

Date of Hearing: June 26, 2024

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

SB 1383 (Bradford) – As Amended April 9, 2024

**SENATE VOTE:** 37-0

**SUBJECT:** California Advanced Services Fund: Broadband Public Housing Account

**SUMMARY:** This bill expands eligibility for the California Advanced Services Fund (CASF) Broadband Public Housing Account, authorizes the use of Public Housing Account funds for devices that improve existing broadband service, and enables Public Housing Account recipients offering new broadband plans to low-income communities to provide a free or low-cost broadband plan to those communities as a condition of obtaining the grant.

Specifically, **this bill:**

**EXISTING LAW:**

- 1) Establishes the CASF for the purposes of providing funding for broadband infrastructure to unserved households. Existing law specifies that an “unserved household” is a home lacking broadband internet at speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream. Existing law also specifies that all CASF-funded infrastructure must provide broadband internet at speeds of at least 100/20 Mbps. (Public Utilities Code §281)
- 2) Establishes various accounts within the CASF to fund specific broadband deployment and adoption efforts. Existing law establishes the Public Housing Account for the purposes of financing projects that help connect low-income communities to free broadband service that meets or exceeds state standards, as determined by the California Public Utilities Commission (CPUC). Existing law specifies that a low-income community may be eligible for a Public Housing Account grant if that community does not have access to any broadband service provider offering free service that meets or exceeds state standards. (Public Utilities Code §281(i))
- 3) Authorizes the CPUC, until December 31, 2032, to impose a surcharge to fund the CASF. The sum the CPUC is authorized to collect may not exceed \$150,000,000 per year. (Public Utilities Code § 281.1)

**FISCAL EFFECT:** According to the Senate Appropriations Committee analysis, the CPUC estimates ongoing costs of \$348,000 annually and one-time costs of \$1.5 million over two years to administer grants. Additionally, the bill would likely result in an unknown, but potentially significant, cost pressure due to expanded eligibility for the account.

**COMMENTS:**

- 1) *Need for this bill.* According to the author, existing statutory requirements of the Broadband Public Housing Account have resulted in an underutilization of the program funding, and thus reduced the positive impact of the program. The author argues: “These requirements have severely limited the number of applicants, resulted in the return of some awarded

grants, and restricted opportunities to address low-income and public housing communities' barriers to better connectivity. To solve these issues, SB 1383 widens the eligible applicant pool, enables the BPHA to award grants to deploy devices that can improve existing broadband services and clarifies that new internet subscription plans can be provided for free or at low-cost to the community.”

- 2) *Overview of the California Advanced Services Fund.* The CASF program was first established in 2007 pursuant to a CPUC Decision, which was subsequently codified in legislation under SB 1193 (Padilla, Chapter 393, Statutes of 2008). That bill expressly authorized the CPUC to develop, implement, and administer the CASF program to encourage the deployment of high-quality advanced services to all Californians in order to promote economic growth, job creation, and societal benefits. Since then, the program has been modified several times. Currently, the CASF program consists of several subaccounts, including the Broadband Public Housing Account, which are focused on different aspects of broadband including broadband infrastructure and broadband adoption. In addition to the BPHA, the CASF Program also includes 5 other subaccounts including: the Broadband Adoption Account, Broadband Infrastructure Grant Account (IGA), Federal Funding Account (FFA), Rural and Urban Broadband Consortia Grant Account, Line Extension Pilot Program, and Tribal Technical Assistance Program. All the subaccounts, except the Federal Funding Account, are funded through surcharges imposed on telephone lines in the state.
- 3) *Overview of the Broadband Public Housing Account.* The BPHA provides grants and loans to build broadband networks offering free broadband service for residents of low-income communities, such as publicly supported housing developments and some privately owned low-income housing. The Broadband Public Housing Account was established as a subaccount of the CASF pursuant to SB 1299 (Bradford, Chapter 507, Statutes of 2013) for the purpose of funding upgrades to the wiring of public housing facilities to support broadband access. A challenge the bill was addressing is that public and affordable housing often consists of older housing stock that does not have sufficient wiring to support high-speed broadband. Additionally, many public housing facilities are made of materials, including concrete and cinderblock that limit the usefulness of wireless solutions. While a number of funding sources exist to finance the deployment of broadband infrastructure to the curb of a property, the Public Housing Account is distinct from those funds because it finances facility upgrades on the customer-side of the meter in low-income communities. The BPHA will finance up to 100% of the costs to install inside wiring and broadband network equipment. While public housing agencies can partner with an Internet Service Provider to make facility upgrades to connect a community to a nearby broadband network, public housing agencies can also hire other contractors to conduct residential networking upgrades.
- 4) *Challenges with participation.* The BPHA has been consistently underutilized to help solve the digital divide in low-income housing. For example, although the allocated funding for the account is \$15 million for fiscal year 2023-2024, only \$1.47 million of funding was authorized for 19 broadband infrastructure programs—totaling less than 10% of available funds. The lack of applications is not primarily driven by a lack of worthy potential projects across, but rather some of the requirements for the program have arguably been a disincentive for potential applicants to apply at all. Multiple low-income housing providers have indicated that existing law's requirement that applicants guarantee access to free internet service as a condition of obtaining Public Housing Account Funds is a major deterrent to applying for these monies. In many cases, landlords and public housing

authorities cannot find a provider willing to offer broadband meeting 100/20 Mbps service to all its residents for free. This bill would allow applicants to offer a low-cost plan that meets certain standards in order to obtain Public Housing Account funds for providing access to new broadband services.

