

Vermont Universal Service Fund Restructuring Proposal

Report Related to the Funding of Enhanced 911 Operations

H.439 Sec.E235

VUSF Rate of Charge

- 2.4% fee on retail telecommunications services (i.e. telephone service)
 - Act 79 (2019)
 - Increased Rate from 2% to 2.4%
 - 1/6 of the revenues dedicated to Connectivity Fund for broadband.
 - Prepaid wireless collected at point of sale
- Collected on retail telecommunications services but not broadband
 - ILECs
 - CLECs
 - Mobile Carriers – prepaid and post paid
 - fee is a line item on consumers' bills
- Fund Managed by an independent fiscal agent --- Solix, Inc.

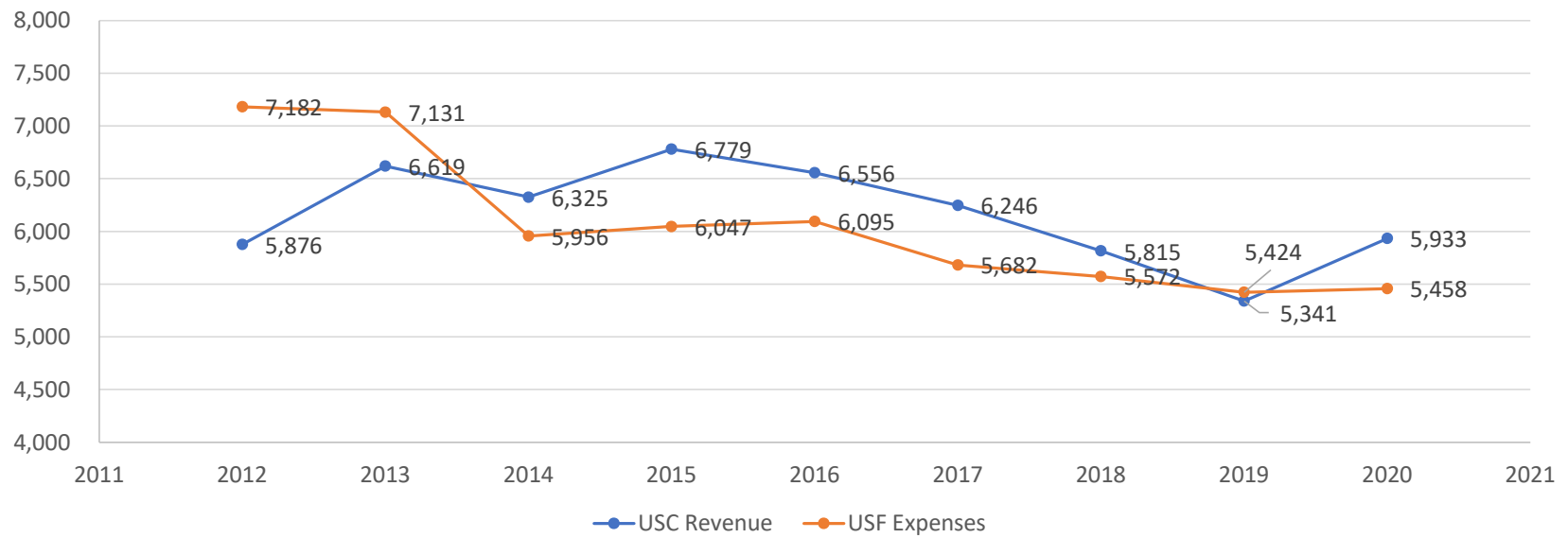
Supported Programs Order of Priority

- **Fiscal Agent Contract**
- **Vermont Lifeline Program** – bill credits to low-income telephone users
- **Telephone Relay Service** – Communications service for deaf and hard of hearing
 - **Equipment Distribution Program** – equipment for deaf and hard of hearing
- **Enhanced 911**- disbursements set by state budget
- **Connectivity Fund** – supported by previous year surplus in the fund
 - Act 79 dedicated 16.67% to Connectivity initiative

