SENATE THIRD READING
SB 716 (Durazo)
As Amended July 17, 2025
2/3 vote

SUMMARY

This bill would require the California Public Utilities Commission (CPUC) add standalone broadband internet access service as a class of lifeline service under the California Lifeline program, as specified.

Major Provisions

1) Requires the CPUC to adopt rules to implement this section on or before July 1, 2027.
2) Establishes requirements for an internet service provider (ISP) participating in the program, including among other things, offering at least one internet service plan that providers broadband internet access service at a speed of at least 100 megabits per second downstream and 20 megabits per second upstream and costs thirty dollars ($30) or less per month.
3) Specifies that this section shall remain in effect only until January 1, 2032 and as of that date is repealed.

COMMENTS

1) *Broadband affordability is a barrier to connection for low-income Californians.* According to CETF-USC Statewide Broadband Adoption Survey over two-thirds of respondents cited affordability as the reason they chose not to subscribe to broadband; this finding far surpassed any other factor. Also, although industry data show that prices for high-speed broadband services continue to decline overall, due in part to greater infrastructure investment and competition in some markets, market prices for the lowest tiered plans are often still unaffordable to the lowest-income residents. Without public policies to support these households, the problem is not likely to solve itself.

   For a short time the federal government supported broadband affordability policies through the Affordable Connectivity Program (ACP). The program offered eligible households a $30 subsidy that they could apply to a home internet plan from a participating ISP. Given that there were not significant barriers to ISP participation, most of the major ISPs offered plans tailored to the $30 subsidy that would make the cost of service free after the subsidy was applied. Eventually the program ran out of funds and subscribers were unenrolled. At its peak, the ACP program supported about 3 million California households. Now that the program has expired, California households have limited to no support for affordable broadband internet service.

2) *California Lifeline Overview.* The Lifeline program provides affordable wireline and wireless phone service to approximately 1.7 million low-income customers as of July 2025. In September 1983, the California Legislature enacted the Moore Universal Telephone Service Act (Moore Act) to ensure availability of affordable ″basic local telephone service″ to all qualifying low-income households. As technology has evolved since the 1980′s the program has attempted to keep pace. For example, about a decade ago the CPUC began offering wireless telephone plans that included some limited data capability. The CPUC also recently allowed the program subsidy to be applied to home broadband services that are bundled with voice, meaning a subscriber has to subscribe to both services, which is more costly. To date, the

program has not been updated to allow an eligible subscriber to apply their subsidy to standalone home broadband service, as proposed by this bill.

Applicants may qualify for Lifeline in two ways: (1) through enrollment in an eligible public-assistance program (program-based eligibility), or (2) meeting an income threshold (income-based eligibility). Under program-based eligibility, households may qualify for the California Lifeline discounts if they provide supporting documentation that at least one household member is enrolled in one or more eligible public-assistance programs such as Medicaid/Medi-Cal, Supplemental Security Income, CalFresh, etc. Under income-based eligibility, a household may qualify for California Lifeline if the household′s total annual gross income is at or less than approximately 150% of the Federal Poverty Level.

In total, an eligible applicant or subscriber of the Lifeline program can receive up to $28.25 per month in subsidies applied to their telecommunications service. A portion of that funding (up to $19 dollars) comes from the California Lifeline program, and a portion of the money (up to $9.25) comes from the federal component of the program. However, in order to qualify for the federal portion of the program a provider must obtain what is called an ″Eligible Telecommunications Carrier″ (ETC) authorization from the CPUC. This bill specifies that the CPUC may not require provider to obtain an ETC in order to participate, thus reducing a major regulatory barrier to participation. Additionally, this bill requires the CPUC to establish an expedited process for an affiliate of a small telephone company to obtain an ETC designation. This requirement is intended to allow small independent telephone company affiliates to benefit from the entire federal and state subsidies, although the CPUC has raised some legal questions about the requirement.

3) *This bill could significantly increase Lifeline program participation and costs.* There is reason to believe that this bill would drive enrollment in the California Lifeline program above current program participation, particularly because of the expiration of the federal Affordable Connectivity Program. Consider that California Lifeline currently supports about 1.7 million participants and growing. However, the ACP program enrolled about 3 million California households. Based solely on these enrollment figures, it appears that more Californians are interested in a home internet subsidy than a mobile telephone subsidy program. Therefore, a subsidy for home internet service is likely to interest more Californians that the current Lifeline program offerings. This bill could potentially fill the void left by the ACP program, and help hundreds of thousands gain access to affordable home broadband service.

