior citizens are aware of the transition and understand what steps they need to take in order to continue watching TV when analog broadcasting ends.

--The Honorable Herb Kohl

Thank you for your interest in this very important matter. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin J. Martin". The signature is written in a cursive style with a prominent initial "K".

Kevin J. Martin

—The Honorable Herb Kohl

APPENDIX

The DTV Transition Coalition ("DTV Coalition"). We recently became a formal member of the DTV Coalition, a stakeholder organization representing consumers such as AARP and the American Association of People with Disabilities, the U.S. Chamber of Commerce, broadcasters, retailers, manufacturers of consumer electronics, and dozens of other organizations. In this capacity, we intend to help disseminate information about the transition and to coordinate outreach efforts.

Public Service Announcements ("PSAs"). Last year we posted a PSA about the DTV transition throughout the District of Columbia metropolitan transit system. Should funding become available, we will produce some targeted, additional PSAs in coordination with the national, comprehensive DTV Public Service Announcement (PSA) campaign by the members of the DTV Coalition. Because the DTV Coalition plans to air their PSAs next year, we would endeavor to release additional printed PSAs in 2007 similar to the one posted last year at D.C. metro stations. In any event, we plan to coordinate with the DTV Coalition to ensure that all PSAs are produced and distributed in a manner that will best promote consumer awareness and education.

DTV Workshop. We recently issued a news release announcing that we will host a DTV Consumer Education Workshop on September 26. This workshop, to be held at Commission headquarters, will consist of officials from organizations who represent a broad range of DTV stakeholders, including senior citizen organizations, government agencies, industry, tribal organizations, disability community groups, non-English speaking groups, 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.

FY 2008 Spending Plan. In addition to helping further the activities already discussed, the FCC requested \$1.5 million from Congress to allow us to undertake several additional initiatives which 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, we intend to contract with information distribution services to target low-income communities and senior citizens with DTV transition information through retail stores and other alternative outlets.

We estimate that the additional funds will also allow us to expand our dissemination of published materials through targeted direct mailings of DTV-related information to approximately 300,000 households, with a focus on underserved communities and senior citizens. And, we would 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.

—The Honorable Herb Kohl

In addition, we would continue our participation in consumer and industry workshops, conferences and expositions. We would spend money to develop DTV-specific exhibits and to conduct equipment demonstrations at major consumer events such as the AARP conference. We would also participate in DTV-specific community-based “Ask the FCC” programs in order to distribute DTV consumer information to individual consumers and organization leadership, provide information that can be used to conduct local DTV transition awareness programs, and tap into networks that can be used for disseminating DTV information to large numbers of consumers.

**THE SECRETARY OF COMMERCE**

Washington, D.C. 20230

June 15, 2007

The Honorable Herb Kohl
Chairman, Special Committee on Aging
United State Senate
Washington, DC 20510-6400

Dear Mr. Chairman:

Thank you for your letter about the need to ensure that America's seniors are properly provided for in planning for the transition to digital television (DTV) in February 2009. I welcome the opportunity to provide you with information regarding our ongoing work to keep households including or headed by seniors informed about the approaching transition. The Digital-to-Analog Converter Box Coupon Program will be a critical component to ensure the transition occurs smoothly and successfully.

The Department of Commerce (DOC) takes very seriously its responsibilities regarding the DTV transition and has taken significant steps to ensure the success of the Coupon Program. The DOC's National Telecommunications and Information Administration (NTIA) is responsible for executing this program and has made it a top priority. I enclose a fact sheet that describes some of NTIA's outreach efforts to ensure that seniors are sufficiently aware of the upcoming transition and its implications.

NTIA has taken the necessary actions to establish a strong program. It has hired highly qualified people to be Coupon Program Director and Director of Consumer Education and Public Information. The agency is in the final phase of procuring the services needed to create awareness of the coupon program, distribute coupons to millions of American households, certify retailers nationwide, and responsibly reimburse retailers. NTIA intends to implement the most effective and creative public communications and outreach efforts to address precisely the issues you raise.

The success of the Coupon Program will require the participation of a large number of institutions and organizations across the country to assist seniors in many ways. These include understanding all options, helping seniors apply for the coupons, and assisting with installation of the television converter once it is purchased. NTIA is actively developing training materials for community-based organizations and is in discussions with groups interested in community service to engage them in assisting older Americans with the digital transition.

The DOC is well aware that seniors are often the target of scams and fraud. The program will include comprehensive security and risk mitigation components designed to avoid waste, fraud, and abuse. NTIA will work closely with groups serving the senior community to provide consumer friendly tips and advice on avoiding scam artists. NTIA has reached out to AARP and Consumers Union to seek their participation in publicizing information for seniors to avoid fraud. We will also publicize consumer hotlines, such as those maintained by the Federal Communications Commission and the Federal Trade Commission, so that seniors can call if they may be the victims of fraud.

Working together, I am confident that we can make the digital transition a success for all Americans. If you have any further questions, please contact me or Nat Wienecke, Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663.

Sincerely,

A handwritten signature in black ink, appearing to read "Carlos M. Gutierrez".
Carlos M. Gutierrez

Enclosure

**Fact Sheet on NTIA's Outreach Activities for Seniors about the
Digital-to Analog Converter Box Coupon Program**

- NTIA, working in cooperation with the Federal Communications Commission (FCC), has already taken significant steps to increase awareness among the general public about the DTV transition and educate the public about the various aspects that may impact them. Both the <www.DTV.gov> website and NTIA's website, <www.ntia.doc.gov/otiahome/dtv>, provide significant information about all aspects of the transition and the Coupon Program.
- In addition, NTIA has undertaken a number of activities specifically intended to address the special needs of America's senior community. NTIA's strategic plan has identified two goals that are especially relevant to reaching seniors: (1) focus consumer education resources on households likely to lose all television service, and (2) leverage resources through partnership to maximize engagement among diverse stakeholders.
- NTIA will focus its consumer education resources on households likely to lose all television service and leverage resources through partnerships to maximize engagement among diverse stakeholders. To reach those most likely to be affected by the digital transition, NTIA has identified five target groups for its Consumer Education efforts: (1) older Americans, (2) the economically disadvantaged, (3) rural residents, (4) people with disabilities, and (5) minorities.
- NTIA is reaching out to public and private organizations serving seniors to raise awareness about the Coupon Program and to prepare them for the transition.
 - Specifically, NTIA is working closely with AARP (formerly the American Association of Retired Persons) to ensure that the Coupon Program will be highlighted in their publications and online newsletters. *AARP The Magazine* reaches 22.5 million members and *AARP Segunda Juventud* reaches 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 apply for the Coupon Program. NTIA will provide a link to be placed on library terminal home pages that will enable seniors using the library computer to go to the coupon application page to apply while online.
 - 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.
- NTIA will also leverage relationships that other government agencies and departments have with seniors:

- NTIA is inviting 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 where seniors might visit, talk about the program at meetings and conventions, and utilize all existing communication opportunities with seniors to inform them of the Coupon Program.
- NTIA has already reached out to the U.S. Department of Agriculture Food Stamp Program, Centers for Medicare and Medicaid Services, Social Security Administration, Veterans Affairs, Department of Education's Faith Based Office, General Services Administration, Health and Human Services Administration for Children and Families, and the Administration on Aging.
- NTIA will continue to expand its group of government contacts throughout the year and expects to reach millions of households including or headed by seniors through these initiatives.
- NTIA and the U.S. Department of Commerce are actively seeking opportunities to reach seniors and organizations representing them through meetings and publications designed for seniors. During the recent National Cable and Telecommunications Association convention, NTIA Assistant Secretary Kneuer participated on a panel hosted by Retirement Living TV designed to raise awareness among seniors of the upcoming digital transition.
- In addition, Mr. 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* that reaches large numbers of seniors and other organizations that serve seniors. The article will be timed to remind seniors of the coupon program just as the converter boxes arrive in the stores.
- 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 participate in the White House Faith-Based and Community Initiatives Conference in August and the AARP Convention in September and other major conferences focused on our target groups.
- NTIA will also work to assist seniors with special needs to enable them to take advantage of the coupon program. Specifically we will reach out to private and public organizations serving the home-bound or seniors with other 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.

