

NTIA Hearing Focuses on BEAD; Hints, but No Answers, to Key Questions

By Blair Levin | March 28, 2025

What's New: Yesterday, the Senate Commerce Committee held its confirmation hearing for Trump's nominee to head NTIA, the agency inside the Commerce Department that oversees the BEAD program. In this note we discuss what we learned — and still are waiting to learn — about the future of the program and the impact of changes on capital markets. In particular, we analyze what we learned related to the two most important questions for investors: whether NTIA will require at least 42 states (and hundreds of companies) to redo their bidding process; and whether NTIA will adopt a high-cost threshold or some other mechanism that shifts a material amount of funds from fiber to satellite?

Background

Republicans have made two major criticisms of the Biden BEAD implementation.

- First, it took too long to deploy, particularly due to unnecessary or unwise requirements.
- Second, the Biden fiber preference would lead to waste by sending too much on fiber and too little on satellite.

Based on those criticisms, Commerce Secretary Lutnick has promised new rules.

- On March 5, 2025 Lutnick said the Commerce Department would undergo a “rigorous review” of BEAD.[1]
- He has justified the review and his unwillingness to allow the states that have completed the process to obtain the appropriated funding, on the grounds that it is his job to assure that the states and taxpayers get “the benefit of the bargain” Congress intended.

As discussed in a note several weeks ago ([LINK](#)), the facts on the ground put the Republicans in a bit of a box in terms of changing the program now.

- If the Republicans force all the states who are done with or amid their bidding process to redo the process, they will have done what they accused the Biden Administration of doing in terms of causing delays in deployment.
- Further, it is not clear that redoing the bidding process will reduce the state expenditures. Looking at the states which have completed their process does not suggest that there are huge savings to be had by shifting funding to satellite.[\[2\]](#)
- On the other hand, if the Trump Administration doesn't force the states already in process to redo their bidding process, the amount of savings they will be able to point to theoretically will be significantly less and they will be conceding the political point that the Biden rules did not cause a material harm to rural broadband deployment.[\[3\]](#)

That facts have gotten worse in terms of the political pain that dramatic changes to the program will cause.

- 42 states have now either completed or are deep into the process of completing their bidding.[\[4\]](#)
- Arkansas, for example,[\[5\]](#) recently announced that through the second round of bidding, 97% of the unserved and underserved locations received bids for 100% fiber.[\[6\]](#)

The Republicans may have unintentionally made it harder for the Trump Administration to shift money to Musk and to return funds to the federal government.

- In addition, we note that Republicans, including Senator Thune at Secretary Lutnick's confirmation hearing, have been suggesting that all funds not used for deployment should be returned to the federal government instead of other uses authorized by the statute.
- We have heard some indications that that potential change has led some states to emphasize fiber to locations where they might have used satellite, as there is no value to most, if not all the states, of

returning funds to the federal government.[7]

- While we can't put a number on this, if true — and the incentives suggest it is likely — it will make it harder for the Trump Administration to shift money to Musk and to return funds to the federal government.

Key questions investors want to know about the rules to now govern the program . From an investor perspective, there are two questions that are important for modeling what publicly traded ISPs can hope to obtain from BEAD.[8]

Key Question #1: will NTIA require 42 states (and hundreds of companies) to redo the bidding process?

- The answer here will determine the timing of receiving grants and when the networks can start producing new revenues.

Key Question #2: Will NTIA adopt a high-cost threshold or some other mechanism that shifts a material amount of funds from fiber to satellite.

- The answer here will determine the rules of the game by which the publicly traded ISPs, which include both fixed wired and fixed wireless providers will compete with satellites for the grant funding.

Analysis of Roth's testimony at the hearing. From the perspective of the nominee, the purpose of the hearing is to be confirmed. Therefore, nominees adopt a strategy of answering questions in ways that avoid details or controversy. In this regard, Ms. Roth did an outstanding job.[9] But while she did herself a service, she did not illuminate the path forward for the states and ISPs. While asked versions of the two key questions directly by several senators, she did not answer the question. She did, however, provide some hints.

As to rebidding, she kept the door open.

- Several senators asked whether the states that are far into the process would have to redo the process.
- She declined to answer saying she would consult with NTIA staff to determine her options.
- When another Senator asked a similar question, she said answered by saying she was not involved in any

current review process.

- In a third question on the topic, she indicated that she had not decided but emphasized that she would be expeditious, but with her focus on expeditiously enabling expeditious deployment.[10]
- While we don't know what she will do,[11] it could be that the purpose of her answer was to open the door to requiring rebidding but claiming that it will expedite deployment as satellite will win more and it is, from a network perspective, already deployed.[12]

As to a federal high-cost threshold, she kept the door open.

- When asked about Commerce favoring Musk, she said she would run the program for the benefit of the American people, not any individual.
- She declined to answer a question on whether states or the federal government should determine such a threshold.
- To another question on the topic, she responded that she would have to consult with the staff at NTIA to determine the legality of doing so.[13]

What's next.

Written questions from Senators for Roth are due on March 31 with her answers due on April 4th.

- Traditionally those questions are more detailed.
- Also, generally, those answers are not made public.
- We then expect her to be confirmed, probably in April.

Lutnick will likely make some announcement that addresses those two questions.

- It may wait until after confirmation.
- The fact that Lutnick has already waited this long, when the issue was discussed during the campaign and

the options are relatively limited, suggests to us that delays may reflect the tricky political landscape of taking an action that will be unpopular with many Republican governors.

