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

**Senator Josh Becker, Chair  
2025 - 2026 Regular**

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<b>Bill No:</b>	SB 716	<b>Hearing Date:</b>	4/29/2025
<b>Author:</b>	Durazo		
<b>Version:</b>	4/21/2025 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Sarah Smith		

**SUBJECT:** California Home Internet LifeLine Act of 2025

**DIGEST:** This bill requires the California Public Utilities Commission (CPUC) to establish the Universal Lifeline Home Internet Service Program, to subsidize home internet service for eligible households. This bill also redirects unspent funds from other universal service programs to the Universal Lifeline Home Internet Service Program and requires the CPUC to establish a surcharge on phone lines to fund the Universal Lifeline Home Internet Service Program.

**ANALYSIS:**

Existing law:

- 1) Establishes the following Universal Service Funds at the CPUC to support the state's universal telecommunications service goals:
  - a) California High Cost Fund – A
  - b) California High Cost Fund – B
  - c) The Universal Lifeline Telephone Service Trust Administrative Committee Fund
  - d) Deaf and Disabled Telecommunications Program
  - e) California Teleconnect Fund
  - f) California Advanced Services Fund (Public Utilities Code §270)
- 2) Separately establishes each of the Universal Service Funds and requires revenues collected for each fund to be deposited into their respective accounts based on a schedule specified by the CPUC. Existing law clarifies that moneys collected for each of the universal service programs can only be used to fund the program for which those moneys were collected. Existing law prohibits the use of moneys collected for any universal service program for any purpose other than the program for which the funds were collected and the administrative costs of that program. (Public Utilities Code §§275, 276, 277, 278, 280, 281)

- 3) Establishes the basis for which the CPUC must assess telecommunication surcharges that fund universal service programs. Under existing law, these surcharges apply to both traditional telephone lines and Voice over Internet Protocol (VoIP) counted as 9-1-1 access lines, as specified. (Public Utilities Code §285)
- 4) Requires the CPUC to designate a class of Lifeline service necessary to meet minimum communications needs and set rates and eligibility criteria for that service. Existing law establishes requirements for setting Lifeline telephone rates. (Public Utilities Code §§873, 874, 877, 879)
- 5) Existing law permits only one Lifeline subscription per household and defines a household as any group of individuals, including the subscriber, who are living together at the same address and as one economic unit. A household may include related and unrelated persons. If an adult has no, or minimal, income and lives with someone who provides financial support to that adult, both persons shall be part of the same household. A child under 18 years of age and living with a parent or guardian shall be part of the same household as the parent or guardian. Existing law allows multiple Lifeline subscriptions at the same address if those subscribers are not part of the same household. (Public Utilities Code §878)

This bill:

- 1) Replaces existing law establishing the CPUC's surcharge authority for the Universal Telephone Service program with requirements for establishing a surcharge to subsidize eligible households' monthly home internet service plans under this bill's Universal Lifeline Home Internet Services program.
- 2) Requires the CPUC to assess a new surcharge on telephone and VoIP access lines to fund the Universal Lifeline Home Internet Services program established by this bill. This bill authorizes the CPUC to determine the amount of the surcharge assessed by this bill and expands the Universal Services Funds to include the Universal Lifeline Home Internet Services Fund for the purposes of collecting revenues from the surcharge established by this bill.
- 3) Requires the CPUC to transfer any moneys remaining in all other Universal Service Funds above the amount allocated to these programs as of March 1, 2025, to the Universal Lifeline Home Internet Services Fund. This bill prohibits the CPUC from transferring any moneys in the Universal Lifeline Home Internet Services Fund to any other account. This bill authorizes the Legislature to appropriate General Funds to the Universal Lifeline Home

Internet Services Fund. This bill also specifies information the CPUC must annually submit when requesting funding in the annual Budget Act for the Universal Lifeline Home Internet Services program.

