

Date of Hearing: April 28, 2021

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Miguel Santiago, Chair

AB 1425 (Gipson) – As Introduced February 19, 2021

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

**SUMMARY:** Dedicates funding to the Public Housing Account within the California Advanced Services Fund (CASF) to achieve connectivity for residents in publicly subsidized multiunit housing. Specifically, **this bill:**

- 1) Requires the California Public Utilities Commission (CPUC) to deposit \$25 million in the Public Housing Infrastructure Account for each year that the CASF is continued until the CPUC makes a formal finding that connectivity to all residents in publicly subsidized multiunit housing has been achieved.
- 2) Requires the CPUC to give preference to applications for complexes which lack installed broadband infrastructure access in at least one unit of the housing complex as of January 1, 2021, or, at least 20 percent of the residents in the complex lack internet service in their residence because it lacks infrastructure or is not affordable.
- 3) Defines connectivity, for a resident in a publicly subsidized multiunit housing complex, as the presence of all of the following conditions:
  - a) Actual installed broadband infrastructure access in a residential dwelling unit at a price affordable to the residents or the owner of the housing complex;
  - b) Ownership or ongoing possession of an appropriate computing device for the residents in the unit to connect to the internet that is capable of navigating the Internet; and,
  - c) Sufficient digital literacy proficiency to use the device and navigate the internet to send and receive digital messages, access and retrieve information and data, and generate and share content via the internet. For residents with children in school, an appropriate computing device shall be capable of supporting distance learning and enabling students to complete school assignments.

**EXISTING LAW:**

- 1) Establishes the CASF, which is administered by the CPUC to fund broadband infrastructure deployment in unserved areas through December 31, 2022. (Public Utilities Code § 281).
- 2) Establishes the Public Housing Account within the CASF to fund broadband infrastructure to public housing communities and adoption programs to increase access to and use of broadband services. (Public Utilities Code § 281(i))
- 3) Defines a publicly supported community as a publicly subsidized multifamily housing development that is wholly owned by either of the following:

- a) A public housing agency chartered by the state or by any local government in the state that is designated as a public housing agency by the United States Department of Housing and Urban Development (HUD), or
  - b) A nonprofit organization that has received public funding to finance the construction or maintenance of housing occupied by residents whose income meets federal low or very low income guidelines. (Public Utilities Code § 281(i)(1))
- 4) Specifies that a public housing community in “unserved” when at least one housing unit within the housing development is not offered broadband service. (Public Utilities Code § 281(i)(3))
  - 5) Limits the amount of funding the Public Housing Account may grant for infrastructure projects to \$20 million and limits the amount of funding the account may grant for adoption to \$5 million. (Public Utilities Code § 281(i)(3-4))
  - 6) Establishes eligibility limitations for infrastructure and adoption funding from the Public Housing Account, including restricting infrastructure grants to unserved public housing communities that can verify to the CPUC that the community has not denied a broadband provider access to a facility for which the community is seeking a grant. Existing law restricts adoption grants to public housing communities that have broadband infrastructure. (Public Utilities Code § 281(i)(3-4))
  - 7) Specifies that any Public Housing Account funds that have not been awarded by December 31, 2020, must be returned to the Broadband Infrastructure Grant Account within the CASF. (Public Utilities Code § 281(i)(7))

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

**BACKGROUND:**

*CASF* – The CASF is a universal service program created by the CPUC and statutorily established by the Legislature through SB 1193 (Padilla) Chapter 393, Statutes of 2008, to encourage the deployment of broadband services in unserved areas of the state. The program has seen several major revisions and have received additional funding since its inception, including in SB 1040 (Padilla) Chapter 317, Statutes of 2010; AB 1299 (Bradford) Chapter 507, Statutes of 2013; SB 740 (Padilla) Chapter 522, Statutes of 2013; and most recently in AB 1665 (E. Garcia) Chapter 851, Statutes of 2017. Since its inception \$645 million has been authorized for CASF.

