



for future C and F block auctions adopted by the Commission prior to Auction 35.

## I. INTRODUCTION

AWRT is a non-profit, national organization of professional women and men who work in radio, television, cable, broadcast advertising and other communications related fields. AWRT's mission is to advance the impact of women in the electronic media by educating, advocating, and acting as a resource to its members and the industry. Since 1951, AWRT has worked to improve the quality of radio and television, to facilitate communication and exchange of ideas in the broadcasting and communications industries, and to promote the entry and advancement of women in broadcast and cable management and ownership and other communications fields. In recognition of AWRT's contribution to diversity, AWRT's Executive Director, Maria Brennan, was appointed, and currently serves, as a member of the Commission's Advisory Committee on Diversity for Communications in the Digital Age ("Diversity Advisory Committee").

As the leading association for women in the radio communications industry, AWRT has many members eager for spectrum ownership opportunities. Throughout the PCS rulemaking proceeding and the PCS auctions, AWRT has been a vigilant advocate for preserving and enhancing opportunities for women to participate in PCS auctions. In all areas of radio communications, including FM radio, television, and commercial mobile radio services, AWRT believes it is critical that the Commission's rules promote the ownership of spectrum by women.

## II. CLOSED BIDDING AND BIDDING CREDITS CREATE MEANINGFUL SPECTRUM OPPORTUNITIES FOR SMALL BUSINESSES, INCLUDING WOMEN-OWNED BUSINESSES

### A. The C and F Block Auction Rules Should Continue to Support the Wide Dissemination of Licenses as Required by Section 309(j)

Since the allocation of spectrum for PCS over 10 years ago, the Commission has reserved the C and F blocks for bidding by small businesses. The initial rules for the PCS C block auction included within the category of businesses that could bid on C block spectrum businesses owned by women and minorities. AWRT was a strong supporter of the rules that accurately recognized the challenges women-owned businesses face in access to capital. Moreover, the requirements of §309(j) are a fundamental condition of the Commission's statutory authority to award spectrum by auction. Among its mandates, this section directs the Commission to design a competitive bidding system that: (1) promotes economic opportunity and competition and (2) disseminates licenses among a wide variety of applicants, including small business, rural telephone companies and businesses owned by minority groups and women. The Commission adopted the closed eligibility and bidding credit rules to directly fulfill its statutory obligation under Section §309(j) of the Communications Act.

Prior to the first C block auction in 1995, and following the U.S Supreme Court's decision in *Adarand Constructors v. Pena*<sup>1</sup>, the Commission modified its C block eligibility rules to eliminate the gender and race specific classifications

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<sup>1</sup> 515 U.S. 200 (1995).

and extended the same bidding eligibility and related discounts to small businesses based on size. The Commission's rationale for extending these classifications was that the catchall category of small businesses would promote auction opportunities for small women and minority owned businesses and the closed eligibility would provide a meaningful opportunity for small women and minority owned business to compete successfully in the auction. Indeed, according to the last U.S. Census survey of women-owned businesses, women-owned firms tended to be smaller than firms overall. The 1997 Census survey found that nearly 69 percent of women-owned businesses had less than \$25,000 in receipts, compared with 53 percent of all firms; while 2 percent of women-owned firms had more than \$1 million in receipts compared with 5 percent for all businesses.<sup>2</sup>

Since the first C block auction, the Commission has considered and rejected requests to eliminate, in their entirety, eligibility requirements for the C and F block. Prior to Auction 35, the Commission specifically rejected calls to eliminate eligibility requirements for the reconfigured C block and adopted rules to permit closed bidding on C block licenses and bidding credits for open C and F block spectrum.<sup>3</sup> Any change to the structural eligibility rules for the C and F block spectrum in Auction 58 would require additional proceedings and delay the auction.

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<sup>2</sup> U.S. Census Bureau, Survey of Women-Owned Business Enterprises, 1997 Economic Census.

<sup>3</sup> *In the Matter of Amendment of the Commission Rules Regarding Installment Payment Financing for Personal Communications Services Licensees*, Sixth Report and Order, WT Docket No. 97-82 (Rel. August 29, 2000).

Almost 10 years after the first C block auction, the mandate of Section 309(j) remains an elusive goal. The Commission must take an active role in ensuring that its auction rules provide realistic opportunities for small business to participate in spectrum auctions. The Commission's important role in developing ownership and licensing rules that promote diversity was recently recognized by the Commission's Diversity Advisory Committee. At its June 14, 2004 meeting, the Diversity Advisory Committee formally adopted a recommendation that the Commission create incentives for female and minority participation within the FCC ownership and licensing rules. The C and F blocks remain one of the few areas of spectrum resources that can continue to create opportunities for small, women-owned businesses.

