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**Before the
Committee on Commerce, Science and Transportation
United States Senate**

**Hearing on
Preparing Consumers for the Digital Television Transition**

July 26, 2007

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

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

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

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

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

The Digital-to-Analog Converter Box Coupon Program

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

Activities to Date

NTIA has made substantial progress in fulfilling its requirements under the law to ensure that coupons for converter boxes will be available to U.S. households upon request beginning January 1, 2008. Because the auction receipts that fund this program are not anticipated to be available until after this date, NTIA entered into a Borrowing Agreement in May 2006 with the Department of Treasury to borrow funds necessary to implement the Coupon Program. NTIA then initiated a rulemaking seeking comments from interested parties on the most efficient and effective way to administer the program. In March of this year, NTIA published regulations that set forth the framework for the Coupon Program and provide guidance to consumers, converter box manufacturers, and retailers. The regulations outline requirements related to household eligibility, converter box technical specifications, and retailer certification. Shortly after releasing the rules, NTIA held its first public meeting to discuss various aspects of the Coupon Program.

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

pleased to report that this procurement process is well underway, and we expect to make an award by mid-August.

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

Consumer Education Initiatives

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

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

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

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

With respect to seniors, NTIA is working closely with the AARP to ensure that the Coupon Program is highlighted in their publications and online newsletters. *AARP The Magazine* reaches 22.5 million of the organization's members and *AARP Segunda Juventud* reaches another 400,000 members. NTIA is also working with the American Library Association to distribute posters and coupon applications to participating libraries, and to train librarians to help seniors fill out coupon applications. NTIA has also reached out to establish partnerships with the Administration on Aging, the National Council on Aging, SeniorNet, and other organizations to ensure that seniors are not caught by surprise by the digital transition. During the recent National Cable and Telecommunications Association convention, I participated on a panel hosted by Retirement Living TV, available via cable to 24 million households, for the purpose of raising awareness among seniors of the upcoming digital transition.

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

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

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

Government Partnerships

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

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

The Low-Power Television and Translator Upgrade Program

As I mentioned at the outset, Title III of the Deficit Reduction Act of 2005 also directed NTIA to implement and administer other programs related to the digital television transition. Specifically, it mandates that we provide funding to assist licensees of eligible Low-Power Television and television translator stations to obtain equipment to enable them to convert the incoming digital signal of their corresponding full-power station to analog format for rebroadcast; and to ultimately convert the LPTV and translator facilities themselves to broadcast in digital format. We have been working aggressively to effectuate the statute's requirements to begin the program authorized under Section 3008 of the Act in fiscal year 2008 and recently posted information about these programs on our website (www.ntia.doc.gov/otiahome/dtv/lptv.html).

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

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

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