



**STATEMENT
BEFORE THE
SENATE COMMERCE, SCIENCE AND TRANSPORTATION
COMMITTEE
OF THE
UNITED STATES SENATE**

**ON
PREPARING CONSUMERS FOR THE DIGITAL TELEVISION
TRANSITION**

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**WITNESS: NELDA BARNETT
AARP BOARD OF DIRECTORS**

For further information, contact:
Jo Reed
Federal Affairs Staff
(202) 434-3800

Summary of AARP Testimony
“Preparing Consumers for the Digital Television Transition”
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AARP’s testimony before the Committee discussed five important issues concerning the impact of the digital television transition on older Americans.

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

The approximately 20 million analog-only households should be the primary focus of any education and outreach campaign. Moreover, approximately 40% of these households include at least one person over the age of 50. Recent data reveals 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.

2. Older Americans confront additional challenges related to obtaining and redeeming converter box coupons, and in installing the converter boxes.

There are additional challenges involved with the transition to DTV that confront older Americans, and they should be addressed over the course of the next several months. Among these may be mobility issues, infirmity, isolation from other family members, and distance from retail centers in rural communities.

3. Coupons should not be distributed until sufficient numbers of 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 involves some uncertain timing elements. It is critical that NTIA coordinate the distribution of the coupons with the availability of the converter boxes for purchase in stores and work with the selected coupon vendor to track the locations of stores that have stocked converter boxes.

4. Older Americans are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers’ “upselling” efforts.

It is critical that steps be taken to protect consumers against scam artists who could sell unsuspecting consumers counterfeit or illegally duplicated converter box coupons, or to attempt to sell legitimate *free* converter box coupons. Consumers will also need clear information to understand the possibility of retailers “upselling.”

5. A coordinated outreach and education campaign should include federal and state agencies and programs serving consumers who have the greatest risk of losing their broadcast television service, particularly vulnerable population groups such as low income and older Americans.

Congress should work with the NTIA and FCC to construct a coordinated effort to educate the public about the transition with other federal, state and local government

agencies that serve vulnerable population groups, including older Americans and low-income households.

Good morning. Mr. Chairman and members of the Committee, thank you for this opportunity to testify today on behalf of AARP regarding consumer issues related to the digital television transition. My name is Nelda Barnett. I'm from Owensboro, Kentucky, and I am a member of AARP's Board of Directors.

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), holding numerous meetings with senior officials to discuss AARP's concerns regarding the DTV transition. AARP has urged policy makers to mitigate the burden of this transition for all consumers, particularly older Americans. We supported the establishment of the converter box coupon program and 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 the following issues concerning the transition's impact on older Americans.

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

- 2) Older Americans confront additional challenges related to obtaining and redeeming converter box coupons, and installing the converter boxes;
- 3) Coupons should not be distributed until sufficient numbers of converter boxes are available for purchase at retail stores. There should be a mechanism implemented to inform consumers about local stores that have the coupon-qualified converter boxes in stock.
- 4) Older Americans are particularly vulnerable to potential coupon fraud and abuse and could be subjected to retailers' "upselling" efforts.
- 5) A coordinated outreach and education campaign should include 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 Americans.

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, public safety announcements, information on government and politics, and community news. In fact, Americans aged 50 and above watch the greatest average 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, as Congress has

¹ Nielsen Media Research, 2005.

recognized, there are significant costs associated with this transition. Consumers with analog sets will need to purchase a new set with an integrated digital component, connect the set to a cable or satellite service, or purchase a converter box. These costs are not inconsequential. But for older Americans additional, non-monetary costs may be especially challenging: the inconvenience of searching for an available converter box, potential difficulties in attaching the converter box to the back of their set, and confusion regarding the transition itself.

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

According to a 2004 survey², 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 at the point of the transition, and they should be the primary focus of any education and outreach campaign, and the priority households for receipt of the converter box coupons. The GAO reported that of these 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

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

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

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 Americans:

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.

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 confront additional challenges related to obtaining and redeeming converter box coupons, and in installing the converter boxes.

There are additional challenges involved with the transition to DTV that confront older Americans, and they should be addressed over the course of the next several months.

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,

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

for many older Americans to leave their home to purchase a converter box. Although it may be possible to purchase the converter box online, there are a number of older Americans who do not have Internet access in their home.

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.

AARP urges Congress to work with the appropriate federal agencies to address these issues in the next several months, to assist older Americans and other vulnerable individuals with these challenges.

3. Coupons should not be distributed until sufficient numbers of 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 involves some uncertain timing elements. There are some consumers who will act expeditiously, perhaps in response to initial consumer outreach and education campaigns, and request converter box coupons

when they first become available in January 2008. According to NTIA's rules, the coupons will expire 90 days after they are mailed to the requesting households. AARP has heard from a variety of sources that the converter boxes may not actually be available in electronic retail establishments until April of 2008. If a consumer receives the coupon in early January, it could actually *expire* prior to the availability of converter boxes in stores. It is critical that NTIA coordinate the distribution of the coupons with the availability of the converter boxes for purchase in stores.

AARP is also concerned that older Americans, 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 would stock the boxes for sale, and some stores may carry only a limited number of boxes. The NTIA will need to work with the selected coupon vendor 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 area with boxes in stock, by calling a toll-free number as well as by going to an Internet website.

4. Older Americans 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. Assuming such steps are taken, there will still be an opportunity for legitimate *free* converter box coupons to be offered for sale. Assisting consumers to avoid this unnecessary extra cost will require educational materials to inform consumers as to how they can receive a valid coupon, and to offer 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 consumers to purchase 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.

5. A coordinated outreach and education campaign should include federal and state agencies and programs serving consumers who have the greatest risk of losing their broadcast television service, particularly vulnerable population groups such as low income and older Americans.

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

AARP recognizes that the task of educating the general public about the DTV is enormous -- and the five million dollars designated by Congress for consumer outreach and education related to the converter box coupon program is 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 our 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 mid-life and older American members. Materials will be prepared and distributed to AARP state offices and volunteer chapters, to implement a coordinated outreach plan to extend AARP's reach into the community at-large.

Conclusion:

On the morning of February 18, 2009, just a little over eighteen months from today, consumers in households around the country could discover that they are unable to view their regular morning television programs. These consumers 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 in keeping consumers connected. AARP is committed to doing its part. AARP, and the older Americans we represent, are also counting on policymakers to take the necessary steps that will ensure all consumers, regardless of age, income, native language, or other factors, stay connected.