

Date of Hearing:

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Sharon Quirk-Silva, Chair

HR 125 (Reyes) – As Introduced August 4, 2022

SUBJECT: Communications

SUMMARY: Urges the United States (U.S) Congress to pass and the President of the United States to sign, legislation dedicating a substantial portion of future spectrum auction proceeds to endow a mission-driven Digital Equity Foundation to make sustainable investments in digital literacy and inclusion. Specifically, **this bill:**

- 1) Urges the U.S. Congress to pass and the President of the U.S. to sign, legislation dedicating a substantial portion of future spectrum auction proceeds to endow a mission-driven Digital Equity Foundation.
- 2) Directs the Chief Clerk of the Assembly to transmit copies of this resolution to the President and Vice President of the U.S., the Speaker of the House of Representatives, the Majority Leader of the Senate, and to the author for appropriate distribution.
- 3) Includes various statements about digital redlining, broadband policy, digital equity, digital literacy, and the benefits of investment in addressing those topics.

EXISTING LAW:

- 1) Establishes the Federal Communications Commission (FCC). (47 U.S. Code § 151)
- 2) Establishes the policy of the United States that, insofar as technically and economically feasible, broadband internet subscribers should benefit from equal access to broadband internet service. (Infrastructure Investment and Jobs Act § 60506 – Public Law 117-58)
- 3) Establishes the Digital Equity Act, consisting of three grant programs that promote digital equity and inclusion. (Infrastructure Investment and Jobs Act § 60506 – Public Law 117-58)

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) *Author's Statement.* “More than one in five Americans still lack broadband internet at home, including millions with limited access. The pandemic has only highlighted and exacerbated a digital divide that disproportionately afflicts low-income, elderly, and Latino, Black, Indigenous and other people of color communities. HR 125 would urge the US Congress to pass and the President to sign legislation dedicating a portion of future spectrum auction revenue to endow a Digital Equity Foundation to make sustainable investments in digital literacy and inclusion. Digital inequities will continue to occur if we don't take proactive steps to resolve them. Digital equity will address critical needs and allow all Californians to fully participate in our society, democracy, and economy.”
- 2) *Digital Literacy and Digital Inclusion.* Digital literacy means having the skills you need to live, learn, and work in a society where communication and access to information is

increasingly through digital technologies like internet platforms, social media, and mobile devices. Digital inclusion means individual- and community-level access to robust broadband connections, Internet-enabled devices that meet their needs, and the skills to explore, create and collaborate in the digital world. Due to existing socioeconomic inequities in our society there exists a digital divide wherein certain communities lack access to computers, the internet, and the knowledge those resources may provide. By putting a public policy focus on digital literacy and digital inclusion, this resolution is part of a broader policy discussion happening at various levels of government and the private sector to address the digital divide.

- 3) *The FCC has raised billions from spectrum auctions.* Since 1994, the FCC has conducted auctions of licenses for electromagnetic spectrum for commercial users and for non-commercial users including state, county and local governments. This includes public safety, commercial and non-commercial fixed and mobile wireless services, broadcast television and radio, satellite and other services. In licensing the spectrum, the Commission promotes efficient and reliable access to the spectrum for a variety of innovative uses as well as promotes public safety and emergency response. According to the FCC, the spectrum auctions have earned more than \$210 billion in government revenue over the years.
- 4) *Spectrum auction authority expires soon.* The authority for the FCC to conduct spectrum auctions expires on September 30, 2022. Various organizations including technology companies, telecommunications companies, and consumer advocates are lobbying Congress to extend the FCC's auction authority given the massive amount of revenues generated from the auctions, estimated to be in the tens of billions. At this point, no particular legislation has been introduced in Congress to extend the FCC's authority. This resolution would encourage Congress to extend the FCC's spectrum auction authority, and invest a significant portion of the revenues in a foundation focused on digital literacy and digital inclusion. Historically, the FCC has used spectrum auction revenues for taxpayer relief, the FirstNet public safety communications network, and funding to the Department of Defense and other agencies.
- 5) *Public benefits through privatization.* The resolution urges Congress to endow a private foundation with significant public funding to make sustainable investments in digital literacy and inclusion. First, funding for digital literacy and digital inclusion are clearly laudable goals and is consistent with legislation this committee has recently supported, various state programs, and recently enacted federal programs. For example, pursuant to the Digital Equity Act Congress has allocated \$2.75 billion to establish three grant programs that promote digital equity and inclusion. The State of California also has dedicated ongoing revenue to digital literacy and digital inclusion through the California Advances Services Fund Adoption Account and Public Housing Account.

Where this resolution may diverge from typical practice, at least in California, is that it urges an approach to digital equity that involves investing spectrum auction revenue into a private foundation entrusted to administer the funds. Alternatives that Congress may also consider would be full public administration of the funding, such as the through the National Telecommunications and Information Administration, which oversees the \$3.75 billion Digital Equity Act programs. Congress could also allocate the funding to block grants to states, thus giving state Legislatures more direct power over spending the funds within their jurisdictions. The latter approach would be especially beneficial to California, given the state's focus on digital equity programs.

Although there may not be California specific examples of publicly funded private foundations in California, there are some similar models within the federal government. For example, various federal agencies - such as the Federal Drug Administration, the Centers for Disease Control, and the Department of Agriculture - have private foundations established by Congress to assist the federal agencies with advancing their missions. Those organizations also have certain reporting obligations to Congress, which welcome increased oversight. Nonetheless, those organizations were not established with billions of seed money and typically instead rely on collaborating with private companies to raise funds through mutually beneficial partnerships.

6) *Similar/related legislation.*

- a. AB 2750 (M. Bonta, 2022) would require the California Department of Technology (CDT) establish a digital equity plan by January 1, 2024. This bill specified the contents the plan must include and the stakeholder that must be consulted in the plan's development. The bill is currently pending in the Senate.
- b. AB 2751 (E. Garcia, 2022) would have required the California Department of Technology (CDT) to develop and establish the Net Equality Program to ensure the state only do business with an internet service provider (ISP) that offers affordable home internet service to eligible households. The bill failed passage in the Senate Committee on Governmental Organization.
- c. AB2753 (Reyes, 2022) would have established the Digital Equity Bill of Rights and required the CPUC to develop and adopt rules to facilitate equal access to broadband internet service. The bill was held in Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Alliance for Digital Equity
California Community Foundation Digital Equity Initiative
Common Sense
Media Alliance
Michelson Center for Public Policy
Michelson Philanthropies
Nextgen California

Opposition

None on file

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