

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider)
Modifications to the California Advanced) Rulemaking No. 12-10-012
Services Fund.)

**COMMENTS OF
CALIFORNIA EMERGING TECHNOLOGY FUND
ON PHASE I ISSUES**

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Order Instituting Rulemaking to Consider)	
Modifications to the California Advanced)	Rulemaking No. 12-10-012
<u>Services Fund.</u>)	(filed October 25, 2012)

**COMMENTS OF CALIFORNIA EMERGING TECHNOLOGY FUND
ON PHASE I ISSUES**

Pursuant to Rule 6.2 of the Commission’s Rules of Practice and Procedure and the schedule set forth in the Amended Scoping Memo and Ruling of the Assigned Commissioner (Amended Scoping Memo) issued February 14, 2018 in the above-referenced proceeding, the California Emerging Technology Fund (CETF) hereby timely files comments on Phase I of Rulemaking No. (R.) 12-10-012. CETF is an existing party to this rulemaking proceeding, and commends the Commission on timely action on this important state Digital Divide program.

I. Qualifications of CETF and the Statewide Digital Divide Challenge

The California Emerging Technology Fund (CETF) was directed to be established by the California Public Utilities Commission (CPUC or Commission) as a public benefit from mergers in 2005 with the mission to close the Digital Divide in California. A nonprofit organization, CETF set major goals to achieve in a decade by 2017: 98% deployment of broadband infrastructure and 80% adoption for use of high-speed Internet service at home. CETF’s policies are technology neutral. Further, CETF uses the term “broadband” to refer generically to high-speed Internet service, including both wireline and wireless infrastructure. CETF has worked extensively -- and intensely -- throughout the entire state of California in pursuing the mission assigned by the CPUC. Over a decade, CETF has gained wide and deep experience that support these comments and recommendations on issues addressed in R.12-10-012.

CETF’s comments are based on ten years of experience in awarding and managing \$44.89 million in grants to more than one hundred non-profit community-based organizations (CBOs) and government agencies to provide digital literacy training to more than 830,000 individuals and achieve adoptions by more than 270,000 low-income households. CETF also invested more than \$10 million to develop and manage a comprehensive initiative called School2Home to close both the Digital Divide and Achievement Gap at low-performing middle

schools in low-income neighborhoods throughout California.¹ School2Home includes parent engagement and education to provide digital literacy training to use school-issued devices at home. In the last decade, School2Home has been implemented in 35 schools in 12 districts reaching more than 600 teachers and 14,000 students and their parents.

The task at hand is challenging because *California has more low-income households and disadvantaged residents than any other state*. To set a benchmark and measure progress, CETF developed and sponsors the Statewide Survey on Broadband Adoption to track high-speed Internet service at home. When the first Statewide Survey was conducted in 2008, only 55% of all California households were online at home—the same as the national average. In the largest region, Los Angeles County, less than half (48%) were online at home. More than 1.9 million people with disabilities were unconnected. With focused strategies and intense efforts by many, California has made steady progress towards closing the Digital Divide with significant gains in broadband adoption among all segments of the population and in every region. For example, the 2017 Statewide Survey conducted by the UC Berkeley Institute of Governmental Studies (IGS)² found that 87% of all households report high-speed Internet access at home—a gain of 32 percentage points since 2008. More good news includes the following:

- Low-income household adoption is up 48 percentage points (from 33% to 81%).
- Latino household adoption is up 48 percentage points (from 34% to 82%).
- People with disabilities adoption is up 39 percentage points (from 36% to 75%).

