



Highlights of [GAO-08-1181T](#), a testimony before the Senate Committee on Commerce, Science, and Transportation

Why GAO Did This Study

The Digital Television Transition and Public Safety Act of 2005 requires all full-power television stations in the United States to cease analog broadcasting after February 17, 2009, known as the digital television (DTV) transition. The National Telecommunications and Information Administration (NTIA) is responsible for implementing a subsidy program to provide households with up to two \$40 coupons toward the purchase of converter boxes. In this testimony, which is principally based on a recently issued report, GAO examines (1) what consumer education efforts have been undertaken by private and federal stakeholders and (2) how effective NTIA has been in implementing the converter box subsidy program, and to what extent consumers are participating in the program. To address these issues, GAO analyzed data from NTIA and reviewed legal, agency, and industry documents. Also, GAO interviewed a variety of stakeholders involved with the DTV transition.

What GAO Recommends

In the report issued on September 16, 2008, GAO recommended that the Secretary of Commerce direct NTIA to develop a plan to manage coupon requests in the lead up to the transition. In commenting on a draft of the report, the Department of Commerce did not state whether it agreed or disagreed with GAO's recommendation, but stated its concern about an increase in coupon demand as the transition nears. FCC noted consumer outreach efforts it has taken.

To view the full product, including the scope and methodology, click on [GAO-08-1181T](#). For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

DIGITAL TELEVISION TRANSITION

Information on the Implementation of the Converter Box Subsidy Program and Consumer Participation in the Program

What GAO Found

Private sector and federal stakeholders have undertaken various consumer education efforts to raise awareness about the DTV transition. For example, the National Association of Broadcasters and the National Cable and Telecommunications Association have committed over \$1.4 billion to educate consumers about the transition. This funding has supported the development of public service announcements, education programs for broadcast, Web sites, and other activities. The Federal Communications Commission (FCC) and NTIA have consumer education plans that target those populations most likely to be affected by the DTV transition. Specifically, they identified 45 areas of the country as high risk that included areas with at least 1 of the following population groups: (1) more than 150,000 over-the-air households, (2) more than 20 percent of all households relying on over-the-air broadcasts, or (3) a top 10 city of residence for the largest target demographic groups. The target demographic groups include seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities. In addition to targeting these 45 areas of the country, FCC and NTIA developed partnerships with organizations that serve these hard-to-reach populations.

NTIA is effectively implementing the converter box subsidy program, but its plans to address the likely increase in coupon demand as the transition nears remain unclear. As of August 31, 2008, NTIA had issued almost 24 million coupons and as of that date approximately 13 percent of U.S. households had requested coupons. As found in GAO's recent consumer survey, up to 35 percent of U.S. households could be affected by the transition because they have at least one television not connected to a subscription service, such as cable or satellite. In U.S. households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon. With a spike in demand likely as the transition date nears, NTIA has no specific plans to address an increase in demand; therefore, consumers might incur significant wait time to receive their coupons and might lose television service if their wait time lasts beyond February 17, 2009. In terms of participation in the converter box subsidy program, GAO analyzed coupon data in areas of the country comprising predominantly minority and senior populations and found that households in both predominantly black and Hispanic or Latino areas were less likely to redeem their coupons compared with households outside these areas. Additionally, GAO analyzed participation in the converter box subsidy program in the 45 areas of the country on which NTIA and FCC focused their consumer education efforts and found coupon requests to be roughly the same for zip codes within the 45 targeted areas compared with areas that were not targeted. Retailers play an integral role in the converter box subsidy program by selling the converter boxes and helping to inform their customers about the DTV transition. GAO visited 132 randomly selected retail stores in 12 cities. Store representatives at a majority of the retailers GAO visited were able to correctly state that the DTV transition would occur in February 2009 and how to apply for a converter box coupon.