- 4) Establishes a process by which the CPUC may suspend the Universal Lifeline Home Internet Services Program after determining that a comparable federal program would meet the needs of potential subscribers. Upon approving a suspension of the Lifeline Home Internet Services program, this bill requires the CPUC to continue to operate the state program until all available funds are exhausted.
- 5) Establishes the Universal Lifeline Home Internet Services Committee, consisting of at least 15 members, including representatives from specified state agencies, any agency deemed relevant by the CPUC, specified telecommunications stakeholders and consumer advocates. This bill specifies that a major internet service provider (ISP) association can only sit on the committee if the two largest members of the association are Lifeline internet providers that receive the subsidy established by this bill. This bill also specifies that the committee must include five individuals knowledgeable about the needs and delivery of telephone and broadband home internet access services to low-income households. This bill requires the Universal Lifeline Home Internet Services Committee to review the CPUC's rules regarding enrollment in the Universal Lifeline Home Internet Services program and make a specified finding regarding the extent to which rules adopted by the CPUC achieve certain streamlining goals. Authorizes the use of surcharge revenue resulting from this bill to fund the costs associated with the Universal Lifeline Home Internet Services Committee.
- 6) Requires the CPUC to adopt rules by December 31, 2026, to create the new Universal Lifeline Home Internet Services Program and requires the CPUC to implement the Universal Lifeline Home Internet Services Program by July 1, 2027.
- 7) Requires the CPUC to do all the following when adopting rules for the Universal Lifeline Home Internet Services Program:
  - a) Consider costs of a variety of ISPs.
  - b) Combine the federal Lifeline program subsidy with the Universal Lifeline Home Internet Services subsidy where appropriate.
  - c) Adopt annual enrollment goals. This bill requires the CPUC to adopt a goal of enrolling no less than 90% of all eligible households in the internet subsidy established by this bill by December 31, 2032.

- d) Enable households to obtain both a Lifeline internet subsidy under this bill and a Lifeline telephone subsidy under existing law.
  - e) Prohibit the use of social security numbers and credit checks for enrollment in the Lifeline subsidy program created by this bill.
  - f) Prohibit participating ISPs from imposing a waiting period for enrollment.
  - g) Establish a \$20 subsidy for home internet service for each eligible household per month. This bill specifies that each eligible household shall not pay more than \$10 for their monthly internet plan after applying the subsidy established by this bill. This bill allows the CPUC to increase the monthly internet subsidy established by this bill twice each year.
  - h) Streamline program rules to increase program participation.
  - i) Require ISPs to notify all eligible households about the internet subsidy program established by this bill.
  - j) Prohibit upselling of higher priced internet plans.
  - k) Establish a process preventing an ISP from terminating service for a program participant who fails to pay for services unless the ISP takes certain steps, including enrolling the participant in a more affordable monthly plan, taking certain steps to contact the participant multiple times, and allowing the participant to miss a specified number of monthly payments. This bill specifies that an ISP bears the financial risk of enrolling an eligible household in a home internet service plan that the eligible household cannot afford if a participant fails to make monthly payments.
- 8) Sets the minimum speed threshold for subsidy-eligible ISP plans at 100 megabits per second (Mbps) downstream and 20 Mbps upstream, or the highest speed offered at the customer's address. This bill authorizes the CPUC to adjust this speed threshold after July 1, 2030.
- 9) Requires each ISP participating in the Universal Lifeline Home Internet Services Program to file an advice letter at the CPUC that includes specified information about how the ISP will comply with various program requirements. This bill specifies that this information must include the ISP's revenue requirements for participating in the program and information about participants' monthly plans subscriptions. This bill requires ISPs to submit this data in a manner that would enable the public to determine costs paid by households for various ISP monthly plans.
- 10) Defines a household eligible for this bill's subsidy as a household in which at least one resident of the household is enrolled in a qualified public assistance program. This bill specifies various federal and state programs that constitute a "public assistance program" under this bill, including, but not limited to the California Alternative Rates for Energy (CARE) program, Pell grants, and

other persons receiving income-based financial aid for postsecondary education.

