

# GAO Highlights

Highlights of [GAO-14-409](#), a report to congressional requesters

## Why GAO Did This Study

Broadband service provides users with many opportunities to improve communications and broadband deployment is particularly critical in rural areas to provide advanced communications to remote users and communities. In 2010, FCC estimated that 7 million U.S. housing units—about 5 percent of the nation's housing units—did not have access to wireline broadband service, mostly in rural areas. Some municipalities, cooperatives, and non-traditional private providers are exploring ways to sponsor and fund broadband projects in unserved and underserved areas.

GAO was asked to provide information on options for broadband deployment in unserved and underserved areas. This report examines (1) what is known about the alternative approaches unserved and underserved areas have used to deploy broadband and some factors considered in deployment decisions; (2) stakeholders' views on broadband deployment in unserved and underserved areas; and (3) efforts FCC has undertaken to foster broadband deployment in unserved areas. GAO reviewed relevant documents and interviewed FCC officials, representatives from industry, and incumbent providers. GAO also conducted an in-depth review of 21 geographically dispersed broadband projects selected to include various sponsor types, such as municipalities, non-traditional private providers, and cooperatives, and various ownership and financing approaches. GAO provided FCC with a draft of this report for comment. In response, FCC provided technical comments, which have been incorporated as appropriate.

View [GAO-14-409](#). For more information, contact Mark Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

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## TELECOMMUNICATIONS

### Projects and Policies Related to Deploying Broadband in Unserved and Underserved Areas

## What GAO Found

The unserved and underserved areas that GAO reviewed used alternative approaches and considered various factors to deploy broadband. Broadband project sponsors in those areas included municipalities, non-traditional private providers, consortiums of sponsors in a region, and cooperatives. In making broadband deployment decisions, project sponsors said they considered diverse factors related to their ability to fund successful projects, such as the (1) likelihood of near-term service upgrades by incumbent providers, (2) potential demand for new services, (3) potential broadband technologies, and (4) existing infrastructure and potential local assistance available to providers. For financing approaches, some project sponsors used local private and public funds while others leveraged federal funds. In addition, project sponsors used a variety of ownership structures that ranged from public ownership to local private investors.

Stakeholders and project sponsors GAO contacted cited economic, legal, and policy concerns in deploying broadband in unserved and underserved areas. For example, regarding funding, stakeholders said that remote areas generally face high broadband deployment costs due to the expense of deploying technologies over long distances or difficult terrain and that often the return on investment is low since there are relatively few potential subscribers in those areas. Project sponsors and industry experts noted legal concerns, including concerns with laws in some states that limit or ban companies that are not telecommunications companies from deploying broadband due to concerns about unfair competition. For example, in Louisiana, a city official GAO contacted said state laws bar any municipality from deploying broadband directly to consumers, so the city is planning to build and own a fiber-optic network, but to comply with the state law, will not offer retail service. Stakeholders also noted several policy concerns, including concerns over the accuracy of federal broadband-mapping efforts and whether the Federal Communications Commission's (FCC) broadband-speed benchmark is set high enough. While there may be valuable lessons in the examples profiled in our case studies, their limited number does not allow us to generalize findings to the broader universe of all entities seeking to deploy broadband networks.

FCC has several efforts under way to increase broadband deployment in unserved areas, efforts that help address the economic and policy concerns raised by stakeholders. FCC established the Connect America Fund in November 2011 to support voice and broadband access in areas where no private business case exists to provide broadband—one of the key challenges these areas face in deploying broadband. Additionally, in January 2014, FCC adopted an order in which it stated that it will solicit proposals from non-traditional providers, including utilities and municipalities, to deploy broadband technologies in rural, high-cost areas. Through this effort, FCC plans to explore broadband policy issues and gather information on viable business models for deploying fiber-optic or next-generation wired technology in rural areas. FCC plans to also gather information on the conditions under which rural consumers would prefer next-generation wireless services over wireline.