

# Vermont Universal Service Fund Overview

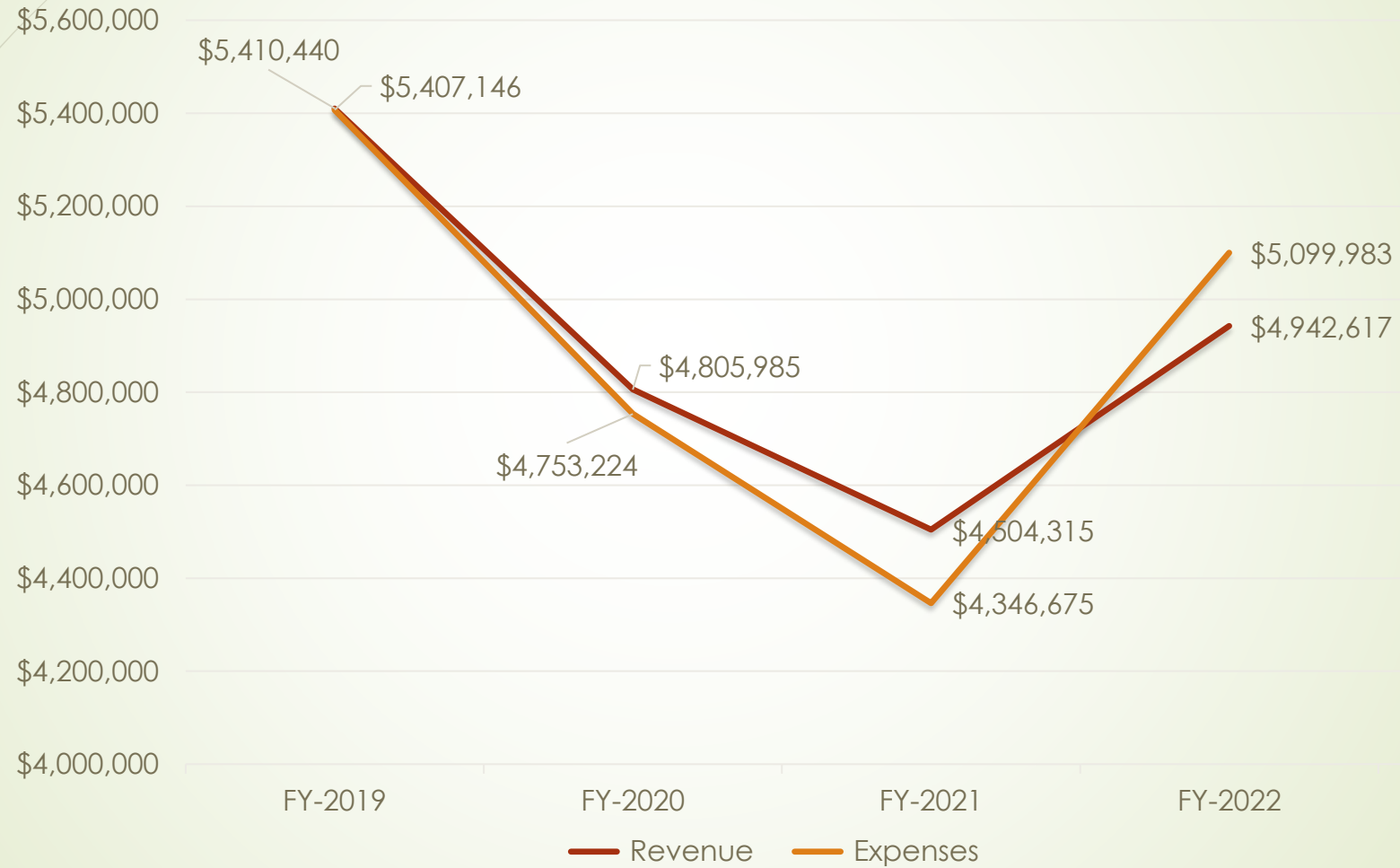
# Vermont Universal Service Fund Overview

- ▶ VUSF supports 5 programs
- ▶ 2% fee on retail telecommunications services (i.e. telephone service)
- ▶ Collected on retail telecommunications persons purchasing service
  - ▶ 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

- ▶ **Fiscal Agent Contract** – Solix Inc.
- ▶ **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

