

Date of Hearing: March 25, 2026

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

AB 2279 (Gipson) – As Amended March 16, 2026

SUBJECT: California Advanced Services Fund: Rural and Urban Regional Broadband Consortia Grant Account

SUMMARY: This bill makes various programmatic changes to the Rural and Urban Regional Broadband Consortia Account (Consortia Account), within the California Advanced Services Fund (CASF) program, including expanding the scope of work for a Consortia grantee, specifying a minimum level of funding, and modifying reimbursement and auditing requirements for grantees. Specifically, **this bill:**

EXISTING LAW:

- 1) Establishes the California Advanced Services Fund (CASF), under the administration of the California Public Utilities Commission, to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies. (Public Utilities Code § 281 (a))
- 2) Requires the CPUC to establish five specified subaccounts within the CASF program, including the Broadband Infrastructure Grant Account, the Rural and Urban Regional Broadband Consortia Account, and the Broadband Adoption Account. (Public Utilities Code § 281(c))
- 3) Authorizes moneys in the Rural and Urban Broadband Consortia Account to be available for the sole purpose of grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. Specifies that an eligible consortium may include a variety of public and private entities. (Public Utilities Code § 281(g))
- 4) Requires each consortium to conduct an annual audit of its expenditures and submit to the commission an annual report that includes a description of activities and the number of applications assisted. (Public Utilities Code § 281(g))
- 5) Authorizes the CPUC to under its own order, whenever it determines it to be necessary, conduct audits or review on the compliance with commission orders with regard to specified programs, including the California Advanced Services Fund program. (Public Utilities Code § 274)

FISCAL EFFECT: Unknown. This bill has been keyed as fiscal by the Legislative Counsel.

COMMENTS:

- 1) *CASF Program Background.* The CASF program was first established in 2008 pursuant to SB 1193 (Padilla, Chapter 393, Statutes of 2008). That legislation 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. Later in 2010, Governor Schwarzenegger signed legislation that established the Consortia Grant Account to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission. Since then, the CASF program has been reauthorized twice, most recently in 2021. Pursuant to AB 14 (Aguilar-Curry) and SB 4 (Gonzalez) of that year, the authorization for the CASF program was extended until 2032 as well as the authority for the CPUC to collect up to \$150 million per year to fund the program. The program is funded through end-user surcharges on telephone access lines, the specific amount of which is set by the CPUC. As of August, the surcharge rate set by the CPUC is \$0.22 cents per access line per month¹.

The CASF program consists of several subaccounts, including the Consortia Account. The other accounts are the Broadband Infrastructure Grant Account, Broadband Public Housing Account, Broadband Adoption Account, and Federal Funding Account. Annually, the CPUC sets the budget for each of the subaccounts under its own discretion. For Fiscal Year 2025-2026 the CPUC adopted a resolution establishing the Consortia Account budget as \$9.818 million, which is about 7% of the total allocation for the entire program². Notably, the budget for the Consortia Account has increased in recent years, which in turn has led to reductions in other subaccounts as the total amount of funding for the program has a statutory cap.

- 2) *The Consortia's changing scope of work over the years.* An eligible consortium (including Regional Tribal Consortium) that can apply for Consortia Account funds may include representatives of organizations including, but not limited to: local and regional governments, tribal governments, healthcare, libraries, postsecondary education institutions, and other community-based organizations. Under existing law, the Consortia Account exists for the narrow purpose of facilitating deployment of broadband infrastructure by assisting infrastructure grant applicants within their regions. However, when the Consortia Account was first established in 2010 it had a broader scope of work beyond just infrastructure-grant related work. The initial statutes and program rules authorized Consortia Account grantees to engage in broadband adoption related work, similar to as proposed by this bill³. For example, the broadband adoption work previously authorized by the CPUC would have included tasks such as projects to increase public awareness about broadband services available in a region, projects to increase subscribership in undersubscribed areas, and working with local governments and anchor institutions (such as libraries) to increase access to broadband. Over time and due to subsequent legislation, the CPUC was required to change the rules of the program to narrow the scope of work for the Consortia Account. This bill, in part, proposes to once again expand the scope of authorized work of the Consortia Account to include broadband adoption related activities.
- 3) *Overlap with CASF Adoption Account.* While on one hand this bill can be viewed as a return to previous practice, it also raises questions about potential program overlap and mission creep, specifically with the goals and purpose of the CASF Adoption Account. Pursuant to

¹ The CPUC currently uses a flat-rate methodology to impose surcharges on telephone lines. The flat rate funds six different public purpose programs including CASF and Lifeline. The \$0.22-cent estimate is only the amount attributable to CASF.

