Veterans Affairs and Emergency Preparedness Committee Hearing on Pennsylvania's 911 Emergency Telephone System February 18, 2015

Testimony Given by Philip Durgin, Executive Director

Legislative Budget and Finance Committee

Good Morning, Mr. Chairman and Members of the Committee. Thank you for inviting us to testify regarding the study of the statewide 911 system that we performed pursuant to Act 118 of 2010. With me today is Elizabeth Voras, who was the project manager for this study. Act 118 identified ten specific areas of the 911 system we were to examine, primarily pertaining to collection of surcharges, Public Service Answering Point (PSAP) expenditures, cost-saving measures, and issues the General Assembly will need to consider as the Commonwealth moves toward an Internet-based "Next Generation" 911 system. I assume you have received a copy of our report, but I have brought additional copies and the accompanying fact sheet with me if anyone would like additional copies.

The report, which the Committee released in May 2012, contains 24 different finding areas, several of which have multiple recommendations. So in the interest of time, I'll just address those which we believe to be most significant to the system's financial concerns, particularly with regard to PSAP costs and state funding.

Pennsylvania's 911 program is funded by several different types of surcharges. I won't go into all the detail, but wireline surcharges vary from $1.00 to $1.50 per month, depending on the size of the county, and wireless and VoIP customers who receive bills from a provider pay $1 per month. And since 2011, a $1 surcharge is added to the cost of a prepaid phone or minutes purchased during a retail transaction.

We found that, compared to other states, Pennsylvania had relatively high 911 surcharge rates and ranked among the top states in total surcharges collected. Pennsylvania collected $197 million in surcharges during 2011, which represents a 6 percent increase from the amount collected in 2007.

One of our study objectives was to try to determine if all the telephony providers that are required to collect surcharges are actually collecting them and, if so, if they are collecting and submitting the correct amounts. For various reasons, including that providers consider their customer and access line information to be proprietary and would not provide this information to us (or PEMA), this was not possible.

We were, however, able to use publicly available data to estimate the amount of wireline, wireless, and VoIP surcharges that should be collected. While this can provide only a rough estimate, the actual amounts being collected were about 80 to

90 percent of our estimate. So while the providers may not be collecting 100 percent of surcharges, they do appear to be collecting at least a high percentage of what is owed.

Also with regard to surcharges, we noted that the maximum amount counties are allowed to charge has not increased since 1990. The inflation increase between 1990 and 2011 was 72 percent, so a $1 surcharge would have to be raised to $1.72 in 2011 just to remain even with the CPI increases.

Changes the General Assembly made in July 2011 to the surcharges applied to prepaid wireless retail point-of-sale transactions were expected to generate an estimated $9 million to $13 million annually in additional funds, but, at the time we did the study, collections were running at an annual net gain of only about $3.7 million. We have not really followed this, but it's our understanding that these surcharges continue to run below expectations.

Next I'll focus on the expenditure side of the 911 program. In 2011, total surcharges covered about 71 percent of county 911 expenditures, with total PSAP expenditures of $273 million vs. surcharge funds of $192 million. The $80 million difference is the approximate amount of the local contribution, which typically comes from the county's General Fund. We found that the number of counties that are able to fund their programs based on surcharges alone has been steadily declining, from 24 counties in 2008 to only 7 counties in 2011.

We also found that PSAP expenditures have been increasing rapidly in recent years. Between 2006 and 2011, total PSAP expenditures increased by 27 percent, from $214 million to $273 million. Much of this increase has been in personnel costs, which increased by 32 percent over this period. We found that counties have wide latitude in determining staffing levels, and that staffing levels per 10,000 calls vary widely, from as few as 1.2 staff per 10,000 calls to as many as 15.7.

PSAP operating costs have been increasing, in part, because many PSAPs now do much more than answer emergency 911 calls. In addition to the gradual absorption of the dispatching function, PSAPs are also involved in a host of other duties not directly related to answering a 911 call, such as being the point of contact for the CLEAN and JNET computer databases, answering the Crime Stoppers Line, assisting first responders needing GIS assistance, and monitoring various alarms and call boxes.

We surveyed a sample of PSAP directors to gain their input on a number of topics, including any cost-savings steps they have taken in recent years. Several PSAP directors reported taking cost-saving steps such as joint purchasing of equipment, regionalization, and hiring part-time, rather than full-time, staff. But for the most part, the PSAP directors believe they have few options available to reduce costs, citing chronic staff shortages, limited funding sources, and that a certain minimum level of service must be provided.

Although we believe opportunities for further cost savings do exist through the use of staffing "templates" to optimize staffing levels, greater regionalization, and expanding joint purchasing agreements, currently PEMA has little ability to require such efforts. In particular, Chapter 53 (Emergency Telephone Service) of Title 35 currently requires PEMA to approve funding to PSAPs for any expense made to provide wireless 911 services, so long as the expense is eligible and conforms to the county's 911 plan. As a consequence, PEMA has little authority to control county expenditures of either wireline or wireless funds, which has resulted in inconsistencies from county to county, both in the type and amount of equipment purchased and in PSAP operational policies, such as staffing levels.

As a way to help control costs and better direct the development of the statewide 911 system, we recommend the General Assembly amend Chapter 53 to allow PEMA to develop and utilize a formula for distributing wireless funds to counties, rather than the current process of approving expenditures on a case-by-case basis. We believe that such a formula would provide PEMA with the authority it needs to develop staffing, technological, and operational standards and to drive investment toward more appropriate regional and statewide solutions. A formula would also ensure standardization of key definitions and metrics of the 911 system and could ultimately be used to encourage PSAP consolidation.

Act 118 specifically asked us to look at the feasibility of consolidating county PSAPs into larger regional entities. We found that compared to most other large states, like California, Texas, Illinois, and New York, Pennsylvania already has a relatively "consolidated" 911 system. With 69 PSAPs, Pennsylvania has an average of 1 PSAP for every 184,000 residents, which is fewer PSAPs per capita than any of the states I just mentioned.

That said, we found that economies of scale do appear to exist, and that it is likely that 911 costs could be lowered by consolidating PSAPs that receive relatively few 911 calls into larger geographic areas. For example, the 14 smallest PSAPs (those receiving fewer than 15,000 911 calls per year) had costs that averaged about $88 per call, compared to the 13 largest PSAPs (those receiving more than 128,000 calls per year), which had costs of only about $24 per call. So on average it costs the smaller PSAPs three or four times more per call than what it costs the largest PSAPs.

Finally, we were asked to look specifically at some of the key issues the Commonwealth will face as the 911 system begins implementing Next Generation 911 technologies, such as the ability to receive text messages and digital pictures. Although we found that it is likely to be expensive to implement this new technology, it also offers significant opportunities for cost savings through the streamlining and sharing of 911 services, if done in a standard, uniform manner. To help with this

transition, we recommend that the General Assembly amend Chapter 53 not only to be compatible with Next Generation technologies but also to provide PEMA with greater statutory authority to develop the fiscal, technological, and operational standards necessary to ensure an efficient transition to these broadband technologies.

Thank you for your attention and Elizabeth and I would be happy to answer any questions you may have about our report.