

Date of Hearing: April 24, 2019

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Miguel Santiago, Chair

AB 1409 (Chau) – As Amended April 11, 2019

SUBJECT: California Teleconnect Fund Administrative Committee Fund: Digital Divide Grant Program: homework gap projects

SUMMARY: Authorizes the California Public Utilities Commission (CPUC) to award grants through the Digital Divide Grant Program for homework gap projects. Specifically, **this bill:**

- 1) Requires the Department of General Services (DGS) to timely deposit specified revenues into the Digital Divide Account, instead of upon appropriations by the Legislature, to be used only for digital divide pilot projects.
- 2) Authorizes grants from the Digital Divide Grant Program to be awarded to fund the use of broadband services funded, in whole or in part, through the California Teleconnect Fund Administrative Committee Fund for homework gap projects, to support universal service to schools, community colleges, libraries, hospitals, health clinics, and community organizations.
- 3) Authorizes grants from the Digital Divide Grant Program to be awarded to fund the installation of broadband, broadband service, equipment, administrative implementation, and maintenance for homework gap projects, to support universal service to schools, community colleges, libraries, hospitals, health clinics, and community organizations, whose broadband services are funded, in whole or in part, through the California Teleconnect Fund Administrative Committee Fund.
- 4) Expands the definition of “digital divide pilot projects” to also include community technology programs involved in activities that include, but are not limited to, supporting the goal of closing the digital divide, homework gap projects.
- 5) Defines “homework gap project” to mean a project that provides pupils in kindergarten or any of grades 1 to 12, inclusive, with after school access to broadband, such as Wi-Fi enabled school buses or school or library Wi-Fi hot spot lending.
- 6) Specifies that participation in the federal Universal Service E-rate program administered by the Schools and Libraries Division of the Universal Service Administrative Company or in the California Teleconnect Fund Administrative Committee Fund program shall not affect the eligibility of an entity to receive a grant pursuant to this subdivision.

EXISTING LAW:

- 1) Requires the CPUC to develop, implement, and administer a program to advance universal service by providing discounted rates to qualifying schools maintaining kindergarten or any of grades 1 to 12, inclusive, community colleges, libraries, hospitals, health clinics, and community organizations, as specified. (Public Utilities Code (PUC) Section 280)

- 2) Requires 15 percent of specified revenues collected from the leasing of department-managed and state-owned real property to a provider of wireless telecommunications services for location of its facilities, to be available, upon appropriation by the Legislature, for the purpose of addressing the state's digital divide. (PUC Section 280.5)
- 3) Requires the specified revenues to be deposited in the Digital Divide Account, which is hereby established in the California Teleconnect Fund Administrative Committee Fund, to be used only for digital divide pilot projects. Not more than five percent of the specified revenues may be used to pay the costs incurred in connection with the administration of digital divide pilot projects by the CPUC. (PUC Section 280.5)
- 4) Establishes the Digital Divide Grant Program subject to the availability of specified funding. The CPUC may not implement the grant program until the CPUC projects that at least \$500,000 will be available in the Digital Divide Account during the calendar year following implementation, as specified. (PUC Section 280.5)
- 5) Requires the CPUC to provide specified grants on a competitive basis subject to criteria to be established by the CPUC and in a way that disburses the funds widely, including urban and rural areas. Grants shall be awarded to community-based nonprofit organizations that are exempt from taxation, as specified, for the purpose of funding community technology programs. (PUC Section 280.5)
- 6) Defines "community technology programs," to mean a program that is engaged in diffusing technology in local communities and training local communities in the use of technology, especially local communities that otherwise would have no access or limited access to the Internet and other technologies, as specified. (PUC Section 280.5)
- 7) Defines "digital divide projects" to mean community technology programs involved in activities that include, but are not limited to, the following:
 - a) Providing open access to and opportunities for training in technology;
 - b) Developing content relevant to the interests and wants of the local community;
 - c) Preparing youth for opportunities in the new economy through multimedia training and skills; and,
 - d) Harnessing technology for e-government services. (PUC Section 280.5)
- 8) Requires any penalty assessed on a holder of a state franchise to provide video service, as specified, to be remitted to the local entity, which shall submit one-half of the penalty to the Digital Divide Account, as specified. (PUC Section 5900)

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

COMMENTS:

- 1) **Authors Statement:** According to the author, "Internet access is crucial to an education in today's increasingly digital world. Without broadband services at home, students struggle to

complete homework, creating what are known as Homework Gaps. Students may even resort to drastic measures such as doing their homework in fast food restaurant parking lots to access Wi-Fi. AB 1409 expands access to broadband services through the Digital Divide Grant Program, allowing schools, and other community organizations, to apply for funding for homework gap projects such as Wi-Fi enabled school buses or mobile hotspots.”

