

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **H.297 An Act Relating to the Duties and Functions of the Department of Public Service** *As Amended by the Senate Finance Committee*

#### USF Charge Changes

There are three proposed changes that impact the amount of money collected through the Universal Service Fund (USF) charges including; raising the USF rate, clarifying the base for the charge, and expanding the USF charge to prepaid wireless.

The bill increases the USF charge from 1.8% to 2.0% effective July 1, 2014. The current USF charge currently raises \$6.4 million. Increasing the rate to 2.0% will increase the revenue by approximately \$650,000 in FY 2015. This section also clarifies that the USF charge applies to federal line subscriber charges, directory assistance, enhanced services and toll-related services.

Additionally the USF charge is applied to prepaid wireless telecommunications services at the rate equivalent to 2.0% of the retail value beginning on September 1, 2014. This is estimated to raise \$500,000 annually, but is anticipated to increase revenue by \$375,000 in FY 2015.

#### Telecom Reorganization

Beginning in FY 2016, the bill creates the Division for Connectivity within the Agency of Administration and allows for 7 new positions from existing vacant positions, while the Vermont Telecommunications Authority is allowed to go dormant. In addition, the Administration is required to report on a proposal to transfer the responsibilities and powers of the E-911 Board, the Vermont Communications Board, some VCGI functions and the Vermont First Net Board to the Division for Connectivity with operational savings of at least \$300,000 in FY 2016. The consolidation of these Boards and functions should lead to operational savings and efficiencies in FY 2016. The chart below is a summary of entity-specific funding in the FY 2015 budget.

<b>FY 2015</b>	<b>VTA</b>	<b>E911 Board</b>	<b>VCOMM</b>	<b>VCGI</b>	<b>First Net</b>
<b>Budget</b>	\$805K <sup>[2]</sup>	\$4.6		\$900K	\$889K
State Funds	\$635K	\$4.6	0	\$379K	0
Revenue Source	GF	USF Charges	Federal Grants	PTT	Federal Grants
FTEs	9	12	0	6	0
Average Salary <sup>[1]</sup>	\$94,498	\$87,111	N/A	\$81,198	N/A
# Board Members	9	9	25	12	11-21 <sup>[3]</sup>

[1] Includes benefits

[2] Excludes federal project grants

[3] 11 voting/10 non-voting