- 11) Requires the CPUC to develop and implement a specified outreach program to contact all households eligible for the subsidy established by this bill. This bill requires the CPUC to allocate up to \$20 million of this bill's surcharge revenues for a media campaign to increase awareness of this bill's subsidy program.
- 12) Requires the Department of Health Care Services and the Department of Social Services to notify all eligible households about available Lifeline program services, including targeting communications to households with incomes at or below 150% of the federal poverty level.
- 13) Requires the CPUC to annually report to the Legislature and the California Broadband Council, as specified. This bill requires the CPUC to assess and report on the impact of this bill on ratepayers by December 31, 2030. This bill sunsets these reporting requirements on January 1, 2034.

## Background

*The end of the Affordable Connectivity Program (ACP).* The Covid-19 pandemic underscored the extent to which the lack of broadband access impacts Californians' ability to access services. Multiple factors can limit consumers' ability to access broadband; however, multiple studies indicate that access to broadband infrastructure and the cost of internet service plans or data subscriptions are major drivers of access gaps. In 2021, Congress appropriated funding to the Federal Communication Commission (FCC) to help low-income consumers' access broadband services and devices during the ongoing pandemic. The FCC established the Emergency Broadband Benefit (EBB), which provided a \$50 discount for broadband services for eligible consumers. The passage of the Infrastructure, Investment and Jobs Act (IIJA) provided additional funds for the EBB and required the FCC to modify the program's rules. These changes resulted in the EBB's transition to the ACP in December 2021. The ACP provided a \$30 discount on monthly broadband service and a one-time \$100 discount for a broadband device for most eligible subscribers. Since the passage of the IIJA, Congress has not appropriated any additional funding for the ACP. As a result, the ACP ceased accepting applications on February 7, 2024, and the program ceased operation on June 1, 2024. As of February 2024, California had the greatest number of households enrolled in the ACP of any state; Over 2.9 million California households enrolled in the ACP.

According to the author, this bill is aimed at addressing affordability issues facing lower income Californians in the wake of the end of the federally-funded ACP. This bill seeks to establish a state-level program to fund monthly broadband service plans for eligible households using the ACP as a model. While the ACP was funded at the federal level using federal taxpayer moneys, this bill proposes to fund its subsidy using moneys from surcharges paid by telecommunications ratepayers.

*Status of the Universal Service Funds.* Under existing law, the CPUC administers six different programs that comprise the universal service programs. Each of these programs are separately established and have separate surcharge authorities and funds to collect those surcharge revenues. Each program addresses a different obstacle to achieving universal telecommunications service. The state's high cost funds help address telephone cost disparities between rural and urban customers, the California Advanced Services Fund (CASF) funds last-mile broadband infrastructure projects to address the extent to expand access to broadband-capable internet facilities. The Lifeline program helps ensure that low-income households have access to affordable telecommunications services. The Lifeline program has evolved from a program that only subsidized home telephone service to a program that also subsidizes wireless service for eligible households. In 2021, the Legislature passed a package of legislation that extended and modified several universal service programs. These bills updated the surcharge mechanism funding the Universal Service Funds to reduce cost-shifts to telephone customers and ensure that the funds remained solvent in the long-term. Since implementing the changes in these surcharges, each fund has collected a surplus. As of February 2025, the CPUC projected it would collect a surplus based on a \$1.11 surcharge for all Universal Service Fund programs. In response to this assessment, the CPUC adopted a resolution (T-17818) on April 3, 2025, lowering the surcharge for the Universal Service Funds to \$.90. Additionally, two of the funds are not collecting any surcharge revenues. Lowering new collections will enable the CPUC to spend down the surcharge over the course of several years without limiting program funding. This bill requires the CPUC to re-allocate surplus funds from all the existing universal service programs to the broadband subsidy program established by this bill. By requiring the CPUC to allocate funds that were considered surplus revenues as of March 1, 2025, it is unclear how this bill will impact the funding for other universal service programs that the CPUC currently intends to fund using the existing surplus. To the extent that reallocating the surplus moneys would leave existing Universal Service Funds with insufficient moneys, this bill may require the CPUC to rescind efforts to lower the Universal Service Fund charges and instead increase the surcharges.

