



TESTIMONY

OF

Lavada E. DeSalles

On behalf of

AARP

Before the

House Subcommittee on Telecommunications and the Internet

Of the

House Committee on Energy and Commerce

“Preparing Consumers for the End of the Digital Television Transition”

March 10, 2005

2322 Rayburn House Office Building

Washington, D.C.

Summary of Testimony
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AARP’s testimony before the Committee discussed the four critical issues concerning the impact of the digital television transition on older Americans:

- 1) Consumers, particularly older Americans, increasingly rely on the essential service television provides in the home.** Today, television offers more than just entertainment; it is also a source of information about what is happening in the community and around the world. It provides consumers with life-saving weather forecasts, information on government, politics, and community news, and brings them closer to every corner of the world. For the mid-life and older Americans AARP represents, television can be a primary connection to the outside world.

- 2) While digital television offers benefits for consumers, there are also significant costs to consider in the transition from over-the-air broadcast-only television.** Consumers anticipate the benefits this new technology will offer. However, there are also significant costs associated with this transition. The transition from over-the-air broadcast TV to digital TV will place millions of consumers at risk of losing their television service entirely and will require them to purchase additional equipment in order to continue to enjoy a service they have been receiving for free.

- 3) Costs incurred by consumers will be disproportionately imposed on those least able to afford them and steps must be taken to mitigate these costs.** AARP’s major concern is with the 21 million consumers, many of them older citizens, with over-the-air broadcast-only television sets. A disproportionate number of these consumers are on fixed incomes and/or are in lower income brackets. We urge Congress to consider the health and welfare of these consumers and arrange an assistance program that is directed toward those in greatest need.

- 4) A comprehensive and wide-reaching consumer education program must be instituted well in advance of any determined date of the transition to digital television.** An important first step to alleviate the negative impacts of this transition is to educate the general public well in advance of the date when the transition will be complete. AARP recommends that a comprehensive plan to educate the general public be implemented at least one year before the transition occurs.

Good morning. Mr. Chairman and members of the Subcommittee, thank you for this opportunity to testify today, on behalf of AARP, regarding a timely and important consumer issue, the transition from analog to digital television. My name is Lavada DeSalles. I'm from Sacramento, California and I am a member of AARP's Board of Directors.

My remarks this morning will focus on four critical issues concerning the impact of the digital television transition on older Americans:

- 1) Consumers, particularly older Americans, increasingly rely on the essential service television provides in the home;
- 2) While digital television offers benefits for consumers, there are also significant costs to consider in the transition from analog, or over-the-air broadcast-only, television;
- 3) Costs incurred by consumers will be disproportionately imposed on those least able to afford them and steps must be taken to mitigate these costs; and
- 4) A comprehensive and wide-reaching consumer education program must be instituted well in advance of any determined date of the transition to digital television.

Consumers, particularly older Americans, have experienced a growing reliance on television.

Since the first public demonstration of television in 1935, consumers have had a growing reliance on television technology. Today, television offers more than just entertainment; it is also a source of information about what is happening in the community and around the world. It provides consumers with life-saving weather forecasts, information on

government, politics, and community news, and brings them closer to every corner of the world. For the mid-life and older Americans AARP represents, television can be a primary connection to the outside world. In fact, Americans aged 50 and above watch the greatest average number of hours of television a day, almost 5.5 hours, compared to all other age groups.¹ Television gives those spending more time confined to their homes companionship and comfort, lessening a sense of isolation.

While digital television offers benefits for consumers, there are also significant costs to consider in the transition from over-the-air broadcast-only television.

Digital television technology is the greatest transformation television service has experienced since the advent of color television 50 years ago. It offers consumers better-quality transmission and a wider range of programming options. Digital television delivers a significantly sharper resolution than over-the-air broadcast-only television, and a higher-quality sound. This is an exciting technological development for television viewers.

Consumers anticipate the benefits this new technology will offer. However, there are also significant costs associated with this transition. The transition from over-the-air broadcast TV to digital TV will place millions of consumers at risk of losing their television service entirely and will require them to purchase additional equipment in order to continue to enjoy a service they have been receiving for free. For consumers with over-the-air broadcast-only television sets, the move to digital television will be costly and inconvenient. Given all that television now offers consumers, we are

¹ Nielsen Media Research, 2005.

concerned that a transition to digital television could disenfranchise some consumers, particularly older Americans.

