

the RECORD the article I have referred to.

[From the Wall Street Journal, Aug. 21, 2002]
ANOTHER TELECOM FIASCO

The telecom shakeout (or meltdown) continues, with Qwest ditching assets to stay solvent, and VoiceStream pursuing a merger in wireless with Cingular. The market will sort all of this out, though it sure would help if the Federal Communications Commission stopped making things worse.

Consider the FCC's ongoing NextWave spectrum fiasco. That small wireless carrier won spectrum licenses in a 1997 FCC auction, but later defaulted on its payments. The FCC revoked the licenses and reaucted them—even as NextWave was suing to get them back. NextWave won its case, and a red-faced FCC had to tell the other carriers that had just bid \$16 billion that it had nothing to give them.

In the real business world, the FCC would have cancelled the reauction once it couldn't deliver the licenses. But rules are different in FCC-land. The agency may not have delivered any licenses, but it has nonetheless held on to the hefty deposits the second batch of carriers gave it. And, by the way, the FCC has informed those carriers that when it does finally turn over the spectrum (in 2004, optimistically, if ever), it expects them to cough up the entire \$16 billion within 10 business days.

All of this is playing havoc with an industry already in chaos. Verizon Wireless, for instance, bid \$8.7 billion for its share of the spectrum. The FCC took a deposit from the company of \$1.7 billion, and then sat on it—interest free—for 14 months. The FCC finally gave back some of the deposit earlier this year, though it still holds the bureaucratic pocket-change of \$261 million.

Verizon is also stuck with a large liability—money it can't effectively touch because of the 10-day future payment obligation. Credit agencies say they may downgrade its debt because of the \$8.7 billion overhang. Meantime, the company can't afford to run in place for years while the FCC fiddles, so it has redrawn its business strategy around the lost spectrum—which means it may not need it even if it comes free.

The FCC usually hands over licenses within three months, and for good reason: The industry changes faster than a politician's mind. Since January 2001 when the reauction ended, wireless and equipment companies have laid off tens of thousands of workers and lost \$850 billion, or 65%, in market value. (Would that the FCC shrank 65% in size.) Wireless officials estimate that if the reauction were held today, the bids would be about 40% of the original \$16 billion.

But that gets to the heart of the FCC matter: money, and creative accounting. It turns out that when NextWave bid its \$4.8 billion in 1997, the FCC booked the entire amount in the federal budget. Then, when the reauction happened in 2001, it booked that \$16 billion as well—adjusted for what it had lost from NextWave.

Chairman Michael Powell keeps promising a telecom revival, but this FCC money-grubbing doesn't help. The reauction is tying up much-needed investment capital: According to a recent study from AEI economist Gregory Sidak, the frozen \$16 billion, if released, would increase GDP between \$19 billion and \$52 billion. Consumers are also losing out, as new services such as mobile videophones are delayed.

The FCC isn't even helping itself, if it cares. Reputation counts, even in government, and the agency has important auctions to come. Carriers may discount future bids because of uncertainty of ever receiving licenses. Several big players may not be able

to bid at all, since the FCC is already sitting on their capital.

We still believe FCC auctions are the most efficient way of allocating spectrum. But their purpose is defeated when the government keeps the cash but won't deliver the goods.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 12 o'clock and 44 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DAN MILLER of Florida) at 2 p.m.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Lord God of history and ever-present wisdom, ever since 1789 in New York's Federal Hall until this very day, the Government of these United States has been dedicated to the protection of the people and securing human freedom with justice and peace.

Grant guidance to the House of Representatives in their work today so that they may be fellow workers in accomplishing Your holy will in human affairs and the progress of this Nation. May this work benefit all citizens so that with them and for them an earthly city may be built reflecting the values of Your Kingdom. For You are Lord and Savior, now and forever. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Maryland (Mr. CUMMINGS) come forward and lead the House in the Pledge of Allegiance.

Mr. CUMMINGS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESIGNATION FROM THE HOUSE OF REPRESENTATIVES

The Speaker pro tempore laid before the House the following resignation from the House of Representatives.