- 2) **Background:** The ‘Digital Divide’ generally refers to the gap that exist between demographics and regions of the State that have access to affordable and reliable broadband. For many, broadband has become a necessity as many Americans go online for work, education, entertainment, healthcare, and much more. According to a PPIC report, in 2017, 90 percent of California households used the internet and 74 percent had broadband subscriptions at home – up from 82 percent and 70 percent in 2013. Though internet usage and broadband access are at an all-time high, the digital divide still persist across major demographic groups and regions throughout the State, especially among low-income, less educated, and rural households.
- 3) **California Teleconnect Fund:** The California Teleconnect Fund (CTF) program is a universal service program created in 1996 to provide discounts to telecommunications services to qualifying institutions. CTF provides a 25 percent discount for voice services and a 50 percent discount for broadband services on select communications services to schools, libraries, hospitals and other non-profit organizations. As of December 2018, 505 libraries, 97 community colleges, 172 hospitals and clinics, 8,965 community based organizations, one telehealth network connecting approximately 300 rural sites to a network of medical service providers, and over 3,584 public and non-profit private schools participate in CTF. CTF is funded through surcharge on each customer’s phone bill for intrastate telecommunications services, including traditional wireline, Voice over Internet Protocol and wireless service phone bills. As of March 2019, the CTF surcharge is set at 0.78 percent.
- 4) **Homework Gap:** A combination of federal and state funding has helped California make tremendous progress in closing the digital divide at schools. The federal E-Rate program provides more than \$70 million to support internet connectivity in California school and libraries, and the State provides an additional \$48 million through CTF. However, obtaining internet access at home is still a challenge many families face. According to a PPIC report, in 2017, almost 16 percent of school-aged children had no internet connection at home and 27 percent had no broadband connection. Such trends again varied across major demographic groups and regions, with cost being the main barrier to obtaining broadband access.

The “homework gap” generally refers to the gap that exist between students who have reliable internet to do homework at home and those who do not. According to the Federal Communications Commission, nearly 70 percent of teachers assign homework that require broadband access. This includes submitting assignments, connecting with teachers and discussion groups, sharing documents, and providing access to parents to review student performance. For those students that do not have access to reliable internet at home, they are forced to find alternatives which often includes staying late at school or traveling to libraries to access free Wi-Fi. This puts such students at a disadvantage as they forced to spend time worrying about finding Wi-Fi before certain locations close or are left unable to complete their assignments at all.

- 5) **Digital Divide Account:** In 2003, the Legislature passed AB 855 (Firebaugh) Chapter 820, Statutes of 2003, which required 15 percent of new lease revenues from the placement of wireless telecommunications towers on state owned properties to be deposited into a newly created Digital Divide Account within the CTF Administrative Committee Fund, for the purposes of funding a “Digital Divide” grant program. AB 855 established the Digital Divide Grant Program and required the CPUC to provide grants to community-based nonprofit organizations for digital divide pilot projects.

However, AB 855 made implementation of the Digital Divide Grant Program contingent on the CPUC projecting that at least \$500,000 will be available in the Digital Divide Account. In 2004, AB 2172 (Levine) sought to appropriate funding to the Account, but it was held under submission in the Senate Appropriations Committee. According to the AB 2172 Senate Appropriations Committee analysis at the time; “Since enactment of AB 855, only five new DGS leases have been negotiated totaling \$1,590 in annual lease revenues.” Since then, the Digital Divide Grant Program has remained dormant as it is unclear if there are enough funds in the Digital Divide Account for the CPUC to implement the Program pursuant to AB 855.

This bill authorizes the CPUC to award grants through the Digital Divide Grant Program for homework gap projects. The bill defines homework gap projects to mean projects that provide students with after school access to broadband. Although it is unclear how much funds are currently in the Digital Divide Account, the bill requires DGS to timely deposit the specified revenue into the Account. The CPUC is currently seeking to get an update on lease revenues for the Digital Divide Account from DGS.

- 6) **Arguments in Support:** According to the Common Sense Kids Action, “We know that California’s students need access to computers and broadband – at school and at home – to thrive in our rapidly changing digital world. But even here in the home of the tech industry, a persistent ‘homework gap’ divides students who have home broadband access and those who do not, perpetuating existing education inequities [...] Closing this homework gap is key addressing digital equity and ensuring all California students, regardless of who they are or where they live, can take advantage of the educational opportunities technology provides. And while big picture solutions to ending the homework gap involve industry and changes at the federal level, California can act now with AB 1409 to ensure we fully use the tools we already have to address this inequity.”
- 7) **Prior Legislation:** SB 854 (Committee on Budget and Fiscal Review) of 2018 made various statutory changes to implement the 2018-19 Budget, including requiring any penalty assessed for specified violations by holders of a state franchise to provide video service to remit one half of the penalty to the Digital Divide Account. *Status: Chaptered by the Secretary of State, Chapter 51, Statutes of 2018.*

AB 1665 (E. Garcia) of 2017 provided an additional \$330 million to the California Advanced Services Fund to increase broadband deployment and adoption in unserved areas of the State. *Status: Chaptered by the Secretary of State – Chapter 851, Statutes of 2017.*

AB 2172 (Levine) of 2004 made numerous changes to statutes governing the leases and lease revenues of state-owned property, managed by DGS to wireless telecommunications providers as they relate to the “Digital Divide.” *Status: Held under Submission in the Senate Committee on Appropriations.*

AB 855 (Firebaugh) of 2003 required 15 percent of the revenues derived from new leases of state-owned property to wireless telecommunications providers be redirected from the General Fund to the Digital Divide Account, administered by the CPUC for the purpose of funding a “Digital Divide” grant program. *Status: Chaptered by the Secretary of State – Chapter 820, Statutes of 2003.*

REGISTERED SUPPORT / OPPOSITION:

Support

Common Sense Kids Action
Media Alliance
The Greenlining Institute

Opposition

None on file.

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