



Kansas 911 Coordinating Council

TESTIMONY OF SCOTT A. EKBERG, BEFORE THE SENATE UTILITIES COMMITTEE SENATOR TY MASTERSON, CHAIR WEDNESDAY, MARCH 13, 2019

Mr. Chairman and Committee members, thank you for the opportunity to appear before you today on behalf of the Kansas 9-1-1 Coordinating Council (Council), in support of the revisions to the Kansas 9-1-1 Act proposed by HB 2084, prior to the floor amendment. The Council believes that the proposed changes are critical to the future of Next Generation 9-1-1 (NG911) for Kansas.

The Council exists to ensure the effective and efficient migration of Kansas Public Safety Answering Points (PSAPs) Call Centers to NG911. As a means of fulfilling this mission, the Council issued a Request for Proposal for a centralized NG911 call handling system. In January 2015, AT&T was awarded a contract to provide Kansas with a leading-edge NG911-capable hosted solution. To date, ninety (90) PSAPs are live on this system and an additional two (2) are scheduled to come onto the system in 2019. It is hoped that as existing call handling equipment in the remaining PSAPs of the state reach end-of-life, those PSAPs will also join the NG911 system. If they do, this will place all Kansas PSAPs, except for the PSAPs in the Mid-America Regional Council (MARC) service area, on a single, shared network platform for the delivery of 911 calls.

The floor amendment to HB 2084, which passed the house on a narrow margin, had unintended consequences that must be reversed. Because the amendment only changed the fee increase amount, the amendment would result in 56 of the Kansas 911 Call Centers receiving less 911 fee funding than they currently do. The 911 PSAP Call Centers effected by this decrease in funding are the Call Centers that provide the funding to provide the minimum distribution of \$50,000 to the smaller Call Centers. Those smaller Centers would see a \$10,000 increase in their funding due to the increase in minimum distribution under the amended bill. The Council is asking this Utilities Committee to reverse the House floor amendment and restore the fee to \$1.03 per subscriber access account. The distribution of the increase in funding is depicted in Figure 1. The \$1.03 fee per subscriber account provides:

- increase of \$0.19 directly to 911 Call Centers
- \$0.09 sustainment of the statewide shared NG911 system
- \$0.11 for the enhancement of that system by adding additional functionality such as the ability to receive pictures, videos, telematics data, and more.
- \$.03 towards the nonrecurring costs that are anticipated in 2025 when a new contract for the system is required
- additional \$.01 for emergency grant fund for PSAPs needing to replace damaged or failed equipment.

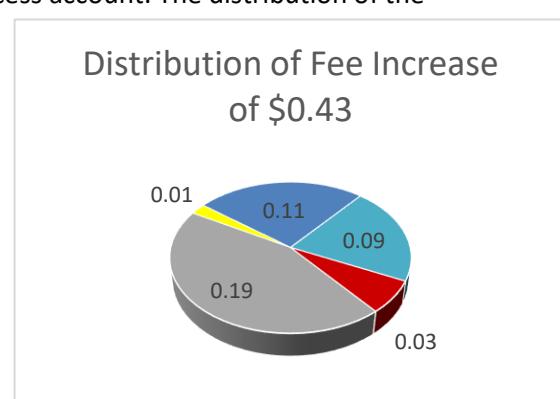


Figure 1 Fee Increase



Kansas 911 Coordinating Council

9-1-1 Fee

Prior to the Kansas 911 Act passage in 2011, the 911 fee in Kansas was set by the governing body of each PSAP jurisdiction for wireline telephone accounts with a cap of \$0.75 per line. These fees were paid directly to the PSAP jurisdiction. Wireless devices were assessed a fee of \$0.50. Of this fee, \$0.25 was paid to the PSAP jurisdiction and \$0.25 went to a state grant fund. The grant fund generated about \$6 million annually and was used to provide individual PSAP grants for equipment replacement and migration to Phase II wireless 911. The state grant fund was administered by the Kansas Wireless Advisory Board. PSAPs relied on the grant funds to replace 911 customer premise equipment (CPE) which is a substantial expense that recurs every 5 to 10 years.