HOUSE OF REPRESENTATIVES,
Washington, DC, September 5, 2002.

Hon. J. DENNIS HASTERT,
Speaker of the House,
Washington, DC.

DEAR MR. SPEAKER: I have been nominated by President Bush and confirmed by the Senate to serve as United States Representative to the United Nations Agencies for Food and Agriculture, with the rank of Ambassador. Therefore, I have submitted my resignation as Member of the House of Representatives, effective close of business, September 9, 2002. I am forwarding to you a copy of my letter of resignation to Ohio Governor Bob Taft.

I am grateful for the opportunity to serve with the distinguished men and women of the House of Representatives for the past twenty-four years. I look forward to working with the Members of the House as I continue service to the Nation in my new position.

Sincerely,

TONY P. HALL,
Member of Congress.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 6, 2002.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 2(h) of rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on September 6, 2002, at 10:24 a.m.

That the Senate passed without amendment H.R. 3298.

That the Senate passed without amendment H.R. 5012.

That the Senate passed without amendment H.R. 5207.

Appointment: Land's Title Report Commission.

With best wishes, I am

Sincerely,

JEFF TRANDAH, L,
Clerk of House.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Thursday, September 5, 2002.

H.R. 5012, to amend the John F. Kennedy Center Act to authorize the Secretary of Transportation to carry out a project for construction of a plaza adjacent to the John F. Kennedy Center for the Performing Arts, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Any record votes on postponed questions will be taken after debate has concluded on all motions to suspend the rules but not before 6:30 p.m. today.

FEDERAL TRANSIT FORMULA GRANTS FLEXIBILITY RETENTION ACT

Mr. PETRI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5157) to amend section 5307 of title 49, United States Code, to allow transit systems in urbanized areas that, for the first time, exceeded 200,000 in population according to the 2000 census to retain flexibility in the use of Federal transit formula grants in fiscal year 2003, and for other purposes.

The Clerk read as follows:

H.R. 5157

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. URBANIZED AREA FORMULA GRANTS.

Section 5307(b) of title 49, United States Code, is amended—

(1) by striking the last sentence of paragraph (1);

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

“(2) SPECIAL RULE FOR FISCAL YEAR 2003.—

“(A) INCREASED FLEXIBILITY.—The Secretary may make grants under this section, from funds made available to carry out this section for fiscal year 2003, to finance the operating cost of equipment and facilities for use in mass transportation in an urbanized area with a population of at least 200,000 as determined under the 2000 decennial census of population if—

“(i) the urbanized area had a population of less than 200,000 as determined under the 1990 Federal decennial census of population;

“(ii) a portion of the urbanized area was a separate urbanized area with a population of less than 200,000 as determined under the 1990 Federal decennial census of population; or

“(iii) the area was not designated as a urbanized area as determined under the 1990 Federal decennial census of population.

“(B) MAXIMUM AMOUNTS.—Amounts made available pursuant to subparagraphs (A)(i) and (A)(ii) shall be no more than the amount apportioned in fiscal year 2002 to the urbanized area with a population of less than 200,000 as determined in the 1990 Federal decennial census of population. Amounts made available pursuant to subparagraph (A)(iii) shall be no more than the amount apportioned under this section for fiscal year 2003.”; and

(4) in paragraph (3) (as redesignated by paragraph (2) of this section) by aligning subparagraph (C) with subparagraphs (A) and (B).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. PETRI) and the gentleman from Maryland (Mr. CUMMINGS) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Speaker, I yield myself such time as I may consume.

The Transit Operating Flexibility Act, the bill before us, is bipartisan legislation that will allow the transit systems in 52 communities that grew to more than 200,000 in population as

defined by the 2000 census to retain flexibility in the use of their Federal transit formula grants in budget year 2003.

H.R. 5157 was favorably reported without amendment by the Committee on Transportation and Infrastructure on July 24 of this year. The bill now has a total of 45 original cosponsors. Legislation was developed with the assistance and cooperation of the Federal Transit Administration, and has been endorsed by the American Public Transportation Association.

