



May 18, 2021

Senator Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee
State Capitol, Room 5094
Sacramento, CA 95814

Assembly Member Phil Ting, Chair
Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

Re: Support for Broadband Funding Proposal

The California State Association of Counties, California Forward Action Fund, California Association of School Business Officials, California Hospital Association, Urban Counties of California, Rural County Representatives of California, California School Boards Association, and Small School Districts' Association are pleased to support the Governor's proposal for a one-time appropriation of \$7 billion to make a serious effort to help close the Digital Divide. With these funds and the additional financing sources they would leverage, California can once again be a leader in digital access.

Of the \$7 billion investment, we understand \$4 billion would construct a statewide open access middle mile network, \$2 billion would provide 100 Mbps fiber to locations currently without it through the CPUC's existing construction subsidy program (CASF), \$500 million would incentivize telephone providers of last resort to upgrade to broadband, and \$500 million would create a Loan Loss Reserve Account. Taken together, these proposals have the potential to transform the educational, economic, and quality-of-life landscape of our state by providing unconnected homes and businesses access to reliable broadband.

An open access middle mile network is the foundation for not only providing broadband to those currently without it, but also for improving the affordability, competitiveness, and reliability of internet service for all Californians. Currently, approximately 40 percent of Californians have either zero or one internet providers to choose from for 25 Mbps service. For

100 Mbps service, the percent of the population without choice rises dramatically. Broadband providers in areas without competition enjoy many of the benefits other utilities like electricity do, but without the regulations or the responsibilities for universal service that go with it, allowing them to maximize profits without regard to the needs of the community. An open access middle mile network would, first of all, reduce the cost of building to areas with no broadband access. Secondly, it would level the playing field and make it easier for other providers to enter markets that have only one option. In addition, it would provide infrastructure resilience the state needs in this era of escalating natural disasters, helping ensure access is still available should a proprietary network fail.

Bolstering the CASF program with a \$2 billion investment will provide the last-mile service needed in communities without broadband, or without broadband at speeds sufficient for school, remote work, government services, and entrepreneurship. Likewise, the \$500 million investments in a loan loss reserve fund and an incentive for providers of last resort will make possible investments by the people, governments, and providers that are already in the communities that need the service, giving them the ability to chart their own course.

We realize there are many calls on the one-time funds the state has and the federal funding recently established through the American Rescue Plan Act. However, investing in universal broadband access is the ideal use of one-time funds. These are largely one-time costs and would both improve lives in the short-term and increase the speed and size of the economic recovery, thereby producing medium- and long-term gains for all levels of government and the state's economy as a whole. Using the state's financial resources to expand broadband is a public good that is moral, equitable, and practical.

The broadband allocation will pay other dividends as well. It will help secure our fair share of federal funds for both deployment and adoption and accelerate broadband as a "green strategy" to help meet GHG emission reductions.

Committing \$7 billion to the broadband programs the Governor proposes will be by far the state's most serious effort yet to help close the Digital Divide. We urge your support of these critical investments in Californians and our collective future.