² California Public Utilities Commission. Resolution T-17884, adopted June 26, 2025.
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M571/K989/571989999.PDF>

³ California Public Utilities Commission. Decision D. 11-07-034, adopted July 21, 2011.

existing law moneys in the CASF Adoption Account are available to award grants to increase publicly available or after-school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption. While this work of the Adoption Account is still considered broadband adoption work, it is different than the type of adoption work a Consortia Account grantee would likely be focused on. Nonetheless, to avoid potential overlap of roles and to ensure the Consortia Account also remains focused on development infrastructure availability, the author may wish to amend this bill to specify that the Consortia Account is still primarily intended to focus on infrastructure-related work. In the course of that work however, it is still advisable to take a holistic view of the activities that are necessary to close the digital divide, and therefore authorizing a Consortia Account grantee to engage in adoption related work would be reasonable.

- 4) *This bill changes auditing and reimbursement procedures for consortia.* Under existing law, a Consortia grantee is required to conduct an annual audit of program funds and submit to the CPUC an annual report with specified information. This bill proposes to strike the annual auditing requirement, and also significantly change the annual report. Whereas the current work plan is directly related to the number of infrastructure grants that were assisted, under the requirements proposed by this bill the annual report would be based on a work plan that includes that grantees expanded duties. As proposed, a Consortia grantee would be required to include independently audited financial statements, and information related to low-income households assisted in obtaining internet service. The expanded annual work plan envisioned under this bill is reasonable given the expanded scope of work a consortium is likely to undertake.

On auditing requirements, although this bill does strike a requirement for annual audits in the Consortia Account program, it does not strictly reduce the internal financial controls for Consortia grantees or the ability of the CPUC to conduct audits if they are necessary. For example, some of the current consortia grantees are non-profit entities that already are subject to full independent financial audits. Nonetheless, some Consortia grantees have had to obtain secondary audits to satisfy the Consortia Account auditing requirement. Lastly and importantly, under existing law the Commission staff have the authority to review and audit CPUC programs and grantees, including by contracting with outside entities if the commission's own auditing services are not available. This bill does not change that general authorization, nor would that be appropriate.

- 5) *This bill sets a statutory floor for consortia funding.* Existing law authorizes the CPUC to collect up to \$150 million for the CASF program generally. Existing law does not specify a particular level of funding for the Consortia Account, or any other subaccount of the CASF. Instead, the CPUC has adopted rules that specify the maximum grant amount of \$200,000 per Consortium, and annually adopts a budget to allocate funding for all the subaccounts. For Fiscal year 2025-2026 the CPUC adopted a resolution establishing the Consortia Account budget as \$9.818 million, which is about 7% of the total allocation for the entire program. Notably the funding for the Consortia Account has increased recently, which in turn reduces the funding available for the other subaccounts.

This bill proposes to codify a requirement that each consortium grant is no less than \$200,000, but not to exceed \$500,000. Presumably, there will be a number of Consortium whose grants increase in size as a result of this bill. As a result, the Consortia Account is

likely to increase its share of the total amount of available funding and leave less funding available for other subaccounts, including infrastructure grants. Going forward, especially following a fuller fiscal analysis, the author may wish to consider whether the minimum funding levels in this bill are reasonable and aligned with the primary goal of CASF, which is building infrastructure in unserved areas of the state.

6) *Similar/related legislation.*

- a. SB 156 (Committee on Budget and Fiscal Review, Statutes of 2021), made various changes to the CASF program and accounts.
- b. AB 1665 (E. Garcia. et al., Statutes of 2017) reauthorized the CASF program and authorized an additional \$10 million Consortia Grant Account funding.
- c. SB 1040 (Padilla, Statutes of 2010) established the Consortia Grant Account and authorized \$10 million funding to "fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission.

7) *Committee amendments.* The Chair recommends the following amendments:

- a. Revise Public Utilities Code §281 (g)(1)(A), relating to the scope of work for the Consortia Account, to specify that the purpose of the account is to primarily facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. Additionally, authorize a Consortia grantee to undertake activities that promote broadband adoption in infrastructure grant areas and areas where infrastructure upgrades have been ordered by the CPUC through public benefit agreements from corporate consolidations.

REGISTERED SUPPORT / OPPOSITION:

Support

Broadband Consortium Pacific Coast
 California Emerging Technology Fund
 Central Coast Broadband Consortium
 Digital Equity Coalition
 Digital Navigators
 Digitallift
 Economic Development Collaborative, Ventura County
 Economic Development Collaborative-Ventura County
 Imperial Valley Economic Development Corporation
 Monterey Bay Economic Partnership
 Newstart Housing Corporation
 North Bay North Coast Broadband Consortium
 Oldtimers Housing Development Corporation
 Parent University
 Parent University Consortium
 Redwood Coast Connect Broadband Consortium

Rural Development Centers
Rural Prosperity Center
San Joaquin Valley Regional Broadband Consortium
Sierra Business Council
Southern Border Broadband Consortium
Tech Exchange
Technet
Valley Vision
Wiconduit

Opposition

None on File

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