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May 25, 2021

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, California 95814

RE: May Revision 2021/22 – **Oppose Unless Amended**

Dear Governor Newsom,

We appreciate the importance of investing in California’s digital infrastructure to close the digital divide and support the intent of your proposed \$7 billion broadband proposal. However, unless amended to ensure new investment directly connects unserved households and supports low-income communities, the current proposal will fall well short of meeting that goal and could result in misdirecting billions of dollars into building broadband to nowhere. To seize this once in a generation opportunity, California should invest this funding in ensuring actual households and small businesses that don’t have broadband get connected as soon as possible.

The Legislature has previously addressed connecting underserved communities through the passage of AB 1665 in 2017, which prohibited the use of CASF dollars on the very same “middle-mile” projects that your proposed budget would fund with \$4 billion. This proposal, as written, prevents funding from being dedicated to the unserved communities who need public support to connect the most difficult “last-mile” with internet access. This means connecting actual families, schools, and small businesses, not merely a few anchor institutions with thousands of miles of fiber otherwise unused along the highway.

AT&T proposes that the state reappropriate the \$4 billion currently earmarked for “middle-mile only” to instead be directed to CASF projects for a total allocation of \$6 billion. These funds would be available through CASF for grant applicants combining middle-mile and last-mile infrastructure to serve households lacking high-speed internet of at least 25/3 Mbps, as well as for adoption programs enhancing digital inclusion where broadband is already available. Provided consistent fees and expedited broadband permitting processes across collaborating jurisdictions, this flexibility will allow communities to quickly and equitably deploy funding in a manner responsive to the varied needs of California families and businesses. In addition, this approach better aligns with guidance provided May 10, 2021 from the U.S. Department of the Treasury, directing ARPA dollars be invested in broadband in areas “lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload,” and prioritizing “projects that achieve last-mile connections to households and businesses.”



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The CPUC has publicly stated that **only 463,000 California households** remain without this bandwidth needed to support critical applications for work, telehealth, or distance education.<sup>1</sup> Since middle-mile only networks are not required to connect these households, this reappropriation will ensure that General Fund and ARPA dollars are spent bringing much needed access to close the gap in that critical last-mile and connect communities that remain without access.

AT&T shares your commitment to expanding broadband access across the state, having already invested more than \$25 billion in our best-in-class wired and wireless networks in California from 2010-2019. And building on our contribution of \$1 billion over the last 3 years toward helping the nation's most vulnerable communities, AT&T recently announced we will invest an additional \$2 billion over the next 3 years to help address the digital divide. Through low-cost broadband offers, participation in the FCC's Emergency Broadband Benefit (EBB), and community investment, we will do our part to bring affordability, educational resources, and economic opportunity to Californians who don't have broadband connectivity today. Now it's the state's turn to do its part in ensuring digital equity dictates the use of public funds by connecting end-users who remain unserved today. We stand ready to work with all levels of government to determine where these unserved areas are and how we can direct these funds in the most meaningful way.

Again, thank you for your leadership in helping to bridge the digital divide. AT&T looks forward to continuing to work with state and community leadership as a resource on this historic undertaking.

Sincerely,

Rhonda Johnson

cc: Hon. Toni Atkins, Senate President Pro Tempore  
Hon. Anthony Rendon, Speaker, California State Assembly  
Hon. Nancy Skinner, Chair, Senate Committee on Budget and Fiscal Review  
Hon. Phil Ting, Chair, Assembly Committee on Budget

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<sup>1</sup> "CASF Fact Sheet." California Public Utilities Commission, February 2021.