

**Testimony of Anna M. Gomez
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Before the

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Committee on Energy and Commerce
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**Hearing on
The Digital Television Transition**

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Introduction

Chairman Boucher, Ranking Member Stearns, and members of the Subcommittee, thank you for your invitation to testify this morning on the digital television (DTV) transition and the current status of the TV Converter Box Coupon Program (Coupon Program) administered by the National Telecommunications and Information Administration (NTIA). My name is Anna Gomez and I was honored by President Obama on February 2, 2009, to be appointed Deputy Assistant Secretary of Commerce for Communications and Information. I currently serve as Acting Assistant Secretary for Communications and Information.

Beginning on day one, I made it a top priority to minimize the number of Americans who could lose over-the-air (OTA) television service as a result of the analog shut-off—particularly our most vulnerable populations—and to seek out, to the greatest extent possible, those Americans who have not yet prepared for the transition so that we can get them the assistance they need to continue to receive important local television news and emergency information after June 12th. Of course, they also will be able to

fully enjoy – today - the benefits of digital television broadcasts, such as better picture and sound, as well as more channels. Thanks to the foresight and leadership of President Obama and the 111th Congress, consumers have up to four additional months to prepare for the conclusion of the DTV transition. With increased funding and statutory changes related to coupon availability and distribution, consumers who have never applied, as well as those who have expired coupons, have an extended opportunity to take advantage of NTIA's Coupon Program. Indeed, because of this legislation, many more U.S. households will be ready for the era of digital television.

I am extremely pleased to report that five days ago, the Coupon Program completed its hugely important task of eliminating the coupon waiting list that began in January. This means that the Program is once again processing coupon requests as they come in on a current basis, upon receipt and eligibility approval. Many additional tasks related to the DTV transition demand no less attention and the Obama Administration is committed to ensuring they, too, are met to minimize the number of U.S. households that are not prepared for the end of analog broadcasting.

Necessity of the Delay

Moving the date by which full power television stations are required to broadcast solely in digital from February 17 to June 12, 2009, was a necessary course of action because too many Americans were at risk of losing OTA television service. For these households, OTA television was their primary means of obtaining local news and potentially life-saving emergency information. Just a month before February 17th, Nielsen estimated that 6.5 million households were unprepared for the DTV transition, with a disproportionate number of those unprepared consisting of vulnerable populations,

such as low-income and minority households and people with disabilities. And while we have seen significant progress in the number of seniors who are prepared, there is still more work to be done,

Further, as you know, demand for coupons in the last two months of 2008 caused the Coupon Program to reach its maximum budget authority on January 4, 2009. On that date, NTIA began to queue coupon requests on a wait list and was able to process coupon requests only as previously-distributed coupons reached the end of their 90-day life-cycle without being redeemed. As of February 17, 2009, the date originally set for the switch, approved coupon requests from nearly 2 million households remained on the waiting list, and 14 million active coupons were yet to be used.

Another challenge was the need for adequate call center resources in the weeks leading up to the February 17 transition date. Call center assistance is a very important means to provide aid to consumers who have not yet fully prepared for the transition. The delay allows time for additional resources – both at the national and local levels – to be put in place, and gives consumers additional time to obtain immediate assistance on converter box installations, scanning and antenna needs, and the effect of signal contour changes (*i.e.* the “digital cliff” effect) on the reception of digital channels. Without the delay, consumers may not have had sufficient time to access practical information and technical assistance, and millions of Americans were at risk of losing all local broadcast signals on February 17th.

Passed by the Congress and signed into law by the President on February 11, 2009, the “DTV Delay Act” (Pub. L. No. 111-4) is a responsible and balanced approach to ensure that Americans are prepared to benefit from the DTV transition. This

legislation amends the Digital Television Transition and Public Safety Act of 2005 (Title III, Pub. L. No. 109-171) to extend the end date for analog broadcasts of full power television stations from February 17 to June 12, 2009, and provide critical changes that will improve NTIA's ability to administer effectively the Coupon Program.

