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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Steven Bradford, Chair  
2023 - 2024 Regular**

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<b>Bill No:</b>	AB 2708	<b>Hearing Date:</b>	6/4/2024
<b>Author:</b>	Jim Patterson		
<b>Version:</b>	2/14/2024 Introduced		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Sarah Smith		

**SUBJECT:** Office of Broadband and Digital Literacy: reports

**DIGEST:** This bill expands annual reporting requirements for the California Department of Technology (CDT) Middle Mile Broadband Initiative (MMBI) to include specified information about the cost and estimated completion date of the MMBI.

**ANALYSIS:**

Existing law:

- 1) Establishes the Office of Broadband and Digital Literacy within CDT and requires the office to oversee contracts to construct a state-owned, open-access middle mile broadband network. (Government Code §11549.50 et seq.)
- 2) Establishes the Middle Mile Advisory Committee (MMAC) to monitor the construction and establishment of the MMBI. Existing law establishes the membership of the MMAC, which must include four ex-officio members of the Legislature. (Government Code §11549.58)
- 3) Requires CDT to annually submit a report to the Legislature containing the following information:
  - a) The total length of the MMBI.
  - b) The length of the MMBI constructed in the prior year, by quarter.
  - c) The number of last-mile service providers using the MMBI.
  - d) The number of households estimated to be served through the MMBI.
  - e) The total expenditures for the MMBI, by quarter.
  - f) The projected goals for MMBI over the 18 months following the report. (Government Code §11549.58 (f))
- 4) Requires CDT to update a map of the MMBI on the CDT's website to provide specified information about leased, built, and jointly built segments of the

MMBI within 60 days of executing a contract for those leases and construction projects. (Government Code §11549.58 (g))

This bill adds the following information to the data that must be reported in CDT's annual MMBI legislative report:

- a) The total cost to complete the MMBI.
- b) The total available funding for the MMBI.
- c) The projected completion date for the MMBI.

## Background

*Transparency remains an issue for the Middle Mile project.* In 2021, the Legislature approved historic investments in broadband infrastructure through the passage of the Budget and SB 156 (Skinner, Chapter 112, Statutes of 2021). These measures invested a total of \$6 billion in broadband infrastructure and allocated these funds for the following purposes:

- \$3.25 billion to CDT to oversee the creation of a state-owned middle mile broadband network, also known as the MMBI.
- \$2 billion for the California Public Utilities Commission (CPUC) to fund last mile broadband infrastructure in rural and urban unserved and underserved communities.
- \$750 million for the creation of a loan-loss fund at the CPUC to enable local governments and non-profits in financing broadband service projects.

At the time the Legislature passed SB 156, the creation of the MMBI was intended to address the extent to which insufficient access to middle mile broadband infrastructure limited last mile providers' ability to deploy infrastructure to consumers at sustainable prices and speeds. Since the passage of SB 156, CDT has substantially increased the size and cost of the MMBI; the estimated size and cost of the project has increased from 6,000 miles for \$3.25 billion to an estimated 10,500 miles for \$5.3 billion.

In response to concerns about the shifting scope and cost of the MMBI, the Senate Energy, Utilities and Communications Committee held an oversight hearing on March 7, 2024, to discuss the status of CDT's implementation efforts and the status of state and federal monies appropriated for the MMBI. Since this oversight hearing, CDT has stated that it has entered into contracts to lease, purchase, and jointly build much of the MMBI. However, it remains unclear what remaining portions of the MMBI can be constructed with existing funds, which segments will

be constructed, and when portions of the MMBI will be available for last mile providers to interconnect.

*Recent budget measures have increased reporting requirements.* This bill would expand annual reporting requirements established under SB 156. Since the passage of SB 156, the Legislature has established more extensive reporting requirements for the MMBI; however, CDT's compliance with those new requirements has not been consistent. SB 156 established a MMAC to oversee CDT's efforts to establish the MMBI. The legislation also established annual reporting requirements for CDT on MMBI activities. However, Legislative oversight hearings indicated that existing annual reporting did not provide sufficiently detailed information about MMBI operations and planning to ensure that the Legislature can conduct meaningful oversight. As a result, the Legislature has passed several measures that expanded CDT's reporting requirements, including requiring specific data about funding encumbrances and expenditures on a biannual basis. Pursuant to Budget Bill Language in SB 102 (Ting, Chapter 38, Statutes of 2023), CDT was required to submit its first of these biannual reports in March 2024; however, CDT has not submitted a report that clearly responds to this statutory requirement and includes the full information at the level of detail required under SB 102. While this bill reinforces the need for more transparency and oversight of MMBI activities and expands annual reporting duties, the additional reporting required by this bill may only be meaningful if CDT consistently complies with the reporting requirements in a manner that reflects the statutory language.

### **Prior/Related Legislation**

AB 102 (Ting, Chapter 38, Statutes of 2023) enacted various changes to implement the Budget Act of 2023, including establishing biannual reporting legislative reporting requirements for the MMBI.

AB 127 (Committee on Budget, Chapter 45, Statutes of 2023) among other provisions related to the Budget Act, the bill required CDT to update the MMBI map on its website to identify MMBI segments leased, built, or jointly built for each contract establishing those leases and construction projects. The bill required CDT to update this map within 60 days of executing any contract for leases, builds, or joint builds.

SB 156 (Skinner, Chapter 112, Statutes of 2021) established the Office of Broadband and Digital Literacy within CDT, required CDT to oversee the construction of the state-owned MMBI, and established oversight and reporting

requirements, including the creation of the MMAC and annual legislative reporting.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:**

None received

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

AB 2708 focuses on the oversight and efficient management of California's statewide open-access middle-mile broadband network. The bill introduces key provisions to enhance coordination, reporting, and transparency in the network's development.

**-- END --**