But there remain sobering challenges. *More than 5 million residents remain unconnected to the Internet at home*. Further, 18% are connected at home by only a smartphone.³ While smartphones are marvelous hand held devices that allow access to an amazing amount of information on the Internet, it is difficult for students to do their homework or for adults to apply for jobs or acquire workforce skills using only a smartphone. Those who have high-speed Internet access at home with only a smartphone are becoming recognized as a distinct group referred to as “underconnected” because they have limited benefits from digital technology and are becoming another category of “have-nots”. The vast majority of people who subscribe to high-speed Internet service have multiple devices to obtain optimal benefits from digital

¹ Please see CETF School2Home Initiative webpage at <http://www.cetfund.org/investments/school2home>

² <http://www.cetfund.org/progress/annualsurvey>

³ <http://www.cetfund.org/progress/annualsurvey>

tools. In contrast, the most disadvantaged segments of the population remain unconnected at home and a higher percentage of these residents are underconnected having only a smartphone by which to access the Internet.

II. Summary of CETF Phase I Comments

A. Adoption Account

- Grantees of Adoption Account projects should be held accountable for results that contribute to verified home broadband adoption by target groups. If there is no verified adoption in the proposal, grantees should be required to set forth in their applications documented evidence/data as to why and how the proposed grant activities will lead to broadband adoption, to survey persons served as to home connectivity and socio-economic demographic data to establish a baseline of population being served, and to conduct a statistically reliable survey of persons served after the grant to determine if it resulted in increased adoption. In both the application and the completion report, the grantee should be required to report the overall cost per outcome.
- CETF opposes grants based merely on reimbursement of expenses as set forth in the Staff Proposal, because it is less likely to lead to the specified AB 1665 goal of home adoptions. *CETF urges adoption grants require verified adoptions⁴ in order to receive grant payments.* The CPUC should seek the cooperation of the Controller to find a better approach to grant funds based on performance, and/or seek legislation to allow a more efficient grantmaking basis.
- Broadband adoption is most effective when incorporated into an existing program managed by an organization (non-profit organization or public agency) that already interacts with large numbers of low-income households and disadvantaged populations. The CPUC should use caution in awarding grants to “start-ups” that have little experience in Digital Inclusion and do not propose accountability for verified outcomes. CETF expresses strong concerns about the proposal to allow costs for equipment and furniture, which will invite applications not focused on results. Similarly, purchase of electronic devices by grantees should not be a major use of the Adoption Account; it is better that grantees have a sustainability plan for the program post-grant, to ensure that purchased devices continue to support Digital Inclusion after the grant and is not mingled with their general inventory.
- CETF applauds expedited review for smaller grants, but suggests that \$100,000 (as opposed to \$50,000) is a better amount to accomplish more significant impacts after a ramp-up period. Further, CETF suggests that a two year timeframe will better optimize return on investment.
- The Commission should encourage partnerships between grantees and incumbent Internet Service Providers (ISPs) to promote existing affordable broadband offers and sign up low-

⁴ CETF strongly recommends adoption verification be proven as follows for each household that has not previously been subscribed to broadband: (1) a welcome letter or email from the ISP after installation with a date on it; or (2) a copy of the first ISP bill showing new service. See http://www.cetfund.org/investment/Grant_Opportunities_2016/Adoption_Verification

income households. Grantees should be required to provide information about *all* available affordable broadband offers to prospective customers. ISPs should be encouraged to increase their media advertising and bill insert notices about affordable broadband offers and coordinate activities of community-based organizations on outreach in-language and in-culture, and jointly convene community fairs to sign up eligible households.