Changes to the Coupon Program include an extension of the date by which applications for coupons can be made from March 31 to July 31, 2009, and authorization to reissue coupons to requesting households for each coupon issued that expired without being redeemed. It also gives NTIA flexibility to deliver coupons to requesting households by means other than the U.S. Postal Service. These important changes became effective upon enactment of the "American Recovery and Reinvestment Act" (Division A, Title II, Pub. L. No. 111-5) (Recovery Act), signed into law by President Obama on February 17, 2009. The Recovery Act also provided an additional \$650 million to the Coupon Program, with up to \$90 million designated for consumer outreach and technical assistance.

As you know, 417 full power television stations switched to all digital broadcasts on the original February 17, 2009 date. Combined with the 220 stations that had previously made the transition, approximately one-third of all full power television stations are now broadcasting exclusively digital service. Last week, an additional 158 stations notified the FCC of their intention to terminate analog service in advance of the June 12 deadline. Thus, instead of a single, one-time switch by all full power television stations, this more phased-in transition should help avoid overwhelming the available assistance resources and allow us to make improvements in the quality of the support, outreach, and education services we provide.

I'd like to also note that Secretary Gary Locke is fully committed to ensuring the success of the transition, as he indicated last week during his confirmation hearing. NTIA is very excited that such a capable leader and creative thinker will be taking the helm of the Commerce Department at this critical time. The Secretary is already focused particularly on the quality and clarity of our consumer education efforts and messaging, and the NTIA and the Coupon Program welcome his thoughtful leadership as we continue to refine and improve our outreach to vulnerable populations.

Coupon Program Reforms and Status

NTIA published a final rule, effective upon publication in the *Federal Register* on March 12, 2009, implementing changes to the Coupon Program made by the DTV Delay Act. In addition to modifying the program rules, NTIA has moved swiftly to make related modifications and improvements to the Coupon Program's operational systems. These modifications will expedite delivery of coupons and ease the financial burdens on consumers who rely on broadcast television service when stations switch off their analog signals between now and June 12, 2009.

The Coupon Program was able to eliminate the waiting list, which reached a high of 4.2 million coupons as of March 5, 2009, and is now fulfilling coupon requests as they are received and approved. In addition, the Coupon Program directed IBM to distribute all coupons using first class mail, a modification expected to reduce delivery time for coupons from 21 to nine business days depending on delivery location.

Overall, as of March 23, 2009, the Coupon Program has distributed 52.7 million coupons to more than 29 million U.S. households. Of these, nearly 26 million coupons have been redeemed at participating retailers for an eligible digital-to-analog converter

box. The cumulative redemption rate for coupons issued through March 18, 2009, to households identifying themselves as OTA-reliant was 59.3 percent. By comparison, the cumulative redemption rate for non-OTA-reliant households is 51.7 percent.

Of the \$650 million in new funding provided to the Coupon Program by the Recovery Act for additional coupons and related activities, at least \$490 million will be used for the distribution of at least an additional 12.25 million coupons, while up to \$90 million will be available for consumer education and outreach (including technical assistance) and \$70 million will be available to cover the costs of coupon distribution and other administrative expenses. Although there is no guarantee that consumer demand for coupons will not exceed this additional funding, we believe these funds, including the \$90 million available for consumer education and outreach, are sufficient to ensure that consumers will have access to the information and assistance they need when television stations end their analog service. NTIA appreciated the flexibility built into the statute regarding use of Recovery Act funds which allows NTIA if necessary to increase the allocation for coupons and/or to prioritize the distribution of coupons, for example, to consumers totally reliant on OTA broadcast service, if demand for coupons¹ rises above this level. To inform our decision-making in this respect, NTIA will closely monitor demand for all coupons, including replacement coupons, throughout the remainder of the Coupon Program.

As of March 23, 2009, the Program has committed 40 percent of the \$490 million available for coupons in Recovery Act funding 4.9 million coupons. Therefore, 60

¹ As of March 23, 2009, a total of 17.5 million coupons issued had expired without being redeemed.

percent of the Recovery Act funds are available for an additional 7.3 million coupons that may be issued.

