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## Press Release

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### NEW PHOENIX CENTER ANALYSIS FINDS FLAWS IN BRATTLE GROUP STUDY CLAIMING BENEFITS OF SUBSIDIZING FIBER DEPLOYMENT

*Analysis Recommends that Trump Administration Reverse Biden Administration's Preference for Fiber in Broadband Equity, Access, and Deployment ("BEAD") program in favor of Technology-Neutral Approach as Statute Intended*

WASHINGTON, D.C. – The Infrastructure Investment and Jobs Act provided over \$42 billion in subsidies for broadband deployment via the Broadband Equity, Access, and Deployment ("BEAD") program. Although BEAD funds are supposed to be disbursed on a technology-neutral basis, the Biden Administration mandated a preference for fiber deployment, even when alternative technologies—including satellite broadband—are the more efficient mechanism to serve certain high-cost areas. With the recent election of Donald Trump to the presidency and his focus on ensuring that taxpayer dollars are spent effectively, the government's preference for fiber now faces significant uncertainty. In this context, the Brattle Group released a commissioned study claiming substantial economic benefits from fiber deployment based on an empirical analysis of home values, incomes, and employment.

In a new analysis released today entitled *Economic Benefits of Fiber Deployment: A Review of The Brattle Group Study*, Phoenix Center Chief Economist Dr. George S. Ford describes several methodological problems in the Brattle Group's empirical approach, including a failure to evaluate key assumptions and specifications of the models, and then evaluates their study's findings using the same data sources. Key requirements of the empirical analysis are unmet, meaning the Brattle Group's estimates are uninformative, and incorrect specifications produced outsized estimates. After correcting the errors, Dr. Ford finds fiber has no meaningful effects on the outcomes. Dr. Ford's findings suggest that, for now, policymakers should explore diverse approaches beyond fiber networks for delivering broadband to Americans, avoiding subsidizing fiber when modern cable and other networks are available, including the potential of next-generation satellite technologies.

"Subsidized broadband deployment should rely on the most efficient approaches," says study author Phoenix Center Chief Economist Dr. George S. Ford. "Fiber is simply too costly in many rural areas and there are excellent options for broadband delivery that cost far less."

A full copy of PHOENIX CENTER POLICY BULLETIN NO. 73, *Economic Benefits of Fiber Deployment: A Review of The Brattle Group Study*, may be downloaded free from the Phoenix Center's web page at: <https://www.phoenix-center.org/PolicyBulletin/PCPB73Final.pdf>.

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