- Brochures, flyers, posters, and applications will be printed in English and Spanish and other languages as appropriate. Manufacturing groups have pledged to produce information about the coupon program in multiple languages.
- NTIA intends to make the application process as simple and straightforward as possible for consumers. We will encourage seniors to apply over the phone using a toll-free number. 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 friendly to consumers.
- Likewise, NTIA will make the process to use the coupon to purchase 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.



June 29, 2007

The Honorable Herb Kohl
 Chairman
 Special Committee on Aging
 United States Senate
 Washington, DC 20410-6400

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Dear Chairman Kohl:

Thank you for your letter dated June 15, 2007, regarding our nation's transition to digital television (DTV) and CEA's role in educating consumers, particularly our nation's seniors. 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.

First, however, I would like to clarify the numbers that have been at the center of many discussions. CEA estimates that 11 percent of households rely solely on over-the-air broadcasting, which translates into 13.5 million households. On average, these households own a total of 27 million television sets. CEA further estimates that there are roughly 5.5 million households subscribing to cable and satellite that have at least one set receiving over-the-air television signals. In total, there are 9.5 million over-the-air television sets in these households.

Combined, these households represent 13 percent of all televisions receiving some type of over-the-air reception. In real numbers, these households represent 36.7 million over-the-air televisions in the U.S. Of the universe of 285 million television sets in consumers' homes, this number is relatively small.

CEA's research also shows that not all televisions are used for over-the-air broadcasting. Just because a television is not hooked to cable or satellite, does not by default make it an over-the-air only set. Today, there are 30 million televisions used exclusively for video games, DVD players, or VCRs. This figure includes over 9 million over-the-air televisions, which explains some of the differences between CEA's over-the-air reception estimates and other estimates from organizations.

The FCC's tuner mandate rules require that all television receiving devices containing an analog tuner also must include a digital tuner. That means that all televisions shipped today are equipped to handle digital television signals. As a result, CEA estimates that the number of analog-only TVs will continue to drop. CEA's estimates show that approximately 25 million sets (in a range of 22 million to 28 million) will need a digital-to-analog (DTA)



The Honorable Herb Kohl
June 29, 2007

converter box on February 17, 2009. According to a recent CEA study, 33 percent of consumers stated that they would use a government coupon to buy a DTA converter in order to continue using their TV with an antenna. The remainder of consumers stated that they would: buy a new TV; subscribe to cable or satellite; or do nothing since they do not use the TV to watch over-the-air television.

Second, CEA has worked tirelessly to educate consumers about the DTV transition. Even as we are less than two years away from the transition date, we continue to lead the way with our efforts. CEA's educational tools for retailers and consumers to use include:

- (1) 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 web sites, CEA includes a wealth of information about HDTV on its own web site: www.ce.org/hdtv.
- (2) CEA recently issued a DTV Toolkit for legislators. The Toolkit contains materials for answering constituent questions about the transition. A packet is enclosed with this letter. All of the materials included in the packet also are available on CEA's web site: www.ce.org/hdtv.

The Honorable Herb Kohl
June 29, 2007

- (3) CEA's DTV education plans for 2007 include:
- HDTV Handbook for Retailers and Consumers
 - Produced in partnership with *Dealerscope and e-Gear*
 - Production expected late 2007
 - Development and production of short videos for use on various websites and for use at retail locations
 - Topics to include transition overview, setting up a converter box and how to receive HDTV
 - Cknowhow.com update:
 - Update to include coupon program
 - Update to include labeling information
 - myCEknowhow.com update:
 - Translation to Spanish
 - Update to include coupon program details
 - CEA Connection Guide:
 - Update to include digital-to-analog converter box connections
 - Development of public services announcements about the transition and coupon program
 - Ongoing media outreach including press kits mailing, satellite media tours and matte service articles – in English and Spanish
 - Outreach to local government officials and libraries to educate about the transition and where to send their constituents for more information.
 - Exhibiting at conferences, including the National Association of Consumer Advocacy Agencies (NACAA), National Conference of State Legislatures (NCSL), and Digital Life – explaining all aspects of the DTV coupon program

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

Finally, 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 seniors. CEA remains steadfast in its commitment to educate consumers about all aspects of the DTV transition.

Sincerely,



Gary Shapiro
President and CEO



July 12, 2007

Reginald D. Hedgebeth
Senior VP, General Counsel & Secretary

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The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Dear Senator Kohl:

Thank you for your letter of June 15, inquiring as to Circuit City Stores, Inc.'s role in educating consumers, other retailers, and its employees about the DTV transition and the coupon program. As the second largest consumer electronics retailer in the nation, Circuit City is committed to undertaking a leadership role in the transition to DTV.

In late 2004, Circuit City began distributing a consumer DTV "Tip Sheet" co-developed and co-branded by the FCC, the Consumer Electronics Association ("CEA"), and the Consumer Electronics Retailers Coalition ("CERC"), of which Circuit City is a charter member. During 2004 Circuit City distributed the Tip Sheet electronically to all stores, and in 2005 Circuit City twice distributed printed packs of Tip Sheets to all stores. In February 2005, the same month in which the DTV Transition language was signed by the President, Circuit City distributed Consumer Alert television product area signage to stores on a voluntary basis. In 2007 Circuit City provided a link on our website, www.circuitcity.com/tvsignal, in order to provide consumers a link to information about the DTV transition. As noted in your letter, Circuit City is a member of the DTV Transition Coalition. Circuit City understands there is much work to be done to educate older Americans, particularly if they are homebound, disabled, live in rural areas, have limited English proficiency and/or are low-income. It is Circuit City's desire that our participation in the DTV Transition Coalition, along with the FCC, the NTIA, and the "CECB" contractor, will facilitate a successful transition for all U.S. households.

Circuit City understands that you have specific questions and concerns regarding the company's participation in the NTIA's CECB ("Coupon Eligible Converter Box") program. The NTIA is expected to select its program contractor this coming August, and this should provide the information we need to fully develop our plans. It is our desire to answer your questions as best we can at present.

1. Will Circuit City stores nationwide purchase and make available a sufficient amount of coupon-eligible converter boxes?

Circuit City is committed to selling coupon-eligible converter boxes and, as of the date of this letter, intends to register and become certified to participate in the CECB program. Key business decisions will be made with regards to the stocking, marketing, sales and pricing of converter boxes once a Program Contractor is selected.

2. Will Circuit City stores nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

Circuit City intends to honor the NTIA issued coupons for the purchase of an eligible converter box. The company supported CERC's comments to the NTIA on the challenges of devising electronic Point of Sale and Electronic Fund Transfer systems compatible to this program. Success in fitting the resources and systems available to retailers lies in the selection in the selection of a Program Contractor that understands the needs of all retailers participating in the program.

