

## Why GAO Did This Study

Increasingly, small businesses rely on Internet-based applications to improve efficiencies and expand market access. Although broadband Internet access is widely available to businesses, areas of the country remain that still have little or no access. Since 2008, federal programs have provided over \$15 billion in funding to help deploy broadband to these areas. Additionally, some municipal governments have begun to build and operate networks to provide broadband access to their communities.

GAO was asked to describe issues related to broadband availability for small businesses. This report addresses (1) the federal government's efforts to ensure the availability of broadband services for small businesses, and (2) the effect of selected federally funded and municipal networks on broadband service and small businesses. GAO reviewed documents and interviewed officials from five federal agencies that support broadband deployment and research on broadband availability. GAO interviewed service providers that received federal funding, municipal network operators, and small businesses in four states, and collected speeds and prices for broadband services in selected communities in these states. The states, communities, and businesses were selected based on the presence and use of a federally funded or municipal network.

GAO is not making any recommendations. In commenting on this report, the agencies provided technical comments, which GAO incorporated as appropriate.

View [GAO-14-203](#). For more information, contact Mark Goldstein at (202) 512-2834 or [GoldsteinM@gao.gov](mailto:GoldsteinM@gao.gov)

## TELECOMMUNICATIONS

### Federal Broadband Deployment Programs and Small Business

## What GAO Found

Federally funded programs to expand broadband access encompass but do not specifically target small businesses. These programs—the Broadband Initiatives Program (BIP), Broadband Technologies Opportunities Program, Community Connect Grants, Connect America Fund, Rural Broadband Access Loan and Loan Guarantee Program, and Telecommunications Infrastructure Loan Program—have eligibility requirements based on the need of an area, as well as deployment requirements that can maximize the number of businesses served. For example, the Community Connect grants require providers to serve all businesses and residences in deployment areas. Since these federal programs do not target deployment to small businesses, they do not measure the impact on small businesses. However, BIP has a specific goal to increase access to rural Americans and provide broadband speeds to businesses, and in August 2013, the United States Department of Agriculture reported BIP's funding had resulted in over 5,800 businesses' receiving new or improved broadband service since 2009. Other programs have broader goals and measures related to the program's purpose, such as serving schools and libraries.

Improvements to broadband service have resulted from federal funding and the existence of municipally operated networks. Service providers have used federal funding for expansions and upgrades, such as building out to previously unserved areas and replacing old copper lines with fiber optic cable, resulting in faster and more reliable broadband connections. GAO examined broadband services for 14 federally funded and municipal networks and found they tended to have higher speeds than other networks. For example, in 9 of the 14 communities where GAO collected information on broadband speeds and prices, federally funded or municipal networks offered higher top speeds than other networks in the same community and networks in nearby communities. Additionally, prices charged by federally funded and municipal networks were slightly lower than the comparison networks' prices for similar speeds. Prices for lower to mid-range speed tiers available from federally funded and municipal networks in nonurban areas also compared favorably to prices in urban areas in the same state. However, providers in urban areas were more likely than those in nonurban areas to offer higher speeds. According to small businesses GAO met with, the speed and reliability of their broadband service improved after they began using federally funded or municipal networks. Furthermore, according to small business owners, the improvements to broadband service have helped the businesses improve efficiency and streamline operations. Small businesses that use the services of these networks reported a greater ability to use bandwidth-intensive applications for inventory management, videoconferencing, and teleworking, among other things.