

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

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Hearing on
Oversight of the DTV Transition

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Chairman Inouye, Vice Chairman Stevens and Members of the Committee, thank you for the opportunity to appear before you today to discuss the progress being made by the National Telecommunications and Information Administration (NTIA), Department of Commerce, in assisting Americans to prepare for the digital television (DTV) transition. In particular, I am pleased to report to you on NTIA's successful launch three months ago of the Television Converter Box Coupon Program (Coupon Program). Although the Program is off to a very good start, we are still in the early phases of this important undertaking. In this statement, I will share with you the additional steps NTIA is taking to implement the Coupon Program, the agency's ongoing efforts to expand public education and outreach on the DTV transition and the Coupon Program, and challenges that we are addressing

Coupon Program Data

As I indicated, NTIA successfully launched the Coupon Program on January 1, 2008. Since then, across the Nation, consumers have been ordering their coupons through one of four convenient methods: via a toll-free number (1-888-DTV-2009), online at www.DTV2009.gov, by mail or by fax. The phone line is available to consumers 24 hours a day, seven days a week, with live agents available at all times, and an Interactive Voice Response system is available for English and Spanish-speaking callers. The phone line can accommodate requests in more than 150 different languages. A special assistance line also is available for the hearing impaired in English and Spanish. Braille application forms are available for the visually impaired. As of April 4, 2008, approximately 60 percent of the requests have been received through our Web site, 38 percent by telephone, and 1.6 percent by mail and fax. Approximately 89 percent of the household requests seek the maximum number of two coupons.

On January 1, NTIA with its partner IBM took requests from over 249,000 applicants requesting 475,000 coupons. Consumers from every state applied on that first day. By the end of the first week, NTIA had received over one million requests for two million coupons. As of April 7, 2008, NTIA has accepted more than 5.2 million household

requests for almost 9.9 million coupons, which represents approximately 46 percent of the program's base funding. Approximately 48 percent of these households identified themselves as fully reliant on over-the-air television. Consumers have begun to purchase converters with the coupons.

As of April 4, 2008, consumers have redeemed more than 280,128 coupons. Because consumers have only had coupons for a few weeks, it is too early to draw conclusions about redemption rates, which will be the key factor determining program spending. NTIA will continue to monitor redemption rates carefully as a critical factor in the financial management of the program. Our expectation is that redemptions will be the greatest as consumers reach the end of the first 90-day expiration period.

Consumer Education and Outreach

NTIA's daily efforts working with the media have helped generate awareness of the DTV transition and Coupon Program. During these first three months, the Coupon Program obtained more than 200 million print and broadcast media impressions, as well as over 1.8 million online impressions. The high level of interest in the Program and the correspondingly high application rate indicate that consumers are becoming increasingly aware of the DTV transition and are ready to take action.

Multiple consumer surveys bear this out: a recent survey released by the Association of Public Television Stations shows a 50 percent jump in consumer awareness about the transition in just the last 4 months – from 51 percent in November 2007 to more than 76 percent in March 2008. Surveys conducted by Consumers Union (64 percent) and the Consumer Electronics Association (74 percent) reveal similarly high levels of consumer awareness. In other words, our combined efforts to get the word out are succeeding.

One of the keys to the success of this program is its voluntary nature, which has fostered strong public-private partnerships. As I have discussed this issue with other federal officials, non-profit leaders, and private sector organizations with which NTIA is collaborating, I have witnessed their willingness to work together to make the transition a success. The industries most directly affected by the transition have initiated significant educational efforts with real financial commitments to ensure that no household is caught unprepared on February 18, 2009. The DTV Coalition is also making great strides in educating the American public about their options for making the transition.

As a complement to these efforts, NTIA has instituted a proactive campaign to educate consumers about the role of the Coupon Program in the DTV transition, leveraging relationships with consumer groups, community organizations, federal agencies, and industry to inform consumers of their options. NTIA is collaborating with more than 200 partner organizations, including social service and community organizations with ties to the senior citizens, rural, minority, and disabled communities, as well as a variety of federal agencies with direct communications with other constituent groups. NTIA is reaching out to trusted institutions, such as the NAACP, AARP, Spanish-language

broadcasters, and the Native American Journalists Association to reach populations most likely to be affected by the transition.

These groups are responding with thoughtful and creative ways to spread the word to their constituencies about the transition. A good example is the 4-H arm of the U.S. Department of Agriculture's (USDA) Cooperative State Research Education and Extension Service (CSREES). Collegiate 4-H - the college student 4-H organization - selected the DTV transition as its 2008 National Service Project topic. During the year, each chapter must carry out at least one DTV project based on lesson-plan material developed by NTIA. A project might include helping vulnerable individuals fill out an application or installing their converter boxes.

