



SB 4 (Gonzalez) The Broadband for All Act

SUMMARY

Senate Bill 4 will secure continuous funding and implement a number of critically needed reforms to the California Advanced Services Fund (CASF) program administered by the California Public Utilities Commission (CPUC). These changes will help close the digital divide and meet the connectivity needs of Californians, both during this unprecedented pandemic and for decades to come.

EXISTING LAW

The CASF provides grants to bridge the digital divide in unserved and underserved areas in the state. In 2017, AB 1665 (E. Garcia, Chapter 851, Statutes of 2017) authorized the CPUC to collect up to \$330 million through the 2022 calendar year to fund the CASF through a surcharge on certain phone customers. Out of the CPUC's six public purpose programs, CASF is the only one that does not receive continuous funding.

On August 14, 2020, Governor Newsom signed Executive Order No. 73-20, which directed various state agencies to collaboratively source solutions to address the digital divide and set a goal for deploying high-speed 100 megabits per second (mbps) internet and infrastructure.

BACKGROUND/PROBLEM

The COVID-19 Pandemic has exacerbated the deeply entrenched digital-divide, which has left many lower income, Latino, African American, and rural communities without access to high-speed broadband services¹. Whether it be children doing homework outside of fast food restaurants, or medically-fragile individuals who can't access services through tele-health care, the pandemic has shown a spotlight on the inequality in

access to broadband that has existed in our state for years. The implications of a continued long-term lack of access to telehealth services for at-risk populations, or the loss of critical education time for developing students, are massive and must be addressed.

Even before the COVID-19 Pandemic, over half of all internet traffic was data-rich video, requiring higher-capacity networks,² and in 2017, 31% of Californians, 12 million people, had no or insufficient broadband access.³

Given current circumstances, the need for fast high-quality internet and future-proof infrastructure has never been more immediate or severe. The existing CASF program has a goal of providing sufficient internet access to 98% of Californians. However, four major problems with the current CASF program prevent the fund from achieving its goal.

- (1) CASF grants can be used for projects that deploy internet at speeds as slow as 10/1 mbps, which are incapable of meeting average household demands.
- (2) Grant funds to build out broadband infrastructure are primarily reserved for areas that have internet at dial-up speeds or lower, leaving out many communities where Californians struggle with slightly faster but still obsolete connectivity.
- (3) Local governments are currently last in the queue to be considered for CASF funds, and many smaller and rural local governments with critical on-the-ground knowledge about their community's needs may not have the technical expertise to successfully obtain CASF grants.
- (4) The CASF program is funded through a small surcharge, which ends in 2022, leaving the CASF with insufficient funding to achieve its stated goals.

1. <https://www.ppic.org/publication/californias-digital-divide/>
2. Strain, Garrett, Samir Gambhir, and Eli Moore. "AT&T's Digital Divide in California." (2017).
3. http://www.internetforallnow.org/2017_uc_berkeley_igs_study_on_california_digital_divide

SOLUTION

SB 4 will update the CASF by making communities eligible for grants based on their true internet need, promoting deployment of high-speed, 100mbps broadband, and making it easier for local governments to apply for grants and finance their own infrastructure.

Additionally, SB 4 recognizes that a long-term commitment is needed to develop future proof infrastructure, and removes the 2022 sunset on the CASF surcharge. SB 4 ensures oversight and transparency by requiring a biennial audit of the program, and caps the surcharge fee at \$0.23/month.

Finally, the bill establishes the Broadband Bond Financing Securitization Account, which will fund the costs related to broadband bond financing and securities, including the deployment of infrastructure by a local government or nonprofit organizations.

These programmatic and funding reforms are critical to bringing the CASF into the 21st century and finally investing in closing the digital divide in California once and for all.

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CONTACT

George Soares, (209) 761-5132
Senator Lena Gonzalez
George Soares@sen.ca.gov