

RECOMMENDATIONS TO CLOSE THE DIGITAL DIVIDE

TO: Members of Governor Newsom's Task Force on Business and Jobs Recovery

FROM: 90+ Organizations that Signed on to [Just Recovery Recommendations](#) for Governor Newsom's Task Force

THE PROBLEM

A lack of internet access and affordability make working from home or accessing online education and telehealth services difficult for many households. The COVID-19 pandemic emphasizes how differential access to essential services like robust broadband can seriously disadvantage low-income families:

- Broadband access remains unavailable or unaffordable for both rural and urban households, particularly households of color.
- Wireless broadband (i.e., using a cell phone) is not robust or reliable enough to allow users to work or attend school from home or access telehealth services.
- Low-income families are at particular risk of being unable to attain or losing broadband service, primarily because of high costs.
- Pre-COVID, many children of low-income families relied on publicly accessible WiFi hotspots to complete their homework (e.g., libraries, fast food restaurants, and coffee shops). The pandemic now makes such reliance life-threatening by exposing students to high-traffic areas.

Finally, those Californians least likely to have access to affordable broadband will also bear the worst of a severe economic downturn. With unemployment claims in California skyrocketing, we need to act now.

THE SOLUTION

The solutions offered below can immediately help bridge this digital divide and also protect consumers, accelerate California's clean energy efforts, improve health outcomes, drive investment in unserved and underserved communities, and most of all, create jobs in communities that need them most.

Use Existing Energy Infrastructure to Connect the Unconnected

California sits on miles of underutilized infrastructure. California's three investor-owned electric utilities (IOUs) together connect 10.55 million households (or 81 percent of all California households)¹ through extensive infrastructure and more than 30,000 miles of fiber optic lines.² These are the same types of fiber optic lines that internet service providers (ISPs) would use to provide broadband speeds which exceed California's minimum standard for broadband service by 100x. While IOUs connect more households than the cable companies or AT&T, they only use a fraction of their fiber capacity.³ Using IOU infrastructure to provide broadband connectivity can make high-speed broadband available in unserved and underserved areas, reduce the digital divide and increase broadband affordability, and create jobs in maintenance and construction. California should create incentives for investor-owned and municipal electric utilities to build and sell access to fiber infrastructure on a wholesale basis.

¹ U.S. Energy Information Administration, *Investor-owned Utilities Served 72% of U.S. Electricity Customers in 2017* (August 15, 2019), online at <https://www.eia.gov/todayinenergy/detail.php?id=40913>. (PG&E serves 5.48 million customers, and SCE serves 5.07 million).

² As part of the electrical network, these fiber optic lines were built using ratepayer money and subsidized by California and the federal government.

³ As a general rule, these fiber optic lines are overbuilt, meaning that the electric companies are only using a fraction of their capacity.

Eliminate Obstacles to Sharing Excess Capacity

The federal E-Rate program and California's Teleconnect program provide subsidies for schools, health care providers, and libraries to purchase broadband service and equipment.⁴ Unfortunately, federal law prohibits the resale or transfer of broadband service purchased with E-Rate funds.⁵ As a result, many E-Rate and Teleconnect fund recipients have excess broadband capacity, but are prohibited from permitting nearby residents to share the fund recipient's broadband connection. Similarly, many government buildings in California have broadband access that could be shared with the local community. We recommend that government agencies and departments, including schools and libraries, serve as broadband anchor tenants for unserved and underserved communities.

Step Up Network Upgrades and Expansions

Like sewers and water systems, or roads and bridges, broadband infrastructure adds long-term value to a community by creating jobs and bringing measurable economic benefits to families.⁶ The California Advanced Services Fund provides funding for broadband construction and aims to connect 98 percent of Californians by 2022. But the CASF statute sets a woeful speed standard of 6 Mbps for broadband projects—less than ¼ of the minimum standard set by the Federal Communication Commission and barely sufficient to handle a single video call.⁷ California must raise its speed and adoption targets and promote competition and affordability. Building an all-fiber network is a wise long-term investment that will create jobs and economic benefits to unserved and underserved communities.⁸ We recommend a CASF goal of 95 percent availability of 100 Mbps internet by 2025 and universal adoption.⁹

We Must Protect Unserved and Underserved Households

California's LifeLine program provides a subsidy for low-income families to ensure access to telephone service. The California Public Utilities Commission's efforts to address the digital divide by creating a "LifeLine for Broadband" program for low-income households has been impeded by decades of ISP opposition and astroturfing. LifeLine Broadband access would lower the cost of home broadband internet access by over \$20 a month, putting high-speed internet access within reach of low-income families. We recommend eliminating statutory obstacles¹⁰ that prevent the Commission from creating robust programs that ensure that every California household is connected to affordable, high-speed broadband.

⁴ 47 U.S.C. § 254; Cal. Pub. Util. Code § 884.5.

⁵ 47 U.S.C. § 254, subd. (h)(3).

⁶ More information regarding these economic benefits are the subject of an internal report drafted by The Greenlining Institute's Technology Equity Team. Please contact Paul Goodman, Technology Equity Director, at paulg@greenlining.org for more information..

⁷ Cal. Pub. Util. Code § 281.

⁸ See e.g. Fiorini, Castaldo, and Maggi, "Measuring (in a time of crisis) the impact of broadband connections on economic growth: an OECD panel analysis." OECD, DSS-E3 WP (2016).

https://www.dss.uniroma1.it/RePec/sas/wpaper/20161_CFM.pdf

⁹ Modest improvements to the CASF program are the subject of SB 1130, which is being considered in this year's legislative session.

¹⁰ Currently, Californians can only apply LifeLine subsidies towards smartphone internet access. California should update Cal. Pub. Util. Code § 871 to allow families to apply their California LifeLine subsidy to home broadband bills.

The recommendations above are an expansion of concepts included in the [Just Recovery Recommendations for Governor Newsom's Task Force](#), which was supported by the 90+ organizations below. While the organizations below support the overall concepts, they have not yet had a chance to review the detailed recommendations we shared in this letter.

Please contact Paul Goodman (paulg@greenlining.org) for more information about the recommendations

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