

# Vermont Universal Service Fund and E-911 Overview

Presentation for the House Committee on Ways and Means

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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

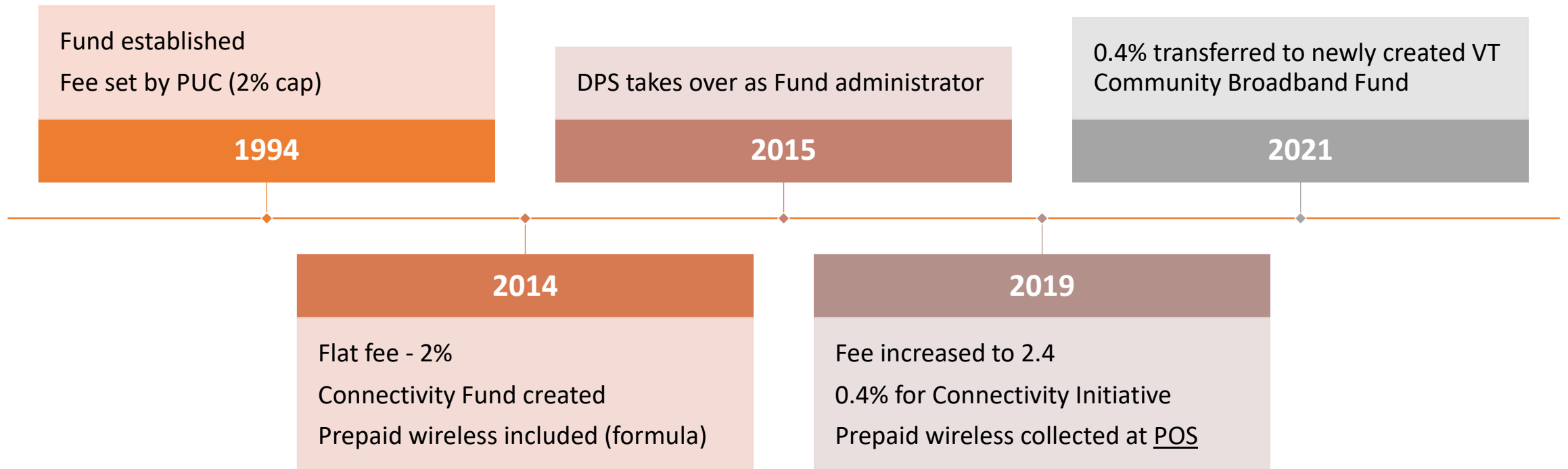
# Programs Funded by the VUSF

**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)

# VUSF Timeline



# 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 \$5.2 million annually\***

## **Program Allocations - Rough Approximations\***

- 17% (\$900K) VT Community Broadband Fund
- 2% (\$106K) Fiscal agent
- 5% (\$190K) Telephone Relay Service and Equipment Distribution Program
- 6% (\$160K) Lifeline
- 70% (\$4M) E-911
- 0% (\$0) Connectivity Fund

E-911 budget shortfall – Started about 4 years ago. Pandemic funding helped. 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%) – about 70% of 911 calls are from a mobile line
- 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 (changes 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 in Finance
  - 1/6<sup>th</sup> (17%) still earmarked for broadband
  - Carve out for prepaid wireless (would still collect 2.4% at POS)
  - Family plan? Or large entity (businesses/schools, etc.) cap (25 lines)?