- Consistent with AB1665 which encourages public-private collaboration among stakeholders, the Commission should urge ISPs to regularly and publicly report their progress on signing up low-income households in California for their available broadband offers. This data will inform public policy as to effective affordable offers, and will aid in transparency and accountability for ISPs with affordable broadband offer obligations to regulatory agencies.
- Broadband adoptions as measured by verified new subscriptions can be achieved for \$250 per adoption if incumbent ISPs are sincere partners in advertising affordable offers and community sign-up events. \$250 is sufficient to cover outreach, digital literacy training, help to find an affordable device (purchased by customer and not part of grant funding), and assistance with comparing broadband service offers and signing up for service. This figure is a good benchmark for allowed amounts per adoption in a grant.
- Applicants should be required to submit a work plan and budget in order to evaluate the viability and practicality of the proposed strategies and activities to produce verified broadband adoption outcomes. CETF urges grant funding based only on performance and verified results, as noted above due to the small Adoption Fund size. If performance-based grantmaking is adopted, CETF recommends providing the first quarterly payment at the time the grant agreement is signed, the second quarterly payment based on good-faith progress in implementing the work plan and meeting milestones, and quarterly payments thereafter pursuant to performance reconciled to funding per number of agreed-upon outcomes. The last payment should be made only after the completion report is submitted to the CPUC.
- CETF supports a 15% match by grantees, and urges it be allowed to be met by a grantee providing dedicated personnel that are supported by other funds. CETF will provide the match (up to \$37.50, which is 15% of \$250) per verified subscription adoption for CBOs interested in partnering. The Commission should reach out to other non-profit organizations and foundations to explore and invite a pool of matching funds for Adoption Fund grants.
- The Commission should convene workshops for Adoption Fund grantees as a “learning community” to share best practices and solving of common problems, peer support and coaching, and mutual accountability for results.

B. Public Housing Account

- CETF opposed the provision of AB1665 that made SB745 retroactive, thereby nullifying numerous pending CBO applications for infrastructure funding from the Public Housing Account. CETF urges the CPUC to take a strong policy position in favor of getting all residents in publicly-subsidized multi-unit attached housing complexes online, and to participate in the stakeholder processes to be convened by state legislators on the topic.

- CETF requests the Commission retain all applications submitted to the Public Housing Account before AB1665 became effective until the stakeholder process that will be convened by Assemblymember Eduardo Garcia concludes.
- The Commission should consider using some of the Public Housing Account funding to study the status of broadband adoption in the complexes that were the subject of the CBO Public Housing applications to better understand the barriers to broadband adoption in publicly-subsidized housing. CETF's data indicate that only about 20-25% of residents in such housing subscribe to market rate offers, most are unaware of available affordable offers, and many cannot afford the low cost offers.
- The Commission should encourage ISPs to work in collaboration with affordable housing leaders to market their affordable offers more effectively to residents.
- Applicants for funding from the Infrastructure Grant Account should be encouraged to determine if there are any publicly-subsidized housing in the proposal's grant area that could benefit from being included in the deployment plans.

C. Revolving Loan Account

- The Commission should learn from recipients of existing Revolving Loan Account grants what were limitations as to the viability of such loans.
- The Commission should request assistance from the Regional Broadband Consortia to identify community development financial agencies and the economic development corporations in their regions so that the CPUC can consult with them to improve the broadband infrastructure program.

III. CETF Sponsored AB1665, The Internet For All Now Act of 2017, Due to the Urgent Need for Additional Funding for Infrastructure and Adoption Programs

The statistics in Table 1 below are the reasons why CETF sponsored the Internet For All Now Act of 2017 (AB1665 or the IFAN Act) which authorizes \$330 million in additional collections into the California Advanced Services Fund (CASF) over the next 5 years. Based on the 2017 Statewide Survey, Table 1 shows exactly which state residents constitute the unconnected and the underconnected: low-income persons, Spanish-speakers, people with disabilities, seniors, and non-high school graduates. Going forward, CASF programs should be carefully tailored to target these unconnected and underconnected population segments in a proactive way by Commission staff, not in a reactive way.

Table 1. The Most Disadvantaged Residents Are Unconnected and Underconnected

Segment of the Population (2017 Statewide Survey)	Connected at Home	Smartphone Only	Not Connected at Home
Statewide	87%	18%	13%
Earning Less Than \$20,000 Annually	75%	27%	25%
Spanish-Speakers	70%	38%	30%
People with Disabilities	75%	15%	25%
Adults Age 65 or Older (Seniors)	69%	9%	31%
Non-High School Graduates	67%	28%	33%