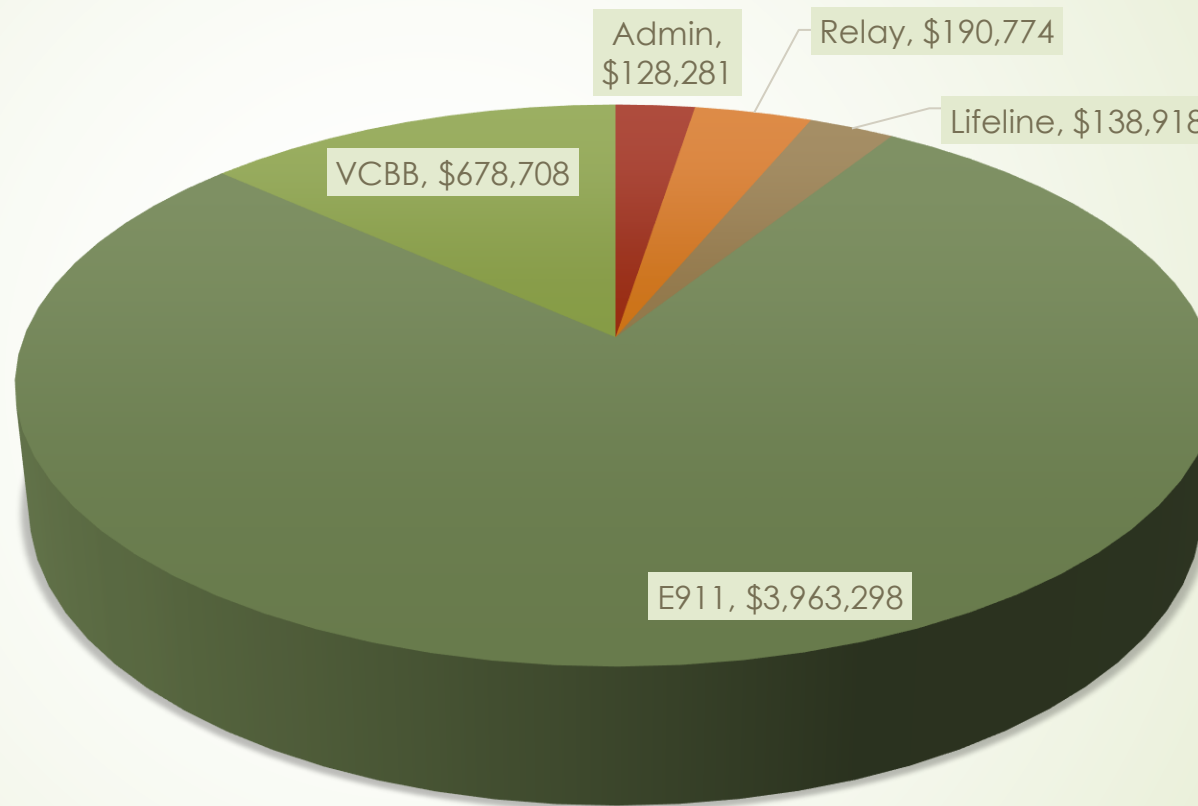
## VUSF Revenues and Expenses FY2019-FY2022



