



Highlights of [GAO-05-623T](#), a testimony before the Subcommittee on Telecommunications and the Internet, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

The digital television (DTV) transition offers the promise of enhanced television. At the end of the transition, radiofrequency spectrum currently used for analog broadcast television will be used for other wireless services and for critical public safety services. To spur the digital transition while preventing any loss of television service to households, some industry participants and experts have suggested that the government subsidize DTV equipment to enable households to view digital broadcast signals. This testimony provides information on (1) some challenges to administering a subsidy program for DTV equipment, (2) some administrative options for implementing a DTV subsidy, (3) examples of government programs that make use of rebates or vouchers to provide subsidies, and (4) other efforts necessary for the completion of the DTV transition.

We discussed administrative challenges to and options for a DTV subsidy with federal and state government officials, electronics manufacturers and retailers, and experts in product promotion. As in our previous work, we take no position on whether a subsidy should be implemented or not, or whether, if a subsidy program is established, it should be implemented in any particular way. While policies other than a subsidy might help promote the DTV transition, any other such approaches were not part of this investigation.

www.gao.gov/cgi-bin/getrpt?GAO-05-623T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

DIGITAL BROADCAST TELEVISION TRANSITION

Several Challenges Could Arise in Administering a Subsidy Program for DTV Equipment

What GAO Found

We found that several administrative challenges might arise in implementing a subsidy for DTV equipment. One of several key challenges we identified would be determining those eligible to receive a subsidy. If the subsidy were restricted to low-income households or to households that rely exclusively on over-the-air television, methods to identify these households would need to be developed and may prove to be challenging. Another key challenge would be ensuring that eligible recipients understand the availability of a subsidy, how they could obtain it, and what equipment would be subsidized. Effectively communicating this information will likely first require that information about the DTV transition itself is successfully communicated to the public.

Several administrative options could be used to provide a government subsidy to help households obtain DTV equipment, including a refundable tax credit, government distribution of equipment, a voucher program, and a rebate program. The suitability of any of these methods depends on aspects of the subsidy's design, such as which entity is most appropriate to administer the subsidy and who would be eligible to receive the benefit.

Various government programs make use of rebates or vouchers to subsidize consumers' purchase of products. We reviewed three rebate and three voucher programs that might provide insight for the development of a DTV subsidy and found that differences existed between these types of programs. We observed that eligibility for the voucher programs was specifically defined and the benefits were targeted to low-income individuals, whereas eligibility for the rebate programs was not based on income. Overall, however, we found these programs differed with respect to what might be undertaken for a DTV subsidy.

In addition to the administrative challenges of a subsidy program, there are other aspects of the DTV transition that are ongoing and will take time to complete or may pose their own challenges. For example, the channel election process, which will determine each television station's channel placement for its digital signal, will not be final until sometime in 2007, according to the Federal Communications Commission. Another issue that might arise relates to antennas used to receive digital broadcast signals. Although many stakeholders believe that antennas used for analog reception will work well for digital signals, we were also told that reception of digital signals may vary on the basis of a household's geography and other factors.