The original language of the IFAN Act as proposed by CETF -- and supported by the IFAN Coalition of more than 100 organizations -- was fiercely opposed by large incumbent Internet Service Providers. In CETF’s view, the final version of AB1665, as passed by the Legislature and signed into law by Governor Brown, contains several problematic provisions. For example, CETF proposed the new Broadband Adoption Account because it was clear that now, it is possible to authorize additional surcharge collections into the CASF that support both broadband deployment and adoption over the next decade without increasing telephone surcharges above the highest historical level, thus maintaining the consumer relief that was accomplished when the High-Cost B Fund for telephone subsidies was reformed to provide funds for the initial CASF by the CPUC and Legislature in 2008. However, CETF proposed and justified analytically that the Adoption Account should be capitalized with *\$100 million* to achieve 90% adoption statewide by 2023, but AB1665 authorized the Adoption Account with only \$20 million. Thus, with only one-fifth the funding needed to achieve the adoption goal, CETF recommends funding of projects that are laser focused on the most needy population segments (as set forth in Table 1 above), and by grantees that are willing to comply with metrics to demonstrate measurable impact on the designated groups.

Further, incumbent ISPs even opposed setting a goal for broadband adoption and diluted the focus on verified low-income subscriptions as the performance metric. The compromise was to direct the Commission to “develop, by June 30, 2018, criteria for awarding grants *and a process and methodology for verifying outcomes*” with payment based on “*digital inclusion*

metrics” determined by the Commission.⁵ Thus, this rulemaking to set up the first Adoption Account grant rules is vitally important. In CETF’s view, Adoption Account grants should be made in a focused way to target the unconnected and underconnected populations segments set forth in Table 1, and, consistent with AB1665’s language, the Commission’s program rules should include verified adoption and reporting of metrics by grantees to ensure there is measurable impact leading to increases in broadband adoption. Unfortunately, the current Staff Proposal lacks the process for verification outcome and performance metrics based on outcomes. Only by including those requirements can the Commission have the data to report the increases in broadband adoption to the Legislature, as required by AB1665.

IV. CETF’s Comments on the Proposed Broadband Adoption Account Program

CETF appreciates the diligence with which the Commission and its CASF Staff has moved forward to prepare for making Adoption Account grants available for application by July 1, 2018, and commends the Assigned Commissioner and Assigned Administrative Law Judge for scheduling several public forums and workshops to obtain citizen input throughout the state. Above in Section I, CETF set forth its qualifications to comment on broadband adoption programs, as the most experienced funder of broadband adoption programs in California over the last ten years. As background, research shows that a successful broadband adoption program for low-income households must address three barriers: (1) cost; (2) relevance; and (3) digital literacy.⁶ Through three open and competitive rounds of grantmaking between 2007 and 2017, CETF’s experience in the broadband adoption area has evolved to focus on *verified new broadband subscriptions in targeted populations* as the most compelling approach to addressing all three barriers -- and the most reliable metric to increase broadband adoption. While there are many well-meaning and laudable projects and programs that aim to increase digital literacy, without an intentional imperative to drive to new broadband subscriptions in the targeted

⁵ AB1665, Chapter 851 (approved by the Governor and filed with the Secretary of State on Oct. 15, 2017). Section 3, adding Section 281(j)(3) and (4) (emphasis added).

⁶ Study shows that the main reasons people do not adopt broadband at home are cost (36%), Digital Literacy (22%), and relevance (19%). See Broadband Adoption and Use in America, FCC and Broadband.Gov National Broadband Plan, by John Horrigan, at slide 16 (March 2010). <https://transition.fcc.gov/DiversityFAC/032410/consumer-survey-horrigan.pdf>

population, there is little evidence that those kinds of activities on their own increase adoption as a direct consequence in a reasonable and measurable timeframe.

In addition, research about the use of computing and broadband technologies in schools as well as the CETF experience with its School2Home initiative⁷ underscores the need to integrate instructional technology into a comprehensive school transformation initiative. CETF has found that grants for computing devices and technology alone will have limited impact and will not increase broadband adoption.