3. How will Circuit City indicate/identify which converter boxes are eligible for the coupon program?

Circuit City will work with the NTIA and the Program Contractor in order to obtain all the materials the company needs to identify any product models that are coupon-eligible. We support CERC's recommendation that the Program Contractor include, in the material accompanying the mailing of Coupons to consumers, information conspicuously identifying the manufacturer and product models that are coupon-eligible (updated as any new products are certified). The in-store implementation of the program metrics or guidelines in these respects will be developed once the Program Contractor has been selected and has offered materials and guidance with respect to the details of the program.

4. How will Circuit City assist customers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

Circuit City supports CERC's recommendation to the NTIA that the Program Contractor's system will best serve customers if the Coupons are both electronic and self-authenticating via the retailer's POS system (and equivalently when identifying information is typed in an on-line transaction). As little as possible should be left to on-site, subjective determination. Circuit City supports CERC's recommendation that consumers *not* be asked to provide proof that they or their household are entitled to possess the coupon they present, so long as the Coupon is valid. The validity of the transaction should be based on the validity of the Coupon and on its use for a qualifying CECB. Circuit City also supports CERC's concern that consumers have a right to return coupon-eligible products that do not meet their needs (*e.g.*, some qualifying products may have additional features, such as input for a "smart antenna," that may prove necessary). Circuit City will support and promote the Program Contractor's efforts to identify eligible products.

5. How will Circuit City assist customers with installing the converter boxes?

Circuit City will look towards the CECB manufacturers and Consumer Electronics Association to provide standardized guidance on this issue. To the extent the Program Contractor provides such information along with Coupons, Circuit City will provide information in its stores and on its website to assist its customers. Further plans on this issue will need to be decided once a Program Contractor is in place.

6. How will Circuit City mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

Circuit City expects that competitive markets will offer several attractive alternatives, including the services of cable, satellite, telephone, and Internet programming providers, as well as ranges of new devices (e.g., recorders and other products that now include digital cable and broadcast tuners, converters with enhanced features, and standard and HDTV digital televisions). The CECB program should be one of many options. In a market as competitive as consumer electronics, no retailer can expect to be successful in pushing consumers toward inefficient product or programming choices. Most observers expect older TVs – whether or not replaced by newer models in prime viewing locations – to retain their uses in households, whether connected to antennas via CECBs or to game players, etc. Tens of millions of consumers are recognizing the attraction of digital television and HDTV (which will not be available via CECB) every year, and programming services continue to offer new HDTV channels and programs. Circuit City associates will work with the customer to identify and satisfy their needs and preferences.

7. How will Circuit City mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

Circuit City shares these concerns that the elderly consumers may be vulnerable to these schemes. It is the company's desire that a Program Contractor is chosen with experience and sensitivity to privacy issues. Once the company has a better understanding of the Program Contractor's systems and requirements, Circuit City can work with CERC, the NTIA, the Program Contractor and other Coalition members to try and help guard consumers against such schemes.

8. Has Circuit City considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

Circuit City does not have a standards-setting staff and chooses to work through its trade association and coalition memberships on public policy matters. To the extent the FCC, the NTIA, or the Program Contractor chooses to consider any standardized means to identify CECBs, CERC would likely comment and we would identify and relay our questions and concerns through CERC. We agree with CERC's comment that any *ad hoc* label or sticker runs the risk of being misapplied or moved and could in fact enable consumer confusion at best or fraud at worst.

Circuit City appreciates the Committee's interest and understands the impact of this transition on all Americans, including our nation's seniors. We look forward to working with all parties involved on this issue to make the transition a smooth one for all.

Sincerely,



Reginald D. Hedgebeth



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Julian C. Day
 Chairman and Chief Executive Officer

July 12, 2007

The Honorable Herb Kohl
 Chairman
 Special Committee on Aging
 United States Senate
 Washington, D.C. 20510-6400

Dear Senator Kohl:

Thank you for your letter of June 15, 2007 inquiring about RadioShack Corporation's role in the transition to digital television. RadioShack continues to be a strong supporter of the U.S. transition from analog to digital and, to that end, is focused on the February 17, 2009 transition date. While the certainty of a hard date brings significant logistical issues with it, we at RadioShack believe that the enactment of a hard date is the most effective way to insure that the entire U.S. population realizes the benefits of digital television. As a significant consumer electronics retailer, RadioShack is committed to playing an important role in the transition process and helping to make the transition a smooth one.

In your letter, you make specific inquiries regarding (i) RadioShack's role in the National Telecommunications and Information Administration's (NTIA) converter box program; and (ii) RadioShack's efforts to address the specific needs of the elderly in the purchase of a digital-to-analog (DTA) converter box. Until NTIA selects a Program Contractor to administer and implement the DTA converter box program, it is difficult for RadioShack to provide you specific responses regarding RadioShack's role in the converter box program. I hope, though, that the responses and information RadioShack provides below demonstrates RadioShack's commitment to the transition effort generally, to serving the special needs of particular groups of consumers, and to continue work on implementation in earnest as soon as the NTIA's Program Contractor is chosen and the program implemented.

Will RadioShack stores nationwide purchase and make available a sufficient amount of coupon-eligible converter boxes?

RadioShack intends to register and seek certification from the NTIA to participate in the converter box coupon program. As a retailer participant in the program, RadioShack intends to purchase and stock coupon-eligible converter boxes in all of its 4,400 stores throughout the 50 United States, the District of Columbia, Puerto Rico and Guam, as well as on its website. With so many stores distributed throughout the United

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States, we believe that RadioShack will play an important, even essential, role in providing access to all consumers, including the elderly. While we cannot guarantee that we will have a coupon-eligible box in every store on every day during the coupon program, it is RadioShack's intention to assist in making sure that all customers have access to the coupon-eligible boxes. In the event that a particular store is out of stock when a customer visits, our sales people will be able to direct the customer to another RadioShack store nearby or order a box for the customer from one of the neighboring stores or from our website.

Even with the commitment of RadioShack and other retailers, there are outstanding issues which could affect retailer availability of boxes during the converter box program. For example, there is some difficulty on the part of any retailer to adequately estimate the demand for converter boxes. While, as you note, the National Association of Broadcasters estimates that 19.6 million households rely exclusively on OTA television, other sources, like the Consumer Electronics Association, have estimated a lower figure. By supporting an 18 month-long converter box coupon program, beginning a year before the February, 2009 cut-off, it is RadioShack's hope that, with the appropriate amount of coordinated education, this timeframe will be sufficient to help accurately determine the demand for converter boxes among all consumers, including the elderly. However, NTIA's timeframe for implementing the coupon program is such that the program's systems may not be in place and coupons may not be available to consumers by January 1, 2008. Delays in the implementing the automated systems and supplying coupons could result in less time during which consumers can purchase converter boxes prior to the transition date and a slower decrease in prices for the boxes since demand would be delayed.

Will RadioShack stores nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

As noted above, RadioShack intends to register and certify for participation in NTIA's converter box coupon program and, as such, intends to honor the NTIA issued coupons in all of its 4,400 stores, as well as on the Website. RadioShack filed comments during NTIA's Notice of Proposed Rulemaking (NPRM) supporting the use of an automated system for redeeming the coupon and reimbursing the retailer. RadioShack believes that NTIA's final regulations will provide for an effective coupon program. However, RadioShack's participation at this time remains dependent on NTIA's selection of a Program Contractor to administer the program and the program's implementation. Implementing an electronic system that suits the existing systems of both large and small, on-line and in-store retailers will be key to the successful participating of retailers, including RadioShack.