When the Kansas 911 Act was passed in 2011, it created a 911 fee that is assessed against each device capable of contacting 911. The fee was established at \$0.53 per device. The then-existing \$0.25 fee that had funded the grant fund was replaced with a 1.06% fee on retail prepaid wireless service. This fee generated approximately \$1.1 million in grant fund revenue annually. The Act also created a minimum funding level for every PSAP of \$50,000 annually. This minimum funding level was subsidized by retaining a portion of the revenue generated in larger counties through their 911 fee. A provision of the Kansas 911 Act allowed the Council to increase the fee up to \$0.60 if needed. The Council exercised this authority in October 2015. The increase resulted in a 911 fee revenue increase to the PSAPs of approximately \$1.6 million and approximately \$500,000 in increased grant fund revenue. Table 1 shows the history of 911 fee and prepaid wireless revenues over time.

| Year | 911 Fee Funds Collected | Total Prepaid Wireless Fees Collected | Difference from Previous Year | |
|------|-------------------------|---------------------------------------|-------------------------------|-----------|
| | | | 911 | Prepaid |
| 2012 | \$19,414,841 | \$1,055,132 | N/A | N/A |
| 2013 | \$19,416,238 | \$1,156,979 | \$1,397 | \$101,847 |
| 2014 | \$19,011,333 | \$1,326,415 | (\$404,905) | \$169,436 |
| 2015 | \$19,359,086 | \$1,462,888 | \$347,753 | \$136,473 |
| 2016 | \$21,022,272 | \$1,918,797 | \$1,663,186 | \$455,909 |
| 2017 | \$22,900,621 | \$1,916,781 | \$1,878,349 | (\$2,016) |
| 2018 | \$21,555,711 | \$1,806,243 | (1,344,910) | (110,538) |

Table 1 - Historical 911 Fee Revenue

Currently, PSAP Call Centers receive a percentage based on their population of the \$0.60 fee. This fee provides about \$18.5 million in revenue directly to the 117 PSAPs in the state. Under HB2084, the PSAPs would receive their percentage of \$0.80 of the \$1.03 proposed fee. This would increase direct revenue to the PSAPs an estimated \$6.2 million annually.



Kansas 911 Coordinating Council

The money that is retained from that percentage is used to fund minimum payments to ensure that every PSAP in the state receives at least \$50,000 in 911 fee funds each year. Under HB2084 that minimal level of funding would rise to \$60,000 resulting in an increase of \$10,000 annually for an estimated 51 of the 117 PSAPs in the state.

The Council has procured and manages Next Generation 911 (NG911) service through a statewide system. Approximately 76% of all Kansas PSAPs have chosen, and currently rely on, NG911 for receiving 9-1-1 calls as shown in Figure 2. Counties that are not currently on the system, depicted in white, are free to join the statewide system at any time. PSAPs on the statewide system pay an annual \$18,000 service fee for each workstation position in their PSAP. These workstation fees provide approximately \$3.2 million of revenue annually. This revenue is used to partially fund the service costs of the system.