Further, it must be kept in mind that two-thirds of low-income households in California don't have children in school, so other outreach strategies are required to reach those adult/senior residents. Finally, as Table 1 demonstrated, an underconnected community are people with disabilities; focused efforts need to be made to reach low-income members of this community with varying special needs.

To be sure, access to computing devices at schools, libraries and community centers coupled with digital literacy training is helpful for those who participate in such programs and opportunities. However, these activities alone don't result in home adoption without additional intervention by "trusted messengers and honest brokers"⁸ to inform eligible residents about available affordable offers for high-speed Internet service and assist them through the process of understanding and comparing offers and signing up for a subscription. Further, recent surveys and focus groups with low-income residents conducted by CETF reveal that approximately 70% of eligible households are not aware of affordable offers and are weary of companies trying to get them to sign up for long term service contracts and/or up-sell them. Thus, CETF recommends that as part of its broadband adoption effort, the Commission should urge incumbent ISPs to increase media advertising and bill insert information about available affordable broadband offers, partner with CBOs for outreach and digital literacy training, and regularly report their progress on low-income broadband subscriptions in California. Attached as Attachment A is a Summary of Lessons Learned from CETF grantmaking.

⁷ Please see CETF School2Home Initiative webpage at <http://www.cetfund.org/investments/school2home>

⁸ By "trusted messengers and honest brokers," we mean known community members and groups within the target communities, such as community-based organizations, local churches, "promotores" (community lay health worker in Latino communities), school staff, or local government agencies who serve low-income and disadvantaged communities.

In the Appendix B Adoption Account proposals, both the Digital Literacy Projects and the Broadband Access Projects will award CASF funds at a milestone and after a project completion report is filed, *regardless of the number of participants who subsequently subscribe to broadband Internet service at home.*⁹ CETF strongly recommends that no CASF funds should be paid out until there are verified participants of the project that subscribed to broadband at home reported to the Commission in grantee reports.¹⁰ Only in this way, will the limited Adoption Account be used for the specific statutory goal, namely broadband adoption by unconnected and underconnected households at home.

It is essential that both the Digital Literacy Project and Broadband Access Project grantees are accountable for results that contribute to broadband adoption at home of the target communities. If the CPUC is going to award grants based on metrics other than verified new subscriptions by low-income households, then grantees should be required to delineate in their applications documented evidence or data as to why and how the proposed grant activities will lead to broadband adoption at home by the target communities. For grants awarded on metrics other than verified subscriptions, the Commission should require its grantees to conduct screening surveys of every person served regarding their socio-economic demographic data and status of their home broadband connectivity to establish a baseline of the population being served,¹¹ and to conduct a statistically-reliable survey of persons served after the grant to determine if it resulted in increased broadband adoption. All grantees should be required to set forth in both their application and final report the overall cost per outcome for transparency, public accountability, and analysis of cost-effectiveness of various strategies for increasing adoption for future policymaking. This is the fairest approach to assessing success in closing the Digital Divide.

⁹ See Appendix B, Amended Scoping Memo, at pp. 11-12, where the completion report at the end of the deployment period for both Digital Literacy and Broadband Access projects requires the number of participants that subsequently subscribe to broadband Internet service provider to use a device at home. Under Payment, on page 12, grantees may get partial payment after six months of deployment, so long as it submits a milestone report. A full payment request requires a project completion report, which includes subscription metrics *but does not require actual subscriptions to be obtained in order to get payment.*

¹⁰ See footnote 4 for CETF's policy on broadband adoption verifications for its grantees.

¹¹ During this screening survey, the person can be asked about his or her interest in low cost broadband offers, whether the person owns a computing device, and need for digital literacy training. Those expressing interest should be referred to grantees or groups conducting broadband adoption training and providing low cost devices. The Commission could serve as an online clearinghouse of information for persons wanting to find Digital Literacy programs and public access computers in the State.

