

January 23, 2012



## 21st Century Post Office: Aligning with the National Broadband Infrastructure Initiative

Report Number DA-MA-12-002

### ***IMPACT ON:***

U.S. Post Office Operations and Facilities.

### ***WHY THE OIG DID THE AUDIT:***

This is part of a series of reports addressing the 21<sup>st</sup> Century Post Office. Our objective was to assess the benefits of the U.S. Postal Service's role in the National Broadband Infrastructure Initiative.

### ***WHAT THE OIG FOUND:***

Based on our analysis of the technical, engineering, and business planning issues involved, we concluded that for-profit Internet Service Providers (ISPs) have provided thorough broadband coverage in the areas of the U.S. that would garner economic profit. However, there are unserved areas within the U.S. — mostly in rural areas — due, in large part, to the negative financial return involved when entering those markets.

The private sector cannot change this broadband coverage gap alone. The Postal Service can assist the National Broadband Infrastructure Initiative through a public/private partnership with commercial ISPs to provide facilities and land for the expansion of the broadband infrastructure. A public/private venture could make ISP operations more affordable for the underserved.

### ***WHAT THE OIG RECOMMENDED:***

We recommend the vice president, Facilities, explore partnerships with commercial ISPs to increase broadband coverage in unserved areas by offering a master lease agreement to Postal Service real estate and installing "Wireless Fidelity Hotspots" in unserved areas.

### ***WHAT MANAGEMENT SAID:***

While management generally agreed that a public/private partnership could at some point further the interests of the National Broadband Infrastructure Initiative, management disagreed with both recommendations, citing a need for significant funding to further infrastructure development and incentivize ISPs in rural markets.

### ***AUDITORS' COMMENTS***

We do not plan to pursue these recommendations through the formal audit resolution process and we believe that offering a master lease agreement to such providers is preferable to the Postal Service's current national agreement and will be instrumental in developing an economic incentive to attract infrastructure providers to unserved areas.