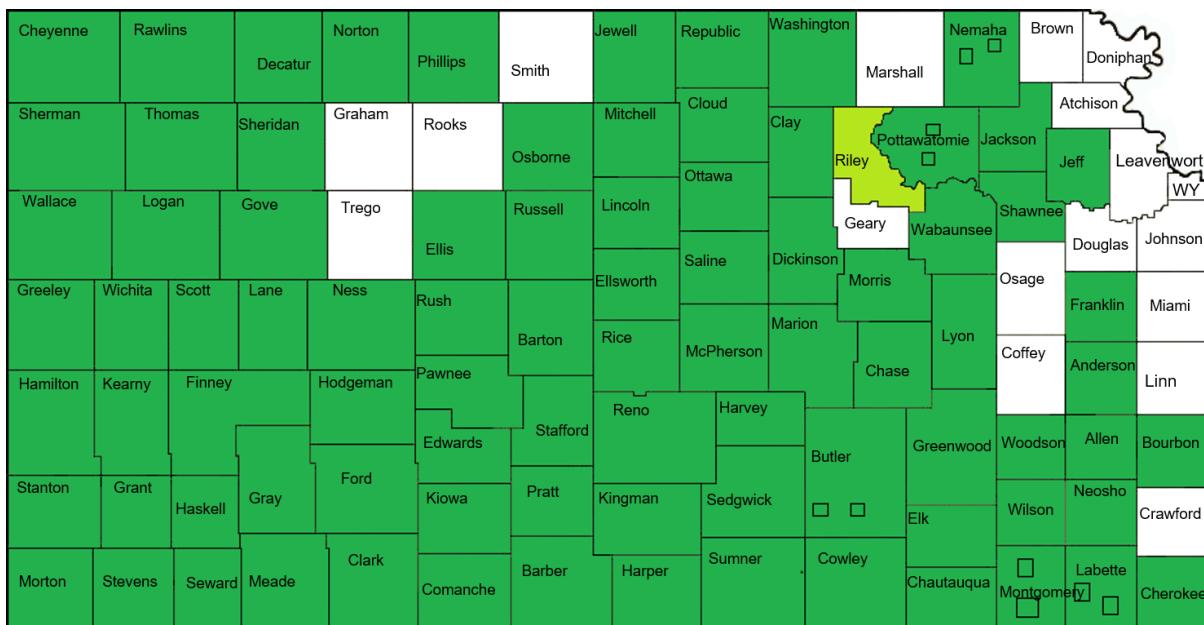


Figure 2 - PSAPs Utilizing the Statewide System

Prepaid wireless service, that is service that is purchased in advance of its use at retail establishments, is assessed a 1.20% fee at the point of sale. This generates about \$1.8 million in annual revenue. This revenue is used to pay costs of the statewide system and administrative costs of the Council. This fee would increase to 2.06% under HB2084 (at \$1.03 fee) and would increase revenue by an estimated \$1.3 million.

Total funds available to the Council are a combination of the excess retainage (excess minimum funds) from the 911 fee (\$1.3 million), prepaid wireless funds (\$1.8 million), and PSAP workstation fees (\$3.4 million). This provides a total of \$6.5 million annually to fund Council expenditures at the current fee of \$0.60. Total Council expenditures for the system and administrative costs in 2018 were \$7.3 million with administrative costs accounting for less than 2% of that total. This shortfall in funding, and prior years as well, was covered by reserve funding resulting from a money transfer when the Wireless



Kansas 911 Coordinating Council

Advisory Board program was ended in 2011. Without that reserve funding, we would not have been able to make the progress towards NG911 that we have. Unfortunately, that reserve will be exhausted in 2020. Due to enhancements to the system that are currently underway, we estimate that 2019 expenditures will exceed revenue by about \$4 million. Therefore, without an increase in funding, the consequence of this shortfall is that neither can the present system be maintained, nor future NG911 enhancement added. The proposed increases in HB2084 with a fee of \$1.03 will provide enough revenue increase to cover these costs and allow the system to be enhanced to full NG911 capabilities as they are currently known. The proposed increases of HB2084 will generate the following estimated funds:

- \$2.1 million in excess minimum funds
- \$3.1 million in prepaid wireless funds
- \$8 million in direct 911 fee funds (\$0.23 allocation of the fee increase to Operations).

Gross workstation fee revenue will increase slightly with the addition of three more PSAPs to the system for \$3.6 million. This will result in a total available funding stream of \$16.8 million for sustainment of the existing system, for enhancement of that system for additional NG911 functionality, and for future non-recurring charges associated with the replacement of the existing infrastructure contract. Based on current projections of the cost of enhancements, and our historical knowledge of one-time costs associated with the procurement of the existing system as a service, the Council is confident that the funding provided by HB2084 at the \$1.03 fee will carry the Council and Kansas PSAPs into the foreseeable future.

If HB2084 is not passed and no funding increase is realized:

- enhancement of the system to full NG911 will cease, and
- sustainment of the existing system will require an additional \$4 million dollars be obtained from the PSAPs through the workstation fees. This will require a doubling of the current workstation service fee. PSAPs will have insufficient 911 funds to handle this increase. Therefore, local property tax dollars will be the only source available for them to fund continuing 911 service for their jurisdictions.