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How will RadioShack indicate/identify which converter boxes are eligible for the coupon program?

When RadioShack filed its comments during NTIA's NPRM, it proposed that NTIA provide as much guidance to consumers as possible regarding which converter boxes would be eligible for the coupon subsidy. RadioShack noted that through the use of an automated system, NTIA could register and track the specific manufacturers and product numbers of eligible boxes, as well as the names of all participating retailers, in real time. NTIA could also, therefore, provide consumers with this information at the same time that it sent consumers their requested coupons. NTIA adopted these concepts and the use of automated systems in its rules and it is RadioShack's expectation that NTIA's Program Contractor will implement a process that efficiently utilizes the information acquired to appropriately inform consumers.

Because the system will be automated and maintained in real time, RadioShack also anticipates that at checkout in our stores, the only converter boxes that will be electronically approved for purchase during a coupon transaction will be those boxes registered and certified by NTIA. In other words, if a customer were to attempt to purchase an ineligible product with a coupon, this transaction would be denied by the Program Contractor at the point of sale.

In addition to these anticipated mechanisms for helping consumers identify eligible converter boxes, RadioShack will continue to work with the Consumer Electronics Retailers Coalition, the DTV Transition Coalition, and NTIA to ensure consistent and effective ways in which retailers can assist customers in the store to identify eligible converter boxes.

How will RadioShack assist customers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

With 4,400 stores in all fifty states located in both rural and urban areas, as well as its website, RadioShack believes that it will provide significant consumer access to coupon-eligible converter boxes. While RadioShack believes that it and the other consumer electronics retailers will play an essential role in providing converter boxes to the consumers, the effort to specifically ensure that each customer who wants an eligible box receives the government subsidized coupon is largely that of NTIA and its Program Contractor.

The statute creating the coupon program provides that each consumer seeking a discount for the purchase of a converter box, may request up to two coupons directly from NTIA. RadioShack supports other aspects of the program that limit the hurdles faced by the consumer in the store at time of purchase. For example, under the program's rules, the consumer will not be required to provide an ID to the retailer, so long as the coupon is valid. In this regard, for example, an elderly or disabled person would be able to send a son or daughter to purchase the converter box with the coupon. In addition, as

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mentioned above, NTIA's anticipated use of an automated, electronic system for coupon redemption should ensure that the discount is granted for the purchase of only an eligible converter box. If there is a need for additional coordinated efforts on the part of NTIA, its Program Contractor, retailers and other groups in this area and RadioShack looks forward to participating in those discussions.

How will RadioShack assist customers with installing the converter boxes?

The legislation creating the converter box coupon program requires that consumers may only apply the coupon to the purchase of a DTA converter box that has as its sole purpose the conversion of a digital television signal to an analog signal. RadioShack hopes, therefore, that the connection of eligible converter boxes to a consumer's analog television will be straightforward and explained in the manufacturers' instruction manuals. To the extent specific demographic groups, like the elderly, have special installation needs, RadioShack plans to work with the government, the DTV Coalition (of which AARP is a member), and CERC to examine methods by which retailers can reach these populations to provide assistance.

How will RadioShack mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

The transition from analog to digital television provides U.S. households many options for the continued receipt of television programming including the continued use of cable, satellite and telephone and Internet providers, as well as several methods by which to continue receiving OTA signals. Those options include the use of a high definition digital television, a standard definition digital television or the use of a DTA converter box.

RadioShack understands that consumers who seek a coupon have likely determined that the purchase of a DTA converter box is the best option for their household and therefore does not believe "up-selling" would make sense in most of these circumstances. RadioShack also believes that the converter boxes will provide many consumers with an economic option that will not only allow them to continue to receive television over-the-air, but will improve their viewing with standard definition picture quality and with as many as four times the number of OTA analog channels. RadioShack anticipates that its role will be to ensure that customers receive a converter box that provides the features necessary to receive an OTA signal. In some cases, this might, for example, require the purchase of a converter box that is compatible for use with a Smart Antenna.

Finally, RadioShack does not anticipate "up-selling" to customers with coupons during the transition because RadioShack does not rely heavily on the sale of digital televisions in its stores. While RadioShack sells digital televisions, its primary market is in the 27 inch and under size and it carries only a few models of televisions in each store. Rather, RadioShack is known for selling products that improve home connectivity. In

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fact, RadioShack is a leader in the consumer electronics marketplace in the sale of RF modulators, computer modems and wireless routers. We view the sale of the DTA converter box to be in the same category as the sale of those successful products in meeting our customers' connectivity needs.

How will RadioShack help mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

NTIA raised the prevention and mitigation of fraudulent schemes arising from the converter box coupon program as a paramount concern during its rulemaking proceedings. RadioShack shares this concern, particularly as such fraud might be specifically directed toward the elderly. RadioShack and CERC both raised prevention and mitigation of fraud and abuse in the program as one of the reasons that NTIA should require the registration and certification of participating retailers. By committing to such a registration process, RadioShack believes that NTIA has taken an important first step in this area. As part of the participating retailer registration process, RadioShack and all other participating retailers will be required to certify that they have "systems or procedures that can be easily audited as well as systems that can provide adequate data to minimize fraud and abuse in retail redemption and government payment for coupons." As a major retail chain, RadioShack already has significant mechanisms in place to address the need for audits and the occurrence of fraud. However, as mentioned in other contexts above, we also await NTIA's selection of the Program Contractor and its implementation of the coupon program to more fully inform RadioShack of specific retailer requirements to guard against fraudulent schemes. RadioShack looks forward to working with NTIA's Program Contractor, CERC and the rest of the DTV Coalition in this area.

RadioShack and others also support NTIA's use of an electronic-based, automated coupon system as another method by which the government can prevent or mitigate fraud. Requiring consumers to request coupons that NTIA's Program Contractor distributes to them with a unique identification number should 1) prevent consumers from receiving more than the allotted number of coupons, 2) provide a method for tracking the use of the coupons distributed and 3) mitigate the possibility of counterfeit coupons.

Has RadioShack considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

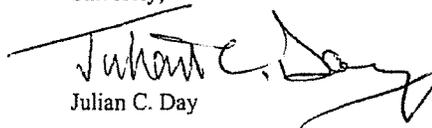
As a single retailer and participant in the converter box program, RadioShack is not in a position to initiate an industry-wide approach to identifying coupon-eligible converter boxes. If the federal government seeks such a standardized approach, RadioShack hopes to be part of that dialogue. With the coupon program just months from its start date, however, we believe that such an industry-wide approach may be difficult to implement.

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While additional steps may be needed to ensure appropriate product identification, RadioShack hopes that NTIA's process will provide assurance to consumers in this area in at least two important ways. First, NTIA's rules require that each manufacturer seek certification and approval of each eligible converter box. Second, RadioShack and others recommended that NTIA provide in writing and on its website, a list of all eligible products to all consumers who request coupons – this will provide consumers with important information prior to even entering a participating retail store. Finally, it is RadioShack's understanding based on NTIA's final rule for the program, that the electronic and automated coupon process planned should prevent the consumer from utilizing a coupon for an ineligible product.

