

Vermont Universal Service Fund and E-911 Overview

Presentation for the House Committee on Environment and Energy

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VUSF Purpose and Revenue Source

Established in 1994

Purpose

- Create a financial structure that will allow every VT household to obtain basic telecommunications service at an affordable price

Revenue Source – Universal Service Charge

- A proportional charge (2.4%) on retail telephone (voice) service:
 - Landline
 - Mobile (including prepaid wireless)
 - VoIP

Administered by an independent fiscal agent (Solix, Inc.) under contract with DPS

Programs Funded by the VUSF

Broadband - one-sixth of revenue earmarked for broadband grants (2019), (now VCBF)

Remaining funds allocated by Commissioner in order of priority:

- Fiscal agent
- **Telecommunications Relay Service** (and Equipment Distribution Program)
- **VT Lifeline**
- **E-911**
- Connectivity Fund (2014)
 - High-Cost Program
 - Connectivity Initiative (since 2022, administered by VCBB)

E-911 - Governance

Board – 9 members appointed by the Governor

- One county law enforcement officer elected by the membership of the Vermont State Sheriffs' Association; one municipal law enforcement officer elected by the Vermont Association of Chiefs of Police; one official of a municipality; a firefighter; an EMS provider; a DPS representative; and 3 members of the public.

Executive Director – appointed by Board subject to Governor's approval

E-911 Board – Purpose and Responsibilities

Purpose

- To develop, implement, and supervise the operation of the statewide E-911 system

Responsibilities, include

- Public safety answering point (PSAP) technical and operational standards
- System database standards and procedures
- Statewide standards for identifying customer location
- System and database security standards and procedures
- Working with telephone companies (PUC oversight also) and municipalities (addressing)

E-911 Special Fund

Deposits into Fund

- Transfers from VUSF; any appropriations; any required taxes; any grants or gifts

Allowed Disbursements

- Nonrecurring costs (PSAP establishment; equipment/software/databases/training)
- Recurring costs (fees; maintenance; database improvement, etc.)
- Board and DPS expenses
- Costs solely attributable to statewide PSAP operations
- Demonstration project costs

Disallowed Disbursements

- Personnel costs for emergency dispatch answering points
- Construction, purchase, renovation, furnishing for emergency dispatch buildings
- Two-way radios
- Vehicles and associated equipment

VUSF Revenue – Program Allocations

Universal Service Charge (2.4%) generates about \$5.8 million annually*

Program Allocations - Rough Approximations*

- 17% (\$1M) VT Community Broadband Fund
- 2% (\$110K) Fiscal agent
- 6% (\$360K) Lifeline
- 5% (\$300K) Telephone Relay Service and Equipment Distribution Program
- 70% (\$4M) E-911
- 0% (\$0) Connectivity Fund

E-911 budget shortfall - In FY 2023, General Assembly made a one-time General Fund appropriation to E-911 in the amount of \$1.3 million

*Please see most recent Solix financial performance statement and VUSF audit statement.

VUSF Revenue - Challenges

Declining Revenue

- Since 2015, revenue declining at a rate of 5% per year
- Prior to 2015, rate set by PUC (PSB) annually, capped at 2%

Caused by Declining Contribution Base

- Decline in traditional landline service (now pretty stable)
- For bundled services (voice/data), declining percentage of overall bill attributed to voice service; i.e., assessable telecommunications services have declined

In Vermont, about **83%** of voice subscriptions are:

- Mobile (67%)
- VoIP (16%)

Agency Report on E-911 Funding

Report required by General Assembly in 2021

Agency of Administration requested to:

- Review funding streams for E-911 Special Fund
- Make recommendations to ensure long-term sustainability of the E-911 Board's operations
- Assess VUSF proposals in 2020 PEG study
- Make recommendations regarding structure or governance of E-911 program

Working group

Report submitted January 2022; can be found [here](#)

Agency Report on E-911 Funding (cont'd)

Agency Recommendation

- Use General Fund for E-911
- Use excess capacity in VUSF for cellular connectivity initiatives

Alternative Financing Mechanism for VUSF Considered (change to contribution factor)

- Replace 2.4% charge with a “connection charge”
- **Connection charge** = monthly, fixed fee for each voice line in service
- \$0.70 fee would raise about \$7.4M annually
- Considered at end of 2022 session in HE&T and Finance; 2023 W&M