*Bill's funding provisions are unclear and may impact other Universal Service Funds.* In addition to allocating existing surplus Universal Service Fund moneys for this bill's subsidy, this bill also replaces the CPUC's existing authority to establish a surcharge for the Lifeline telephone program with a surcharge to fund this bill's Lifeline internet program. While this bill replaces the surcharge authorization in Public Utilities Code §277, this bill does not fully eliminate the CPUC's duties for the Lifeline telephone program. Additionally, this bill authorizes the CPUC to provide homes that already have a Lifeline telephone subsidy with an additional monthly internet subsidy under this bill. This requirement implies that this bill intends to establish an internet subsidy that is in addition to the Lifeline telephone subsidy – not in lieu of that subsidy. However, it is unclear how the CPUC would provide both subsidies without sufficient surcharge authority for both programs.

This bill provides the CPUC with discretion to determine the surcharge needed to fund the program; however, this bill also requires the CPUC to provide a subsidy of at least \$20 per month for each subscription. If the program established by this has an enrollment rate similar to the ACP, the CPUC would need to increase the amount of surcharge revenue it collects from ratepayers by two to three times the current rate. However, this bill establishes broader eligibility guidelines than those of the ACP and includes new administrative functions funded through ratepayer moneys, increasing the possibility that the minimum surcharge could be higher.

*Lifeline is a voluntary program, and some of this bill's provisions could disincentivize ISP participation.* With the exception of requirements included in CPUC-approved merger agreements, telecommunications providers can generally choose whether to participate in the Lifeline program. This bill also makes participation in the bill's internet subsidy program voluntary for ISPs; however, this bill includes several requirements that may limit the extent to which ISPs will participate in this bill's program. This bill explicitly makes ISPs responsible for bearing the cost from program participants who fail to pay their monthly bills. This bill also creates a specified process ISPs must take before terminating a program participant's service for non-payment. Under this bill, an ISP could be required to continue providing services to a non-paying program participant for at least four months before the ISP can terminate the customer's service. This bill also requires participating ISPs to file specified advice letters at the CPUC that would include the ISP's revenue requirements, a plan for notifying all eligible households in their service territory about this bill's internet subsidy, and specific data about households' internet costs. Revenue requirements are not typically disclosed to the CPUC outside rate-setting proceedings, and ISPs are not currently rate-regulated by the CPUC. It is not clear that it is feasible for ISPs to identify all households in their respective footprints that are eligible for this bill's subsidy

program because the ISPs generally do not have access to household income information. Additionally, customers' telecommunications bills are generally considered confidential unless the customer expressly authorizes the telecommunications provider to disclose customer-specific data. To the extent that ISPs do not participate in the program, consumers may not be able to use this bill's subsidy.

*Bill's framework for suspending its subsidy underscores uncertainty of federal funds.* Provisions of this bill require the CPUC to establish a process for suspending the operation of the subsidy established by this bill in the event that a federal program is created that would provide similar benefits. These suspension provisions appear to anticipate the possibility that either Congress or the FCC could establish a successor program to the ACP at the federal level. Several members of congress have authored legislation to re-establish the ACP with federal monies. During the Biden Administration, multiple stakeholders requested that the FCC take steps to use its authority to establish federal Universal Service Fund subsidies to provide a funding source for a successor program to the ACP. However, in July 2024, a federal appeals court ruled that the FCC's surcharge mechanism was unconstitutional. The FCC appealed this case to the United States Supreme Court, which has already heard arguments in the case. If the Supreme Court upholds the FCC's surcharge authority, the FCC could consider re-establishing the ACP as a federal universal service program.

