

ASSEMBLY THIRD READING

AB 2279 (Gipson)

As Amended April 6, 2026

Majority vote

SUMMARY

This bill revises the California Advanced Services Fund (CASF) program by expanding eligible uses of monies in the CASF Consortia Account (Consortia Account) and specifies amounts the California Public Utilities Commission (CPUC) is to allocate to eligible consortia.

Major Provisions

- 1) Authorizes the consortia to undertake activities that promote broadband adoption within any of the following: (a) infrastructure project areas that received grants from the CASF on or after January 1, 2020; (b) neighborhoods and communities identified by jurisdictions receiving local agency technical assistance grants; and (c) areas where construction of infrastructure deployment and upgrade investments are made, pursuant to public benefit agreements by parties to corporate consolidations approved by the CPUC.
- 2) Sets the minimum annual base funding Consortia Account grant per consortium at no less than \$200,000, plus an increased amount based on the number of unserved and underserved locations, unconnected households, and the number of low-income households in the region, but at no more than \$500,000 per consortium, per year.
- 3) Eliminates a requirement in current law that each consortium conduct an annual audit of programs funded by Consortia Account grants and, instead, modifies the content of the annual report current law requires each consortium submit to the CPUC.

COMMENTS

- 1) **CASF Program Background.** The CASF program was first established in 2008 pursuant to SB 1193 (Padilla, Chapter 393, Statutes of 2008). That legislation authorized the CPUC to develop, implement, and administer the CASF program to encourage the deployment of high-quality advanced services to all Californians in order to promote economic growth, job creation, and societal benefits. Most recently, pursuant to AB 14 (Aguiar-Curry) and SB 4 (Gonzalez) of 2021, the authorization for the CASF program was extended until 2032 as well as the authority for the CPUC to collect up to \$150 million per year to fund the program. The program is funded through end-user surcharges on telephone access lines, the specific amount of which is set by the CPUC. As of August, the surcharge rate set by the CPUC is \$0.22 cents per access line per month.

The CASF program consists of several subaccounts, including the Consortia Account, which is the subject of this bill. Under current law, the Consortia Account exists for the narrow purpose of facilitating deployment of broadband infrastructure by assisting infrastructure grant applicants within their regions.

- 2) *The Consortia's changing scope of work over the years.* An eligible consortium (including Regional Tribal Consortium) that can apply for Consortia Account funds may include representatives of organizations including, but not limited to: local and regional governments, tribal governments, healthcare, libraries, postsecondary education institutions,

and other community-based organizations. As was previously stated, under existing law, the Consortia Account exists for the narrow purpose of facilitating deployment of broadband infrastructure by assisting infrastructure grant applicants within their regions. However, when the Consortia Account was first established in 2010 it had a broader scope of work beyond just infrastructure-grant related work. The initial statutes and program rules authorized Consortia Account grantees to engage in broadband adoption related work, similar to as proposed by this bill. For example, the broadband adoption work previously authorized by the CPUC would have included tasks such as projects to increase public awareness about broadband services available in a region, projects to increase subscribership in undersubscribed areas, and working with local governments and anchor institutions (such as libraries) to increase access to broadband. Over time and due to subsequent legislation, the CPUC was required to change the rules of the program to narrow the scope of work for the Consortia Account. This bill, in part, proposes to once again expand the scope of authorized work of the Consortia Account to include broadband adoption related activities.

- 3) *This bill changes auditing and reimbursement procedures for consortia.* Under existing law, a Consortia grantee is required to conduct an annual audit of program funds and submit to the CPUC an annual report with specified information. This bill proposes to strike the annual auditing requirement, and also significantly change the annual report. Whereas the current work plan is directly related to the number of infrastructure grants that were assisted, under the requirements proposed by this bill the annual report would be based on a work plan that includes that grantees expanded duties. As proposed, a Consortia grantee would be required to include independently audited financial statements, and information related to low-income households assisted in obtaining internet service. The expanded annual work plan envisioned under this bill is reasonable given the expanded scope of work a consortium is likely to undertake.

On auditing requirements, although this bill does strike a requirement for annual audits in the Consortia Account program, it does not strictly reduce the internal financial controls for Consortia grantees or the ability of the CPUC to conduct audits if they are necessary. For example, some of the current consortia grantees are non-profit entities that already are subject to full independent financial audits. Nonetheless, some Consortia grantees have had to obtain secondary audits to satisfy the Consortia Account auditing requirement. Lastly and importantly, under existing law the Commission staff have the authority to review and audit CPUC programs and grantees, including by contracting with outside entities if the commission's own auditing services are not available. This bill does not change that general authorization, nor would that be appropriate.

- 4) *This bill sets a statutory floor for Consortia Account funding.* Existing law authorizes the CPUC to collect up to \$150 million for the CASF program generally. Existing law does not specify a particular level of funding for the Consortia Account, or any other subaccount of the CASF. Instead, the CPUC has adopted rules that specify the maximum grant amount of \$200,000 per Consortium, and annually adopts a budget to allocate funding for all the subaccounts. For Fiscal year 2025-2026 the CPUC adopted a resolution establishing the Consortia Account budget as \$9.818 million, which is about 7% of the total allocation for the entire program. Notably the funding for the Consortia Account has increased recently, which in turn reduces the funding available for the other subaccounts.

- 5) This bill proposes to codify a requirement that each consortium grant is no less than \$200,000, but not to exceed \$500,000. Presumably, there will be a number of Consortium whose grants increase in size as a result of this bill. As a result, the Consortia Account is likely to increase its share of the total amount of available funding and leave less funding available for other subaccounts, including infrastructure grants.

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.

Arguments in Support

The coalition of supporters, including the California Emerging Technology Fund, argue that this bill strengthens Regional Broadband Consortia (RBCs) as robust partners to the California Public Utilities Commission (CPUC) in closing the Digital Divide, promoting Digital Inclusion, and achieving Digital Equity.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, this bill creates significant new administrative and analytical costs for the CPUC. Specifically, the CPUC will need, among other things, to revise CASF program guidelines and reconsider CASF account budgets. This work will require the CPUC to conduct a proceeding and likely require resources worth hundreds of thousands of dollars, at least, including for staff. For its part, the CPUC estimates this bill will result in one-time costs of \$1.5 million and ongoing costs of nearly \$3.3 million (CASF). As noted, the committee agrees this bill creates significant new work of the CPUC. However, it is not clear to the committee that the CPUC will need as many additional resources as the CPUC estimates, especially not on an ongoing basis.

VOTES

ASM COMMUNICATIONS AND CONVEYANCE: 9-0-0

YES: Boerner, Hoover, Bonta, Caloza, Krell, Lowenthal, Rogers, Blanca Rubio, Sanchez

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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