

GAO@100 Highlights

Highlights of [GAO-21-494](#), a report to congressional addressees

Why GAO Did This Study

Small businesses are essential to economic growth by creating jobs and promoting economic opportunity. Broadband is a critical tool for small businesses, with increasing importance due to the COVID-19 pandemic. The Telecommunications Act of 1996 requires FCC to encourage and support broadband access through funding and other actions.

This report responds to a provision in the John S. McCain National Defense Authorization Act for Fiscal Year 2019 as well as a request for GAO to examine broadband for small businesses. Among other objectives, this report examines (1) small business access to broadband and how federal broadband funding programs may serve small businesses; and (2) the extent to which FCC's broadband speed benchmark meets the needs of small businesses. GAO reviewed pertinent literature, documentation on federal broadband funding and relevant FCC statutory requirements to promote broadband deployment. GAO also conducted interviews with small businesses, broadband providers, industry associations, researchers, and state and federal officials.

What GAO Recommends

GAO is making one recommendation to FCC to solicit stakeholder input and analyze small business broadband speed needs and incorporate the results of this analysis into the benchmark for broadband. FCC agreed with this recommendation.

View [GAO-21-494](#). For more information, contact Andrew Von Ah at (202) 512-2834 or vonaha@gao.gov.

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BROADBAND

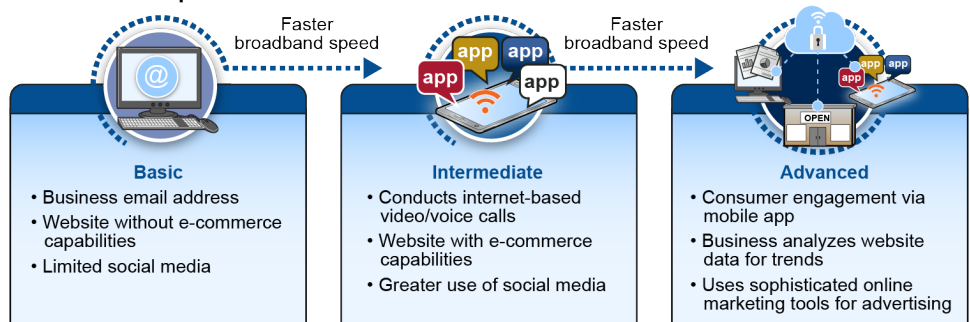
FCC Should Analyze Small Business Speed Needs

What GAO Found

While most small businesses have access to broadband, millions of small businesses continue to lack sufficient access to meet their needs. According to two recent surveys by the National Federation of Independent Business and Google, around 8 percent or about 2-3 million U.S. small business lack access to broadband. Small businesses likely benefit from the Federal Communications Commission's (FCC) and the Department of Agriculture's (USDA) funding to expand broadband deployment. For example, FCC estimated that approximately \$9.2 billion allocated for broadband infrastructure in 2020 will serve over 5.2 million residences and businesses.

Much of the literature GAO reviewed suggests that FCC's current broadband minimum benchmark speeds—25 megabits per second (Mbps) for downloading and 3 Mbps for uploading—are likely too slow to meet many small business speed needs. The figure below illustrates the various kinds of business broadband use and the associated relative speed requirements.

Illustrative Examples of Different Kinds of Business Broadband Use



Source: GAO Review of Industry Sources. | GAO-21-494

Sources vary in terms of the specific speeds they recommend for small businesses. For example, in 2017, BroadbandUSA—a National Telecommunications and Information Administration program—published a fact sheet stating that small businesses need a minimum of 50 Mbps speeds in order to conduct tasks such as managing inventory, operating point-of-sale terminals, and coordinating shipping. A 2019 USDA report on rural broadband and agriculture stated that, as technology advances and volumes of data needed to manage agriculture production grow, speeds in excess of 25/3 Mbps with more equal download and upload speeds will likely be necessary.

To fulfill a statutory requirement to determine annually whether advanced telecommunications capability is being deployed on a reasonable and timely basis to all Americans, FCC sets a minimum broadband speed benchmark. In its 2021 Broadband Deployment Report, FCC stated that the current benchmark, last set in 2015, continues to meet that requirement. However, FCC officials said they are not aware of any small business requirements that have been taken into consideration in determining the minimum speed benchmark. Analyzing small business speed requirements could help inform FCC's determination of the benchmark speed for broadband.