*Bill establishes new enrollment goals that may be unrealistic.* This bill establishes a subsidy program for broadband service plans by borrowing many elements of the existing Lifeline program, including the current Lifeline program's surcharge. However, this bill also requires the CPUC to establish a goal of enrolling 90% of eligible households; however, it is not clear that the program can reach that goal. The ACP reached about 50% enrollment at its peak, and California Lifeline's enrollment rate has historically remained around 38%. While many of the eligibility requirements for this bill mirror those of the existing Lifeline program, this bill also makes any household with at least one person receiving income-based financial aid for college or graduate education eligible for internet subsidies under this bill. Many, if not most, student financial assistance and loans are income-based. This bill could potentially make any household with student loan debt eligible for this bill's internet subsidy, regardless of the household's income. As a result, this bill could substantially expand the number of households eligible for this subsidy, increasing the challenges of meeting this bill's enrollment goals.

*Bill's outreach requirements may be too proscriptive and could exacerbate ratepayer concerns.* This bill also requires the CPUC to establish a proscribed outreach program and to allocate a portion of this bill's surcharge revenue to a



media campaign to increase awareness of the program. This bill also establishes a new administrative committee consisting of a variety of state agencies and stakeholders to review the CPUC's rules regarding enrollment processes and eligibility requirements. However, many of this committee's members are already intervenors that appear before the CPUC in proceedings regarding Lifeline and other telecommunications issues. This bill also requires any costs associated with this committee to be covered by ratepayer monies. In addition to expanding the CPUC's outreach and enrollment duties, this bill also requires the Department of Health Care Services and the Department of Social Services to conduct outreach for this bill's internet subsidy program. It is unclear if the surcharge revenues collected by the CPUC will cover costs of these other departments' outreach activities.

*Need for amendments.* As currently drafted, this bill's surcharge provisions are unclear, could impact other Universal Service Funds and could substantially increase ratepayer costs. Additionally, this bill establishes specific outreach and enrollment requirements that may be overly proscriptive, infeasible and could exacerbate ratepayer concerns. *To the extent that the author and committee wish to establish a subsidy for internet plans for low-income Californians without significantly increasing ratepayer costs, the author and committee may wish to amend this bill to do the following:*

- *Re-cast this bill's internet subsidy as part of the existing Lifeline program by specifying that ISP plans are eligible for the existing state Lifeline subsidy.*
- *Clarify that ISPs shall not be required to obtain an eligible telecommunications carrier (ETC) designation in order to obtain the state Lifeline subsidy.*
- *Require the CPUC to establish a process by which an existing regulated telephone corporation can obtain ETC designation for an affiliated ISP in order to combine state and federal Lifeline subsidies.*
- *Specify that an ISP plan is eligible to receive a Lifeline subsidy under this bill if it offers internet service at speeds of at least 100/20 Mbps for no more than \$30 per month.*
- *Authorize the CPUC to adjust the speed and monthly plan cost in areas of the state where ISPs are unable to offer plans at speeds of at least 100/20 Mbps for \$30, including areas of the state served by ISP affiliates of the small independent telephone corporations.*
- *Clarify that the CPUC shall not require a Lifeline subscriber to obtain a bundled voice and internet service in order to obtain the state Lifeline subsidy and authorize the CPUC to take steps to ensure that customers who use Lifeline subsidies for stand-alone internet service have sufficient access to voice services.*

**Prior/Related Legislation**

AB 1588 (Wilson) of 2024, would have required the CPUC to establish an expedited process by which an existing regulated telephone service provider that offers broadband services or has an affiliate that offers broadband services can become an ETC for the purposes of providing Lifeline services. The bill was held in the Senate Appropriations Committee.

SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) made various changes to update and extend the operation of the CASF to 2032, including updating the mechanism for collecting surcharges funding universal service programs to include VoIP lines.