RadioShack understands that there are numerous outstanding issues relating to the federal government's implementation of the converter box program and that many of those issues may affect the elderly in particular. As a likely participant in the program, RadioShack looks forward to working with NTIA, the FCC and others in the DTV Coalition to address these issues. We also look forward to working with your Committee should you have additional questions once the NTIA program is implemented.

Sincerely,



Julian C. Day

JCD/dlf



Brad Anderson
Vice Chairman and CEO

July 13, 2007

The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Dear Senator Kohl:

Thank you for your June 15th letter outlining your concerns regarding the February 17, 2009 transition to digital broadcasting and its potential impacts on our nation's seniors. As the country's largest consumer electronics retailer, Best Buy understands its responsibility to help educate consumers and is committed to doing so to help ensure a smooth and successful transition. We also understand to be successful this responsibility must fall on all major stakeholders including the Federal government, broadcasters, manufacturers and retailers. None of these entities can accomplish this major transition alone. And each of these parties can touch consumers, including seniors, in a different way.

Best Buy is one of the nation's leading retailers of technology and entertainment products and services. We reach an estimated 300 million consumers per year in 49 states through more than 850 retail stores and online at www.bestbuy.com. Best Buy expects to be a retail destination for digital-to-analog converter boxes, and therefore, has great interest in the design and implementation of the federal government's coupon subsidy program, including consumer education.

As background, Best Buy is an active member of leading trade organizations including the Consumer Electronics Retailers Coalition (CERC), the Consumer Electronics Association (CEA) and the Retail Industry Leaders Association (RILA) and is a member of the broad based DTV Transition Coalition which also includes as its member the AARP. Together we have been providing consumer education and outreach on the digital transition for a number of years.

Since early 2006 Best Buy retail stores have provided in-store signage and brochures for consumers highlighting the digital transition, including frequently asked questions (FAQs) and updated information on the Federal government's converter box coupon program. Our Web site also includes a TV page with prominently displayed transition information, including FAQs and links to additional information from CERC, CEA and the Federal Communications Commission.

In May 2007 our stores posted consumer alert labels in-store and online on all remaining display and boxed analog-only television receivers alerting consumers of the transition. Best Buy employees also receive ongoing training on the transition to assist consumers.

Your letter raised several questions related to consumer education, and more specifically the NTIA's Coupon Eligible Converter Box program (CECB). As you know, the NTIA is not expected to announce the CECB program vendor until mid-August 2007. Therefore, our responses below represent our preliminary perspectives as they relate to the program.

1. Will Best Buy stores nationwide purchase and make available a sufficient amount of coupon-eligible converter boxes?

The converter box is a unique product and its demand will be difficult to predict. The NTIA is not expected to announce its solution vendor for the CECB program until mid-August. Without knowing the specific details of the program or the availability of the converter boxes it's difficult to answer this question with any specificity at this time. However, we do anticipate that we will be able to offer the coupon-eligible converter boxes in all stores where we feel there will be demand for them and on our Web site. We also hope to be able to allow customers to use our in-store kiosks to order boxes from our Web site for in-store pickup at a convenient store location if none are in stock when they visit a store.

2. Will Best Buy stores nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

We anticipate honoring the coupons and are hopeful the NTIA will be presented with and select a vendor solution that encourages retail participation in the program. Best Buy provided comment to the NTIA's September 2006 Notice of Proposed Rulemaking on the opportunities and challenges of developing a coupon for the CECB program.

3. How will Best Buy indicate/identify which converter boxes are eligible for the coupon program?

We anticipate the NTIA's coupon program vendor will have a process for communicating with consumers which digital-to-analog converter boxes are eligible for the coupon (in the mailing that accompanies the coupon or a Web site for example). At this time Best Buy anticipates only carrying converter box(es) that are eligible for the coupon and would conspicuously identify those boxes as being so. Our employees would also be able to assist customers seeking a coupon-eligible converter box.

4. How will Best Buy assist consumers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

Without knowing the specific details of the NTIA's coupon CECB program it's difficult to answer this question with any specificity at this time. We are hopeful the NTIA will select a coupon vendor solution that will encourage retail participation and as a participant, Best Buy would be able to accept and redeem them from consumers both on-line and in-store. Currently we are notifying consumers of the federal government's coupon program through our in-store brochures and Web site.

5. How will Best Buy assist customers with installing the converter boxes?

We expect installation instructions will accompany the converter boxes and perhaps additional assistance will be provided by the coupon vendor. Additionally, Best Buy employees are able to answer common installation questions about many technology products. In cases where consumers seek professional installation, Best Buy has a full-service home theater installation team to assist for an additional charge.

6. How will Best Buy mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

Our selling philosophy is to provide technology solutions to consumers that meet their unique needs. From our perspective we want to make sure our customers understand the digital transition issue and are aware of all the options they have to continue to receive over-the-air broadcasts after February 17, 2009, including:

1. Purchasing a converter box to keep using an analog television;
2. Subscribing to digital cable or satellite; or,
3. Replacing their analog television with a digital television.

7. How will Best Buy mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

Fraud prevention has been an important concern to the NTIA and Congress in establishing the CECB program. Best Buy expects the coupon program vendor selected by NTIA to have mechanisms or guidelines in place to help consumers and participating retailers mitigate potential fraudulent schemes.

8. Has Best Buy considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

Best Buy is not aware of any industry-wide approach to uniformly label or identify CECBs and we anticipate at this time only carrying converter boxes that are coupon-eligible.

Best Buy remains committed to helping ensure a smooth and successful transition to digital broadcasting. Thank you for your committee's interest and the opportunity to comment on your concerns. We look forward to working together and hearing any additional feedback or recommendations your committee may have. Please feel free to contact me, or Paula Prand, Vice President of Public Affairs, at 612-291-6120 should you have any additional questions regarding our efforts.

Sincerely,



Bradbury H. Anderson
Vice Chairman & Chief Executive Officer

Consumer Electronics Retailers Coalition



July 13, 2007

Via Email

The Honorable Herb Kohl, Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Re: Response to Select Committee's Letter on DTV Transition

Dear Senator Kohl:

On behalf of the Consumer Electronics Retailers Coalition (CERC), thank you for your letter of June 15, inquiring as to CERC's future efforts to help achieve a seamless DTV transition. As you pointed out, CERC has undertaken the responsibility of a leadership role in this area. Working with the other founders and the members of the DTV Transition Coalition, and with the FCC, the NTIA, and, prospectively, its "CECB" contractor, we understand that much work remains to assure that this transition will be beneficial for all U.S. households.

CERC and its members have recognized from the outset that older Americans, particularly if they are homebound, disabled, low-income, have limited English proficiency, and/or live in areas less accessible to retail and non-broadcast services, will require particular consideration and attention well in advance of the transition. Though primarily focused on serving our retailer members, CERC has made a concerted effort over the past few years to keep consumers informed and updated on DTV challenges and opportunities. We worked with the FCC and CEA early on in the writing and distribution of a DTV "Tip Sheet" and through our web site at www.ceretailers.org, CERC has for several years been providing DTV transition information to the public at large, and, with respect to the converter box program, to non-member retailers as well as members. We have just published, for example, a Spanish version of our Consumer Guide and are working closely with the National Hispanic Media Coalition to have it widely distributed. We have also pursued co-branding programs with the FCC and other trade and consumer interest organizations. CERC has already participated in at least one DTV converter box demonstration with the AARP executive staff, anticipates participating in additional information discussions and demonstrations, and, as a founding member of the DTV Transition Coalition, was instrumental in bring the AARP on as a member of the Steering Committee and working with them and other community interest groups, including the Leadership Conference on Civil Rights, to help all U.S. households prepare for the transition. We look forward to working with you and the Special Committee going forward to assure that we have helped anticipate and serve as many needs as possible.

