CONCURRENCE IN SENATE AMENDMENTS
AB 2790 (Committee on Communications and Conveyance)
As Amended August 21, 2026
Majority vote

SUMMARY

This bill would implement various changes to the eligibility and administrative procedures for the California Teleconnect Fund (CTF) program administered by the California Public Utilities Commission (CPUC). Additionally, this bill strikes inoperative statutes relating to the CTF program.

Senate Amendments

1) Clarify the entities that are eligible for a CTF discount.

2) Add "community college districts" to the list of eligible entities for the CTF program.

3) Authorize the CPUC to determine how a service provider shall first apply a federal E-Rate discount.

COMMENTS

1) *CTF Program Background*. The Legislature established the CTF program to advance universal service goals by providing discounted rates on advanced telecommunications services to qualifying entities. Qualifying entities are expressly listed in existing law, which includes schools for kindergarten or any grades 1 to 12, inclusive, community colleges, libraries, hospitals, health clinics, and community organizations. The CTF program offers discounted rates of 50% on recurring monthly charges for advanced communication services to qualifying entities. The CTF program works in tandem with a similar federal program called E-Rate. CTF participants may combine the CTF discount with the federal E-Rate program to reduce their costs even further. In addition to educational entities, existing law also authorizes community based organizations (CBOs) to be eligible for a CTF program discount.

   The CTF program approved budget for Fiscal Year (FY) 2025-2026 was $108 million. This budget has been relatively stable since FY 2019-2020, although the program is down from a high of nearly $149 million in 2015-2016. The program is funded through an end-user surcharge assed on telephone access lines assed by the CUC. The current surcharge rate as of May 1, 2025, is $0.90-cents per line, of which only $0.06-cents per line is for CTF.

2) *This bill would impact an ongoing CPUC Proceeding.* In August 2025 the CPUC initiated a new rulemaking (Rulemaking R. 25-08-005) to consider updates to the California Teleconnect Fund program rules. In the rulemaking the CPUC is intending to address modifying the qualifying participant categories and related rules, including modifying the CBO revenue cap, addressing how the program considers school districts and county education offices, Healthcare/Health Service Community Based Organization (HCBOs), government hospitals and healthcare districts, tribes, school annexes, libraries, and backbone services. While the CPUC has proposed to make school districts and county offices of education eligible, some of the stakeholders in that proceeding have expressed concern that the direction of the proceeding so far may impact essential backbone services in noninstructional facilities that may be housed at those locations.

Given the concern from educational stakeholders, which was reported to the committee during an oversight hearing in late February, the committee initiated this bill to complement the CPUC′s ongoing rulemaking and ensure the statute is implemented appropriately in that rulemaking.

3) *This bill modifies the list of entities eligible for the CTF.* Existing law specifically lists the eligible entities for the program: schools maintaining kindergarten or any of grades 1 to 12, inclusive, community colleges, libraries, hospitals, health clinics, and community organizations. Based on that statute, the CPUC has initiated a rulemaking to add school districts and county offices of education, meaning the agency believes those entities are already covered by the existing law.

   Similarly, this bill would revise the statute by explicitly adding transitional kindergarten, school districts, community college districts and county offices of education, and also specifying that libraries must be public libraries. Additionally, this bill specifies that non-instructional facilities operated or contracted by an eligible entity shall also be eligible, such including data centers. While on one hand this list does add explicit categories, the new categories are aligned with existing eligible and the CPUC′s interpretation of the statute in the existing proceeding. One difference is that this bill also adds community college districts, whereas the CPUC's proceeding does not. However, this change is still aligned with the general direction of the proceeding, which is to make administration of the grant easier by authorizing districts to administer the grant. Accordingly, this bill modifies existing law to explicitly state that those entities are eligible, including their non-instructional facilities where data centers may be located. Notably, the E-Rate program already has specific rules for non-instructional facilities, because these facilities are often the backbone of a school network.

4) *This bill repeals inoperative statutes.* Existing law generally requires the CTF program funds to be used for the administration and support of the CTF program, except for two exceptions. First, existing law authorized loans from the CTF program to address the 2001–02, 2002–03, and 2003–04 fiscal year budgetary shortfalls. That statute has since become inoperative. Additionally, existing law authorized the CPUC to expend up to $1.5 million dollars from the CTF program fund to support 2-1-1 services. That statute has also since become inoperative. This bill strikes those provisions of existing law as maintenance of the codes.

According to the Author
This is a committee bill and accordingly has no author's statement.

Arguments in Support
According to the Department of Education, 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 tool necessary for learning and success.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, by expanding the CTF program eligibility, this bill creates new costs for the CPUC. The CPUC estimates these costs to total approximately $2.1 million: $1.1 million in ongoing costs for six new positions and $1 million in one-time costs.

VOTES:

ASM COMMUNICATIONS AND CONVEYANCE: 9-0-0
YES: Boerner, Hoover, Bonta, Caloza, Castillo, Krell, Lowenthal, Rogers, Blanca Rubio

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

UPDATED

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