
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2790 (Committee on Communications and Conveyance) - California Teleconnect Fund Administrative Committee Fund

Version: June 30, 2026

Urgency: No

Hearing Date: August 3, 2026

Policy Vote: E., U. & C. 17 - 0

Mandate: Yes

Consultant: Ashley Ames

Bill Summary: This bill would expand 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.

Fiscal Impact:

- The California Public Utilities Commission (CPUC) estimates ongoing costs of \$2.1 million in the first year and \$1.1 million annually thereafter (CTF) due to the expanded CTF program eligibility.

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.

Proposed Law: This bill would:

1. Expand 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. Make conforming changes to the charge of the California Teleconnect Fund Administrative Committee to reflect the expanded list of eligible entities, including noninstructional facilities.
3. Delete outdated code pertaining to prior budget allocations and one-time 2-1-1 funding from the CTF.
4. Make technical and conforming changes to use of the CTF in conjunction with federal subsidies, including shifting responsibility for applying the E-rate discount from the commission to the service provider, and providing that the sequencing requirement would not apply to a customer ineligible for an E-rate discount due to a programmatic restriction or eligibility limitation imposed under federal law.

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.

Staff Comments: This bill would expand the types of facilities eligible for CTF subsidies. Eligibility for CTF funds has 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.

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