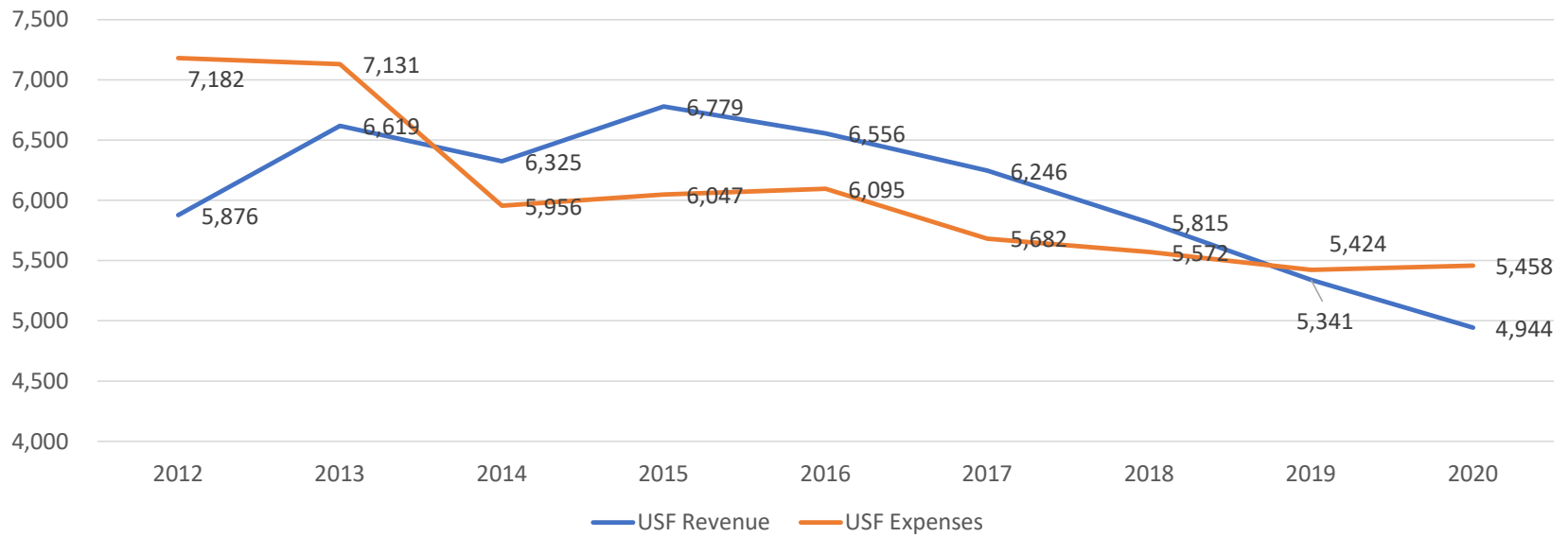
Connectivity Fund

- Supports the High-Cost Program and Connectivity Initiative
- High-Cost Program provides ongoing support to Vermont Eligible Telecommunications Carriers (VETCs).
- Connectivity Initiative is a grant program that funds last mile broadband expansion.
- Fiscal agent determines amount of available funding from previous year surplus.
- 45% goes to High Cost, 55% goes to Connectivity

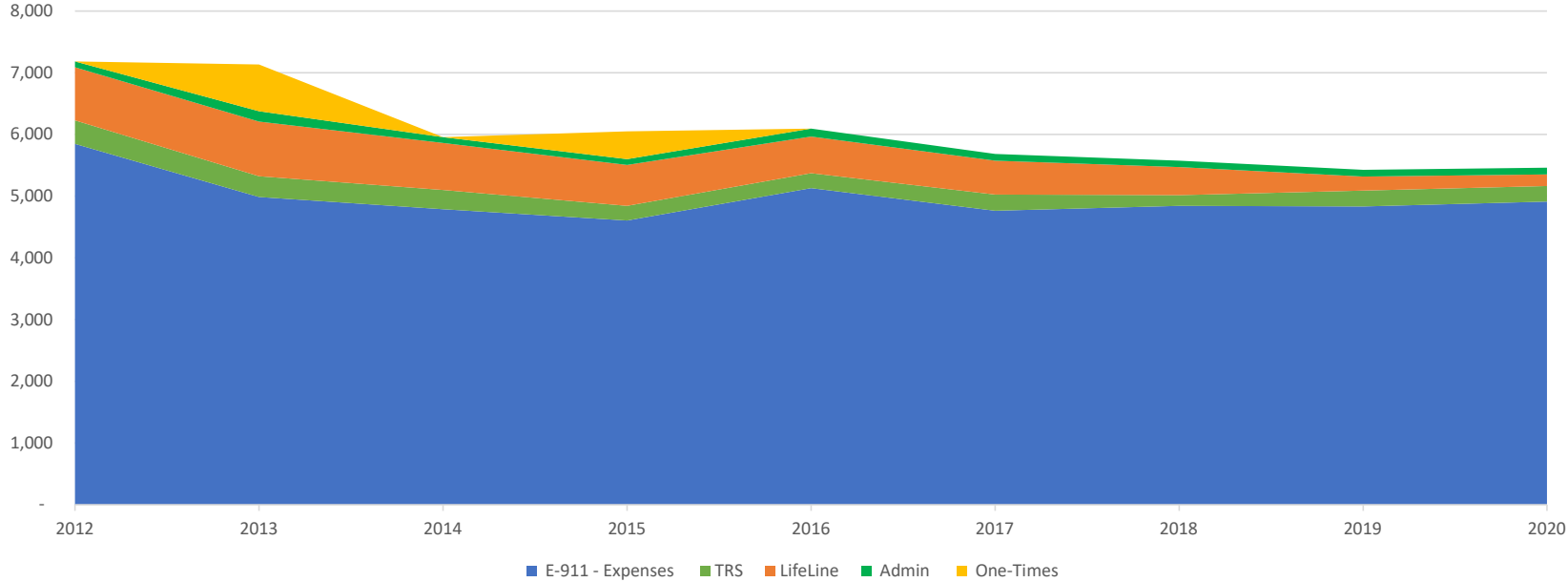
VUSF Revenues & Expenses 2012-2020
(\$1000s)



VUSF Revenue and Expenses with 16% Connectivity Allocation Removed for FY20
(\$1000s)



USF Expenses - Composition



VUSF Proposed Changes

- Remove E911 from activities supported by VUSF
- 911 activities would be funded through the General Fund
- Includes a one-time payment of \$700,000 from the fund to replenish the 911 special fund
- Surplus in fund would be used to support the Critical Communications Infrastructure program as proposed in the budget
- All other funded programs would remain unchanged

Critical Communications Infrastructure Program

- Program designed to expand mobile wireless coverage using a target corridor analysis and competitive bidding process
- Would supplement and strengthen Administration's Capital Projects Fund proposal
- Provides ongoing support for wireless expansion beyond the ARPA time period.
- Funding would be appropriated annually to the program
- Universal Service Fund's commitment to universal service is maintained

- Report:
<https://legislature.vermont.gov/assets/Legislative-Reports/Report-Related-to-the-Funding-of-Enhanced-911-Operations-Pursuant-to-H.439-Sec-E.235-1-15-22.pdf>