

# FCC Spectrum Auctions



From the 1930s to the 1990s, the Federal Communications Commission (FCC) awarded spectrum licenses, for free, via a “beauty contest” or lottery. Winning applicants only had to demonstrate public benefit from their proposed services. This process was subjective and led to significant inefficiencies and delays. It took decades under this process to get cellular spectrum authorized and licensed.

In 1993, Congress gave the FCC authority to use competitive bidding to choose among two or more mutually exclusive applications for an initial license. This allowed markets to allocate spectrum and provided the right financial incentives for firms to put spectrum resources to good use.

**Today, auctions are open to any qualified eligible company or individual that submits an application and an upfront payment. Many other countries have followed the U.S. in implementing auctions to allocate and license spectrum.**

In order for bidders to make informed decisions, the FCC typically discloses, before the auction, important information regarding how spectrum being auctioned can be used. This includes: the terms of the sale, the rules governing the use of the licenses, and any future restrictions on use.

## Auction Benefits:



More effectively assigns licenses to entities who value them most – **licenses assigned to the highest and best use.**



**Employs a price mechanism** to allocate spectrum that increases efficiency.



**Reduces the time** from initial applications to license grant to less than one year.



Winners will **put the spectrum to use more timely and effectively** with an incentive to build out and opportunity to recoup investment and produce a return on investment.



**Awards a public benefit** through allocation of auction proceeds directly to the U.S. Treasury.



Promotes flexible use – as auctions have predominantly featured **licensed spectrum that can take advantage of advancements in technology** and provide services that American consumers demand.

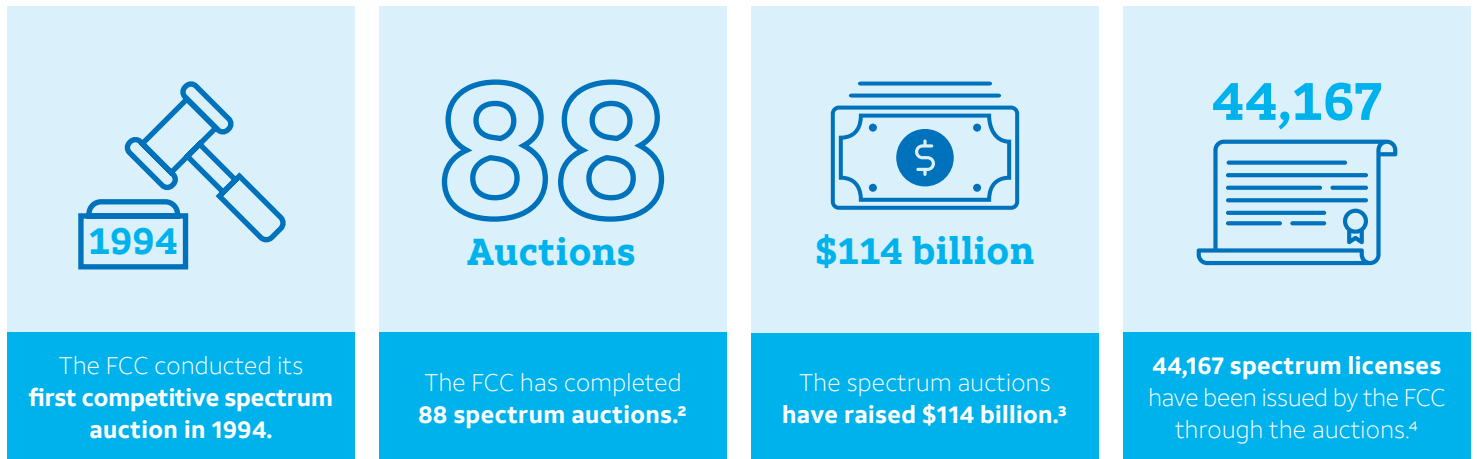
## Upcoming Auctions

The FCC plans to auction, or will consider auctioning, a number of spectrum bands in the near future.

- **mmWave Bands** – the 28 GHz and 24 GHz bands are already scheduled to be auctioned. The FCC also plans to auction the 37/39 GHz and 47 GHz bands by the fourth quarter of 2019.
- **3.5 GHz CBRS Spectrum** – an experimental sharing band in which (1) incumbents in the band will be protected, (2) priority access licenses (PAL) will be auctioned and receive interference protection behind the incumbents, and (3) general authorized access will be allowed for unused portions of the band when not in use by incumbents or PAL.
- **More mmWave Bands** – such as the 42 GHz band, 26 GHz band, and 50 GHz bands are under consideration by the FCC.
- **2.5 GHz EBS Spectrum** – the underutilized band allocated to Educational Broadcast Services (EBS) where significant portions of the U.S. does not have an EBS licensee or the licensee leases the spectrum for other purposes. This band lends itself to (1) an incentive auction to compensate the EBS licensee for relinquishing their license and (2) an auction of unused spectrum.

## Fast Facts

In 1993, Congress passed the Omnibus Budget Reconciliation Act giving the Federal Communications Commission (FCC) the authority to conduct spectrum auctions. In 1994, the FCC conducted its first competitive spectrum auction. Since then, the FCC has completed “88 spectrum auctions and the total amount collected for broader government use and deficit reduction exceeds \$114 billion.”<sup>1</sup>



1. Federal Communications Commission [report](#), Fiscal Year 2019 Budget Estimates to Congress - February 2018 at 48, February 12, 2018.

2. *Id.*

3. *Id.*

4. *Id.*