

NG9-1-1 Sustainable Funding Committee

Report to the 9-1-1 Services Board

The Virginia 9-1-1 community has repeatedly expressed concern over the amount of recurring costs associated with the statewide deployment of Next Generation 9-1-1 (NG9-1-1). For many Public Safety Answering Points (PSAPs), the amount of recurring costs included in their NG9-1-1 Migration Proposals represented a two or three fold increase to the amount of recurring costs currently paid to their 9-1-1 service provider. In the Board's NG9-1-1 Deployment Plan, PSAPs become responsible for these increased costs twenty-four months after NG9-1-1 deployment.

To address the community's concern, the 9-1-1 Services Board (the "Board") directed the Public Safety Communications (PSC) Coordinator to form a committee from the extended 9-1-1 stakeholder community for the purpose of developing recommendations on how to mitigate the financial burden of recurring NG9-1-1 costs on localities. The PSC Coordinator formed a committee with the following representation:

- Christian Collier – Mathews County Sheriff's Office
- Terry Hall – Virginia Municipal League (VML)
- Sheriff Brian Hieatt – Virginia Sheriffs Association
- Joe Lerch – Virginia Association of Counties (VACo)
- J.R. Powell – Martinsville - Henry County 9-1-1 Center
- Eddie Reyes – Prince William County 9-1-1 Center

Jolena Young, with the Twin County Regional 9-1-1 Center, and also a member of the Board, chaired the committee.

The committee used the following framing questions as an evaluative lens:

- Is the projected growth rate of wireless 9-1-1 revenue sufficient to keep pace with estimated NG9-1-1 recurring costs? If not, what are possible methods for increasing revenue?
- Do Virginia PSAPs believe the current distribution percentages and methodology for the Wireless E-911 Fund are optimal to support PSAP operations and discretionary funding?
- How can PSAPs be incentivized to pursue shared and hosted services projects?
- Is there a desire to consolidate (physical or technological) among Virginia PSAPs, but personnel are unsure of how or have insufficient resources to proceed?

VML conducted a local government survey and PSC staff performed a number of analyses to generate data to help committee members answer the above questions and provide them with a basis from which to draw their recommendations.

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The committee has these four recommendations for the Board to consider:

1. Encourage the Board in its Annual Report to the General Assembly that the Communications Sales and Use Tax be modernized. A potential area for modernization is the removal of the existing exemptions for pre-paid wireless transactions and streaming video. Such modernization has the potential to offset this funding gap.
2. Evaluate the need of increasing the surcharge rates for postpaid wireless devices and prepaid wireless transactions to generate additional revenue to address the expanding gap that exists between 9-1-1 funding and PSAP operational and capital expenses. The additional revenue generated from an increase in the surcharge rates could be specifically earmarked to offset NG9-1-1 recurring costs. The case for change should be built on demonstrated financial need and the carrier community must be a partner in this effort.
3. Undertake a study using a third party to determine the statewide cost of 9-1-1 and identify potential efficiency improvements. In Virginia, 9-1-1 is a local service, but local 9-1-1 expenses are increasing much more rapidly than the Wireless E9-1-1 Fund, and distributions made from this fund to localities.
4. Establish an equity-based approach to statewide 9-1-1 funding that utilizes established metrics and criteria for determining local needs. Since funding decisions and standards are already established for the commonwealth by the Board, it would be appropriate for the Board to develop a “philosophy of funding” that could be used by the Board in evaluating funding strategies and making financial decisions. This would enable all subsequent funding models to reflect both fixed and variable PSAP costs.