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Press Release

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FOR IMMEDIATE RELEASE
Tuesday – February 18, 2020

NEW PHOENIX CENTER ANALYSIS FINDS THAT FCC'S C-BAND PLAN CAN BE EXPECTED TO INCREASE FUNDS FOR BROADBAND EXPANSION

Agency's Economic Analysis Suggests Providing Financial Incentives for Incumbents to Accelerate Clearing the Band Will Increase the Revenues Available for Broadband Expansion by Nearly \$1 Billion

WASHINGTON, D.C. – After conducting an extensive fact finding proceeding and evaluating its legal options, the Federal Communications Commission (“FCC”) recently released a draft *White Copy Order* which, if adopted at its February 28, 2020 Open Meeting, would commit the agency to conducting a public auction of 280 MHz of mid-band spectrum in what is commonly referred to as the “C-Band.” Relying on its *Emerging Technologies* framework, the Agency will mandate that overlay licensees to pay for the reasonable relocation costs of incumbent space station and incumbent earth station operators who are required to clear the lower 300 MHz of the C-Band spectrum in the contiguous United States over a five-year period. In addition, Chairman Ajit Pai—balancing an array of varied and conflicting interests—successfully negotiated an arrangement whereby incumbent satellite providers will clear the spectrum on an expedited basis for \$9.7 billion in acceleration payments when certain targets are met. Potential bidders, anxious to get their hands on this much-needed resource, have embraced the plan. With both buyers and sellers on board, the Chairman’s carefully-crafted C-Band Plan appears to have set the stage for a successful spectrum auction.

Notwithstanding, some legislators on Capitol Hill are skeptical of Chairman Pai’s C-Band Plan, fearing that the acceleration payments will reduce net auction proceeds that might be used for an array of social programs including rural broadband expansion. These concerns may be misplaced.

In new PHOENIX CENTER POLICY PERSPECTIVE released today entitled *Could Acceleration Payments Increase Funding for Broadband? A Review of the FCC's C-Band Plan*, Phoenix Center Chief Economist Dr. George Ford explains how the Commission’s plan for the C-Band will increase—not decrease—the funds available for the Treasury to fund social programs. In fact, the Commission’s proposal is designed purposely not to do so. Using economic reasoning, the Commission set the acceleration payments below the expected increase in auction revenues made available from the acceleration. The Agency’s *C-Band White Copy Order*, if adopted next week at the Commission’s February Open Meeting, can be expected to increase the revenues available for these social programs by nearly \$1 billion.

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“It appears that Chairman Pai negotiated a good deal for the American public in his C-Band Plan,” said study author Phoenix Center Chief Economist Dr. George S. Ford. “If the auction performs as well as expected, then the acceleration payment incentives will provide an additional \$1 billion for rural broadband expansion.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 20-01, *Could Acceleration Payments Increase Funding for Broadband? A Review of the FCC’s C-Band Plan,*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective20-01Final.pdf>.

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