# Fiscal Year 2022 Disbursements

Total Revenue:  
\$5,023,540

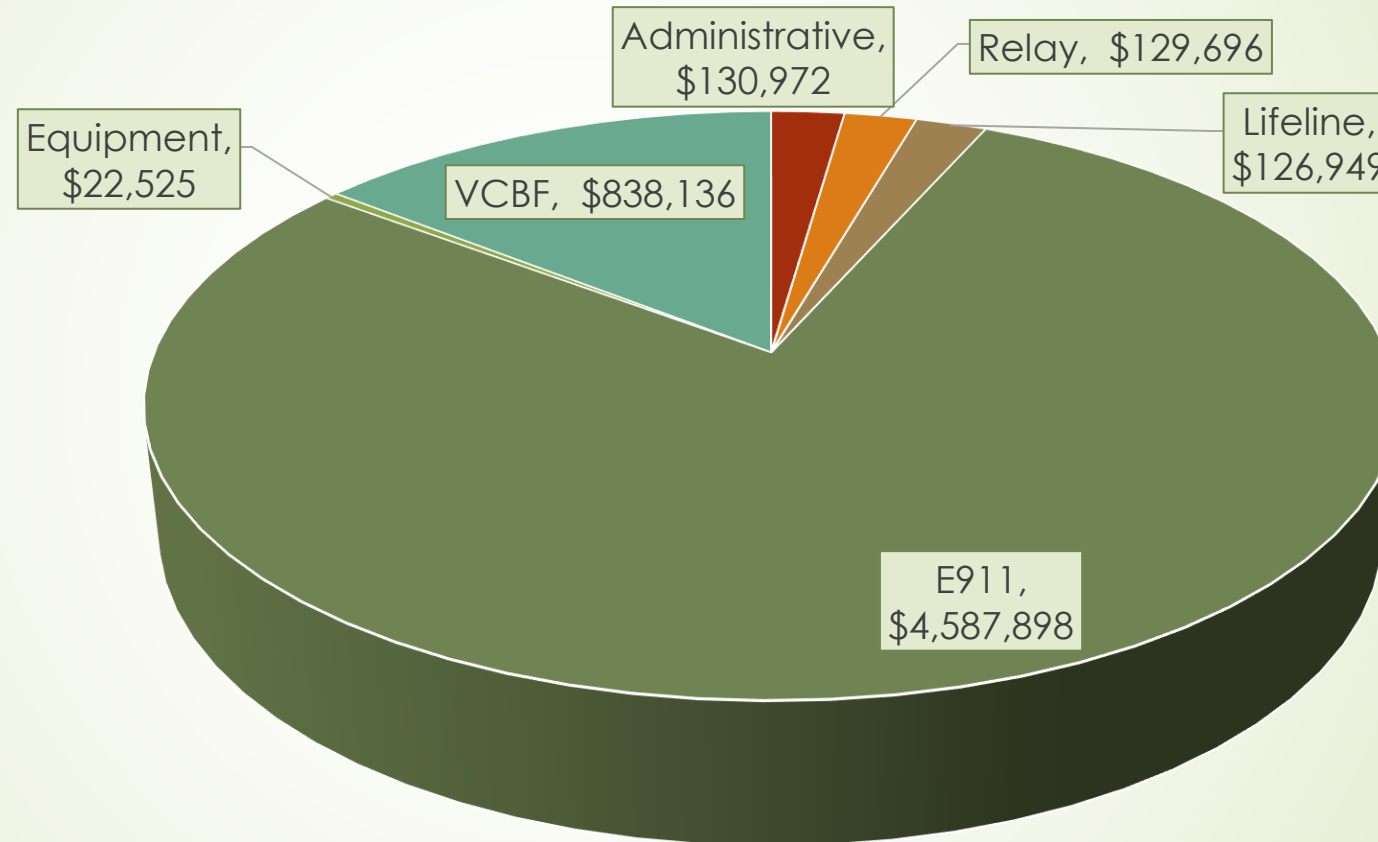
Total Disbursements:  
\$5,099,983



# VUSF Projections Fiscal Year 2023

Total Projected  
Revenues: \$4,796,400

Total Projected  
Expenses: \$5,836,176



# Fund Trends

- ▶ Declines in assessable revenue
  - ▶ Declines in phone rates
  - ▶ Shift from regulated to non-regulated revenues
  - ▶ Prepaid calling cards legislation
  
- ▶ Expense Fluctuations
  - ▶ Decline in lifeline recipients
  - ▶ Decline in TRS traffic
  - ▶ Steady increase in E911 funding

02/07/21

**Vermont Tax Structure Committee Report** – discusses need to modernize Telephone Personal Property Tax (See pages 100-101)

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Ways%20and%20Means/Reports%20and%20Resources/W~Joint%20Fiscal%20Office~Tax%20Structure%20Commission%20Report%20-%20Introduction%20and%20Summary%20of%20Recommendations~2-7-2021.pdf>

04/22/21

**Financial Viability of PEG Access Television** – discusses raising VUSF to fund PEG (See page 16)

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Ways%20and%20Means/PEG/W~Committee~Report%20on%20the%20Analysis%20of%20the%20Financial%20Viability%20for%20Public%20Educational%20and%20Government%20Access%20Television~4-22-2021.pdf>

01/15/22

**Report Related To the Funding of the Enhanced 911 Operations** –discusses moving E-991 funding out of VUSF and into General Fund (See page 2)

<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>



## Telephone Personal Property Tax

Declining precipitously: \$10.5 M in 2005 -\$3.3 M in 2021

Reflects technology shift from landlines (subject to TPPT) to cell service (not subject to TPPT)

Study commission recommended modernizing Telephone Personal Property Tax by either repealing it or extending to new property, e.g., cell tower equipment

No discussion of use of TPPT revenue

**Financial Viability of PEG Access Television** – discusses raising VUSF to fund PEG

Acknowledges declining revenue trend of existing VUSF

Notes pros and cons of simply raising VUSF rate to generate additional revenue to also fund PEG

Suggests additional alternative mechanisms for raising revenue for PEG:

- New 1% charge on cable revenues

- New Streaming video charge

- New Pole attachment charge

- Blend of the above approaches

## Report Related To the Funding of the Enhanced 911 Operations

Acknowledges declining revenue trend of existing VUSF

Discusses alternative mechanism for generating VUSF revenue: using a connection-based mechanism to assess a fixed fee per subscription line instead of existing mechanism, which is to assess a % surcharge on monthly retail voice service. Notes need for further study.

Recommends shifting funding for E-911 to General Fund and using VUSF revenues to fund cell service expansion