NTIA is keenly aware of the need to reach out to non-English-speaking communities, some of which rely heavily on over-the-air broadcasts. Information about the Coupon Program is being made available in numerous foreign languages -- Spanish, French, Chinese, Vietnamese, Korean, Filipino, and Tagalog. On December 1, 2007, Secretary of Commerce Carlos M. Gutierrez was featured in the first of a series of public service programs entitled, "TV Digital...¿Que Tal?" aired throughout the United States and Puerto Rico by the Spanish-language Univision Television Network. The program discussed the benefits of digital television broadcasting and provided detailed information about the need for viewers that rely on over-the-air broadcasting to obtain digital-to-analog converter boxes to continue to use their analog television sets, and how to access the Coupon Program to obtain coupons for the purchase of boxes.

Just last week, NTIA kicked off "Digital Television: Experience the Benefits," a consumer education campaign we are coordinating with local organizations across the country to educate consumers about the benefits of DTV and the TV Converter Box Coupon Program. Our initial event on March 31st gave consumers an opportunity to "Ask the Experts" at Radio Shack's flagship store in Fort Worth, Texas. Tomorrow, Secretary Gutierrez will discuss the digital television transition in Fort Worth, Texas, and later in the week will travel to McAllen, Texas – one of the nation's highest over-the-air television markets – for a similar event. NTIA will continue to work with an ever-increasing number of interested industry and community groups to ensure that information about the DTV transition reaches these non-English-speaking communities as broadly and often as possible.

While relevant industry segments are taking the initiative to ensure their consumers have the information to navigate the transition, the Federal government has a role in ensuring that all population groups, particularly those that are least likely to receive industry-produced information, and those more likely to rely on over-the-air television, receive a consistent and accurate message. Recognizing the importance of such a holistic approach from the start, NTIA hosted a meeting on January 24, 2008, with more than 15 other federal agencies, including the Federal Communications Commission; the Departments of Veterans Affairs and Agriculture, the Department of Health and Human Services' Administration on Aging; and the Department of Homeland Security's Federal Emergency Management Agency, to further coordinate federal efforts to educate the

nation about the February 17, 2009, deadline to transition to digital television. During the meeting, NTIA outlined its current and upcoming consumer education efforts, and the agencies discussed their strategies and existing communications efforts to raise consumer awareness of the DTV transition and the Coupon Program. The response from agencies has been positive. For example, the Department of Veterans Affairs (VA) has made a concerted effort to educate its employees, veterans, and their families about the DTV Transition and Coupon Program. Among other things, the VA has publicized the Program through Vanguard magazine, VA News, the American Veterans, and the Pentagon channel. It has distributed Coupon Program information to National Veteran Services Organizations such as the American Legion, VFW, Disabled American Veterans, Paralyzed Veterans Associations, AMVETS, and the Vietnam Veterans Association.

NTIA has worked with IBM and Ketchum, the subcontractor with expertise in public outreach efforts related to the Program, to develop a comprehensive toolkit of information to help organizations that are playing a critical role in educating their members, constituents and customers about the Coupon Program. Available for use since January 1, 2008, the Toolkit attempts to offer simple tips and recommendations to help each organization reach its members with information about the Coupon Program in a way that will resonate best with them. The Toolkit consists of a set of materials, including fact sheets, a poster, a mailer, sample presentations and other materials that can be co-branded for use by partners. The Toolkit also contains specific tools and strategies that can be used to reach the media to effectively deliver the Coupon Program message, and ideas and resources for informing consumers through community and in-store events or other activities.

The Toolkit includes four sections, each of which can be used on its own, or in conjunction with other parts of the Toolkit:

- **Program Background.** This section includes background information on the DTV transition and the TV Converter Box Coupon Program. Partners are strongly encouraged to familiarize themselves with the Coupon Program and with what consumers told us they want to know.
- **Development and Dissemination of Messages and Materials.** This section includes a series of tailored messages about the Coupon Program that partners can incorporate into their own materials to explain how to apply for and redeem coupons. The messages have been tested in consumer focus groups to ensure that they are easily understood and have been reviewed by NTIA for accuracy and consistency. This section also outlines the ready-made materials available for downloading, co-branding and use by all partners.
- **Communicating Through the Media.** This section provides guidance and ideas for generating “earned media” coverage through television, radio, print or online information sources. The information in this section ranges from

ideas for conducting proactive media outreach, to placing public service announcements and tips on conducting a solid media interview.

- **Conducting Outreach Activities.** The Toolkit includes creative ideas for communicating about the Coupon Program through existing organizational resources, as well as developing events and activities that focus specifically on the TV Converter Box Coupon Program.

The Toolkit also is an extremely useful resource for Members of Congress seeking to communicate to their constituents about the Coupon Program. NTIA has worked closely with many offices to help prepare materials for town hall meetings, franked mailings, and other outreach, including to senior centers and other critical-to-reach groups.

