



RURAL COUNTY REPRESENTATIVES  
OF CALIFORNIA

May 17, 2024

The Honorable Jesse Gabriel  
Chair, Assembly Committee on Budget  
1021 O Street, Suite 8230  
Sacramento, CA 95814

**Re: Item 8660-062-001 Broadband Loan Loss Reserve Program Elimination –  
OPPOSE**

Dear Assembly Member Gabriel:

On behalf of the Rural County Representatives of California (RCRC) we must regretfully oppose the Governor's Revised Budget proposal to fully defund and eliminate the Broadband Loan Loss Reserve (BLLR) Program, administered by the California Public Utilities Commission (CPUC). With more than \$433 million in funding applications for projects in 37 jurisdictions already in process for approval with the CPUC, this funding cut means these communities will likely continue to be without reliable and affordable broadband service. RCRC is an organization representing forty member counties governed by one elected supervisor from each member county.

In 2021 the Legislature and Governor made a commitment to finally bridge the digital divide with the enactment of Senate Bill 156, a \$6 billion investment in a state-owned middle mile backbone and high-speed last mile connections to unserved and underserved Californians. Part of this historic investment was the creation of the BLLR program, a \$750 million credit enhancement fund available to local governments, tribes, and non-profits for local broadband infrastructure deployment. As a result, RCRC board members formed a Joint Powers Authority, the Golden State Connect Authority (GSCA) to improve access to quality broadband for all who live in rural counties.

GSCA's model for broadband is open access, last mile, municipal fiber network to all its project areas across the forty member counties. Open access means that GSCA will finance, construct, own, operate, and maintain the network infrastructure and invite providers on to the network to compete for customers. GSCA projects will be financed using a combination of grant dollars and private investment resulting from the issuance of tax-exempt bonds by GSCA. That bond issuance will be securitized by funds from BLLR Program, the presence of which is expected to allow for a rated bond issuance. As soon as the bonds are repaid, GSCA will return the BLLR funds to the state of California.

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We recognize the serious budget circumstances facing the state, and the difficult decisions before the legislature in finding solutions to balance the budget. Through early budget action (AB 106), the BLLR was already reduced by \$175 million. In order to bring reliable connectivity to these historically underserved areas of the state, and leverage additional federal broadband funding expected next year, we ask that the legislature to reject the Governor's May Revision proposal and instead reduce BLLR by an additional \$125 million, maintaining the needed \$450 million for broadband projects that have been in process for nearly three years.

We appreciate your consideration and look forward to working together to bring internet to the communities we jointly serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Lopez", with a stylized flourish at the end.

CHRIS LOPEZ  
Supervisor, Monterey County  
Chair, RCRC Board of Directors

cc: Grant Mack, Deputy Legislative Secretary, Office of Governor Newsom  
Hank Brady, Office of Legislative Affairs, California Public Utilities Commission  
Genevieve Morelos, Consultant, Assembly Budget Subcommittee #5  
Christian Griffith, Consultant, Assembly Budget Committee  
Monica Henestroza, Consultant, Office of Speaker of the Assembly  
Emilio Perez, Consultant, Assembly Communications and Conveyance  
Committee  
Brent Finkel, Consultant, Assembly Republican Budget Office  
Daniel Ballon, Consultant, Assembly Republican Caucus