   However, because this bill is not mandatory, enrollment will also be affected by the extent to which ISPs choose to participate in the voluntary program. Part of the reason ACP was so popular with consumers is because ISPs participated widely, and they had many options to choose from. To the extent that ISPs choose to participate in the program and sign up new customers, it will would also cause additional cost pressures. Given the need for broadband affordability support and the lack of partnership from the federal government, it is arguably reasonable for California to absorb these costs into an existing program like Lifeline.

4) *The CPUC recently implemented a pilot program similar to this bill.* On August 28, 2025 the CPUC adopted a pilot program, under existing law and authority, as part of the Lifeline program that is similar to the intent of this bill. However, the CPUC′s pilot program does differ from the requirements of this bill in several ways.

   First, the CPUC′s pilot program would authorize a Lifeline participant to receive both a standalone broadband subsidy and a wireless telephone subsidy. There would also be an option for a subsidy that is bundled.

5) *How is Lifeline funded?* Existing law vests the CPUC with the responsibility for the administration of six state-mandated Public Purpose Programs (PPPs), including Lifeline, and

their respective end user surcharges. The surcharges are assed on every telephone access line for interstate services as part of a consumer's bill, including traditional landline telephones, digital landlines (VoIP), and mobile telephone lines. According to the CPUC, there are about 53.5 million access lines in the state, most of which are mobile lines. At least every year the CPUC and Lifeline providers are required to estimate the amount of revenue necessary to support the various programs, including Lifeline, and the projected surcharge amount to cover the revenue requirements. This six PPPs supported by the funds are: the Lifeline program (Universal Telephone Service), the California Advanced Services Fund, the California High Cost Program A and B, the California Teleconnect Fund, and the Deaf & Disabled Telecommunications Program. Please see the Fiscal Comments section for further discussion on the potential impacts to consumer surcharges as a result of this bill.

According to the Author
"Without reliable home internet, families face daily and compounding hardships. Students finish homework in parking lots where they can find free Wi-Fi. Patients miss telehealth appointments because their connection is unreliable or unaffordable. Job seekers struggle to apply for positions or attend virtual interviews. Basic tasks like managing finances, accessing public services, or helping children with schoolwork become exhausting burdens or fall out of reach entirely. SB 716 proposes to close this affordability gap by establishing a permanent, state-level broadband affordability program within California's Lifeline framework. The bill ensures that eligible households can access reliable, high-speed internet at an affordable price, so that no Californian is excluded from participation in daily life and opportunity simply because of income or circumstance."

Arguments in Support
According to supporters of this bill, a coalition of digital equity advocates, this bill responds to an urgent need to support broadband affordability in the state following the expiration of the federal Affordable Connectivity Program (ACP), which supported 3 million California households.

Arguments in Opposition
According to opposition from broadband industry groups, this bill could result in an increase in consumer surcharges assessed on customer bills.

FISCAL COMMENTS

The legislatively approved budget for the Lifeline program for fiscal year 2024-2025 is about $529,000,000 dollars, which covers telephone costs for eligible participants. This bill would likely increase the program budget over time, as more participants enroll.

According to the Assembly Appropriations Committee analysis, the CPUC estimates the cost to implement this bill would include additional administrative costs and the additional cost of providing the subsidy. As enrollment increases over time, the additional costs per year are estimated to be about $114,000,000 per year in the first year and up to $266,000,000 per year after year five. These additional costs would be funded through surcharges assessed on telephone access lines which are added to customer bills.

The current surcharge amount, which supports all the public purpose programs, is $0.90-cents per access line per month. This amount is a reduction as of May 1, 2025 from $1.11 per access line per month. Of that total amount, each program is given its appropriate share of the revenue. For the Lifeline program, the current share is $0.55-cents per line (of the total $0.90 cents). This amount is down from an all-time high of $0.60-cents per line. If the program costs continue to increase as a result of this bill, consumers are also likely to face an unknown increase in surcharges to fund the program. The CPUC declined to provide their own estimates of surcharge impacts to the Legislature, but the policy committee′s rough estimate demonstrate that the Lifeline portion of the surcharge could more than double over time (from $0.55 cents to over $1) as a result of this bill.

VOTES

SENATE FLOOR: 29-8-3
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Jones, Niello, Ochoa Bogh, Seyarto, Strickland
ABS, ABST OR NV: Grove, Reyes, Valladares

ASM COMMUNICATIONS AND CONVEYANCE: 7-1-1
YES: Boerner, Ahrens, Bonta, Caloza, Lowenthal, Rogers, Blanca Rubio
NO: Castillo
ABS, ABST OR NV: Hoover

ASM APPROPRIATIONS: 11-4-0
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache
NO: Sanchez, Dixon, Ta, Tangipa

UPDATED

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