- 5) *This bill strengthens requirements for wireless networks funded by the BPHA.* With most public housing and low-income communities unable to pay for or secure offers of free, interconnected high-speed broadband, many public housing and low-income communities have turned to cost-effective wireless solutions to provide broadband to residents. In many cases, the wireless network solutions implemented at these location do require making upgrades to residential units. For example, virtually all the recent grants provided by the Public Housing Account have been for wireless service. While these projects indicate that the hardware installed is "...100 Mbps download/20 Mbps upload speed ready," the applications for these projects also state, "...these installations will be able to provide a minimum download speed of 25 Mbps and minimum upload speed of 3 Mbps during peak use hours." While existing law requires all CASF-funded broadband infrastructure to provide service at speeds of at least 100/20 Mbps, information in recently approved Public Housing Account applications implies that funds directed to low-income and public housing communities may not be providing service that reliably meets state and federal broadband service standards. This bill would clarify that future grants for broadband service provided through Public Housing Account grants must provide speeds of at least 100/20 Mbps. This bill would also remove restrictions that limit the ability of communities that are already offered free broadband to apply for Public Housing Account funds that would enable them to make the upgrades needed to get service that provides 100/20 Mbps speeds.
- 6) *This bill authorizes access devices as allowable expenses.* In addition to establishing a framework for allowing applicants to offer a free or low-cost plan as a condition of using BPHA funds, this bill also expands the eligibility for the BPHA to organizations beyond landlords and housing agencies and expressly allows the use of Public Housing Account funds to deploy range extenders and other devices that improve existing broadband service in low-income households. While the CPUC has already approved funding for mesh network systems, and other wireless solutions, existing law is silent on whether these are eligible uses of the funds, and law is silent on whether an existing broadband customer in a public housing facility is eligible for such networking devices. Additionally, existing law limits the degree to which housing agencies and landlords can partner with community-based organizations or tenant groups to help distribute devices that can improve existing service in low-income and public housing residences. Many homes in these communities suffer from Wi-Fi range issues in which interference and physical barriers limit the ability to receive a Wi-Fi signal in certain rooms of the home. As existing broadband customers with service exceeding state standards, it is unclear if they are eligible for Public Housing Account funds to address these "dead zones." This bill would clarify that public housing and low-income communities can obtain funding to distribute range extenders to residents' homes, regardless of whether they already have a broadband provider.
- 7) *Similar/related legislation.*
  - a. AB 2239 (Bonta, 2024) would establish a definition of "digital discrimination of access" and would require the CPUC and California Department of Technology (CDT) to integrate a prohibition on digital discrimination of access into program rules

for all of its broadband funding programs, including the Public Housing Account. The bill is currently pending in the Assembly.

- b. AB 127 (Committee on Budget, Chapter 45, Statutes of 2023) among other things, changes needed to implement the 2023 Budget Act, the bill required the CPUC to prioritize Public Housing Account applications from public housing facilities that have not yet received a grant from the Public Housing Account.
- c. SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) revised and extended the CASF by increasing speed standards for CASF-funded infrastructure to 100/20 Mbps, expanded eligibility to communities that lack broadband service meeting federal standards, expanded local governments' eligibility for CASF grants, and extended CASF's operation and funding until 2032.
- d. SB 156 (Committee on Budget, Chapter 112, Statutes of 2021) implemented broadband infrastructure spending approved in the 2021 Budget Act. The bill established the Federal Funding Account within the CASF to fund broadband infrastructure projects using one-time funds. The bill made a number of changes to the CASF, including requiring the offer of free broadband service as a condition of receiving funds from the Public Housing Account. The bill also required the CDT to oversee the construction of a state-owned, open access middle mile broadband network.
- e. SB 745 (Hueso, Chapter 710, Statutes of 2016) extended from December 31, 2016, to December 31, 2020, the date that remaining funds from the Public Housing Account are transferred back to other accounts, and it limited eligibility to unserved public housing developments. The bill made additional changes, including modifying information required in the CPUC's annual CASF report to the Legislature.
- f. AB 1299 (Bradford, Chapter 507, Statutes of 2013) established the Public Housing Account in the CASF to provide grants for broadband deployment and adoption in certain low-income publicly subsidized multifamily housing communities

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Calbroadband  
Los Angeles County Office of Education  
Office of Los Angeles Mayor Karen Bass

### **Opposition**

None on file.

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