Working Together to Meet the Challenge

If there is one lesson learned from our collective experiences to date, it is that all of us—public and private entities alike—must work in extremely close coordination if we are to get this job done right. Beginning last month, the FCC, NTIA, and the White House significantly ramped up our coordination and accelerated our efforts to reduce consumer confusion about the DTV transition and to reach out to the populations most vulnerable to be unready for the transition. Together, these three organizations are working as one to address: 1) target markets; 2) messaging and media; 3) partnerships; 4) call centers; and 5) post-transition assistance.

For example, we are now coordinating call center operations of NTIA, the FCC, and private industry to ensure that consumers can easily and simply get the information needed to receive digital signals. These agencies and organizations are sharing information, transferring calls to the appropriate call centers with expertise, and providing a portal that enables operators unable to solve a problem over the telephone to link consumers with local resources that can provide even more personalized assistance such as in-home installation of converter boxes.

The NTIA and FCC have also coordinated consumer outreach plans for the final months of the transition to maximize effectiveness and consistency of messaging and to avoid unnecessary duplication of efforts. Finally, we have participated in White House meetings with industry and consumer groups to better coordinate with private sector assistance. These meetings have yielded valuable input and fostered new and improved

public-private sector collaboration. Close coordination among the FCC, NTIA, and the White House will continue through and beyond the June 12, 2009, transition date. We will also be making coordinated improvements based on our experience with the initial transition of February 17, when 417 stations transitioned to all digital broadcasts. Although the initial transition appears to have gone relatively smoothly, the experience also clearly showed that additional technical assistance and information is imperative, particularly regarding antenna reception and positioning, rescanning of installed converter boxes, and the possible loss of stations due to the digital cliff effect. I commend the FCC for its recent adoption of rules requiring broadcasters who have not yet made the transition to educate consumers about these potential technical problems. NTIA may transfer funds up to \$90 million to the FCC from the Recovery Act funding reserved for education and outreach to serve this purpose if the Secretary of Commerce determines that the transfer is necessary and appropriate and after required Congressional notifications. As part of their ongoing coordination of outreach efforts, NTIA and the FCC are working expeditiously on an appropriate transfer of any necessary funds. Any funds not transferred to the FCC will be available to fund coupons.

The February transition also impressed upon us the general need for more outreach to targeted populations that are particularly vulnerable to be unready for their markets' transition to digital. I therefore believe we must redouble our efforts and recommit to the public-private partnerships that have already helped millions of households prepare for the DTV transition. We must also identify and pursue new and creative approaches to reach these consumers.

With Nielsen estimating that nearly 4.1 million U.S. households, or 3.6 percent of all television homes, are still “completely unprepared” for the transition—many of them vulnerable populations—outreach to these unprepared households will be a key focus of our remaining efforts. Collaboration among Federal partners will help, but our industry and non-profit partners at the national, regional, and local levels will be a vital part of this effort’s success.

With regard to our industry partners, the Coupon Program is gratified by the high level of participation by converter box manufacturers and consumer electronics retailers in the Coupon Program. As of March 23, 2009, NTIA had certified 191 converter boxes, each designed for the statutory purpose of enabling a consumer to view digital broadcast signals on an analog television set. We concluded our converter box certification activities as of January 1, 2009, and will test and certify boxes only on a case-by-case basis going forward.

The Coupon Program also enjoys the participation of 2,216 retailers as of March 23, 2009, including six of the largest retailers—Best Buy, Kmart, Radio Shack, Sears, Target and Wal-Mart—as well as hundreds of regional chains and smaller retailers. These retailers represent 31,823 participating outlets nationwide, including locations in all 50 states, all DMAs, as well as Guam, Puerto Rico, and the U.S. Virgin Islands. Consumers can also choose from among 27 online retailers and 9 phone retailers. Even in areas where the closest consumer electronics retailer is fifty or one-hundred miles away consumers have ready access to a selection of coupon-eligible converter boxes.