The CASF is funded through a surcharge collected on all telecommunication end-users. As of February 2019, the CASF surcharge rate was set at 0.56 percent. CASF funding is allocated into four accounts:

Infrastructure Account – Authorized to collect \$565 million to fund capital costs of broadband infrastructure projects in unserved areas since its inception;

Consortia Account – Authorized to collect \$25 million to fund the cost of broadband deployment activities other than the capital cost of facilities since its inception;

Public Housing Account – Authorized to collect \$25 million to provide grants and loans dedicated to broadband access in publicly supported housing communities since its inception. The remaining funds were automatically scheduled to transfer back to the Infrastructure Account by December 31, 2020; and,

Adoption Account – Authorized to collect \$20 million to provide funding to increase publicly available or after-school broadband access and digital inclusion since its inception.

### CASF Awards and Expenditures in 2020

Table 1 details the CASF total grants, awards, and expenditures since inception in 2008 and in 2020.

**Table 1: CASF Awards and Expenditures**

CASF Account	Since 2008				In 2020		
	Total Budget Authorized	Total Awarded	Total Expenditure <sup>[1]</sup>	Total Grants	Total Grants	Total Awarded	Total Expenditure <sup>[2]</sup>
Infrastructure	\$565,000,000	\$254,893,316	\$163,522,436	87	11	\$37,471,711	\$26,328,323
Infra. Loan <sup>[3]</sup>	\$5,000,000	\$600,295	\$2,013,895	1	0	0	\$475,673
Infra. Line Extension	\$5,000,000	\$5,230	\$248,639	1	1	\$5,230	\$159,146
Consortia	\$25,000,000	\$18,192,472	\$14,205,656	45	2	\$900,000	\$1,533,066
Adoption	\$20,000,000	\$16,244,725	\$5,980,380	205	60	\$8,145,786	\$5,625,075
Pub. Housing	\$25,000,000	\$13,940,626	\$12,503,795	450	3	\$148,049	\$2,060,204
<b>Total</b>	<b>\$645,000,000</b>	<b>\$303,876,664</b>	<b>\$198,474,801</b>	<b>789</b>	<b>77</b>	<b>\$46,670,776</b>	<b>\$36,181,487</b>

*Status of the CASF Fund* – The Governor’s proposed budget for CASF estimates the projected fund balance at June 30, 2022 is \$99.4 M. This includes local assistance (awards) expenditures of \$72.6M per fiscal year 2020-21 and 2021-22. The \$99.4M is based on intrastate revenue projections and the increase in the CASF surcharge rate from 0.56% to 1.019% in December 2020 (see CPUC Resolution T-17709). The budget year revenue projection was increased from \$50.511M to \$61.972M, an increase of \$11.461M, and combined with the anticipated repayment of the \$60M loan from the general fund minus all the budgeted expenses.

For the CASF Infrastructure Account, the CPUC anticipates approximately \$170 million available for awards for the remainder of the program through 2022. This includes canceling Inyo Network’s Digital 299 project, \$30M in new grants approved in the current fiscal year thus far, and assumes the surcharge collection until December 2022 pursuant to CPUC Resolution T-17709). The funding is largely committed with \$494M in pending CASF applications.

### COMMENTS:

- 1) Author’s Statement. AB 1425 seeks to ensure that all low-income residents in publicly-subsidized housing have access to and can use high-speed internet / broadband services

<sup>[1]</sup> Total expenditures as of June 30, 2020, reflect Fiscal Year (FY) data, and include project disbursements and administrative expenses for each account. This does not include outstanding liabilities and award commitments (see Table 4).

<sup>[2]</sup> FY 2019-20 expenditures including project disbursements and administrative expenses for each account.

