



The Daily Dish

# Spectrum Auctions

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Legislative expectations are quite low for Congress. Nobody expects it to complete the annual appropriations, especially on time. Nobody is expecting the Build Back Better Act to come back to life, and few believe even a zombie arm or leg will get a Senate vote. But there is at least one thing that Congress must do: reauthorize spectrum auctions.

The full tale is in Jeffrey Westling's [latest](#) for AAF; this is the *Reader's Digest* meets *Spectrum Policy by Dummies* version.

The authority for the Federal Communications Commission (FCC) to auction spectrum ends in September. Spectrum auctions are a good thing. The spectrum is awarded to the entities willing to bid the most for it, which in turn means they are the entities that can create (and sell) the most value with it. So the spectrum is going to the right people. And the auctions yield revenue for the Treasury, so the public is being compensated for the use of a public good. All of this is infinitely better than spectrum getting handed out as a result of political influence and deals struck in some static-filled back room.

Now, in light of this, one might think that the best play is for Congress to simply re-authorize the FCC to conduct spectrum auctions for the rest of time and be done with the issue. But Westling points out that this misses two key points. First, the FCC does not always have the authority to grab (figuratively, at least) any band of spectrum and auction it off. In particular, other government agencies – notably the Department of Defense – control the use of some spectrum, especially bands that are central to a successful transition to 5G. Only Congress can effectuate the transfer, so it needs a couple of years to identify the most important new bands for the FCC to auction. That suggests reauthorizing for, say, 2 years so the FCC can clean up existing business while Congress gets ready to give the FCC the new authorization to auction those specific new bands.

The second angle is budgetary. The Congressional Budget Office (CBO) makes its budgetary projections under current law. If current law allows 2 years of auction authority and then it lapses, then there can be no auction revenue in year 3, 4, 5, or anything thereafter. When Congress turns around and authorizes specific bands to be auctioned in years 3 through 10, this is “new” revenue that Congress can then turn around and use to offset other budgetary initiatives. Nothing is more attractive than an easy pay-for.