The need for increased 9-1-1 funding is not a surprise. Since 2013, there have been three Legislative Post Audits conducted and each one has identified the 911 fee revenue as insufficient. After reviewing the Council's business case, the latest LPA report, determined that our business plan "is reasonably and properly constructed" and that continued operation of the NG911 System, at the current funding level of \$0.60 is not sustainable. The audit further reported that the business case supported a fee increase to \$1.05. After considerable analysis, the Council determined that the minimum 911 fee is \$1.03. This fee covers the essential expenses of sustaining the system, funding future identified enhancements over the next 5 years, and saving towards the one-time costs associated with executing a new contract in 2025.



Kansas 911 Coordinating Council

GIS Data Maintenance

In the legacy world, 9-1-1 calls are routed to PSAPs using a tabular dataset based on the telephone number. In the case of cellular calls, 80% of current call volume, a pseudo phone number is assigned to each tower face on a cellular network site. This pseudo phone number is then used to route the 911 call to the PSAP to which the tower face is assigned. This method of call routing can result in 911 calls being routed to inappropriate PSAPs because it is based on the tower face that the call “hits” rather than the location of the caller.

One of the major steps in the migration to NG911 is a change to geospatial call routing. With geospatial call routing, the calls are routed based on the location of the caller’s phone. A statewide, standardized, accurate and up-to-date GIS dataset is imperative for accurate geospatial call routing. For the first time ever, GIS data has become a life safety issue. Consequently, continued maintenance to ensure that the GIS data remains accurate and timely is crucial. Because of the critical nature of GIS data in the NG911 world, the Council supports the proposed changes in HB2084 that would allow the creation of rules and regulations to ensure that all PSAP jurisdictions continue to maintain GIS data as changes occur within their jurisdictions. A mechanism for ensuring that the data is kept current and in compliance with standards is essential for keeping geospatial call routing operational. The Council is currently in the process of migration to geospatial call routing.

Expenditure Reporting

One of the duties of the Council, as defined in the Kansas 911 Act, is the oversite of PSAP expenditures of 911 funds each year. Since 2012 the Council has followed a process whereby the PSAPs annually file an expenditure report listing all expenditures of 911 funds. A Council Committee reviews each of the reported expenditures and identifies any that they question or that are not allowable uses of the funds. Questionable expenditures are referred to the PSAP for additional information, and a determination of allowability is based on that additional information. Expenditures that are found to be unallowable are requested to be reimbursed to the PSAP’s 911 fund. If the PSAP disagrees with the finding of the Committee, an appeal process exists for resolution. The changes proposed in HB2084 would codify this process.

Additionally, HB2084 would enable the LCPA to withhold 10% of the 911 fee funds distributed to a PSAP if the PSAP fails to file the annual expenditure report or the supporting validation information required to finalize the report. The Council supports this change to the Act in that each year we struggle to get some PSAPs to submit these reports or validation information.

Conclusion and Recommendation

According to the 10th Annual FCC 911 Fee Reports, Kansas currently ranks 19th of the 50 states in 911 fee revenue. Most of those states have not even begun the journey to NG911 while Kansas is well down the road! With the modest fee increase to \$1.03, Kansas would rank 24th of the 50 states in fee revenue...



Kansas 911 Coordinating Council

well below the national average of \$1.20. And only a few states come close to the NG911-readiness of Kansas. The proposed fee ensures Kansans have unparalleled 9-1-1 service in the nation.

Passage of HB2084 will ensure that Kansas remains a leader in the migration to NG911 and will sustain and enhance the NG911 system. Passage of the bill will prevent shifting the cost of NG911 from the users of the system to local property tax payers, which will necessarily occur without a fee increase.

On behalf of the Council, I would ask the Committee to pass HB2084 in order to ensure that the entire Kansas PSAP community, and more importantly the residents of the state of Kansas, realize improved public safety response and the enhanced communications capabilities that NG911 provides.

Thank you for this opportunity and I would be happy to answer any questions that you might have.

Scott A. Ekberg
NG911 Administrator
Kansas 911 Coordinating Council
scott.ekberg@kansas911.org