SB 156 (Committee on Budget, Chapter 112, Statutes of 2021) implemented broadband infrastructure spending approved in the 2021 Budget Act. The bill established the Federal Funding Account within the CASF to fund broadband infrastructure projects using one-time funds. The bill made a number of changes to the CASF. The bill also required the CDT to oversee the construction of a state-owned, open access middle mile broadband network.

SB 394 (Hueso, Chapter 765, Statutes of 2021) modified the definition of a “household” for the purposes of the Lifeline program to conform California’s definition to the definition adopted by the FCC for the federal Lifeline program.

SB 704 (Bradford) of 2019, among other changes to Lifeline enrollment, the bill would have modified the definition of a “household” for the purposes of the Lifeline program. The bill also would have allowed the following persons to obtain a lifeline subscription without regard to the restriction on one subscription per household: (1) foster youth, (2) formerly incarcerated individuals, (3) members of a Native American tribe, (4) veterans, (5) individuals with limited hearing, (6) individuals with disabilities, or (7) a member of another vulnerable or disadvantaged group commonly presenting complex guardianship or household compositions that would benefit from inclusion in the lifeline program, as determined by the commission. The bill was vetoed.

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

**SUPPORT:**

California Emerging Technology Fund (Sponsor)  
Anza Electric Cooperative Inc.  
Broadband Consortium Pacific Coast

California Human Development  
Central Coast Broadband Consortium  
Central Valley Opportunity Center  
Digital Navigators  
digitalLift  
Economic Development Collaborative  
Energy Transition Collective  
First Day Foundation  
LA Cooperativa Campesina De California  
Los Amigos De LA Comunidad, Inc.  
Manchester Community Technologies  
Monterey Bay Economic Partnership  
Newstart Housing Corporation  
North Bay North Coast Broadband Consortium  
Oldtimers Housing Development Corporation  
Parent University  
Parent University Consortium  
Proteus Inc.  
Redwood Coast Connect Broadband Consortium  
Richmond Community Foundation  
Rural Development Centers  
Rural Prosperity Center  
Santa Barbara Foundation  
Sierra Business Council  
Sourcewise  
Southern Border Broadband Consortium  
The Center for Employment Development  
Valley Vision  
WiConduit  
Winning Strategies  
Yuda  
12 Individuals

**OPPOSITION:**

CalBroadband  
California Chamber of Commerce  
California Communications Association  
California Taxpayers Association  
CTIA  
USTelecom - The Broadband Association

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

Without reliable home internet, families face daily and compounding hardships. Students finish homework in parking lots where they can find free Wi-Fi. Patients miss telehealth appointments because their connection is unreliable or unaffordable. Job seekers struggle to apply for positions or attend virtual interviews. Basic tasks like managing finances, accessing public services, or helping children with schoolwork become exhausting burdens or fall out of reach entirely.

SB 716 proposes to close this affordability gap by establishing a permanent, state-level broadband affordability program within California's Lifeline framework. The bill ensures that eligible households can access reliable, high-speed internet at an affordable price, so that no Californian is excluded from participation in daily life and opportunity simply because of income or circumstance.

**ARGUMENTS IN OPPOSITION:** A coalition of business and telecommunications providers opposes this bill, arguing that the bill is too proscriptive, unnecessarily expands the CPUC's authority, and increases consumer costs. In opposition, these groups state:

SB 716 proposes to establish the Universal Lifeline Home Internet Services Fund, supported by a regressive per-line fee on telephone subscribers. However, the bill does not provide sufficient detail regarding the fee structure or projected financial impact. Without a clear funding plan, the proposal risks placing disproportionate financial burdens on middle income households, households just above the poverty line, and small businesses. This fund is estimated to need at least \$1.4 billion annually to cover the eligible population. Consumers of voice services cannot take on this liability on their landline and cell phone bills. At a time when policy makers are working to help with affordability for California citizens, this proposal would do the opposite.

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