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**How to "Spend" Unused BEAD Funding**

**by**

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It is a rarity these days to see a federal government subsidy program actually become more efficient and effective. Kudos are due to the Trump Administration for making key changes to the \$42.45 billion Broadband Equity, Access, and Deployment program – or BEAD as it is better known – to bring it into line with its underlying statute, while generating a better outcome at a fraction of the price.

Once estimated to be insufficient to bring the benefits of broadband to all unserved and underserved Americans, the BEAD program is now expected to save tens of billions while still fulfilling its broadband deployment mission. This well-earned outcome raises questions over what to do with any savings. Given the needs of the nation, a healthy portion, and perhaps all, of this money should be returned to the U.S. Treasury. In other words, the saving should inure to the benefit of American taxpayers.

For those unfamiliar, the BEAD program has had a particularly tortuous path. Enacted as part of the Biden Infrastructure law, the then-Biden Administration set out to impose massive and wasteful mandates on funding recipients. These burdens, as conceded by the program’s former director, were unnecessary and served political purposes. At the same time, administration of the

program languished without funding broadband to anyone. Numerous reports highlighted that upwards of 25 states were expecting BEAD shortfalls and would be unable to make all of the necessary broadband builds. In summary, the Biden Administration program was improperly designed and doomed to fail.

The Trump Administration quickly seized on the management ineptitude within BEAD. It stripped away the harmful policy add-ons and reinstituted the important policy objective of technology neutrality, allowing any qualified technology to be eligible to receive BEAD funding. This reenergized the competitive fight among providers, ultimately connecting more homes at a reduced cost.

Beyond expediting broadband builds, the Trump Administration's changes have proven so successful that BEAD is likely to produce a major surplus. While state submissions are still being reviewed, the program's total cost could ultimately come in 30 to 50 percent lower than its budgeted amount, saving upwards of \$20 billion or more. Even in D.C., that is real money.

Not surprisingly, creative minds are trying to determine what priorities could use the excess BEAD deployment funds. A leading school of thought is to recognize that the United States is \$37 trillion in debt and will run a deficit of \$2 trillion this year. The days of surpluses or smaller budgetary deficits are over. With the nation facing such widely acknowledged financial difficulties, the thinking by many experts is that this money needs to be reclaimed. In this scenario, the Commerce Secretary could present President Trump with a huge check reflecting the voluminous savings resulting from this Administration's positive reforms. This would also demonstrate that the Trump Administration is indeed giving American taxpayers a real "Benefit."

Alternatively, some advocate that the states should be allowed to keep any leftover money to spend on communications-related purposes, some of which are contemplated in the infrastructure law. Draft bills and other ideas have been floated in which the White House would let any leftover BEAD funding be used for a wide variety of different purposes, including some type of Artificial Intelligence infrastructure and education/workforce training. While interesting, valid concerns have been expressed that such a use of funds could be used to subsidize government competition against the private sector in various communications sectors and markets.

Others urge that some portion of the surplus funds be held in reserve to help with future deployment shortfalls. Notwithstanding all the good work being done, it is important to recognize that any calculations of BEAD savings will need to account for the simple fact that not all broadband builds will happen as planned. In other words, some BEAD funding winners (i.e., state-selected recipient providers) will fumble. Despite best intentions, experience suggests that a reserve funding stream could be useful to handle this inevitability.

The Trump Administration finds itself in a very favorable circumstance. With some swift policy changes, the BEAD program has been rightsized and is likely to produce significant savings and at the same time bring Americans robust Internet service. Given the difficult financial circumstances which our country confronts, perhaps the most reasonable course is to return the

funds to the Treasury. If this is deemed too bold and the Administration sees fit to allow some use of funds, it would be best that those expenditures be tailored specifically to BEAD's central mission.

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