#### B. Recent Spectrum Valuations By Large Companies Will Put Spectrum Out of Reach of Small Businesses without Closed Bidding and Bidding Credits

Without closed bidding, small businesses will not be able to compete in the broadband PCS auction. Recent valuations of 1.9 GHz spectrum demonstrate that closed bidding and bidding credits are essential to provide small businesses the opportunity to acquire spectrum in the auction. Earlier this year, Cingular paid \$1.4 Billion to buy 34 PCS licenses from Nextwave, the largest winner in the first C block PCS auction. Verizon has placed an appraised value on 10 MHz of 1.9 GHz spectrum at over \$5 Billion.<sup>4</sup> Small businesses can not compete for spectrum against large

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<sup>4</sup> See Kane Reece Associates, Inc., *Determination of Fair Market Value of the Certain Portions of FCC Licensed Wireless Spectrum Proposed for Realignment by Nextel Communications, Inc. under FCC WT Docket No. 02-55 As of December 31, 2002.*

entities willing to pay these prices. If successful, most small businesses have spectrum budgets in the low millions not the hundred millions or billions. The Commission's use of closed spectrum blocks and the ability to use bidding credits in the open C and F blocks will recognize the differing resources and access to capital of small businesses and established industry leaders.

### C. Women-Owned Businesses Are an Important Part of the Economy but Under Represented in the Telecommunications Industry

The Commission should continue to apply auction rules that will provide meaningful opportunities for small businesses and indirectly women-owned businesses to participate in spectrum dependent businesses. Women-owned businesses are an important part of the U.S. Economy but have been largely absent in the growing wireless telecommunications industry. As of 2004, there are an estimated 10.6 million privately held women-owned firms in the U.S.<sup>5</sup> Between 1997 and 2004 the growth in women-owned firms was nearly twice the growth rate of all firms in the U.S. Despite these promising figures, the U.S. Census reports that only 2% of the over 5 million women-owned non-farm businesses in the U.S. were in the transportation, communications and utilities sector.<sup>6</sup> According to the U.S. Census Bureau's latest Survey of Women-Owned Business Enterprises, in 1997 women owned 5,417,034 non-farm businesses in the U.S.

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<sup>5</sup> Center for Women's Business Research, *Privately-Held, 50% or More Women-Owned Business in the United States, 2004: A Fact Sheet*, [www.nfwbo.org/pressreleases/nationsstatetrends/total.htm](http://www.nfwbo.org/pressreleases/nationsstatetrends/total.htm).

<sup>6</sup> U.S. Census Bureau, Survey of Women-Owned Business Enterprises, 1997 Economic Census.

Women-owned businesses made up 26.0 percent of the nation's 20.8 million non-farm businesses, employed 7.1 million paid workers, and generated \$818.7 billion in sales and receipts. Included in these statistics are 23,855 women-owned businesses that operate in the transportation, communications and utilities sector. Collectively, these firms generated, \$2.4 Million in sales and receipts.<sup>7</sup>

In recent years, the transportation, communications and utilities sector has been one of the fastest growing areas for women-owned businesses. According to the Center for Women's Business Research, the number of women-owned businesses in the transportation, communications and utilities sector grew from 1997 to 2004 by more than 28.1% making it one of the top three growth sectors for women-owned businesses diversifying into non-traditional industries.<sup>8</sup> In order for this diversification to continue, the Commission should continue to promote spectrum opportunities for small businesses.

### III. CONCLUSION

Women-owned businesses have brought a diverse influence to the radio communications industry – expanding coverage of issues affecting women to levels not imaginable before gender diversity arrived in ownership and senior management. The retention of closed bidding for certain C block licenses and the availability of bidding credits for the open C and F block

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<sup>7</sup> *Id.*

<sup>8</sup> Center for Women's Business Research, *Privately-Held, 50% or More Women-Owned Business in the United States, 2004: A Fact Sheet*, [www.nfwbo.org/pressreleases/nationsstatetrends/total.htm](http://www.nfwbo.org/pressreleases/nationsstatetrends/total.htm).

licenses will provide women-owned businesses with a valuable opportunity to expand their presence in the telecommunications industry and bring diversity to the content rapidly becoming available through the explosion of growth in the mobile internet industry. The small business eligibility will permit women-owned businesses the opportunity to participate in the auction based on their size and resources. The small business eligibility will work for women because women-owned firms tend to be smaller than firms overall.<sup>9</sup> AWRT encourages the Commission to stay the course and continue to apply auction rules that will promote a wide dissemination of licenses among small businesses including those owned by women.

Respectfully submitted,

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<sup>9</sup> U.S. Census Bureau, Survey of Women-Owned business Enterprises, 1997 Economic Census.