Costs incurred will be disproportionately imposed on those least able to afford them.

A large number of consumers will have to incur some level of expense to convert their television sets to receive digital programming. According to a 2004 Congressional Research Service report, while the number of consumers purchasing digital television sets is increasing every year, only about 1% of households have purchased an integrated DTV, which contains a built-in digital tuner. These TV sets require no additional equipment, but are currently an expensive purchase for most consumers, sold at prices ranging from about \$1,000 to \$10,000. Digital monitors, sold for a more reasonable range of \$500 to \$1,000, must be coupled with a set-top digital receiver or tuner in order to receive digital broadcast signals. In 2004, these set-top receivers cost in the range of \$300 to \$500.

At the point when the transition from over-the-air broadcast-only to digital television is complete, millions of consumers will require some sort of equipment purchase to continue to receive television service. Those with digital monitors will need to purchase the set-top digital receivers; cable customers on basic, non-digital, service packages will need to purchase equipment to convert their analog service to digital cable service; and finally, consumers with over-the-air broadcast-only television service will need to purchase and install a converter box. The cost of such a converter box is expected to be

in the range of \$50 to \$125, depending on the date of the transition and the volume of boxes to be purchased. In addition to the costs of the converter box, there could be additional costs for installation and for purchase of special rooftop antennas. These costs do not account for the time spent and inconvenience consumers will experience with the purchase and installation of the required equipment.

According to a 2004 survey,² about 21 million consumers rely on over-the-air broadcast-only television. These are the consumers who will be without any television at the point of the transition unless steps are taken to adapt their television sets. In recent testimony before this Subcommittee, the GAO reported that of the 21 million over-the-air broadcast-only households, 48 percent have incomes under \$30,000. According to the report, “non-white and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households.” Of the 21 million households, approximately 8.6 million include at least one person over the age of 50.³ Millions of these consumers are on fixed incomes and/or are in lower income brackets.

AARP’s major concern is with the millions of consumers, many of them older citizens, with over-the-air broadcast-only television sets. As noted, a significant number of these individuals and households will be hard put to afford costly conversion equipment. We urge Congress to consider the health and welfare of these consumers and arrange an assistance program that is directed toward those in greatest need.

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

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

A comprehensive and wide-reaching consumer education program must be initiated well in advance of any determined date for the transition to digital television.

An important first step to alleviate the negative impacts of this transition is to educate the general public well in advance of the date when the transition will be complete. When the transition occurs, millions of TV sets will go dark. Can you imagine the confusion and distress that will result if consumers are unaware that this will happen? AARP recommends that a comprehensive plan to educate the general public be implemented at least one year before the transition occurs. We suggest several steps to educate the public:

First, public service announcements (PSA) for television and radio should be developed, perhaps by the Federal Communications Commission (FCC), to inform consumers that on the date determined, over-the-air broadcast-only television sets will not work unless certain steps are taken. The PSA would display a toll-free telephone number for consumers to call and receive more detailed information on the equipment required for their television sets. Consumers will need specific information on how to purchase a set-top box, the installation process, and all costs involved with these steps.

Second, a mail insert detailing the transition and providing the necessary consumer information should be prepared and sent in a government mailing received by the widest range of consumer populations. Annual tax forms are an example of a vehicle that could serve as the government mailing to include an enclosure with transition information.

Third, the Federal Communications Commission should expand its outreach plans for the digital television transition and prepare consumer-friendly materials for the general public. The materials should be distributed at libraries, community centers, and other public places that currently distribute consumer information. This is an opportunity for the FCC to be creative in crafting an effective outreach plan.

Fourth, any commercial place of business selling television sets should be required to inform consumers of the transition. If consumers need to buy a new television during the time prior to the designated transition date, they should know that purchasing an over-the-air broadcast-only television set will require another expense to adapt to digital television.

Finally, AARP commits to doing its part to educate our members about the transition. AARP has several communications tools that can be used to pass on critical information to our members. The bi-monthly AARP magazine and monthly Bulletin, distributed to all members, are two such communication tools we can utilize to inform consumers about the transition and what they will need to do to continue to watch their television service.

AARP will be pleased to work with Congress and the designated federal agencies to help design the most effective plan to educate and assist consumers with the digital television transition. Thank you for this opportunity to present AARP's views on this important matter.