



June 9, 2023

The Honorable Toni Atkins
President pro Tempore of the State Senate
1021 O street, Room 8518
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the California State Assembly
1021 O Street, Room 8330
Sacramento, CA 95814

The Honorable Philip Ting, Chair
Assembly Budget Committee
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee
1021 O Street, Room 8630
Sacramento, CA 95814

Re: Reject Deferral and Supplantation of Broadband Infrastructure Funding

Dear Legislative and Budget Committee Leadership:

On behalf of the California Alliance for Digital Equity (CADE), a statewide coalition led by the California Community Foundation (CCF), Common Sense Media, the Greenlining Institute, Michelson Center for Public Policy, Media Alliance, NextGen Policy, #OaklandUndivided, the Rural County Representatives of California (RCRC) and The Children’s Partnership, we write to respectfully express our opposition to the California State Assembly’s plan to cut \$625 million in last-mile broadband infrastructure funding and defer an additional \$950 to the next three fiscal years.

The Assembly’s plan also reduces state middle-mile funding by \$125 million and proposes to supplant that loss, as well as the \$625 million in last mile funding, with future federal Broadband Equity Access and Deployment (BEAD) funding – an approach we believe will be impossible under BEAD’s guidelines. BEAD’s authorizing statute, the Infrastructure Investment and Jobs Act, states that the “Grant funds awarded to an eligible entity... shall be used to supplement, and not supplant, the amounts that the eligible entity would otherwise make available for the purposes for which the grant funds may be used.”¹ *We caution that federal BEAD funding cannot be used to supplant the state’s original investment in broadband infrastructure.* Therefore, the Assembly plan would cost the state of California hundreds of billions of dollars in federal BEAD funding, and Californians a once-in-a-generation opportunity to close the digital divide.

We appreciate that the Legislature and the Administration must make difficult decisions during these fiscally uncertain times. However, such drastic cuts and deferrals to the State’s historic investments in broadband infrastructure will directly harm the most disenfranchised and vulnerable communities, and only exacerbate the digital divide for decades to come. Universal access to high-speed internet is critical to the state’s economy and Californians’ education, health, and well-being. Investment in broadband connectivity is one of the essential components of a more economically dynamic, equitable, and just California, today and into the future.

¹ SEC. 60102.(l) (47 USC 1702)

The Assembly's plan jeopardizes work that is well underway across California. Local agencies, public-private partnerships, and private Internet Service Providers are well into preparations to apply for Federal Funding Account grants when the first application window opens in a few short weeks. These preparations include agreements for financing, private investments, and other arrangements that would be costly and time-consuming to unwind in the face of new, last-minute uncertainty about the last mile funding.

In a 2020 report, the CPUC estimated that more than \$8 billion would be needed to connect all Californians. The state's 2021 commitment, paired with matching funds required by the Federal Funding Account and other private and philanthropic investments, can get us there. Notably, other states are acting to realize this opportunity. For example, Texas recently passed a law (HB9) to create a fund that will provide \$1.5b over two years to ensure the state is prepared to leverage federal dollars to fund more difficult, expensive projects. It is critical that California's investments continue as budgeted.

We respectfully request that the Legislature continue the investments made in California's future by restoring original funding to the middle mile program, the Federal Funding Account and the Loan Loss Reserve fund. A delay in broadband infrastructure funding will ultimately lengthen the timeframes for construction and attempting to utilize BEAD funding to backfill state obligations jeopardizes access to billions of dollars in additional federal broadband funding. Further, with inflation continuing to pressure the state and the nation, delays will only make broadband infrastructure more expensive to build due to the rising costs of labor and material. These delays matter to the families, schools, and small businesses who are without service or with inadequate service, or are among the majority of Californians who live in a broadband monopoly and are left with higher prices and lower quality service.

Thank you for your consideration. Please feel free to reach us (as representatives of CADE) at the email addresses and phone numbers listed below if we can be a resource to your work.

Sincerely,

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