

# GAO Highlights

Highlights of [GAO-15-108](#), a report to the Ranking Member, Subcommittee on Communications and Technology, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

Access to broadband Internet is seen as being crucial to improving access to information, quality of life, and economic growth. In recent years, some Internet providers have moved away from unlimited data plans to UBP with uncertain effects on consumers.

GAO was asked to review the use of UBP by Internet providers. This report examines: (1) information available about the application of UBP by Internet service providers; (2) issues related to UBP selected consumers report are important to them; and (3) the potential effects of UBP on consumers.

GAO collected data on Internet plans from the country's 13 top fixed and 4 top mobile providers; contracted with a market research firm to assist with conducting eight focus groups held with consumers in four cities selected to reflect geographic diversity; reviewed relevant studies; and interviewed officials from the top Internet providers, FCC and industry stakeholders, including researchers, policy, and industry organizations.

## What GAO Recommends

GAO recommends FCC: (1) work with fixed providers to develop a voluntary code of conduct to improve consumer communication and (2) make use of existing data to track fixed Internet UBP and its effects on consumers nationwide. FCC said it will monitor complaints and provider plans to determine if a more proactive approach is needed. GAO continues to believe that better communication is warranted. FCC agreed to use existing data to analyze UBP issues.

View [GAO-15-108](#). For more information, contact Mark Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov)

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## BROADBAND INTERNET

### FCC Should Track the Application of Fixed Internet Usage-Based Pricing and Help Improve Consumer Education

#### What GAO Found

Based on an analysis of consumer data plans of the top 13 fixed—in home—and 4 mobile Internet providers, GAO found that mobile providers employ usage-based pricing (UBP) more commonly than fixed. Under UBP, providers can charge varying prices, change connection speeds, or take other actions based on Internet data consumed. The 4 largest mobile providers in the country all use UBP to some extent; 7 of the 13 largest fixed providers now use UBP to some extent. Because prices can vary based on usage, it may be important that consumers be informed about data. GAO found that some tools offered by fixed providers to educate consumers regarding data can be confusing. For example, some provider estimates vary on data consumed for the same type of content. While mobile providers follow a voluntary code of conduct, developed with the Federal Communications Commission (FCC), to encourage useful, consistent consumer education, no similar code exists among fixed providers potentially resulting in confusion and a lack of consumer awareness regarding data needs.

Participants in all eight of GAO's focus groups reported being subject to mobile UBP and expressed some concerns about it, such as difficulty tracking data usage among many devices. Yet participants accepted mobile UBP and adapted by, for example, limiting use of high-data content and by connecting to Wi-Fi. By contrast, only a few participants in three focus groups reported being subject to fixed Internet UBP. Participants expressed concerns about possible increases in prices for access caused by fixed-Internet UBP and the potential effect of limits on their fixed Internet, where they have not considered data usage. Participants exhibited confusion over data consumption—for example thinking that low-data activities like online shopping consumed large amounts of data. Participants also expressed concern about difficulty tracking the wide range of devices accessing their fixed data allowance and that fixed UBP may negatively affect students, people working from home, and those with lower socio-economic status.

The potential effects of UBP are uncertain and could depend on competition among providers. Based on economics literature, UBP can address the usage of the heaviest data users and can benefit consumers by providing more options as opposed to a one-size-fits-all unlimited data plan. The literature also suggests that providers could implement UBP to benefit consumers—for example, by offering low-data, low-cost plans for those who do not want an unlimited data plan. While mobile providers GAO reviewed offer such plans, fixed providers—generally facing less competition—do so to a lesser extent. According to the literature, providers facing limited competition could use UBP to increase profits, potentially resulting in negative effects, including increased prices, reductions in content accessed, and increased threats to network security. Several researchers and stakeholders GAO interviewed said that UBP could reduce innovation for applications and content if consumers ration their data. While FCC is collecting data regarding fixed UBP, it is not using this data to track UBP use because it only recently started collecting the data specifically to analyze prices. As a result, although FCC is charged with promoting the public interest, it may not know if UBP is being used in a way that is contrary to the public interest and, if so, take appropriate actions.