More specifically, you have posed a number of questions pertaining to the NTIA's CECB ("Coupon Eligible Converter Box") program. We expect that our information on the subjects of your inquiry will be enhanced as more is learned – particularly after NTIA has selected its program contractor this coming August, and the contractor has made its systems and intentions public. Here are our perspectives at present:

1. How will CERC aid in ensuring that a sufficient amount of coupon-eligible converter boxes are available by certified retailers nationwide?

CERC has committed to posting on its web site, for the benefit of all retailers (whether or not CERC member companies), any and all NTIA material and references that would assist retailers in registering and becoming certified to participate in the CECB program. CERC has also worked jointly with its member the North American Retail Dealers Association (NARDA) and NTIA to brief smaller retailers by holding conference calls and meetings, and providing material, explicitly for their benefit. CERC will continue to engage in these and other activities as more information is gained – in particular, once the Program Contractor is chosen by the NTIA. As an organization comprised of direct competitors, CERC of course cannot consult or provide any avenue or framework for addressing the business intentions or decisions (*e.g.*, stocking, marketing, sales, as well as pricing) of any company as to any product, including CECBs. On a policy basis, however, CERC has done all it can to work with the Congress, the FCC, and the NTIA to make the DTV Transition a success, and will do so with the Program Contractor as well.

2. How will CERC aid in ensuring that certified retailers nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

CERC and other members of the DTV Transition Coalition are aware that the reach of web sites and the Internet, though vast, is not complete – particularly as to the citizens mentioned in your letter. We expect to work with other members of the Coalition, with the FCC, and with the Program Contractor to assure that, nationwide, retailers, as well as other citizens, have all of the information necessary for their respective roles in the Transition. In response to the NTIA's Notice of Proposed Rulemaking for the CECB project, CERC commented specifically on the challenges of devising electronic Point of Sale and Electronic Fund Transfer systems in which participation by large retailers (who are heavily invested in complex existing systems) and small and on-line retailers would be equally feasible. We believe this is a priority for NTIA in selecting a Program Contractor. Success in fitting the resources and systems available to retailers is the key to enabling a maximum number of retailers to honor issued coupons. See CERC comments on the NTIA NPRM, http://www.ntia.doc.gov/otiahome/dtv/comments/dtvcoupon_comment0065.htm

3. How will CERC aid in ensuring that certified retailers indicate/identify which converter boxes are eligible for the coupon program?

CERC has recommended that the NTIA's Program Contractor include, in the material accompanying the mailing of Coupons to consumers, information conspicuously identifying the manufacturer and product models that are coupon-eligible (updated as any new products are certified). We expect that the Program Contractor will have either a method or guidance for (a) conveying this information to retail store associates and consumers, and (b) assuring that coupons are accepted only for eligible products. The in-store implementation of the program metrics or guidelines in these respects will be up to each retailer, but CERC will maintain its role of assisting the NTIA and the Program Contractor by offering all available information and guidance to retailers, and, as appropriate, answering questions or referring them to the Program Contractor.

4. How will CERC aid in ensuring that certified retailers assist customers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

In its Comments linked above, and in subsequent communications to NTIA, CERC has emphasized that the Program Contractor's system will best serve consumers if the Coupons are both electronic and self-authenticating via the retailer's POS system (and equivalently when identifying information is typed in an on-line transaction). As little as possible should be left to on-site, subjective determination. Therefore, CERC recommended that consumers *not* be asked to provide proof that they or their household are entitled to possess the coupon they present, so long as the Coupon is valid. The validity of the transaction should be based on the validity of the Coupon and on its use for a qualifying CECB. CERC was also concerned that consumers have a right to return coupon-eligible products that do not meet their needs (*e.g.*, some qualifying products may have additional features, such as input for a "smart antenna," that may prove necessary). To the extent the Program Contractor provides ways of identifying eligible products, CERC would expect to promote these as it does other key information about the CECB program.

5. How will CERC aid in ensuring that certified retailers assist customers with installing the converter boxes?

To the extent the Program Contractor provides such information along with Coupons, CERC will play an appropriate role in promoting and publicizing it to retailers and to the public. Otherwise CERC would expect that CECB manufacturers and/or the Consumer Electronics Association would provide standardized guidance on this score. If there is more to be done, CERC would expect to address the task with other Steering Committee members of the DTV Transition Coalition.

6. How will CERC help mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

The FCC, the NTIA, and the DTV Transition Coalition all have said that the CECB program is *one of* a number of options that consumers will have, if they need to take some action to accommodate the DTV Transition. One might expect that competitive markets will offer several attractive alternatives, including the services of cable, satellite, telephone, and Internet programming providers, as well as ranges of new devices (e.g., recorders and other products that now include digital cable and broadcast tuners, converters with enhanced features, and standard and HDTV digital televisions). In a market as competitive as consumer electronics, no retailer can expect to be successful in pushing consumers toward inefficient product or programming choices. Most observers expect older TVs – whether or not replaced by newer models in prime viewing locations – to retain their uses in households, whether connected to antennas via CECBs or to game players, *etc.* Tens of millions of consumers are recognizing the attraction of digital television and HDTV (which will not be available via CECB) every year, and programming services continue to offer new HDTV channels and programs. The role of the retailer is to identify and satisfy the customer’s needs and preferences – no more and no less.

7. How will CERC help mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

Prevention and mitigation of fraud have been priority subjects for NTIA and all responsible commentators, and was a key consideration in CERC’s comments to the NTIA. CERC’s more specific attention to this subject will have to await the public airing of the Program Contractor’s systems and requirements. CERC understands that bidding groups characteristically have included experts on dealing with attempts to exploit government response and assistance programs. CERC is concerned that elderly consumers may be particularly vulnerable to such schemes, possibly to offer unnecessary, costly, and privacy-invading “assistance” as to CECB program participation – including the collection of personal data that is not in fact required by retailers or the program. CERC expects to work with other Coalition members and the NTIA and its contractor to try to help consumer guard against such schemes, and would look forward to working with this Committee on this subject as well.

8. Has CERC considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

As a public policy coalition, CERC does not have any standards-setting staff or industry committee. To the extent any such organization, or the FCC or the NTIA or its contractor, would consider any standardized means (whether device color, nomenclature, shape, *etc.* – though it may be too late for such measures – or a standard sticker or logo) to identify CECBs, CERC would likely comment. However, any *ad hoc* label or sticker runs the risk of being misapplied or moved and could in fact enable consumer confusion at best or fraud at worst.

* * *

CERC and its members appreciate the Committee's interest and look forward to working with you, Mr. Chairman, the Committee members, and your staff, to help make this a positive transition for all concerned, including older Americans. Please do not hesitate in contacting us as the Committee continues to examine this and other issues of mutual concern.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc A. Pearl". The signature is fluid and cursive, with a prominent loop at the end.

Marc A. Pearl
Executive Director



Writer's Direct Dial
(612)696-6866

Government Affairs

Nathan K. Garvis

July 13, 2007

The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Dear Senator Kohl:

On behalf of Target Corporation, thank you for your letter inquiring into Target's efforts to prepare our guests for the February 17, 2009 scheduled transition from analog to digital television (DTV). We intend to continue to partner with the Consumer Electronics Retailers Coalition (CERC) and participate in the DTV Transition Coalition in order to provide our guests with accurate and timely information to meet their transition needs.

