ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States

House of Representatives

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June 11, 2009

The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

The Honorable Michael Copps
Acting Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Dear Secretary Locke and Acting Chairman Copps:

With the delayed DTV transition now upon us, we have a number of questions about the impact of moving the date and allocating an additional $650 million to the program. Please provide responses to the following questions within two weeks from the date of this letter:

1. According to NTIA data, about 27.3 million of the original DTV coupons have been redeemed as of June 9. The original DTV funding provided enough money to cover 33.5 million redeemed coupons. That means there is still about $250 million of the original funding left to cover another 6.2 million redeemed coupons. If that is so, why was it necessary to delay the transition and allocate another $650 million in the stimulus package for DTV? Remember, there were also still 11 million active coupons in consumers' hands at the time of the delay and 175,000 homes were coming off the waiting list each week. According to the NTIA, either the Barton-Markey or the Barton-Stearns bills would have cleared the remaining homes off the waiting list in time to get coupons to consumers before the original February 17 transition date. Claims that the extra money is needed to help straggling consumers after the transition are clearly not valid since, as mentioned above, there is still $250 million left of original funding.

2. The supposed justification for the delay was that we needed more time for completely unready households to take action. However, 95 percent of the country had at least one television prepared by the end of January. Although about 2.9 million completely unready households have gotten prepared since then, approximately 2 million of them did so using coupons redeemed with the original DTV funding, based on Nielsen data and information from the NTIA. Only about 900,000 completely unprepared households have used any of the 3.6 million coupons redeemed with the stimulus money as of June 9. (The rest went to homes with cable or satellite.) Doing the math, $650 million in stimulus funds to reach 900,000 unprepared homes comes to more than $700 per unprepared household for a $50 device. Does that sound like a sensible expenditure of taxpayer dollars?

3. Average coupon requests plummeted from 230,000 per day with a 65 percent redemption rate at the end of January, to 75,000 per day with a 44 percent redemption rate by the end of May. Doesn't this indicate that the delay ironically slowed consumer preparation rather than helped it?

4. At least 17 broadcast stations won't make the transition to digital because they are going bankrupt, according to the June 4 issue of Communications Daily. Is it possible that the hundreds of millions of dollars that the delay cost the broadcast industry pushed these stations over the edge?

5. The Commerce Department has transferred almost $70 million in stimulus funds to the FCC for DTV-related expenses.

    a. How is the Commerce Department exercising oversight of the stimulus money Congress and the taxpayers entrusted to it? What information did the Department require the FCC to provide before it gave the $70 million away? Is there any contract, memorandum of understanding, or written commitment regarding how the FCC will spend the money? Is the Department requiring the FCC to provide updates as it spends the money, or putting performance measures in place to monitor its use? What happens to any money that goes unused? Does it become part of the FCC budget, go back to the NTIA, or automatically return to the Treasury?

    b. How is the FCC exercising oversight over that money? What performance measures did the FCC put in place to evaluate grant requests? For example, multiple FCC grants of between $500,000 and $1 million have gone to "walk-in centers," some of which do not appear to have opened before last month. How did the FCC determine that these centers would make enough of an impact in the 30 days left before the transition to justify that kind of money? And what performance measures has the FCC put in place to track how effectively the money is used once granted? For that matter, what anti-fraud measures has the FCC put in place? There are already rumors that some walk-in centers that received grant money don't even exist. Is that true?

Your consideration and response is greatly appreciated.

Sincerely,

Joe Barton
Ranking Member

Cliff Stearns
Ranking Member
Subcommittee on Communications, Technology, and the Internet

cc: The Honorable Henry Waxman, Chairman
The Honorable Rick Boucher, Chairman
Subcommittee on Communications, Technology, and the Internet