
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1191 (Ochoa Bogh) - Communications: universal service programs

Version: February 19, 2026

Urgency: Yes

Hearing Date: April 20, 2026

Policy Vote: E., U. & C. 15 - 0

Mandate: Yes

Consultant: Ashley Ames

Bill Summary: This bill would extend the operation of the California High-Cost Funds (CHCF-A and CHCF-B) by five years from January 1, 2028, to January 1, 2033.

Fiscal Impact:

- Unknown ongoing revenue to the California High Cost Fund-A (CHCFA) likely in the tens of millions of dollars annually, from the CHCF-A telecommunications customer surcharge, to be expended each year by the California Public Utilities Commission (CPUC) to support small rural telephone companies.
- Ongoing expenditures from the California High Cost Fund-B (CHCFB), likely in the low tens of millions of dollars, to be expended by the CPUC to support telecommunication companies providing service in high-cost areas.
- Unknown potential costs to the state as a customer of telecommunications services who pays the CHCF-A and CHCF-B surcharges.

Background: The CHCF-A and CHCF-B are two of several programs that comprise California's Universal Service Programs, which are aimed at ensuring that all Californians have access to affordable, high-quality telecommunications services. The CPUC established California's High Cost Fund in 1988 pursuant to AB 1466 (N. Waters, Chapter 755, Statutes of 1987), which required the CPUC to develop a program to reduce telephone rate disparities between small independent telephone companies serving rural areas and companies serving urban areas. The High Cost Fund subsidized small to mid-sized telephone companies serving rural and small metropolitan communities through subsidies administered by Pacific Bell. Until 1995, local telephone service was generally provided through one telephone utility in each service territory. In 1995, the CPUC issued a decision opening California's local telephone exchanges to competition between companies. In 1996, The CPUC issued a decision modifying the High Cost Fund to address increased competition between different types of carriers in local exchange markets. These modifications included splitting the High Cost Fund into the CHCF-A and CHCF-B programs.

The CHCF-A supports small, rate-regulated telephone corporations that operate in high-cost rural areas of the state where few other telecommunications providers offer services. The CHCF-B supports larger companies that operate as Carriers of Last Resort (COLRs), which have an obligation to provide basic telephone services in other high-cost communities. In addition to establishing these two different programs, the CPUC's decision also relieved Pacific Bell of its administrative duties for the High Cost Fund by making the CPUC the administrator of the CHCF-A and CHCF-B. Since the creation of the CHCF-A and CHCF-B, the Legislature has regularly extended the

operation of the High Cost Funds. This bill would extend the existing sunset by five years to January 1, 2033.

Proposed Law: This bill would extend the operation of the California High-Cost Funds (CHCF-A and CHCF-B) by five years from January 1, 2028, to January 1, 2033.

Related Legislation:

SB 857 (Hueso, Chapter 706, Statutes of 2022) extended the operation of the CHCF-A and B programs from January 1, 2023, to January 1, 2028.

SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) made various changes to update and extend the operation of the California Advanced Services Fund to 2032, including updating the mechanism for collecting surcharges funding universal service programs to include VoIP lines.

AB 1959 (Wood, Chapter 256, Statutes of 2018) extended the operation of the CHCF-A and B programs from January 1, 2019, to January 1, 2023.

SB 1364 (Fuller, Chapter 520, Statutes of 2014) extended the operation of the CHCF-A and B programs from January 1, 2015, to January 1, 2019.

SB 3 (Padilla, Chapter 695, Statutes of 2011) extended the operation of the CHCF-A and B programs from January 1, 2012, to January 1, 2015.

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