



# County of Monterey

## Board of Supervisors

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May 30, 2024

The Honorable Scott Weiner, Chair  
Senate Budget and Fiscal Review Committee  
State Capitol, Room 8620  
Sacramento, CA 95814

The Honorable Jesse Gabriel, Chair  
Assembly Budget Committee  
State Capitol, Room 8230  
Sacramento, CA 95814

The Honorable Josh Becker, Chair  
Senate Budget and Fiscal Review Subcommittee No. 2  
State Capitol, Room 7250  
Sacramento, CA 95814

The Honorable Steve Bennett, Chair  
Assembly Budget Subcommittee No. 4  
State Capitol, Room 4710  
Sacramento, CA 95814

### **Re: Broadband: Middle-Mile, Last-Mile and Loan Loss Reserve Programs**

Dear Senator Weiner, Senator Becker, Assemblymember Gabriel and Assemblymember Bennett,

On behalf of the County of Monterey, I write to respectfully express our concerns regarding proposed reductions in broadband funding.

The May Revision proposes adjustments to prior investments to assist in closing the projected budget shortfall. SB 156 (Chapter 112, Statutes of 2021) made a historic \$6 billion investment over three years as part of a statewide plan to expand broadband infrastructure, increase affordability, and enhance access. Of this, \$2 billion of direct funding was previously allocated for last-mile network construction, and \$3.3 billion was previously earmarked to construct a statewide open-access middle-mile network. The County of Monterey was supportive of this critical investment and was used as an example during debate and discussion of why broadband infrastructure is so desperately needed – especially in unserved households and disadvantaged communities, like several areas in our county.

The May Revision eliminates the \$1.5 billion the Governor additionally proposed in the January budget proposal, reducing the funding to the California Department of Technology for the Middle Mile Broadband Initiative by \$250 million in 2024-25 and \$1.3 billion in 2025-26. It also proposes to delay \$200 million in 2025-26 for the Last-Mile Grant Program administered by the California Public Utilities Commission (CPUC). Finally, reductions to the CPUC's Loan Loss Reserve Program are proposed to completely eliminate the \$500 million fund that provides credit enhancement for bonds, loans, and letters of credit related to financing local broadband infrastructure development: \$175 million in 2023-24, \$150 million in 2024-25, and \$175 million in 2025-26.

As the state budget process advances towards a final budget, I urge you to vote against all reductions or deferrals to the Middle Mile Broadband Initiative, the Federal Fund Account Last Mile Program (FFA), and the CPUC Loan Loss Reserve (LLR) Program. Full funding for these programs is crucial; without it, our broadband partners and providers will be unable to cover the substantial costs of expanding broadband in our county. The County of Monterey has meticulously planned for these funding levels through an extensive process,



including a broadband strategic plan, conceptual, and high-level design. Approving the proposed funding cuts will delay or halt broadband projects, further impacting our communities.

The County of Monterey supports the expansion of broadband infrastructure, increasing affordability and enhancing access to broadband for all Californians. A major impediment to business attraction in the County of Monterey is the lack of reliable broadband coverage. Digital access is also linked with social equity, connecting with services, and democratic participation. Expanding broadband service throughout the region is important to the County's social and economic health – and supports the education, medical, military, and research industries. Additionally, the COVID-19 pandemic underscored the critical utility of broadband infrastructure and showed us where our service gaps exist. A lack of internet access disproportionately effects some County residents because internet access is not available in their area or is unaffordable. Expansion of broadband services through the funding allocated in the State Budget will benefit economic activities, access to healthcare (e.g.: telehealth); and education (e.g.: distance learning).

The County of Monterey supports the expansion of broadband infrastructure, increasing affordability and enhancing access to broadband for all Californians. Nearly 15 million Californians live in a broadband monopoly. Today, one in five Californians do not have fast, reliable, and affordable connectivity.

State resources and investments are an essential first step towards increasing connectivity and affordability. The County of Monterey will continue to advocate for closing the digital divide. I urge you to support our efforts to expand broadband access and enhance the communities we serve. Should you have any questions, please feel free to contact the County of Monterey's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,



**Glenn Church, Chair**  
Board of Supervisors

cc: Members, Senate Budget & Fiscal Review Committee  
Members, Assembly Budget Committee  
Eunice Roh, Consultant, Senate Budget Subcommittee No. 2  
Shy Forbes, Consultant, Assembly Budget Subcommittee No. 4  
Chris Nielsen, Senior Policy Advisor, Office of the President pro Tem Mike McGuire  
Chase Hopkins, Policy Consultant, Office of Speaker Robert Rivas  
The Honorable Anna Caballero, 14<sup>th</sup> Senate District  
The Honorable John Laird, 17<sup>th</sup> Senate District  
The Honorable Robert Rivas, 29<sup>th</sup> Assembly District  
California State Association of Counties (CSAC)  
Rural County Representatives of California (RCRC)