Manufacturer and Retailer Participation

NTIA has been very pleased with the high level of participation in the Coupon Program, both by converter box manufacturers and consumer electronics retailers. As of today, NTIA has certified 66 converter boxes, each designed for the exclusive statutory purpose of enabling a consumer to view digital broadcast signals on an analog television.

NTIA's rules also permit certain other features, including the ability to pass-through analog broadcast signals. These boxes can be found at leading retailers for as little as \$45. We are continuing to review and certify boxes as manufacturers come into this Program. A complete list of converter boxes certified to date is available on NTIA's website, and is attached to my testimony.

The response from America's retailers has been similarly outstanding. As of April 1, 2008, the Program includes more than 1,100 participating retailers. These retailers represent 11,448 participating outlets nationwide, including locations in all 50 states, Puerto Rico and the U.S. Virgin Islands. Participating retailers include four of the largest consumer electronics retailers – Best Buy, Circuit City, RadioShack, and Wal-Mart – as well as hundreds of smaller retailers. NTIA expects four other large retailers – Kmart, Sam's Club, Sears and Target – to participate shortly. Additionally, consumers can choose from among seven online retailers and three phone retailers. In short, consumers – even those in areas where the closest consumer electronics retailer is fifty or one hundred miles away – will have ready access to coupon-eligible converter boxes.

At the request of many of these retailers, NTIA has made information available about the number of coupons requested not only on a per state basis but now based on 5-digit zip code. NTIA and IBM have made employee training materials available to all participating retailers so that they will be ready to answer consumers' questions about certified boxes and the use of the coupon for payment. Participating stores have completed certification in the Coupon Program and indicated that their employees are trained, they have converter box inventory in their stores, and their systems are prepared to redeem coupons. Participating retailers can be found on www.DTV2009.gov under "Locate a Retailer Near You."

We are pleased with the progress that has been made in these first few months of the Coupon Program's operational phase and we are confident our continued, combined and cooperative efforts will only add to this success to the benefit of all Americans, as well as other stakeholders such as public safety entities.

Addressing Challenges That Arise

That said, as with any program as large and complex as this, there are bound to be bumps in the road and challenges that arise. NTIA currently faces several such challenges and is working diligently to resolve them as quickly as possible and in a manner that serves the best interests of the American people.

NTIA is concerned about how to best meet the needs of viewers of Class A, low-power television and television translator stations. As this Committee is well aware, these stations are not subject to the February 17, 2009, analog broadcasting cutoff deadline, and viewers of these stations who wish to continue receiving these analog broadcasts as well as the new digital signals after the February 17, 2009 deadline may choose to get a converter box that includes an analog signal pass through feature. When the Coupon Program regulations were issued, NTIA asked manufacturers to take this into consideration in the development of certified converter boxes. At the same time, NTIA asked manufacturers interested in including this feature to investigate options that would provide an acceptable analog signal pass through with minimal signal loss. On February 5, 2008, I sent a letter to each of the prospective converter box manufacturers involved in the certification process to once again encourage them to consider the needs of all viewers, including the viewers of Class A, low-power television, and television translator stations, in the development of converter boxes for the Coupon Program. Currently, NTIA has certified seven boxes with an analog pass-through capability, and several more are in the testing process of becoming certified. NTIA highlights boxes with this feature on the Program's website and in consumer mailings with the coupons. In addition, NTIA has sent helpful information to operators of Class A, low-power television and television translator stations so that they can inform their viewers of the options they have regarding the digital transition.

Congress set aside a total of \$75 million in auction proceeds to fund two grant programs that will assist eligible Class A, low-power television, and television translator stations to make the transition as quickly and smoothly as possible. The Low-Power Television and Translator Digital-to-Analog Conversion Program will provide \$1,000 to eligible low-power stations that must purchase a digital-to-analog conversion device to convert the incoming digital signal of a full-power television station to analog for transmission on the low-power station's analog channel. To date, 213 grants have been awarded under this program. Applications will be accepted until February 17, 2009.

Of course, stations that operate at less than full power will eventually convert to digital broadcasts. The Low-Power Television and Television Translator Upgrade Program established by Congress directs NTIA to assist this effort through a program that provides

\$65 million for equipment upgrades to stations in eligible rural communities. To implement this program in a timely manner, a technical correction to the program authorization is required to permit the agency to begin making funds available during fiscal year 2009. S. 2607, which Senator Snowe has introduced, would make this correction. NTIA will continue to work with the FCC, industry and the broadcast community to assist low-power television stations and their viewers during the transition to digital broadcasting.

As the Coupon Program moves forward, NTIA will continue to address challenges and work diligently to resolve issues that arise. For example, NTIA is currently looking at concerns about program eligibility, including for residents of nursing homes and applicants who use a post office box. NTIA is finalizing proposed rule changes and expects to release a Notice of Proposed Rulemaking in near future. Changes to the rule, at this stage, will pose challenges for the Program, but we will meet those challenges.

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