Grantmaking based on reimbursement of expenses instead of outcomes is inefficient and will waste precious funds in the Adoption Account for administrative costs. The Commission should seek the cooperation of the Controller to find a better approach to grant payments based on performance and/ or seek legislation to allow more results-oriented management.

CETF further points out that in its experience, broadband adoption is most effective when incorporated into an existing program managed by an organization (non-profit or government agency) that already interacts with large numbers of low-income households and disadvantaged populations. This type of organization is a “trusted messenger.” The Commission should use caution in awarding grants to “start-ups” that have little experience in Digital Inclusion and accountability for outcomes. Unfortunately, the staff proposal for allowed costs for electronic devices and furniture invite applications that don’t focus on adoption results.

Further, purchase of electronic devices should not be a major use of the Adoption Account because grantees should have a plan for sustainability of their program after the grant. There are legions of examples of electronic devices being bought for computer labs and classrooms that were never used and sat in a closet, or were used until the grant was over and then shelved, or they wore out or became obsolete, and then there was no sustained effort. Districts with schools in low-income neighborhoods can afford to buy devices by prioritizing existing funds and should be encouraged to do so to support appropriate technology education for their students. The Adoption Account should not be used for expenditures that any government institution will need to make on an ongoing basis to sustain a technology program. If the Commission proceeds with allowing Adoption Account grants to purchase devices, equipment and furniture, then a plan should be required of the grantee to ensure that these purchased items will continue to be used to support Digital Inclusion after conclusion of the grant (and not mingled with their general inventory).

In Appendix B, the Staff laudably proposes expedited review for smaller grants of \$50,000 or below.¹² However, it is CETF’s experience that \$50,000 is a very small amount to accomplish significant impact, particularly if there are metrics other than verifiable broadband subscriptions. *A more appropriate level for administrative approval of grants is \$100,000.* Further, even for experienced CBOs, it takes time to ramp up activity to have an impact and a

¹² Appendix B, at pp. 9-10.

one year timeframe is often too short. CETF recommends that larger grants with up to a two year timeframe for results will optimize return on investment.

CETF also recommends that the Commission should encourage partnerships between grantees and incumbent Internet Service Providers (ISPs) to promote existing affordable broadband offers¹³ and sign up low-income households, although grantees should be required to provide information about all available offers on a technology neutral basis to prospective customers.¹⁴ CETF proposed the provision in AB1665 that declares: “It is the policy of the state to encourage collaboration among stakeholders and to promote public-private partnerships to harness the expertise and strengths of all partners to serve the public interest.” The impact of the Adoption Account grants can be amplified if ISPs significantly increase their media advertising about affordable offers, coordinate activities of CBOs on outreach in-language and in-culture, and agree to jointly-convene community connect fairs to sign up eligible households.

In the spirit of public-private collaboration, CETF recommends that the Commission should urge or require incumbent ISPs to regularly and publicly report their progress on signing up low-income households in California for their available broadband affordable offers. Today, there is no public data to determine which affordable programs are actually working, where to promote affordable offers most effectively, and the best ways to target grants from the Adoption Account. Absent reliable data, we cannot assess broadband adoption programs for success and inform our policy choices. *In summary, public reporting of progress is critical for transparency and accountability relating to these public dollars.*

In our experience, CETF can state with authority that broadband adoptions (measured by verified new broadband subscriptions) can be achieved for \$250 per adoption if incumbent ISPs are sincere partners in advertising their affordable broadband offers and collaborating on outreach events to target communities. The \$250 per adoption figure was set forth by CPUC Administrative Law Judge Karl J. Bemesderfer in the Proposed Decision for Application No. 14-04-013 (Comcast’s proposed acquisition of Time Warner Cable) based on testimony and cost

¹³ A number of ISPs such as Comcast, AT&T, Charter and Frontier, have existing affordable broadband offers resulting from merger obligations either at the FCC or at the CPUC. CETF emphasizes how important these affordable offers are to the target communities and that once the offers expire, the cost barrier will be very hard to overcome by low-income residents.

