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

Senator Ben Hueso, Chair

2021 - 2022 Regular

Bill No:	SB 743	Hearing Date:	4/26/2021
Author:	Bradford		
Version:	4/19/2021 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Smith		

SUBJECT: Housing developments: broadband adoption: grant program

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to establish a new grant program to fund broadband adoption, digital literacy programs, and computer equipment at public housing communities.

ANALYSIS:

Existing law:

- 1) Establishes the California Advanced Services Fund (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 Broadband 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).
 - 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))

This bill:

- 1) 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 HUD.
 - 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.
- 2) Requires the CPUC to establish and administer a grant program to fund broadband adoption, digital literacy programs, and computer equipment at publicly supported communities.
- 3) Specifies that the following are eligible purposes for grants awarded to publicly supported communities:
 - a) One-time grants for computer equipment and the establishment of computer labs.
 - b) Ongoing funding for up to three years for broadband service and digital literacy programs.
- 4) Makes this bill's implementation contingent upon legislative appropriation for funding the grant program.

Background

The Income-Based Digital Divide. Certain communities are disproportionately impacted by a lack of broadband access. Recent research by the University of Southern California shows that rural communities, Spanish-speaking households, Californians with disabilities, and low-income communities experience some of the greatest broadband disparities. Multiple studies show that cost of internet service plans is a leading contributor to lack of broadband service. Low-income communities have historically suffered from a lack of market-based infrastructure investment, which also limits broadband access. While wireless internet may be available for some communities without fixed interconnected broadband service, the cost of wireless plans, wireless-enabled devices, and hotspots can also be a barrier for low-income communities. This bill seeks to establish a grant program to fund broadband adoption through projects that may cover the cost of computer equipment, the creation of computer labs, broadband service, and digital literacy programs for residents in publicly-supported housing communities.

This bill establishes a new broadband funding program substantially similar to the CASF's Public Housing Account. 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.

This bill would require the CPUC to administer a grant program established separately from the CASF Public Housing Account to fund broadband adoption, computer equipment, and digital literacy programs at public housing communities. This bill's definition of a public housing community is substantially similar to the definition for the CASF Public Housing Account. As a result, communities eligible for the Public Housing Account would likely also be eligible for grants under this bill.

Who Pays and Who is Served? While the CASF Public Housing Account and the grant program created under this bill would share a goal of funding projects that improve broadband access and adoption for residents in public housing

communities, the two programs would differ in their funding mechanisms and eligibility requirements. Under existing law, the CASF is funded through surcharges paid through consumers' phone bills. This bill's implementation is contingent upon the Legislature making an appropriation for its grant program; however, this bill is silent on the funding source for that appropriation. Existing law also restricts CASF Public Housing Account funding to unserved public housing communities and specifies that a community is unserved when at least one unit within the development is not offered broadband service. This bill does not establish a definition of unserved and served public housing communities, and the grant program that would be established by this bill would not be restricted to unserved communities.

Prior/Related Legislation

AB 1425 (Gipson, 2021) would re-establish the CASF's Broadband Public Housing Account. The bill also increases the minimum funding for the Public Housing Account and modifies the projects the CPUC must prioritize for grants from the Public Housing Account. The bill is pending in the Assembly.

AB 1665 (E. Garcia, Chapter 851, Statutes of 2017) made various changes to the CASF program, including requiring regional goals instead of a state goal for broadband adoption to target funding for broadband access to largely rural areas. The bill also established an adoption account to improve broadband adoption and set audit requirements for the program.

SB 745 (Hueso, Chapter 710, Statutes of 2016) extended from December 31, 2016, to December 31, 2020, the date that remaining funds from the Public Housing Account are transferred back to other accounts, and it limited eligibility to unserved public housing developments. The bill made additional changes, including modifying information required in the CPUC's annual CASF report to the Legislature.

AB 1299 (Bradford, Chapter 507, Statutes of 2013) established the Public Housing Account in the CASF to provide grants for broadband deployment and adoption in certain low-income publicly subsidized multifamily housing communities.

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

SUPPORT:

California Cable & Telecommunications Association, Sponsor
Boys & Girls Clubs-of Capistrano Valley
Boys & Girls Clubs of The Los Angeles Harbor
Casa de Amparo
Casa Familiar
City of Long Beach
Computers 2 Kids
Orange County Business Council
Parent Institute for Quality Education
San Diego Habitat for Humanity
Santa Barbara South Coast Chamber of Commerce
South Orange County Economic Coalition
Silicon Valley at Home
United Boys & Girls Clubs of Santa Barbara County
Urban League of San Diego County

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

The COVID-19 pandemic has exacerbated existing inequities in the ability of individuals and families to access the internet. Many low-income families, even in urban areas, have had little to no access to affordable, competitive home broadband service for years. This is particularly true in public housing projects. In response, SB 743 establishes a grant program. This grant program will award funds for broadband adoption, digital literacy, and computer equipment in public housing communities.

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