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

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No:	AB 2279	Hearing Date:	6/24/2026
Author:	Gipson		
Version:	4/6/2026 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Smith		

SUBJECT: California Advanced Services Fund: Rural and Urban Regional Broadband Consortia Grant Account

DIGEST: This bill makes various modifications to the Rural and Urban Regional Broadband Consortia Grant Account within the California Advanced Services Fund (CASF). This bill requires the California Public Utilities Commission (CPUC) to provide each broadband consortium with a specified amount of annual funding, not to exceed \$500,000 per year. This bill also eliminates certain annual audit and financial reporting requirements for broadband consortia and establishes a new annual report to the CPUC.

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) Establishes the CASF for the purpose of providing funding for broadband infrastructure to unserved households. Existing law specifies that an “unserved household” is a home lacking broadband internet at speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream. Existing law also specifies that all CASF-funded infrastructure must provide broadband internet at speeds of at least 100/20 Mbps. (Public Utilities Code §281)

- 3) Authorizes the CPUC to set a surcharge on telecommunications lines in the state to fund the CASF. Existing law limits the amount of surcharge revenue the CPUC can collect for the CASF to \$150 million per year. (Public Utilities Code §281)
- 4) Establishes the following accounts within the CASF:
 - a) The Broadband Infrastructure Grant Account.
 - b) The Rural and Urban Regional Broadband Consortia Grant Account.
 - c) The Broadband Public Housing Account.
 - d) The Broadband Adoption Account.
 - e) The Federal Funding Account. (Public Utilities Code §281)
- 5) Specifies that all moneys in the CASF, including funding in the accounts within the CASF, are subject to Legislative appropriation. Existing law authorizes the CPUC to make recommendations to the Legislature regarding appropriations from the CASF and the accounts established within the CASF. (Public Utilities Code §281)
- 6) Specifies that moneys in the Rural and Urban Regional Broadband Consortia Grant Account are available for grants to the broadband consortia to support broadband deployment, broadband project development, and grant applications. Existing law facilitates deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. (Public Utilities Code §281)
- 7) Requires each consortium to conduct an annual audit of its expenditures for programs funded pursuant to this subdivision and submit an annual report to the CPUC that includes both of the following:
 - a) A description of activities completed during the prior year, how each activity promotes broadband deployment, and the cost associated with each activity.
 - b) The number of project applications supported. (Public Utilities Code §281)
- 8) Establishes requirements for advance payments for state grants and contracts between state agencies and nonprofits. Existing law requires state agencies to prioritize funding opportunities that serve disadvantaged, low-income, and under-resourced communities or organizations with modest reserves and potential cashflow problems. Existing law authorizes state agencies to provide up to 25% of a payment for a non-profit in advance if a non-profit meets certain requirements. Existing law authorizes a state agency to exceed this 25% cap on advance payments if the state agency determines that a project requires a larger

advance and the nonprofit provides sufficient justification and documentation for that larger advance to the state agency. (Government Code §11019.3)

This bill:

- 1) Modifies the role of the broadband consortia to clarify that the consortia may undertake activities promoting broadband adoption with geographic areas receiving federal or state broadband infrastructure and public housing grants on or after January 1, 2020, communities that received a local agency technical assistance grant, areas where broadband buildout occurs pursuant to merger terms approved by the CPUC.
- 2) Requires the CPUC to do the following regarding funding for the broadband consortia:
 - a) Allocate sufficient funds to the Rural and Urban Regional Broadband Consortia Account to provide multiyear grants to eligible consortia to convene stakeholders and implement each consortium's work plan.
 - b) Provide each consortium with an annual funding grant of at least \$200,000 but no more than \$500,000. This bill specifies that funding provided above \$200,000 must be based on the number of unserved locations, underserved locations, unconnected households, and low-income households in the region.
 - c) Provide each consortium with 25% of its annual grant amount up front and quarterly payments based on performance milestones in the consortium's work plan, which may include benchmarks within the consortium's reasonable control.
- 3) Deletes existing law requiring the consortia to conduct an annual audit of activities funded by ratepayer expenditures and a requirement for the consortia to annually report on the costs associated with each of their activities.
- 4) Requires each consortium to submit an annual report to the CPUC containing the following:
 - a) A description of activities performed by the consortium based on its work plan.
 - b) Public awareness activities about various broadband infrastructure and adoption programs and potential project applicants and applications assisted by the consortium.

