THE SECRETARY OF COMMERCE
Washington, D.C. 20230

June 30, 2009

The Honorable Joe Barton
Ranking Member, Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Representative Barton:

Thank you for your letter of June 11, 2009, sharing your concerns regarding the digital television (DTV) transition. I appreciate the opportunity to address these concerns and to share with you why I believe strongly that delaying the DTV transition and providing additional funds for the TV Converter Box Coupon Program (Coupon Program) and consumer outreach were critical to a successful transition.

In your letter, you suggest that the availability of coupon funds in the last days before the June 12 transition validates the view that neither the delay of the transition nor additional funding were necessary. The Obama Administration respectfully disagrees. In February 2009, it was clear that millions of Americans would have been left in the dark if the transition had occurred on February 17 as planned. Funding was not available for critical resources—including call centers and in-home technical assistance—that would be needed in the days and weeks before and after the transition. It was evident that more time and more money were needed to reach out and help Americans, especially those in our most vulnerable communities, make the switch to digital television.

Specifically, only a month before the planned February 17 deadline for the DTV transition, the A.C. Nielsen Company (Nielsen) estimated that 6.5 million households were unprepared. A disproportionate number of the unprepared belonged to vulnerable populations, such as low-income and minority households and people with disabilities. Furthermore, because the Coupon Program had reached its maximum funding limit in early January 2009, households requesting coupons after this point were placed on a waiting list. As of the planned transition date of February 17, 2009, there were 2 million households on the waiting list. In addition, 14 million active coupons—i.e., coupons that had already been distributed but had not yet expired—had not yet been used.

Enactment of the DTV Delay Act and the increased funding provided in the American Recovery and Reinvestment Act (Recovery Act) enabled the Department of Commerce's National Telecommunications and Information Administration (NTIA) to assist millions of American households by distributing an additional 12.9 million coupons (with more than 8.1 million coupons redeemed between February 17, 2009, and June 23, 2009); issuing replacement

coupons to those whose coupons had expired; and providing additional resources for consumer education and technical assistance. The best—and most gratifying—measure of success is the substantial decrease in the number of unready households. Between January 2009 and June 12, 2009, the number of households completely unready for the transition was cut by more than half—from 6.5 million to 2.5 million, according to Nielsen. The high level of coupon request activity and redemption activity in the days surrounding the June 12 transition further indicates that the additional funding and preparation time provided by Congress for the DTV transition were necessary. In the nine-day period from Monday, June 8, through Tuesday, June 16—encompassing the transition deadline of Friday, June 12—the Coupon Program received requests for more than 2 million converter box coupons, and retailers redeemed nearly 1.2 million coupons. In addition, during that same period, the Coupon Program's call center handled 1.58 million calls and its website received over 16 million hits.

Additionally, Recovery Act funding enabled NTIA to expand its consumer outreach efforts and extend the activities of grant-funded entities providing "on the ground" and in-home assistance targeting at-risk populations, such as senior citizens, minority communities, people with disabilities, low-income individuals, and those living in rural areas. Further, the Federal Communications Commission (FCC) is utilizing more than $68 million in Recovery Act funds transferred by NTIA to establish and upgrade call centers and walk-in centers where consumers can obtain live agent assistance.

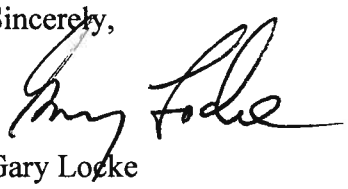
The precise amount of unused Coupon Program funds that will be returned to the Treasury depends on the rate of requests and redemptions realized through the entire Program and other expenditures authorized under the statute. Based upon current trends, that amount could be in the range of approximately $400 million, which would reduce the total outlay to approximately $1.75 billion. This is $250 million more than was originally appropriated under the Digital Television Transition and Public Safety Act of 2005 and precisely the amount proposed under H.R. 661. The critical difference is that if Congress had approved additional funding without also delaying the conversion date, 2.2 million more households—including a disproportionate number of minorities, low-income individuals, seniors, and the disabled—would have been stranded without access to over-the-air broadcast television, including local emergency weather and public safety messages.

I recognize the issue you raise regarding the proper oversight of funds transferred by NTIA to the FCC. In accordance with the Recovery Act, I made a determination that the transfer of funds to the FCC for the purpose of consumer education and outreach for the DTV transition was necessary and appropriate. The FCC's expenditure of those funds is subject to Recovery Act reporting requirements, as well as Office of Management and Budget Implementing Guidance on accounting for Recovery Act funds. My determination to transfer funds to the FCC was, in part, premised on the existence of these safeguards, which were incorporated into a Memorandum of Understanding between the agencies. Furthermore, in accordance with the Recovery Act, NTIA notified the House and Senate Appropriations Committees not less than

five days in advance of the transfer of those funds. NTIA has also kept the Department of Commerce's Office of Inspector General informed of the transfer of those funds.

While we may not agree on whether the country was adequately prepared to complete the transition on February 17, 2009, I appreciate your leadership in the passage of the Deficit Reduction Act of 2005 and your commitment to a successful DTV transition. I share your commitment to ensuring that the public funding for these important programs is employed efficiently and effectively, and I welcome your continued oversight. Thank you again for sharing your views, and I look forward to continuing to work with you on telecommunications issues.

Sincerely,



Gary Locke