The 2000 census made wholesale changes in urbanized area designations. Some of the communities that are crossing 200,000 in population simply grew since 1990. Others were absorbed into nearby major metropolitan areas. Yet others were combined with another nearby small city. Many of these communities were not aware they were going to cross 200,000 until the final urbanized area notice was published in the Federal Register in May of 2002.

Under current Federal transit law, areas of more than 200,000 cannot use Federal formula grant funds to pay for transit operating expenses. The Transit Operating Flexibility Act will allow the 52 communities affected by the 2000 census change to retain their operating flexibility in budget year 2003 to the same extent that they did in fiscal year 2002.

Without this legislation, some transit operators in the affected areas may be so strapped for resources that they will have to drastically reduce service or even shut their doors. We cannot allow a change in census definition to result in a loss of public transportation services.

This bill does not change the amount of transit formula funding that these communities or any other community will receive under TEA-21 in fiscal year 2003. The Federal Transit Administration will apportion formula grant funds to its grantees according to the 2000 census numbers as they are required by law to do. H.R. 5157 gives these 52 communities some breathing room to adjust to their new urbanized area status as they plan how to fund these transit services under their new urbanized area designation.

I urge that the House pass the bill that is before us, H.R. 5157.

Mr. Speaker, I reserve the balance of my time.

Mr. CUMMINGS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I commend the subcommittee chairman, the gentleman from Wisconsin (Mr. PETRI), and the ranking member, the gentleman from Pennsylvania (Mr. BORSKI), for advancing legislation, H.R. 5157, that will allow local flexibility in the use of Federal transit funds in the newly designated urbanized areas over 200,000 population.

H.R. 5157 amends the Federal transit program to allow transit systems in urbanized areas that for the first time exceeded 200,000 in population to retain

flexibility in the use of Federal transit formula grants in fiscal year 2003 for operating and capital assistance.

Without this flexibility, some transit systems would not have sufficient revenues to continue to provide public transportation services. The lack of flexibility in the use of Federal transit formula funds may result in the interruption in transit services or unnecessary hardship on transit systems.

Mr. Speaker, as the committee moves forward with legislation to reauthorize the surface transportation programs, the flexibility needed for transit systems in urbanized areas will be addressed in the legislation.

In the interim, I urge the enactment of H.R. 5157.

Mr. OTTER. Mr. Speaker, I rise today in strong support of H.R. 5157. This bill will allow Boise, ID and dozens of other transit systems around the county to maintain bus and transit service.

Boise, like many other communities around the Nation, depends upon its Section 5307 grants under TEA-21 to meet the operating costs of maintaining bus service. Unfortunately, the current 5307 program restricts federal funds to capital costs when an area's population increases to over 200,000. Boise and 51 other cities crossed that benchmark in the last census and now face losing the funds they need for operating bus services.

When TEA-21 was passed in 1998 the potential disruption after a census was not taken into consideration. Forcing communities to make major changes in their financing is unfair, particularly when that program, and its rules, are to be reauthorized in less than a year.

H.R. 5157, Mr. Speaker, will prevent large disruptions in service Idaho and nationwide. It will protect the jobs of those who commute to work by public transit. It will help the environment, and relieve traffic congestion. It will give community leaders another option in planning the growth of their cities and enable our transit systems to build for the future.

Boise is one of the fastest growing areas in the Nation, and is suffering the growing pains of traffic congestion and air pollution. An integrated program of highway and transit development is essential to meeting growth. At the same time federally provided funds must be flexible enough to meet the unique needs and challenges of each community.

As this House prepares TEA-21 reauthorization I will fight for more generous and flexible funding of transit needs in Idaho and other fast-growing rural states.

I want to thank Chairman YOUNG of the full committee for introducing this bill, and Chairman PETRI for managing the debate today. I also want to thank Kelly Fairless of Valley Ride in Boise, Grant Jones of Boise Urban Stages, and Steve O'Neal of the Idaho Transportation Department of their work on behalf of Idaho transit, and the drivers and maintenance personnel for Valley Ride who work everyday to bring mobility to the people of the Treasure Valley.

Mr. CUMMINGS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. PETRI. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by