At the request of retailers, the Coupon Program has made coupon request and redemption data available by state and zip code on its retailer website, www.ntiadtvtv.gov

to help retailers manage converter box inventories. We have also made available a breakdown of the waiting list for coupons by DMA and posted links to the FCC’s listing of television stations by DMA and their planned analog termination dates. NTIA is committed to working with our participating retailers, including providing them with all available data they need to ensure that they can meet consumer demand for converter boxes over the next several months.

Other industry partners, in particular television broadcasters and cable operators, have provided important leadership to the public-private partnerships’ outreach efforts. Their continued commitment to provide education and outreach to consumers will go a long way toward ensuring that the June 12 switch is a success. We greatly appreciate their individual efforts and the collective efforts of hundreds of other participants that are members of the DTV Coalition. Through this collaboration, we can ensure that we maintain a clear and consistent message that will reduce the uncertainty, confusion, and frustration of American consumers.

Last, but certainly not least, our non-profit partners have served a vital “feet on the ground” function to help inform the public of the new date and assist those that still need to prepare. In particular, I would like to recognize the efforts of two national nonprofit organizations that have received NTIA funding—the Leadership Conference on Civil Rights Education Foundation (LCCREF) and the National Association of Area Agencies on Aging (n4a)—to provide outreach and assistance to targeted populations.²

² The “DTV Transition Assistance Act” (Pub. L. No. 110-295) provides NTIA with flexibility to utilize surplus funds in the Low Power Television and Translator Station Conversion Program for consumer education and technical assistance related to the DTV transition and the Coupon Program. Pursuant to this act, \$4.5 million was determined to be available for these purposes.

NTIA awarded \$2.7 million to n4a to help seniors make use of the Coupon Program. With these funds n4a is assisting seniors with completing coupon applications, obtaining converter boxes and connecting boxes to television sets in seniors' homes. They have partnered with other organizations—Meals on Wheels Association of America, the National Association of Hispanic Elderly, the National Asian Pacific Center on Aging, and the National Caucus and Center on Black Aged, among others—to form the Keeping Seniors Connected Campaign.

In the first seven weeks of the Campaign, nearly 97,000 contacts have been made to provide individual assistance to seniors. The support provided through the Campaign ranges from assisting seniors with coupon applications, to conducting demonstrations about converter boxes and box installations, as well as furnishing transportation for individual and groups of seniors to retailers so that they can purchase converter boxes. For example, the Western Reserve Area Agency on Aging coordinated with the management of a senior facility in Cleveland, Ohio. The Agency scheduled installation of multiple converter boxes for visually impaired senior residents and provided training for these senior citizens on box and remote control use.

Likewise, an award of \$1.65 million was made by NTIA to LCCREF to help vulnerable populations make use of the Coupon Program. These funds have supported the establishment of two Digital TV Assistance Centers in seven television markets with large OTA populations to train local leaders so that households most at-risk have the necessary tools, resources, and technical assistance to continue viewing OTA television service.

LCCREF DTV Assistance Centers have responded to special problems for individuals living in single room occupancy (SRO) buildings, a common living situation in many U.S. cities. In one city, San Francisco, LCCREF is providing assistance to low-income families that live in SROs, especially those in the Chinatown neighborhood. Because these individuals are not able to apply for coupons due to program rules, the Assistance Centers provide direct assistance by supplying these individuals and families with donated coupons, purchases of converter boxes with coupons, and in-home installation of boxes, depending on the need.

Because of the new funds made available by Congress, the grants to both of these organizations will be extended through the summer to help us continue to reach households among vulnerable populations unready for the digital transition.

I know that many Members of Congress, particularly members of this Subcommittee, are extremely active educating consumers about the DTV transition. Your efforts, along with those of state and local officials, have added greatly to consumer awareness of the transition and their options. I encourage each of you, others in Congress, along with state and local officials, to continue to get the word out through town hall meetings, tele-town halls, staff briefings, outreach materials, and call centers over the next several months. NTIA is prepared to support your efforts and we look forward to working with you to keep your constituents well informed about the transition and the Coupon Program.

