

## Policy Focus Brief

# BEAD Should Continue to Prioritize Fiber Internet Network Investments

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Several officials from the Trump Administration have proposed changing the federal Broadband Equity, Access, and Deployment (BEAD) rural Internet access program to use technologies that appear to cost less to deploy. However, these changes would repeat past policy mistakes and waste billions of dollars while delivering subpar Internet access to rural families at much higher prices.

With the new administration taking over federal programs, some companies and organizations are trying to change the national rural broadband investment program - BEAD - to focus on technologies that are cheaper to build initially but may charge more to residents while delivering much less.

The federal agency NTIA is running the \$42.5 BEAD program to improve rural Internet access and, as Congress required, has prioritized fiber optic network investments. Congress deliberately chose to prioritize fiber optic technology because of past failures in which the federal government made repeated investments into obsolete technologies.

Funding rural Internet access networks is nothing new for the federal government - it has more than two decades of experience across many agencies and departments.

One of the most rural states, [North Dakota](#), has [fiber to nearly all rural households](#) thanks to a partnership between local cooperatives and companies supported by federal funding.

But not all programs have been so successful, especially where long-term planning was not prioritized. In 2015 the Federal Communications Commission (FCC) [spent \\$10 billion in the Connect America Fund II program](#) that was focused on the largest telcos - AT&T, Frontier, CenturyLink, etc. - to build 10 Mbps download speeds and 1 Mbps upload speeds because that seemed reasonable when the program was created. The networks were obsolete before they were constructed. Many of those same households that were subsidized then will be eligible for BEAD subsidies.

More recently, the Rural Digital Opportunity Fund has seen approximately one out of three dollars defaulted because the FCC failed to adequately evaluate those bidding and the technologies proposed. Hundreds of thousands of households in rural regions are still waiting for their first decent connection because the FCC failed in its program design.

In designing BEAD, Congress recognized that it was **foolish to spend thousands of dollars per home every 5-10 years to deliver obsolete connections** and chose instead to build fiber optic networks that will last generations - ultimately both **saving taxpayer dollars and delivering an equitable Internet access option to millions of rural homes.**

To be clear, BEAD's priority for fiber does not bar the use of other technologies when appropriate. In cases where the cost of fiber is simply too great, other technologies are on the table - likely wireless options of both terrestrial and low-earth orbit.

While some of BEAD's requirements have been met with hostility from different stakeholders, most agree with the focus on fiber optics and support making a generational investment rather than something more temporary and inferior to the services found on every street in urban and suburban areas.

On the matter of **residential pricing**, fiber optic networks in rural areas operated by rural cooperatives offer services at prices comparable to or less than that of urban areas. For instance, Paul Bunyan in Minnesota has options starting at \$60/mo for 250 Mbps symmetrical and a gigabit for \$80. Co-Mo Connect, one of the first electric co-ops to build its entire electric footprint with fiber, starts at \$55/mo for 100 Mbps and a gig at \$85/mo. Starlink residential prices start at \$120/mo for far lower speeds.

A final consideration is that some wireless technologies - primarily low-earth orbit and mobile wireless - are not able to serve all homes simultaneously and may not be able to serve all homes in rural America looking for service. Some of these technologies could serve almost anyone, but cannot serve everyone - meaning that some homes will be put on waiting lists when the system reaches max capacity.

Congress was wise to require NTIA to focus on fiber first. States will make different decisions about when to allow other technologies to bid when fiber is too expensive, but NTIA and the federal government should keep this part of BEAD the way it was designed.

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