



Legislation Text

File #: 21-0906, **Version:** 1

Supervisor Hidahl recommending the Board approve and authorize the Chair to sign a letter to the Budget committees in both the CA State Senate and House in support of the Governor's proposed \$7 billion investment to expand broadband infrastructure.

DISCUSSION/BACKGROUND

As the Governor's Budget emphasized, universal access to high-speed Internet is critical to the state's economy, education, and basic health and well-being, and will be a key component of the state's long-term recovery. The pandemic has underscored the importance of making broadband accessible and affordable for educational, employment, and health purposes. The May Revision reflects the commitment stated in the Governor's Budget to develop equitable statewide access to high-speed broadband internet service, and proposes a \$7 billion investment over three years as part of a plan to: expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians.

Both access to infrastructure and affordability of broadband service are significant barriers to closing the digital divide and present a significant challenge. Today, approximately 83.4 percent of Californians are using broadband at any speed, but only 52.4 percent of Californians are using broadband at the modern benchmark speed of 100 Mbps. Service at speeds below 100 Mbps is not enough for households who are juggling the demands of distance learning, telework, and accessing health care on-line. These numbers are an indication of lack of access, lack of quality infrastructure, and lack of affordability. Rural communities are hit the hardest with 51.3 percent of rural households without any broadband networks offering service at 100 Mbps. Tribal lands are also disproportionately impacted with 28.4 percent of homes lacking this essential broadband infrastructure. Urban communities are also impacted. Almost half of households without access to service at 100 Mbps are located in urban areas.

The May Revision proposes to expand broadband infrastructure by utilizing a combination of federal ARPA funds and state funds to build out a critical statewide "middle-mile" network. The statewide network will incentivize providers to expand service to unserved and underserved areas by substantially reducing their upfront infrastructure costs, creating new opportunities for municipal fiber networks, and promoting affordability for consumers. This essential backbone infrastructure is a foundational step towards the entire state having access to broadband. Moreover, the generational investment will create tens of thousands of quality jobs to help the state's economy recover from the pandemic.

Existing providers find it too costly to serve many areas of the state, particularly in rural areas. The May Revision proposes to create a new \$500 million Loan Loss Reserve Account to assist local governments, tribes and non-profits to secure private financing for new municipal fiber networks. These last-mile networks require large upfront investments but the return to customers, communities, and California is significant.

The state already has programs to promote access to affordable telephone services in rural areas that are costlier to serve. The May Revision also proposes to provide \$500 million of one-time federal ARPA funds to entities serving these areas to expand their services to include broadband.

Lastly, the May Revision proposes to utilize one-time federal ARPA funds within the California Advanced Services Fund to incentivize existing and new providers to fund infrastructure for “last mile” service to the state’s remaining unserved households.