- c) The number of low-income households obtaining affordable home internet service and digital literacy support by the consortium or any agency or stakeholder in the region.
 - d) An expenditure report based on the consortium's work plan.
 - e) Independently audited financial statements for the prior fiscal year or equivalent financial assurances approved by the CPUC.
- 5) Authorizes the CPUC to work with nonprofits about broadband deployment and adoption efforts in consortia work plans. This bill specifies that the CPUC shall pay a nonprofit for its assistance from the Rural and Urban Regional Broadband Consortia Account.

Background

Bill modifies the role of broadband consortia, but statutory requirements for the consortia remain unclear. Existing law establishes the Rural and Urban Regional Broadband Consortia Account and authorizes the CPUC to provide funding to the broadband consortia for activities supporting broadband deployment and adoption. Existing law does not establish specific duties for the broadband consortia; however, the CPUC has adopted various decisions setting goals and requirements for the consortia drawing funds from the Rural and Urban Regional Broadband Consortia Account. This bill expands the scope of activities the consortia may undertake regarding specific broadband programs; however, it does not explicitly require the consortia to perform certain actions for these programs. As a result, CPUC decisions will likely continue to govern most consortia duties.

Bill's funding provisions would cap the amount of funding consortia can receive in a year. This bill requires the CPUC to provide an annual funding grant for each consortium between \$200,000 and \$500,000. This bill also specifies that the annual funding amount above \$200,000 must be based on the number of households and locations that are unserved, underserved, unconnected, or low-income. These funding specifications may require the CPUC to reduce the funding amount in multiyear awards made to the broadband consortia in a single year. Existing law does not set a minimum or maximum amount of funding provided to the consortia. The CPUC and the Legislature allocate and appropriate funds for the CASF and accounts within the CASF using ratepayer surcharge revenue collected for the CASF. For the 2025-26 fiscal year, the CPUC has approved a \$9.8 million allocation to fund the CASF's broadband consortia account. On June 11, 2026, the CPUC issued a resolution (T-17919) providing \$3.4 million from the consortia account in grants to six broadband consortia for multi-year broadband deployment activities. This resolution provided five of the six consortia with a single multi-year award of \$600,000. While this funding may cover multiple years, these consortia

are receiving a grant above \$500,000 in a single year. Additionally, these consortia are not restricted from obtaining more single or multi-year awards under existing law. This bill would cap the funding amount the CPUC can approve for a consortium within a given year.

This bill may specifically limit the amount of funding a rural consortium can receive from the CPUC by requiring the CPUC to base annual funding above \$200,000 on the amount of location and households that are unserved, underserved, unconnected, or low-income. Since rural areas of the state are generally less densely populated, broadband consortia serving these areas would not be entitled to the same guaranteed funding provided to urban areas of the state.

Bill's advance payment provisions are inconsistent with the California Prompt Payment Act. In addition to establishing minimum funding requirements for broadband consortia, this bill also requires the CPUC to provide 25% of a broadband consortia's grant up-front. Existing law, the California Prompt Payment Act, establishes payment requirements for all state agencies, including the CPUC. The Act also authorizes state agencies to provide up to 25% of a payment for a non-profit in advance if a non-profit meets certain requirements. This bill would make advance payments to the broadband consortia mandatory instead of permissive as specified in the California Prompt Payment Act. This bill also does not require the broadband consortia to meet the criteria set for other nonprofits seeking advance payments from state agencies.

