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Press Release

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NEW PHOENIX CENTER ANALYSIS RECOMMENDS REFOCUSING THE FCC'S ANNUAL SECTION 706 REPORTS

Analysis finds that government policy failures, not market failures, are responsible for gaps in broadband deployment

WASHINGTON, D.C. — Section 706 of the Telecommunications Act directs the Federal Communications Commission to conduct an annual inquiry to “determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion.” However, over the years these *Section 706 Reports* have been plagued by partisan interpretations and have failed to address the core issues behind broadband deployment gaps. In a new analysis released today entitled *Refocusing the FCC’s Section 706 Reports*, Phoenix Center Chief Economist Dr. George S. Ford proposes a fundamental reframing of how the FCC conducts these annual Section 706 inquiries.

The Phoenix Center’s analysis identifies several critical flaws in the FCC’s current approach. First, the Commission has never formulated reasonable and consistent definitions of “reasonable” and “timely” deployment. Second, the FCC has failed to sensibly link what “immediate actions” might be required when broadband is not being deployed on a reasonable and timely basis. Dr. Ford proposes redefining “reasonable and timely” deployment as a question of whether government policy effectively and promptly enhances economic incentives in areas where the market alone won’t support deployment.

Dr. Ford’s analysis demonstrates that despite billions in government subsidies over the years, including programs such as the Connect America Fund (“CAF”), the Rural Digital Opportunity Fund (“RDOF”), and the Broadband Equity, Access, and Deployment (“BEAD”) program, the number of Americans without broadband has actually increased by nearly 5% since 2013. The failure to scrutinize policy effectiveness, including instances where the government has spent as much as \$3.9 million per unserved location, represents a significant shortcoming in the FCC’s approach to fulfilling its Section 706 mandate. As Dr. Ford notes, the “classification of ‘reasonable and timely’ deployment under Section 706 should be a question of whether government policy effectively and promptly enhances economic incentives in areas where the market alone won’t support deployment.”

“Since the government identifies unserved areas and sets the subsidy level, a deployment gap is a policy failure, not a market failure,” says study author Phoenix Center Chief Economist

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Dr. George S. Ford. *“Future Section 706 Reports would better serve policymakers and the public by providing a clearer picture of where government intervention is succeeding or failing in bridging the digital divide.”*

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 25-01, *Refocusing the FCC’s Section 706 Reports*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective25-01Final.pdf>.

The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.