

Date of Hearing: April 10, 2024

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

AB 2708 (Jim Patterson) – As Introduced February 14, 2024

**SUBJECT:** Office of Broadband and Digital Literacy: reports

**SUMMARY:** This bill would require the Office of Broadband and Digital Literacy (OBDL), within the California Department of Technology (CDT), to report additional information pertaining to the statewide open-access middle-mile broadband network to both budget committees of the Legislature.

Specifically, **this bill:**

- 1) Requires OBDL, as part of an existing reporting requirement, to additionally report the following information:
  - a. The total cost to complete the statewide open-access middle-mile broadband network.
  - b. The total available funding for the statewide open-access middle-mile broadband network.
  - c. The projected completion date for the statewide open-access middle-mile broadband network.

**EXISTING LAW:**

- 1) Defines the “statewide open-access middle-mile broadband network” to mean the broadband infrastructure that is funded pursuant to Item 7502-062-8506 of the Budget Act of 2021.
- 2) Establishes the Office of Broadband and Digital Literacy (OBDL), within the California Department of Technology (CDT), to oversee the acquisition and management of contracts for the development and construction of a statewide open-access middle-mile broadband network. (Government Code § 11549.51-11549.52)
- 3) Requires the OBDL to annually report to the budget committees of the Legislature all of the following (Government Code § 11549.58):
  - a. The total length of the statewide open-access middle-mile broadband network.
  - b. The length of the portion of the statewide open-access middle-mile broadband network constructed in the preceding year, by quarter.
  - c. The number of internet service providers using the statewide open-access middle-mile broadband network.
  - d. The number of households projected to connect to the statewide open-access middle-mile broadband network.
  - e. The total expenditures for each project, by quarter.
  - f. The projected goals for each of the metrics described in subparagraphs (A) to (E), inclusive, for the 18 months following the report.

- 4) Requires the CDT to annually report to the Joint Legislative Budget Committee and the relevant policy committees in the Assembly and the Senate the following information:
  - a. Total funds expended
  - b. Total miles constructed
  - c. Total miles leased.
  - d. Remaining number of miles until total network completion.

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal by the Legislative Counsel.

**COMMENTS:**

- 1) *Author's Statement.* According to the author, "AB 2708 focuses on the oversight and efficient management of California's statewide open-access middle-mile broadband network. The bill introduces key provisions to enhance coordination, reporting, and transparency in the network's development."
- 2) *The Statewide Open-Access Middle-Mile Network.* In July 2021, the Legislature passed and Governor Gavin Newsom signed into law Senate Bill (SB) 156, which in part, established the Office of Broadband and Digital Literacy (OBDL) to oversee the acquisition and management of contracts for the development and construction of a statewide open-access middle-mile broadband network. Colloquially, the project has become known as the Middle-Mile Broadband Initiative or MMBI. The purpose of the project is to support the expansion of high-speed broadband service to all Californians. SB 156 initially provided \$3.25 billion dollars to build the MMBI, funded entirely from American Rescue Plan Act (ARPA). Under ARPA rules established by the United States Department of the Treasury the funds must be liquidated by December 31, 2026. Since the passage of SB 156, due in part to increasing construction costs, the Legislature has appropriated an additional \$550 million of general fund dollars for the project. The federal government also awarded CDT a \$70 million dollar grant, bringing the total current funding for the project to \$3.87 billion dollars. Additionally, this year the Newsom Administration is requesting for an additional \$1.5 billion dollars in order to complete the goal of 10,000 miles of network infrastructure. Under the existing funding levels only about 8,100 miles of the network would be completed, which will be delivered through a mix of leases from private entities, public-private partnerships, new construction, and purchases of existing infrastructure.
- 3) *Existing Reporting Requirements.* Pursuant to existing law under SB 156 and subsequent trailer bills the California Department of Technology is already required to report some information to the relevant policy committees of the Legislature, the Budget committees of each house, and the Joint Legislative Budget Committee. For example, CDT is required to report at least annually on the total amount of funds expended, the total miles constructed, the total miles leased, and the remaining number of miles until network completion. Under this bill, CDT would be required to provide additional information that may already be publicly available. For example, regarding the total cost to complete the network, in the project budget change proposal submitted to the budget committees CDT estimates that the additional \$1.5 billion dollars would be sufficient to complete the network, which would bring the total cost to \$5.37 billion dollars. Additionally, the budget change proposal also includes an overview of the total amount of funding currently available. As for the last piece

of information required by this bill, the projected completion date for the project, that date would depend on whether the portion of the project is funded by time-limited federal funds or more flexible general fund dollars. Under federal rules, the ARPA dollars must be spent by December 31, 2026 and CDT has committed that the portions of the project funded with those dollars will be completed by that date. However, as for the segments of the planned network that still lack funding to complete, whether those portions are ever completed depends in large part on whether additional funding is allocated to the project.

4) *Prior/related legislation.*

- a. SB 156 (Committee on Budget and Fiscal Review. Chapter 112, Statutes of 2021) established the Office of Broadband and Digital Literacy (OBDL), within the California Department of Technology (CDT), to oversee the acquisition and management of contracts for the development and construction of a statewide open-access middle-mile broadband network
- b. SB 189 (Committee on Budget and Fiscal Review. Chapter 48, Statutes of 2022) requires the CDT to provide additional information to the Legislature regarding the development, construction, and acquisition of a statewide open-access middle-mile broadband network by March 1 each year and until January 1, 2026.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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