¹⁴ In 2010-2013, CETF conducted a successful “Get Connected!” broadband campaign in target low-income, Latino, rural and people with disabilities communities. CETF is willing to donate the “Get Connected” logo to brand the CASF Adoption Program grantees’ efforts as a statewide digital equality campaign. See http://www.cetfund.org/investments/overview/get_connected

analysis submitted by CETF and CBO partners. The \$250 figure is sufficient to cover outreach, digital literacy training, help to find an affordable electronic device (purchased by the customer and not part of the grant funding), and assistance with comparing offers and signing up for service. That figure is a good benchmark for allowed amounts per adoption in a grant. All grant applications that have lesser outcomes that are not as labor-intensive as adoption verified by new subscriptions — such as number the number of people using a computer lab or the people trained — should be allowed much less per outcome in a grant to better stretch the limited funds in the Adoption Account.

CETF recommends that the program adds a required work plan and budget from all applicants in order to evaluate the viability and practicality of the proposed strategies and activities to produce stated outcomes, including sustainability in the post grant era. However, CETF's ideal procedure, as stated above, is for the Commission to fund grants based on performance and work with the Controller on an arrangement to accommodate performance-based payments, even seeking legislative authority if necessary. A grantee with the discipline and capacity to develop specified outcomes for a set amount per deliverable usually also has the management skills to prepare a coherent work plan and adequate budget. If grant payments are made based on documented outcomes, then the process can be much more efficient with greater transparency and accountability. One approach to performance-based grantmaking that also is sensitive to the cash-flow challenges for many CBOs is to provide the first quarterly payment at the time the grant agreement is signed, the second quarterly payment based on good-faith progress in implementing the work plan and meeting milestones, and quarterly payments thereafter pursuant to performance reconciled to funding per number of agreed-upon outcomes. It also is prudent to withhold a portion of the last payment until a completion report is submitted and accepted by the Commission.

In its proposal, the CASF Staff has recommended a 15% match be provided by the applicant, with the Commission funding 85% of a project.¹⁵ Requiring a match is a good way to assure real commitment by the applicant. CETF finds a 15% match is rather modest, so that match amount level should not be that big a hurdle for grantees. CETF recommends that grantees should be allowed to meet the 15% required match by dedicated personnel that are supported by other funds. CETF will provide the match (up to \$37.50 or 15% of \$250) per

¹⁵ Appendix B, at Section 1.5 Eligible Projects, at 3 (Digital Literacy projects) and 4 (Broadband Access Project).

verified subscription adoption for CBOs interested in partnering with CETF on Adoption projects. Pursuant to Memoranda of Understanding (MOUs) with Frontier Communications and Charter Communications, CETF currently manages grants in Frontier service areas for \$60 per adoption plus a new computing devices and has awarded grants in the Charter services areas for \$120 per adoption. CETF proposes to work with those grantees to explore how they can leverage CETF funding as match for Adoption Account grants, once approved by the Commission. The Commission CASF staff should reach out to other non-profits organizations or foundations interested in technology and digital equity to explore and invite a pool of matching funds.

Finally, CETF recommends that the CPUC's Communications Division convene workshops for grantees as a "learning community" to share best practices and solving of common problems, peer support and coaching, and mutual accountability for results. This practice and discipline by the Commission will ensure better overall results and greater impact from the Adoption Account.