<sup>[3]</sup> AB 1665 eliminated the Infrastructure Revolving Loan Account and required the transfer of the remaining unencumbered moneys as of January 1, 2018, and moneys collected into the Broadband Infrastructure Grant Account.

sufficient to support distance learning, telehealth, and public safety to assist them in getting out of poverty. The digital divide disproportionately affects African Americans and Latinos, and even more so for African Americans and Latinos living in public housing. The majority of California residents in publicly-subsidized multi-unit housing complexes (owned by government housing authorities and non-profit housing organizations) are digitally-disadvantaged without 3 essential conditions to achieve Digital Equity: (1) Internet connectivity in their housing unit; (2) a computing device to meet their need; and (3) digital literacy proficiency to use the technology to save them time and money. Approximately 40% of all residential units in publicly-subsidized housing complexes are not connected today to the Internet although broadband infrastructure may exist in near proximity. And, most residents, especially students, lack a device appropriate for distance learning and telehealth. Neither the complex owners nor the residents can afford the costs of installing high-speed Internet infrastructure or the available reduced-cost service offers.

- 2) Public Housing Account Exhausted. Under existing law, the CASF includes funding for broadband infrastructure and adoption projects aimed at public housing communities; however, existing law also returned funds remaining in the Public Housing Account at the end of the 2020 calendar year to the CASF's Broadband Infrastructure Grant Account. The Public Housing Account's adoption funding was exhausted far ahead of the reversion of remaining infrastructure funds. Consequently, while the CASF is not scheduled to sunset until the end of the 2022 calendar year, the program does not currently have any remaining funds in the Public Housing Account dedicated solely to addressing adoption needs for public housing communities. Public housing communities remain eligible for adoption funding through the CASF's main broadband adoption account; however, in October 2020, the CPUC notified potential CASF broadband adoption applicants that limited funding was available for grant cycle that started in January 2021.
- 3) New Approach for Public Housing. The funding of broadband access is being discussed as part of broader discussions (AB 14, Aguiar Curry; SB 4, L. Gonzalez) to increase funding of the CASF and modify the program. The author opines that residents of public housing are the neediest of the needy necessitating direct program support to ensure connectivity for this population. The author reports that the majority of California residents in publicly-subsidized multi-unit housing complexes (owned by government housing authorities and non-profit housing organizations) are digitally-disadvantaged without three essential conditions to achieve digital equity: (1) Internet connectivity in their housing unit; (2) a computing device to meet their need; and (3) digital literacy proficiency to use the technology to save them time and money. This bill is intended to meet those needs by allocating \$25 million for calendar year 2022 and, if the CASF program is extended beyond its sunset, \$25 million every year until.

Approximately 40% of all residential units in publicly-subsidized housing complexes are not connected today to the Internet although broadband infrastructure may exist in near proximity. And, most residents, especially students, lack a device appropriate for distance learning and telehealth. Neither the complex owners nor the residents can afford the costs of installing high-speed Internet infrastructure or the available reduced-cost service offers.

- 4) CASF Extension. The author continues to have discussions with several groups and state representatives. There are several broadband bills moving through the Legislature this year

which set the foundation for a critical conversation about the funding of broadband deployment and connectivity in the state. Those discussions will likely affect the provisions of this bill.

- 5) Pending Legislation. SB 743 (Bradford) requires the CPUC to establish and administer a grant program to fund broadband adoption, digital literacy, and computer equipment for publicly supported communities contingent upon an appropriation by the Legislature. Status: Set for hearing in the Senate Committee on Utilities, Energy and Commerce April 26, 2021.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Emerging Technology Fund (sponsor)  
Bridge Housing Corporation  
California Housing Consortium  
Californiahealth+ Advocates  
City of Long Beach  
Eah Housing  
Eden Housing  
Housing Authority of The City of Los Angeles  
Human-i-t  
Media Alliance  
National Association of Social Workers, California Chapter  
Newstart Housing Corporation  
Oldtimers Housing Development Corporation

**Oppose Unless Amended**

California Cable & Telecommunications Association

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