Bill may limit the CPUC's ability to effectively oversee the consortia's use of ratepayer funds. This bill removes provisions of existing law requiring the broadband consortia to conduct an annual audit and report specified information about its expenditures using ratepayer funds to the CPUC. This bill replaces these requirements with an annual reporting requirement that does not specifically require accounting for how ratepayer grants are spent. As a result, this bill may limit the CPUC's ability to ensure that ratepayer funds are used appropriately and in a manner that achieves the goals of the CASF. While the broadband consortia generally comply with state funding obligations, checks and balances on the consortia's use of ratepayer funds have raised concerns in the past. In 2018, the CPUC initiated an investigation of One Million New Internet Users Coalition following a report from the California State Auditor indicating that the organization had not accurately accounted for the use of ratepayer funds received from the CASF. The One Million New Internet Users Coalition was a non-profit operating as a broadband consortium for the Los Angeles area to provide broadband adoption services to unserved communities. The CPUC's investigation concluded that the consortium failed to provide those promised services and may have used ratepayer funds for services already paid for by other, private sector

funding sources. The consortium subsequently ceased operations, and a new Los Angeles broadband consortium formed to provide broadband adoption support.

Need for amendments. While this bill aims to provide the California Broadband Consortia with a guaranteed annual grant award, this bill's specified funding amounts and formula for establishing broadband consortia grants could limit annual funding for the consortia. The California Prompt Payment Act already establishes criteria for nonprofits to obtain advance payments from state agencies. This bill removes existing law requiring regular reports on the use of ratepayer funds and requires advance payments in a manner that may be inconsistent with effective fund oversight and existing obligations on other nonprofits. *For these reasons, the author and the committee may wish to amend this bill to do the following:*

- *Delete this bill's prescription of specific base funding allocations and funding formulas.*
- *Require annual reports submitted to the CPUC by the consortia to identify the cost of each activity undertaken by the consortium and how funds from the Rural and Urban Regional Broadband Consortia Grant Account were used for those costs.*

Prior/Related Legislation

SB 1366 (Rubio, 2026) requires the CPUC to annually report to the Legislature on compliance with the California Prompt Payment Act. The bill is currently pending in the Assembly Utilities and Energy Committee.

AB 127 (Committee on Budget, Chapter 45, Statutes of 2023) among other things, changes needed to implement the 2023 Budget Act, the bill required the CPUC to prioritize Public Housing Account applications from public housing facilities that have not yet received a grant from the Public Housing Account.

SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) revised and extended the CASF by increasing speed standards for CASF-funded infrastructure to 100/20 Mbps, expanded eligibility to communities that lack broadband service meeting federal standards, expanded local governments' eligibility for CASF grants, and extended CASF's operation and funding until 2032.

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, including expanding the types of organizations eligible for funding from the CASF. The bill also required the California Department of Technology to oversee the construction of a state-owned, open access middle mile broadband network.

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

SUPPORT:

California Emerging Technology Fund (Sponsor)
Broadband Consortium of the Pacific Coast
Central Coast Broadband Consortium
County of Marin
County of Santa Barbara
Digital Equity Coalition
Digital Navigators
digitalLIFT
Economic Development Collaborative, Ventura County
Monterey Bay Economic Partnership
Newstart Housing Corporation
North Bay North Coast Broadband Consortium
Oldtimers Housing Development Corporation
Parent University
Parent University Consortium
Redwood Coast Connect Broadband Consortium
Rural Development Centers
Rural Prosperity Center
San Joaquin Valley Regional Broadband Consortium
Sierra Business Council
Southern Border Broadband Consortium
Tech Exchange
Valley Vision

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

AB 2279 helps ensure that households most affected by the digital divide are aware of low-cost internet options and available assistance programs. Regional Broadband Consortia (RBCs) are trusted local partners with strong relationships

in rural and underserved communities. By supporting their outreach and coordination efforts, this bill strengthens the ability of RBCs to connect residents with critical broadband programs. Empowering these regional partners will help expand internet access and improve digital literacy for communities across rural California.

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