V. CETF Comments on the Public Housing Account Proposal

CETF is a champion for the goal of getting online all residents in publicly-subsidized housing. CETF strongly opposed the provision in AB1665 that made Senate Bill 745 retroactive, thereby nullifying pending Community Based Organization applications for infrastructure applications from the Public Housing Account. Assemblymember Eduardo Garcia (in cooperation with Senator Steve Bradford, author of AB1299 that established the CASF Public Housing Account) agreed to convene a stakeholder process to address the problems in AB1665 and explore how to best meet the needs of the most economically-disadvantaged households in California. CETF urges the Commission to participate as a stakeholder in that process. The Commission also should take a strong policy position in favor of getting all residents in publicly-

subsidized multi-unit attached housing complexes online as a strategy to tackle poverty, and to prevent the Homework Gap¹⁶ for school age children living in the housing.¹⁷

CETF requests that the Commission retain all the applications that were submitted for Public Housing Account infrastructure grants before AB1665 became effective, until there is an outcome of the stakeholder process. In the meantime, the Commission should consider allowing some of the funds in the Public Housing Account for adoption to be used to determine the status of adoption in all the complexes that were the subject of the previously-submitted infrastructure grant applications to gather data on the barriers to broadband adoption in publicly-subsidized housing. Data collected previously and analyzed by CETF indicate that only about 25% of residents in publicly-subsidized multi-unit attached housing subscribe to market-rate offers,¹⁸ most are not aware of available affordable broadband offers, and many cannot afford even the \$10-\$15 per month discounted offers if they did know about them.¹⁹ Further, the ISPs are not actively marketing their affordable offers in these kinds of housing complexes, which exacerbates the problems there, including the Homework Gap for school children residing in the complexes.

The Commission should encourage ISPs to work in collaboration with affordable housing leaders to market their affordable broadband offers. Attached as Attachment B are summaries of meetings between affordable housing organizations and ISPs to initiate the conversation. These have been submitted to Senator Bradford and Assemblymember Garcia.

¹⁶ The “Homework Gap” was coined by FCC Commissioner Jessica Rosenworcel for the problem caused when school children cannot access the Internet at home to do homework, and thus fall behind their classmates with Internet access. Seven in ten teachers assign homework requiring the Internet. She cited a study from the Hispanic Heritage Foundation, Family Online Safety Institute and My College Options, stating that nearly 50 percent of students say they have been unable to complete a homework assignment because they didn’t have access to the Internet or a computer. 42 percent of students say they received a lower grade on an assignment because they didn’t have access to the Internet. https://www.huffingtonpost.com/jessica-rosenworcel/bridging-the-homework-gap_b_7590042.html

¹⁷ In 2013, there were about 5 million households (out of 29 million) with school-age children in the United States that lacked access to high-speed Internet service. Low-income households and minority households made up a “disproportionate” share of those 5 million households; 31.4% of households with school-age children whose incomes fell below \$50,000 fell into the group without Internet access at home. This group makes up about 40% of all families with school-age children in the U.S. See Horrigan, John B., “The Numbers Behind the Broadband Homework Gap” April 20, 2015 <https://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap>

¹⁸ Resolution T-17515, Approval of Funding for the Public Housing Infrastructure Grant Applications of the Housing Authority of San Bernardino County et al, issued June 9, 2016, at 7 (Charter and Comcast provided data showing an average of 25% of public housing residents subscribe to broadband service; housing authorities (that were proposing free limited broadband service to all residents) responded that residents don’t subscribe because they cannot afford the ISP’s cost of service).

¹⁹ Based on 2016 surveys conducted by Eden Housing in various public housing development properties throughout the state.

Applicants for funding from the Infrastructure Grant Account should be encouraged to determine if there are publicly-subsidized multi-unit housing complexes in the proposal grant area that could benefit from being included in the deployment plans. CETF has inventoried all publicly-subsidized multi-unit complexes by Legislative District and will make those available to the Commission, stakeholders, and the public.

VI. CETF Comments on the Revolving Loan Account

The Commission should be sensitive to the needs of the recipients of the existing loans and learn from them the limitations on the viability of the Revolving Loan Account. Also CETF suggest that the CPUC request assistance from the Regional Broadband Consortia to identify community development financial agencies and economic development corporations in their regions so that the Commission can consult and inform them about the Revolving Loan Account.

WHEREFORE, CETF respectfully requests the Commission amend its CASF proposals contained in Appendix B to be in accord with the above comments.

Respectfully submitted,

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