NTIA's Consumer Education Efforts

The Coupon Program is currently recalibrating our messaging and outreach activities to ensure that the remaining unprepared households are made aware of the DTV

transition and know their options to prepare. In particular, we are re-examining our target markets based on the most recent Nielsen data and on coupon application and redemption data directly from the Coupon Program. As I have stated, this is nothing less than a public safety issue that I take very seriously.

As the DTV Delay Act was being considered by the Congress, the Coupon Program focused its consumer education efforts on supporting partner activities that had already been scheduled in expectation of a February 17 transition date. With the extension, however, we began preparing for the next phase of consumer education outreach focusing on the new June 12, 2009, transition date.

For example, last month the Coupon Program worked in cooperation with Microsoft's "Blacks at Microsoft" employee group and Radio Shack to provide converter box installation assistance focusing on low-income, senior apartment buildings in predominantly African American neighborhoods. Microsoft and Radio Shack volunteers were in Seattle, Milwaukee, Indianapolis, and Dallas to disseminate and install certified converter boxes to those who had previously requested a coupon during the TV Converter Box Coupon Program application drive hosted by Microsoft.

In addition to assisting consumers directly through our consumer education activities, approximately 850,000 media impressions³ garnered from print, broadcast, and online outlets educated larger communities about the converter box installation process and the immediate benefits of digital television. The program has also engaged more than 400 partners who have agreed to educate their constituents about the Coupon

³ The term "impressions" refers to the number of people who may have seen an article, heard something on the radio or in a podcast, watched something on television, or read something on a web page or blog.

Program, including 41 Federal agency partners. We intend to continue working with these partners in the months ahead and track media impressions throughout the country.

As I mentioned, Secretary Locke places a high priority on consumer education and outreach so that Americans consumers know their options and can effectively prepare for the DTV transition. In an effort to understand why some consumers have not prepared and to improve our messaging, we began to convene focus group meetings in eight geographically dispersed locations throughout the country last week. Continuing this week, the focus group meetings include a heavy emphasis on participation among low-income, young, and minority citizens, reflecting our need to better understand the gap in preparedness among these populations. We anticipate this effort will enable us to refine our messaging, create additional materials that may be needed, and better target our educational outreach.

The Coupon Program will run paid and public service advertising on the DTV transition and the Coupon Program to reach target populations through radio and print outlets. We will also provide public service advertising on transit systems and bus shelters in key markets and will explore the use of paid media frequently accessed by consumers in our target markets through contacts with ethnic partner organizations.

The Coupon Program's consumer education and outreach will also include the continued supply of educational materials to our partners so that they can directly provide information and resources to their constituents. NTIA is also planning to establish training modules that can be used by all of our partners and grantees, as well as by other entities to ensure the consistency and accuracy of information conveyed to the public about the June 12, 2009, transition date and the Coupon Program.

To complement these efforts, the Coupon Program is exploring the establishment of “mobile unit transition assistant teams” or “mobile assistance centers” that can be deployed to local communities in our target markets throughout the country to help consumers with coupon applications and box installations. To complement the mobile assistance teams, we are also exploring the creation of “retail events teams” to conduct similar outreach activities at stores of the Program’s participating retailers. We will continue to think creatively and work with our partners to develop and implement new approaches that will supplement and enhance our consumer education efforts.

Conclusion

When President Obama signed the DTV Delay Act into law, he emphasized the high priority the Administration places on needs of American consumers, particularly in this period of economic uncertainty. Calling this legislation “an important first step forward as we work to get the nation ready for digital TV,” the President expressed his Administration’s commitment to “work with leaders in Congress, broadcasters, consumer groups and the telecommunications industry to improve the information and assistance available to our citizens in advance of June 12.”

That is why I am here this morning, and that will be a principal mission for NTIA over the next three months. Working together we can get the DTV transition right. The American people deserve nothing less.

Again, thank you for extending the DTV transition to June 12, 2009 and for providing NTIA with critically-needed funding for additional coupons and consumer outreach. And thank you again, Mr. Chairman for the opportunity to testify this morning. I will be happy to answer your questions.