Target operates 1,537 stores throughout the country so it is important that we have a solution in place to assist our guests with all aspects of the DTV transition. To date, Target has taken several steps to further educate our guests and team members about the DTV transition. Signage has been added in our stores and online to alert guest about the pending analog signal shut-off; this same terminology has been included in a new brochure. We are also exploring communications that utilize Channel Red in our stores, our internal Target Red Magazine for team members, and online for access to more information.

There are several potential challenges with regard to NTIA's CECB (Coupon Eligible Converter Box) proposal and our efforts will depend on the program ultimately developed by a vendor to be selected by NTIA in August. One concern is whether the CECB program will utilize technology that works with our existing Point of Sale system. Target intends to stay engaged in the development of the CECB program by providing feedback on the impact of this initiative to Target and our guests in order to pursue a feasible solution.

Thank you again for your involvement in preparing the public for the DTV transition.

Sincerely,
A handwritten signature in black ink, appearing to read "Nathan K. Garvis".

Nathan K. Garvis
Vice President
Government Affairs



Lee Culpepper
Vice President, Federal Government Relations
Wal-Mart Stores, Inc.
701 8th Street, NW - Suite 200
Washington, DC 20001
Phone (202) 434-0999 • Facsimile (202) 737-6069
lee.culpepper@wal-mart.com • www.wal-mart.com

July 13, 2007

The Honorable Herb Kohl
Senate Special Committee on Aging
United States Senate
Washington, DC 20510

RE: Digital Television Transition

Dear Chairman Kohl:

On behalf of Lee Scott, President and CEO of Wal-Mart Stores, Inc., I am writing in response to the June 15, 2007, letter you sent concerning the analog to digital television (DTV) transition.

Thank you for taking time to share with us your thoughts with respect to educating the public - most specifically old Americans - about the DTV transition, and seeking our input in this regard. The senior citizen community is very important to Wal-Mart and we therefore will do all that we can to educate and assist them through this transition. As you may know, the National Telecommunications and Information Administration (NTIA) has not yet awarded a contract to a vendor(s) for the manufacture and sale of the converter boxes and, thus, the program has not yet been fully established. Below are answers to the questions outlined in your letter.

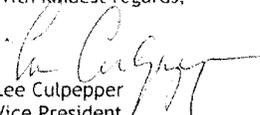
- ❖ Wal-Mart intends to sell coupon-eligible converter boxes in our U.S. stores. The quantity carried in each store is totally dependent upon the number made available by the supplier.
- ❖ Our stores will honor the NTIA issued coupons for the purchase of an eligible converter box.
- ❖ Wal-Mart will accept coupons only for coupon-eligible converter boxes, and not for any other product.

The Honorable Herb Kohl
July 13, 2007

- ❖ Our associates will provide quality customer service and ensure that those who purchase a coupon-eligible converter box receive the appropriate discount. Should we decide to sell the coupon-eligible converter box via walmart.com, we will ensure the proper level of instruction for a seamless transaction.
- ❖ Wal-Mart does not install consumer electronics products in customers' homes.
- ❖ We do not anticipate a problem with "up-selling" in our stores since we are dedicated to serving our customers' expressed needs and understand the nature of this program.
- ❖ How best to defend against fraudulent schemes related to the coupon program is highly dependent upon how the government structures the program (e.g., paper, debit card, etc.).
- ❖ It is our understanding that NTIA will make available to the industry a list of those manufacturers who have been selected to sell coupon-eligible converter boxes.

Should you have any questions, please feel free to contact me at (479) 277-2901; or you may have a member of your staff contact Kimberly Woodard, Director of Federal Government Relations at (202) 434-0712.

With kindest regards,


Lee Culpepper
Vice President
Federal Government Relations



David K. Rehr
President & CEO
1771 N Street, NW Washington, DC 20036-2800

August 13, 2007

The Honorable Herb Kohl
Chairman, Special Committee on Aging
United States Senate
G31 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Kohl:

Thank you for the opportunity to respond to your July 23, 2007 letter regarding the digital television (DTV) transition and its impact on older Americans. While your specific concern is for the nation's seniors, other demographics most disproportionately affected by the DTV transition also include minority populations, the economically disadvantaged and those living in rural areas. Please be assured that the National Association of Broadcasters (NAB) is committed to making sure no consumer is left unprepared for the transition due to a lack of information.

As you know, television will change dramatically on February 17, 2009 when broadcasters complete the federally mandated transition from analog to digital television broadcasting. But while the consumer benefits of DTV are undeniable, from crystal clear pictures and sound to additional programming through multicasting to the capability of receiving high definition (HD) broadcasts, millions of broadcast-only households risk losing reception because they must take action to complete the mandatory upgrade.

The DTV transition is an issue the NAB takes very seriously. After Congress made February 17, 2009 the hard date for analog shutoff in early 2006, NAB's Television Board of Directors made the DTV transition its single highest priority, after which NAB hired a full time staff to focus exclusively on educating consumers affected by the DTV transition. Additionally, local television stations have spent more than \$5 billion updating their equipment and infrastructure for the digital transition, and today more than 92 percent of full power television stations are already broadcasting in digital, while at the same time continuing their analog broadcasts.

Through our DTV consumer education team, NAB has launched a massive campaign to educate consumers everywhere about the mandatory upgrade to digital television. We understand that as broadcasters, we have a distinct commitment to television viewers to educate them about the switch. This letter outlines our major DTV consumer education initiative and answers questions detailed in your letter.

Question: As a steering committee member of the DTV Transition Coalition, what is the NAB's action plan for educating older Americans and the general public about the impending DTV transition and the DTV converter box coupon program?

With a goal to ensure that no consumer is left unprepared by lack of information for the February 17, 2009, federally-mandated transition from analog to digital broadcasting, NAB has launched a massive consumer education campaign on the DTV transition. Below are specific initiatives we have undertaken or plan to undertake in the next 19 months:

- Full-time staff of five dedicated exclusively to DTV consumer education
- Nationwide focus groups for English and Spanish speaking participants
- Surveys of broadcast-only homes and homes with secondary broadcast-only sets
- International DTV research
- Earned media and public relations
- Web site: www.DTVanswers.com
- Paid media and marketing
- Public service announcements (PSA) package for local TV stations
- DTV Transition Coalition
- Conferences of opinion-leaders
- Nationwide DTV Speakers Bureau
- Nationwide DTV Road Show
- Congressional staff briefings
- Congressional DTV toolkit
- Outreach to stations, state broadcaster associations
- Outreach to state and municipal governments

Attached is a letter sent to all members of Congress on August 2 which further details our consumer education efforts.

A variety of our consumer education initiatives will reach millions of older Americans – from public service announcements, to our DTV road show, to speaking engagements by broadcasters at retirement communities, nursing homes and senior centers. But we are working through specific venues to reach older Americans as well. We have dedicated significant resources to coordinating the DTV Transition Coalition – a coalition numbering more than 140 businesses, trade associations and membership organizations dedicated to educating consumers about the DTV transition. Facilitating communication between groups that share an interest in a successful transition is crucial, and the DTV Transition Coalition has created message documents, talking points, a PowerPoint presentation and a comprehensive Web site (www.dtvtransition.org) to promote the transition. Groups involved in the Coalition are committed to distributing DTV-related information and updates to their membership.