- The longer the delays, the greater the political cost of forcing states to rebid the projects. We are not sure the White House cares but know that the Governors and other policy makers in the states are concerned about the prospects of further delays.

Bottom Line. We are still unclear about the future of BEAD but think we are likely within a month or two of answering the two questions most on the minds of capital markets.

[1] The full statement reads: ““Under my leadership, the Commerce Department has launched a rigorous review of the BEAD program. The Department is ripping out the Biden Administration’s pointless requirements. It is revamping the BEAD program to take a tech-neutral approach that is rigorously driven by outcomes, so states can provide internet access for the lowest cost. Additionally, the Department is exploring ways to cut government red tape that slows down infrastructure construction. We will work with states and territories to quickly get rid of the delays and the waste. Thereafter we will move quickly to implementation in order to get households connected. Under the revamped BEAD program, all Americans will receive the benefit of the bargain that Congress intended. We’re going to deliver high-speed internet access, and we will do it efficiently and effectively at the lowest cost to taxpayers.”

[2] For example, the Louisiana dollars per location for fiber (80% of FTTH awards below \$4000/location and 50% of awards below \$3000) are significantly below what Starlink was reportedly charging Ontario per location (C\$6,667 or \$4,664 in US dollars.)

[3] There is a relatively pain free way for the rules to change without additional costs to the states or delays in deployment. The Republicans could achieve almost all of their reform goals described in Representative Hudson’s Speed for BEAD draft (discussed in a recent BEAD note ([LINK](#)) without forcing the states to redo their bidding process. We believe, for example, Louisiana (both the state itself and their BEAD winners) would be happy to be allowed to simply remove from the final grant agreements the various requirements related to such requirements as DEI, low-cost plan commitments, and climate resiliency plans. NTIA could simply amend its current Notice of a Funding Opportunity accordingly and in most states those results would be largely self-executing. There is also a clear existing mechanism in the form of the "high-cost location threshold" in all state plans that could be used to implement a maximum spend per location rule, again without requiring the states to redo their bidding process. Having said that, we do not believe that that path would satisfy some of the Trump Administration and Congressional critics of the Biden implementation.

[4] In our report earlier in March, we had that number at 36. Now, six other states have met that metric and others are further along in the process. According to Broadband Breakfast, three states have had their final proposal submitted and approved, 21 states have closed their first application window, nine states are in the

process of accepting their first round of applications, and nine states are in the process of accepting pre-qualifications in anticipation of starting up their first round of applications.

[5] We choose Arkansas because not only is it a Trump friendly state (he captured 64% of the vote in 2024), but its governor is also Trump’s former press secretary. Thus, characterizing their description of their process (see footnote 6 below) as a product of a state trying to interfere with the larger Trump agenda would seem almost as non-sensical as, say, characterizing a judge who accommodated you by keeping your taxes private and forcing the release of documents related to your political rival as a “radical left lunatic, a troublemaker and agitator.”

[6] The head of the Arkansas broadband office seemed to be directly answering Secretary Lutnick (see footnote 1) in writing on his LinkedIn page that “With all the talk around the country lately about needing to see the “benefit of the bargain” in the BEAD program, we’re seeing it in real time on the ground here in Arkansas.” He further wrote that “Intense provider competition has driven the need for a third round of bidding. “To be clear, we will be holding a third round not because we have too few applications, but because we still have too many...Competition has been so fierce in Arkansas, it necessitated an additional round of bidding. Of the 36,000 locations still available for bidding going into Round 3, 80% of them received bids from multiple ISPs in Round 2. Provider participation in Arkansas has been incredible... In short, Arkansas’ BEAD Program design is seeing the benefit of the bargain, prioritizing efficiency, driving down costs, and saving taxpayer dollars.”

[7] “Vote for me because I returned hundreds of millions of dollars to the federal government!” said no governor running for re-election ever.

[8] Based on public information on the awards in completed states or public lists of approved applicants in the many in-progress states, all these publicly traded companies are actively participating in BEAD: CHTR, CMSCA, FBYSR, T, and TMUS. In addition, there has been major private company participation including Brightspeed, Connexon Connect and Cox.

[9] Our favorite answer, which she gave on numerous occasions, was that as she has not been confirmed, she could not answer a particular question. It is to confirmation hearings what Schrödinger's cat is to physics, a

paradox raising the question of what is the purpose of a confirmation hearing if the questions cannot be answered until after the hearing?

[10] If you have a colleague who watched the hearing and is hung over this morning, it is likely due to having “expeditiously” on his or her hearing drinking bingo card.

[11] She seemed to imply that she had not already talked to Secretary Lutnick or Department of Commerce staff about the future of the program. We are a bit skeptical that she hasn’t but to be clear, we are not accusing her of testifying untruthfully. She engaged in normal committee hearing rhetoric. Also, we should probably disclose that Blair has not been included in any Signal Chat on the future of BEAD, which is, to be candid, a bit surprising. Of course, under SEC rules if he were on that Chat, he could not disclose any war plans against Biden’s BEAD program, but under the Hegseth rules, Blair would be allowed to disclose their attack plans.

[12] We are not sure that in the fullness of time that will prove accurate, but we feel confident that if Commerce goes in that direction, they will claim unserved communities will obtain broadband faster.

[13] We think she was sincere in that answer but given some of Lutnick’s statements, his Commerce staff has probably already decided such a federal threshold would be legal. We also think that is probably correct though reasonable minds can differ on which government jurisdiction should impose it and how it the number should be calculated.

Full 12-month historical recommendation changes are available on request

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