

Senator Alex Padilla

Fact Sheet



SB 1040 – PADILLA California Advanced Services Fund

Summary

This bill would increase funding for the California Advanced Services Fund (CASF) by an additional \$125 million over 5 years to support broadband deployment statewide and position California to maximize opportunities under the new National Broadband Plan.

Background

Broadband is the backbone of the 21st century digital economy. Broadband facilities enable high-speed Internet access, which is essential to virtually every aspect of modern life. People without broadband access have fewer economic opportunities and are unable to access online education, medical information, and vital government services.

According to the California Broadband Task Force Report, about 1.4 million Californians and 2,000 mostly rural communities have no access to broadband, and nearly 50 percent of Californians have only low-speed Internet access.

In 2007, the California Public Utilities Commission (CPUC) established, and SB 1193 (Padilla) codified, the CASF and authorized \$100 million to help fund deployment of broadband infrastructure. The program is funded by an all-end-user surcharge on intrastate telecommunications service.

After enactment of the American Reinvestment and Recovery Act (ARRA), the CPUC revised the CASF program to allow California applicants for ARRA broadband grants to utilize CASF grants to meet the matching funds requirement. In July 2009, AB 1555 (Perez) expanded CASF eligibility to any entity

applying for CASF funding in conjunction with an ARRA funding request.

As of February 25, 2010, the CPUC had approved CASF grants totaling \$87.11 million for 42 projects, covering 28,741 square miles and benefiting an estimated 294,857 households in unserved and underserved areas. Additional applications are pending from ARRA applicants, and more applications for additional CASF matching funds are expected after the federal government awards final ARRA grants in September.

According to analysis by the California Emerging Technology Foundation (CETF), 79% of CASF grants by dollars and 83% of households served by CASF projects were related to the work of regional consortia. The consortia, led by local leaders, facilitate regional collaboration that assists providers in data dissemination and gathering and demand aggregation necessary for cost-effective and successful grant applications.

On March 16, 2010, the Federal Communications Commission released the nation's first National Broadband Plan, which sets forth goals to get America "connected". The plan establishes a roadmap for the future of advanced telecommunications and designates broadband deployment and adoption as a national priority, with many recommendations for new funding. The plan recognized the CASF and CETF as examples of state leadership on broadband deployment.

Existing Law

Existing law established the CASF to provide grants for the capital costs of deploying broadband infrastructure in unserved and underserved communities in California. The CASF program originally authorized the CPUC to collect \$100 million from an all-end-user surcharge on

intrastate telecommunications services to be awarded as grants and established a sunset date of 2013.

This Bill

This bill would:

- authorize an additional \$125 million to be collected as a surcharge and be awarded over five years beginning with the 2010-11 fiscal year, thereby ensuring that the CASF can fund pending applications for ARRA matching grants and other projects to bring broadband to all corners of the state.
- create separate accounts within the CASF and authorize the additional \$125 million as follows:
 - \$100 million for grants to cover broadband infrastructure capital costs,
 - \$15 million for a Broadband Infrastructure Revolving Loan Account to provide another source of funding for the portion of broadband deployment capital costs not covered by a grant, and
 - \$10 million for a Rural and Urban Regional Broadband Consortia Grant Account to fund activities that help regions secure funding for broadband infrastructure.
- delete the sunset date so that the CPUC has continuing authority to provide cost reimbursement as project construction is completed, and to administer the revolving loans.
- go into immediate effect as an urgency measure in order to prevent disrupting the grant process and ensure matching funds are available for ARRA grant recipients.

- California Center for Rural Policy
- California Emerging Technology Fund
- California Grange
- California Library Association
- California Public Utilities Commission
- Central Coast Broadband Consortium
- Chico Economic Planning Corporation
- Communications Workers of America
- Del Norte County Board of Supervisors
- Frontier Communications
- Great Valley Center
- Humboldt Area Foundation
- Humboldt State University Office of the President
- MAAC Project
- Monterey County Board of Supervisors
- Northern California Small Business Development Center
- Praxis Associates Inc.
- Redwood Coast Rural Action
- San Diego Futures Foundation
- TechNet
- Tri-Agency Economic Development Authority
- United Way of Greater Los Angeles
- Valley Vision

(Rev. 4-28-10)

Support

- Amador-Tuolumne Community Action Agency
- Big Sur Community Emergency Response Team
- Big Sur Health Center