With specific regard to seniors, NAB has worked closely with AARP, which is a member of the coalition's steering committee, to bring the message to seniors through their

regular communications with their membership. We have worked with Retirement Living TV (RLTV), a cable network and coalition member, which plans to host a series of televised DTV forums across the country. NAB participated in one such televised conference in Las Vegas earlier this year. More information is available at the RLTV Web site, www.rl.tv.

Question: How will NAB address that seniors need consistent, clear and concise messages significantly in advance of a major overhaul of a longstanding and familiar system like analog television?

NAB has commissioned focus groups with seniors, and dedicated significant resources to survey research to ensure that we are disseminating information on DTV in language that resonates with seniors. We are also working with our coalition partners, specifically AARP and RLTV, to distribute information on the DTV transition from sources that are trusted by seniors. NAB is also exhibiting at the AARP conference in Boston later this summer to reach opinion-leading seniors with information about the DTV transition.

Question: Does the NAB still intend to hire a creative ad agency to begin production of PSAs? If so, has NAB given thought to working with the National Ad Council, which has been the leading producer of PSAs since 1942 and has a proven track record in producing effective PSAs that resonate with the general public?

NAB has a long working relationship with the Ad Council, and we will review and consider various creative partners for our DTV program. NAB will produce a PSA package for stations, including not only fully-produced PSAs, but a variety of other useful materials, including:

- Video footage of converter boxes and graphic elements that can help stations better communicate the DTV transition in their newscasts;
- “Donut” spots produced on the front and back ends, where stations can insert DTV messages from local officials or news anchors;
- Spots post-produced in other languages for use on non-English stations;
- Copy to promote the DTVanswers.com Web site in news casts; and
- An educational television program on DTV that stations can air.

We will also work and consult with stations and networks on the use of “crawls” or moving messages across the television screen during programming to raise awareness of the DTV transition.

Question: How will the NAB work with entities in the Aging Network, such as the Administration on Aging, and groups devoted to the 50-plus population, such as AARP, to develop targeted PSAs that address the unique needs of older Americans?

NAB is working very closely with AARP and a large number of major stakeholders and groups affected by the DTV transition in the DTV Transition Coalition, and the coalition is recruiting organizations that have methods they can use to disseminate DTV-related information to their membership. The coalition has worked closely with AARP to

develop messaging documents, and we will continue to work with groups devoted to the 50-plus population to develop messages.

Furthermore, many of the organizations we have reached out to represent officials at the state and local level – including state legislators, county commissioners and information officers and mayors – all of which have methods by which they distribute important public information. On the federal side, the National Telecommunications and Information Administration (NTIA), which is not a member but works closely with the coalition, has pledged to work with federal agencies and departments to raise awareness of the transition.

NAB staff will also attend more than 20 regional and national conferences in 2007 – including those sponsored by AARP, American Library Association, National Association for the Advancement of Colored People (NAACP), National Conference of State Legislatures, National Association of Counties, National League of Cities, National Council of La Raza, League of United Latin American Citizens and others. NAB staff is also attending the conferences of state broadcaster associations to reach out to television stations with regional DTV seminars to ensure that the efforts and messages of NAB dovetail with those of our local broadcasters.

Question: How will the NAB encourage local broadcasters to work with entities in the Aging Network, such as the Area Agencies on Aging and State Units on Aging, to address the unique needs of older Americans at a local level?

As discussed previously, NTIA is spearheading DTV outreach within the federal government and in order to make sure our efforts do not overlap, NAB has singularly focused outreach to state and local government organizations. Our full plan will include reaching out to a variety of state and local governments and officials, including governors, state legislators, county commissioners, information officers, mayors and state government agencies that deal with the aging population.

Further, a central goal of the DTV Transition Coalition is to start state-level coalition meetings where state broadcaster associations and local membership organizations, including AARP and other local aging groups, can discuss DTV-related issues and plan strategies to reach consumers locally.

Question: What will the NAB do to ensure that the DTV transition remains a priority for local broadcasters?

Broadcasters will be dramatically impacted by the DTV transition, as it will specifically affect broadcast-only homes – our most valued viewers. Stations are prepared to do what it takes to make sure that all consumers know about the transition and the steps they need to take to make the mandatory upgrade. No institution in America knows better how to communicate with broadcast-only households than local stations.

In fact, television stations have spent more than \$5 billion updating their equipment and infrastructure for the digital transition, and today more than 92 percent of full power television stations are already broadcasting in digital, while at the same time continuing their analog broadcasts at significant expense. It goes without saying that local stations do not wish for those expenditures – which often represent a large percentage of a station’s annual income – to be in vain.

Question: What state-by-state data does NAB currently have related to analog-only households, such as data that illustrate the age range, ethnicity and/or geographic location?

NAB’s estimates on the broadcast-only demographics population is derived from both Nielsen Media Research and the Knowledge Networks/SRI Home Technology Monitor Survey.

We have relied on Nielsen Media Research for all estimates of state-by-state data on broadcast-only viewers. As we have discussed with your staff, Nielsen considers their state-by-state data to be proprietary, and has declined our requests to make that data public.

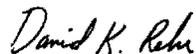
Question: How will the NAB utilize existing data on analog-only households to target those areas with the greatest need for consumer education and outreach?

As you know, some areas of the country have much higher proportions of broadcast-only households than others. First, it is important to let elected officials in these particular areas know that their constituents are disproportionately impacted by the DTV transition. We have alerted local stations in high broadcast-only home areas, and they are prepared to do what it takes to educate their viewers, given that their success depends on making sure their viewers continue to have access to free local television programming.

Thank you again for the chance to outline our approach for the DTV transition. We look forward to working with the Committee and invite a member of your staff to participate in our DTV Coalition. The broadcasting industry is committed to a smooth transition, and if you have any questions about the transition to digital broadcasting or NAB’s efforts to ensure consumers are educated, please do not hesitate to contact me or my staff. We would welcome the opportunity to speak further about this important topic.

Best wishes.

Sincerely,



David K. Rehr
President and CEO



SEP 17 2007 10:03PM ADMIN ON AGING 202 4813014

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
Administration on Aging

Washington, D.C. 20201

SEP 17 2007

The Honorable Herb Kohl
Chairman
Senate Special Committee on Aging
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your letter about the potential impact that the scheduled digital television transition on February 19, 2009 will have on our nation's senior citizens and their families.

You shared a number of concerns and your plans to establish a public-private partnership to launch a nationwide consumer education campaign so that older individuals will continue to receive affordable television service once the transition has occurred. Education that is specifically focused on reaching a diverse older population, many of whom are isolated, speak different languages, and who rely on television as their primary source for news, public safety messages and entertainment, is essential.

My staff met with representatives from the Federal Communications Commission and the Department of Commerce's National Telecommunication and Information Administration and conveyed many of the same concerns outlined in your letter. It is my hope that we can work together to provide seniors and their caregivers with the necessary education and assistance to ensure a smooth transition to digital television.

I agree that the national network of state and area agencies on aging and local providers can play an important role in educating the public about this issue. The aging network has consistently stepped up to educate and inform older persons about important national initiatives such as the Medicare prescription drug benefit. As you acknowledged, aging network providers will need additional resources to participate in a successful partnership.

Thank you for your interest in this important issue. If you have any questions, please have a member of your staff contact Abel Torres of my staff at 202-357-3503.

Sincerely,

Josefina G. Carbonell
Assistant Secretary for Aging