

The Honorable Gordon H. Smith  
President and CEO



October 5, 2011

The Honorable Patty Murray  
Co-Chair  
United States Senate  
Joint Select Committee on Deficit Reduction

The Honorable Jeb Hensarling  
Co-Chair  
United States House of Representatives  
Joint Select Committee on Deficit Reduction

The Honorable Max Baucus  
United States Senate

The Honorable Xavier Becerra  
United States House of Representatives

The Honorable Dave Camp  
United States House of Representatives

The Honorable James Clyburn  
United States House of Representatives

The Honorable John Kerry  
United States Senate

The Honorable Jon Kyl  
United States Senate

The Honorable Rob Portman  
United States Senate

The Honorable Pat Toomey  
United States Senate

The Honorable Fred Upton  
United States House of Representatives

The Honorable Chris Van Hollen  
United States House of Representatives

Dear Members of the Joint Select Committee on Deficit Reduction:

For 18 months, tens of thousands of employees in the U.S. television broadcasting business have patiently listened to the debate in Washington over a "looming spectrum crisis." These men and women have watched as one of America's great institutions -- free and local television -- has been maligned by the wireless and consumer electronics industries in Washington in their effort to secure additional local TV channels for wireless services. I write today to draw your attention to an independent study that challenges the "crisis" premise that underpins their efforts and explain why broadcast television is -- and will remain -- an essential part of our communications infrastructure.

The genesis of the alleged spectrum crisis stems from the Federal Communications Commission's ("FCC") National Broadband Plan. That report characterizes wireless service as spectrum starved and unable to meet the growing demands of consumers. Free, local television is presented in the Plan as an increasingly irrelevant service that should be cannibalized to meet the needs of the wireless industry. The plan specifically calls for reallocating up to 20 television channels, nationwide, to wireless carriers to address the growing spectrum "crisis."

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But what if the entire predicate for the alleged spectrum crisis is false? On September 22, Citigroup, the world's largest financial services company, released a comprehensive study on spectrum holdings in the U.S. The Citigroup study finds the following:

"Too much spectrum is controlled by companies that are not planning on rolling out services or face business and financial challenges... **We do not believe the U.S. faces a spectrum shortage.**" (Emphasis added)<sup>1</sup>

Moreover, Citigroup finds that any perceived spectrum shortage is more properly attributable to wireless companies hoarding wide swaths of airwaves. **Citigroup observes that wireless carriers are using less than half of the 538 MHz of spectrum allocated to them today.**

The importance of the Citigroup findings cannot be overstated. Citigroup's analysis suggests that "spectrum crisis" claims that have been manufactured by the wireless and consumer electronics industries -- and advanced by the FCC -- simply do not withstand scrutiny.

Why does this matter? Because policymakers right now are being asked to consider an FCC plan that calls for local TV stations to relinquish up to 40 percent of airwaves used to provide free TV. That's in addition to more than 25 percent of spectrum broadcasters already returned to the government for auction after the DTV transition just two years ago.

If not considered carefully, the FCC plan will threaten the very existence of free and local television for millions of viewers. It could imperil a business model that generates [\\$1.17 trillion annually](#) to America's gross domestic product. It could put at risk hundreds of thousands of high-paying jobs tied to local television stations in this country.

In light of the Citigroup findings, NAB respectfully requests that Congress seek answers to several fundamental questions as it considers proposals to reallocate television channels to the wireless carriers.

- Is there truly a spectrum crisis, or is this an opportunity for the wireless and consumer electronics companies to gain a competitive advantage in the video distribution marketplace?
- Why has the FCC not conducted a fulsome spectrum inventory, which could once and for all identify which companies are serious about deploying spectrum and which ones are merely in the spectrum speculation game?
- What is the value to society of free TV, which is a lifeline in times of crisis and delivers programming to underserved, low-income, minority and rural American households?
- Where will the millions of viewers who are exclusively reliant on over-the-air TV for niche foreign language and religious programming turn in the event the FCC reallocates television channels to wireless companies?
- With broadcast television as Americans' top source for local news<sup>2</sup>, what impact would TV stations going dark have on the future of journalism, from national and

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<sup>1</sup> McAdams, Deborah, "Analyst: Spectrum Control is Constraining Supply," *Television Broadcast* (Sept. 26, 2011), available at: <http://www.televisionbroadcast.com/article/124760>

global news gathering to local investigative reporting that can hold community officials accountable?

Regardless of the answers, one simple and unyielding truth remains -- during times of crisis, broadcast television saves lives. As was demonstrated during the Joplin and Tuscaloosa tornadoes this spring, and again during the East Coast earthquake and Hurricane Irene, local television is a trusted lifeline. Broadcasting's "one-to-everyone" transmission architecture has proven to be robust and reliable, even while the "one-to-one" cellphone architecture crashes under the stress of a network that simply can't handle thousands of calls simultaneously.

Policymakers must remember that 46 million Americans are exclusively reliant on broadcast TV for their only source of television. That number is growing rapidly as Americans "cut the pay TV cord" and re-discover the rich diversity of program choices on free TV. Moreover, the future of broadcasting is bright as stations embrace delivery of live and local TV to mobile devices using a transmission architecture that easily accommodates video delivery.

In closing, let me re-state positions that NAB has consistently held since the National Broadband Plan was released 18 months ago:

-- If there is a limited capacity on wireless networks in certain areas of the country, broadcasters can be part of the solution. Our transmission architecture is unmatched in its ability to accommodate spectrum-clogging video programming, and we stand ready to work with wireless companies to alleviate their capacity constraints;

-- NAB does not oppose the concept of TV stations voluntarily participating in spectrum auctions, so long as stations that don't volunteer are held harmless and viewers do not lose access to free TV and the promise of new services made during the DTV transition.

Local television stations take seriously our role as stewards of the airwaves. As policymakers, we hope you will take seriously Citigroup's findings that debunk the notion of a spectrum shortage. Our viewers, and your constituents, need to know the facts before we do damage to a free and local TV business that for decades has served communities across America with distinction.

Best regards,



Gordon H. Smith  
President and CEO  
National Association of Broadcasters

Enclosure (1)

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<sup>2</sup> "How People Learn About Their Local Community," Pew Research Center's Project for Excellence in Journalism (Sept. 26, 2011), available at: [http://www.journalism.org/analysis\\_report/local\\_news](http://www.journalism.org/analysis_report/local_news)