
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No: AB 2790 **Hearing Date:** 6/24/2026
Author: Committee on Communications and Conveyance
Version: 3/16/2026 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Sarah Smith

SUBJECT: California Teleconnect Fund Administrative Committee Fund

DIGEST: This bill expands the scope of educational facilities eligible for discounted internet services through the California Teleconnect Fund (CTF) to include school districts, and county offices of education serving preschools, transitional kindergarten, public library systems, and noninstructional facilities operated or contracted by qualifying schools and libraries, including data centers and administrative offices for eligible educational and library facilities.

ANALYSIS:

Existing law:

- 1) Requires the California Public Utilities Commission (CPUC) to establish the CTF, which is funded through a surcharge on telephone rates. Under existing law, the CTF provides discounted internet service to kindergarten schools, K-12 schools, community colleges, libraries, hospitals, health clinics, and certain community organizations. (Public Utilities Code §280)
- 2) Authorizes the CPUC to use up to \$1.5 million from the CTF to fund service gaps in the 211 system, if the CPUC determines that doing so is an appropriate use of funds collected from ratepayers. Existing law sunsets this funding authorization on January 1, 2023. (Public Utilities Code §280)

This bill:

- 1) Expands the list of entities eligible for discounted internet rates through CTF to include the following entities:
 - a) School districts.
 - b) County offices of education serving preschools.
 - c) Transitional kindergartens.
 - d) Public library systems.

- e) Noninstructional facilities operated or contracted by qualifying educational and library institutions, including data centers and administrative offices for those institutions.
- 2) Deletes outdated code pertaining to prior budget allocations and one-time 2-1-1 funding from the CTF.
- 3) Makes technical and conforming changes to use of the CTF in conjunction with federal subsidies.

Background

The CTF is one of California's Universal Telecommunications Service Programs. The CPUC administers six Universal Service programs to provide funding for telecommunications services that address specific gaps to achieving the state's goals of ensuring universal access to telecommunications services. The CTF program provides K-12 schools, community colleges, libraries, and certain non-profit and public health and community institutions with a 50% discount on monthly recurring internet services. While some schools and libraries are eligible for discounted telecommunications services through the E-rate program administered by the Federal Communications Commission (FCC), the E-rate program does not provide subsidies to a variety of facilities that are eligible for funding under the CTF program. For example, community colleges are not eligible for the FCC's E-rate program; however, they are eligible for subsidies from the CTF. Like all Universal Service programs, the CTF is funded by a surcharge on telecommunications lines in the state. The CTF's budget in the 2025-26 fiscal year was approximately \$108.6 million.

Bill expands the types of facilities eligible for CTF subsidies. Eligibility for CTF funds have evolved over time to reflect changing needs of educational, public health, and non-profit institutions. When the CTF was created in 1996, facilities had limited access to high-speed internet, and many of the eligible entities retained hardcopy records. Over time, educational, health, and community non-profit institutions have increasingly shifted to using broadband-based communications and expanded the use of digital records and services. The growth of cloud-based applications has increased the digital storage demands for these institutions. Large academic institutions, library consortia, and research institutions have increasingly relied on custom networking and data center solutions to support electronic services and computing. This bill would expand the list of entities eligible for CTF funding to include several types of educational and library facilities that are not expressly eligible for CTF subsidies under existing law, including data centers for facilities that would otherwise be eligible for CTF subsidies.

Need for Amendments. As currently drafted, this bill contains two provisions with differing lists of entities eligible for discounted telecommunications rates through CTF. *To ensure clarity about the types of facilities eligible for CTF subsidies, the author and committee may wish to amend this bill to make the list of eligible entities identical in each of these provisions.*

Prior/Related Legislation

SB 1212 (Hueso, Chapter 841, Statutes of 2016) authorized the CPUC to spend up to \$1.5 million from the CTF to help close service gaps in counties lacking access to 2-1-1 referral service, including implementation of a coordinated publicly owned database to support local referrals for non-emergency assistance services. The bill sunset this funding authorization on January 1, 2023.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

California Department of Education
California Library Association
California Special Districts Association
Corporation for Education Network Initiatives in California
Los Angeles County Office of Education

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: In support, the State Superintendent of Public Instruction states:

Strengthening and clarifying eligibility within the CTF program directly advances educational equity by reducing the cost burden of broadband services and ensuring that all students, especially those in underserved communities have access to the digital tools necessary for learning and success. These improvements support California’s broader goal of closing opportunity gaps and ensuring consistent access to high-quality educational services.