SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2279 (Gipson) - California Advanced Services Fund: Rural and Urban Regional Broadband Consortia Grant Account

Version: June 30, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: E., U. & C. 12 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would make various modifications to the Rural and Urban Regional Broadband Consortia Grant Account within the California Advanced Services Fund (CASF). This bill would require the California Public Utilities Commission (CPUC) to provide each broadband consortium with a specified amount of annual funding. This bill would also eliminate certain annual audit and financial reporting requirements for broadband consortia and establish a new annual report to the CPUC.

Fiscal Impact:
- The CPUC estimates ongoing costs of about $3.3 million annually and one-time costs of about $1.5 million (ratepayer funds) to open a proceeding making programmatic changes to the Consortia Account and potentially the Adoption Account to prevent duplicate funding or overlap, manage the new CASF proceeding, implement the Consortia Account expansion, conduct more rigorous monitoring of project work plans, activities, and deliverables to ensure no overlap with the Adoption Account, and coordinate with other broadband programs — among other things.
- Potential cost pressures of unknown but possibly significant amount (Consortia Account, CASF) due to the CPUC possibly providing more in grants as a result of this bill.

Background: SB 1193 (Padilla), Chapter 393, Statutes of 2008, sponsored by the CPUC, established the CASF and gave the CPUC authority to assess a surcharge on communication service ratepayers (wireline, wireless and voice over internet protocol customers) receiving intrastate telecommunication services. The overall purpose of SB 1193 was to fund deployment of broadband infrastructure in unserved areas of the state. The statutory goal of the program is to provide broadband access to no less than 98% of California households in each “consortium” (regional umbrella organizations made up of public, private and community-based organizations that coordinate efforts to promote deployment, access and adoption of broadband technology).

State law creates within the CASF several accounts, monies in which the CPUC is to expend for specified purposes. Those accounts are the Broadband Infrastructure Grant Account, the Consortia Account, the Broadband Public Housing Account, the Broadband Adoption Account and the Federal Funding Account. Current law limits the amount the CPUC may collect from the CASF fee to $150 million each year. The CPUC has administrative authority to allocate money among the CASF accounts as it sees fit. This bill most directly affects the Consortia Account, monies in which statute dedicates to grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. As described above, this bill expands the ways the consortia may use monies in the account that are granted to them by the CPUC, and the bill establishes the minimum annual base funding Consortium Account grant per consortium at no less than $200,000.

Proposed Law: This bill would:

1. Modify the role of the broadband consortia to clarify that the consortia may undertake activities promoting broadband adoption with geographic areas receiving federal or state broadband infrastructure and public housing grants on or after January 1, 2020, communities that received a local agency technical assistance grant, and areas where broadband buildout occurs pursuant to merger terms approved by the CPUC.
2. Require the CPUC to do the following regarding funding for the broadband consortia:
   a. Allocate sufficient funds to the Rural and Urban Regional Broadband Consortia Account to provide multiyear grants to eligible consortia to convene stakeholders and implement each consortium's work plan.
   b. Provide each consortium with an annual base funding grant of no less than $200,000, plus an increased amount based on the number of unserved and underserved locations, unconnected households, and low-income households in the region. Specify that this would not prohibit a consortium from receiving grants in aggregate of more than $200,000 on an annual basis.
   c. Provide each consortium with 25% of its annual grant amount up front and quarterly payments based on performance milestones in the consortium's work plan, which may include benchmarks within the consortium's reasonable control.
3. Delete existing law requiring the consortia to conduct an annual audit of activities funded by ratepayer expenditures and a requirement for the consortia to annually report on the costs associated with each of their activities.
4. Require each consortium to submit an annual report to the CPUC containing the following:
   a. A description of activities performed by the consortium based on its work plan.
   b. Public awareness activities about various broadband infrastructure and adoption programs and potential project applicants and applications assisted by the consortium.
   c. The number of low-income households obtaining affordable home internet service and digital literacy support by the consortium or any agency or stakeholder in the region.
   d. An expenditure report based on the consortium's work plan.
   e. Independently audited financial statements for the prior fiscal year of the fiscal agent, or equivalent financial assurances as determined by the CPUC, with any audit conducted for this purpose identifying the costs associated with each activity funded by the grants to the consortium.

5. Authorize the CPUC to work with nonprofits about broadband deployment and adoption efforts in consortia work plans. Specify that the CPUC would pay a nonprofit for its assistance from the Rural and Urban Regional Broadband Consortia Account.

Related Legislation:

SB 1366 (Rubio, 2026) would require the CPUC to annually report to the Legislature on compliance with the California Prompt Payment Act.

AB 127 (Committee on Budget, 2023) among other things, made changes needed to implement the 2023 Budget Act, and required the CPUC to prioritize Public Housing Account applications from public housing facilities that have not yet received a grant from the Public Housing Account.

SB 4 (Gonzalez, 2021) and AB 14 (Aguiar-Curry, 2021) revised and extended the CASF by increasing speed standards for CASF-funded infrastructure to 100/20 Mbps, expanded eligibility to communities that lack broadband service meeting federal standards, expanded local governments' eligibility for CASF grants, and extended CASF's operation and funding until 2032.

SB 156 (Committee on Budget, 2021) implemented broadband infrastructure spending approved in the 2021 Budget Act. The bill established the Federal Funding Account within the CASF to fund broadband infrastructure projects using one-time funds. The bill made a number of changes to the CASF, including expanding the types of organizations eligible for funding from the CASF. The bill also required the California Department of Technology to oversee the construction of a state-owned, open access middle mile broadband network.

Staff Comments: This bill would direct the CPUC to allocate *sufficient* funds to the Rural and Urban Regional Broadband Consortia Account to provide multiyear grants, and would set a floor of $200,000 per consortium with an increase based on unserved and underserved locations, unconnected households, and low-income households. With the $500,000 ceiling struck, nothing in statute would limit what a consortium could receive. The formula would scale upward on need indicators without a stopping point, and the added language would expressly confirm that aggregate grants above $200,000 are permitted. This could create costs pressures. The amount would depend on the number of eligible consortia and the CPUC's application of the need-based factors.

For context, on June 11, 2026, the CPUC approved $3.4 million in Rural and Urban Regional Broadband Consortia grants supporting six regional organizations across 16 counties. Among them, the Broadband Consortium of the Pacific Coast received $600,000 serving San Luis Obispo, Santa Barbara, and Ventura counties.

According to the Assembly Appropriations analysis of this bill:

> “The bill sponsor, the California Emerging Technology Fund, acknowledges that providing more in grants from the Consortia Account necessarily creates pressure to provide additional program funding; however, the sponsor contends there are, and have been, persistent balances in some of the other CASF accounts, and any

> additional funding from the Consortia Account could be accommodated by use of monies in those other CASF accounts. Indeed, the CPUC confirms that, as of June 2025, the CASF program had an ending fund balance of $521.55 million and a net fund balance of $398.60 million after outstanding encumbrances.
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> Nonetheless, the CPUC asserts CASF fund balances should not, and cannot, be used to fund the Consortia Account, as required by this bill.
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> Whether the CASF fund balances should fund the Consortia Account is a policy question, but it is not clear why the CASF fund balances could not be used for this purpose."

The removal of the $500,000 ceiling in the June 30, 2026 amendments could amplify these potential cost pressures.

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