

# TECB Policy Advisory Committee

July 23, 2009

# Mission of the TECB

- **Tenn. Code Ann. § 7-86-302**

*There is created in the department of commerce and insurance an emergency communications board [TECB or Board] for the purpose of assisting emergency communications district [ECD] boards of directors in the area of management, operations, and accountability, and establishing emergency communications for all citizens of the state.*

# Considerations for the Policy Advisory Committee Meeting

- **Whether the TECB needs additional funding**
- **Whether ECDs need additional funding**
- **Whether additional funds are available**
- **How dispatching fits into 911 funding**
- **Options for addressing short term and long term funding**

# ECD Funding

- ECDs are funded by fees on users and subscribers of wireline communications technologies. The law allowing local the boards of directors of ECDs to set and collect a 911 fee on landlines to fund local operations of was passed in 1984.

# How Wireline Fees are Set

- **Local ECD boards of directors may set the emergency telephone service charge up to a maximum of sixty-five cents (65 cent(s)) per month for residence-classification service users, and not to exceed two dollars (\$ 2.00) per month for business-classification service users, to be used to fund the 911 emergency telephone service.**
- **ECD boards of directors may request the TECB to raise their landline rates up to a statutory maximum of a dollar and fifty cents (\$1.50) for residential lines and three dollars (\$3.00) for business lines.**

# How Wireline Fees are Collected

- **The fees are collected by landline carriers and remitted directly to the 100 local ECDs; the carriers are permitted to retain a 3% administrative fee.**

# **As of 11/20/08**

- 47 ECDs remained at or below \$.65 for residential lines and \$2.00 for business lines.**
- 13 ECDs were below \$.65 for residential lines and/or \$2.00 for business lines.**
- 40 ECDs were at the statutory maximum of \$1.50 for residential lines and \$3.00 for business lines.**

# TECB Funding

- **The TECB is funded by an Emergency Telephone Service Charge on users and subscribers of wireless phones; in 2006 the law was amended to impose the fee on the users and subscribers of all non-wireline technology capable of connecting a person dialing or entering the digits 911 to a PSAP.**

# Wireless Fees

- **The law authorizes the Board to set the 911 fee at “a flat statewide rate, not to exceed the business classification rate established in subdivision (a)(2)(A)” – which is \$3.00. The rate must be ratified by a joint resolution of the General Assembly.**
- **In 1998, the Board set the 911 fee at \$1.00 per month per user or subscriber. The rate remains at \$1.00.**
- **The law says “It is the intent of the general assembly that such rate be established at the lowest rate practicable consistent with the purposes of this section.”**

# How Wireless Fees are Collected

- **The fees are collected by wireless carriers and remitted to the TECB; the carriers are permitted to retain a 3% administrative fee.**

# TECB Use of Wireless Fees

- **Of the revenue received by the TECB, the law requires 25% to be disbursed to the ECDs by proportion of population in the ECD to that of the state.**
- **The TECB uses the remaining revenue to fund grants, reimbursements, operational funding and cost recovery to the ECDs, wireless carriers and others.**

# TECB Use of Wireless Fees Cont.

- **The TECB directed approximately 74% of its total expenditures in fiscal year 2007-2008 to the ECDs. This includes 1-time equipment funding.**
- **Over 50% of the TECB budget is for recurring funding to the ECDs.**
- **Approximately 23% of the TECB budget is for cost recovery to carriers. This was approximately \$9.6 million in fiscal year 2009.**

# Revenue Standards

- **All funds received by ECDs must be used exclusively in the operation of the emergency communications districts. Tenn. Code Ann. § 7-86-102(d).**

# Dispatching

- **ECDs are not required to dispatch. ECDs may elect to transfer, relay or dispatch (Tenn. Code Ann. § 7-86-107)**
- **The Attorney General issued opinions in 1989, 1995, 1997 which held 911 could pay for dispatcher salaries and even radios, as long as the ECD's board of directors had elected to dispatch.**
- **Due to the expense of dispatching, equitable local government contributions to ECDs that dispatch are vital. Generally, it is significantly more expensive for a responder to provide their own dispatching than for them to team with an ECD.**

# TECB's Expenditures for FY2008-2009 (as of 7/10/09 - not final)

- \$ 35,287,016      ECD Support – 74%
- \$9,333,138      Carrier Cost Recovery – 23%
- \$1,462,148      Administration – 3%

# TECB's Expenditures for fiscal year 2007-2008

- \$ 30,769,229      ECD Support – 74%
- \$ 9,828,691      Carrier Cost Recovery – 23%
- \$1,424,448      Administration – 3%

# TECB's Proposed Budget for FY2009-2010

- \$43,357,600      ECD support -76%
  - \$29,582,400      Direct ECD Support - 52%
  - \$13,775,200      ECD NG 911 Support - 24%
  
- \$8,229,400      Carrier Cost Recovery -- 14%
  
- \$5,499,500      Administration – 10%
  - \$1,649,850      TECB administrative costs – 3%
  - \$3,849,650      NG 911 administrative costs – 7%

# TECB Annual Programs

- 25% distribution of remittances
- \$10,000 annual GIS Mapping Maintenance Grant
- Allocation from the \$14 million operational funding

# Dispatcher Training Pilot Program

- In 2008 the TECB established the Dispatcher Training Reimbursement Program as a pilot program

# TECB One Time Funding Programs

- \$40,000 controller reimbursement
- \$50,000 GIS Mapping system reimbursement
- \$150,000 Essential and Necessary Equipment Program
- \$5,000 Net clock reimbursement
- Up to \$100,000 for catastrophic uninsured losses
- Up to \$450,000 for consolidation of 3 ECDs

# Cost Recovery

- Carrier Cost Recovery was required by the FCC when the law creating the TECB was passed in 1998.
- The FCC rescinded that requirement in 1999. *See U.S. Cellular v. FCC*, 254 F.3rd 78, 81-84 (D.C. Cir. 2001).

# Tennessee Cost Recovery

- In Tennessee, Carrier Cost Recovery pays for all expenditures by carriers for Phase I and Phase II service, subject to a cost recovery plan that must be approved by the TECB. The cost recovery plan must list items and expenditures eligible for cost recovery. The plan must divide costs into recurring and non-recurring cost

# Tennessee Cost Recovery Cont.

- The TECB has spent over \$115,200,000 in Cost Recovery since 2000.
- Wireless Carriers received over \$11 million in Cost Recovery in FY2008 and over \$9 million in FY2009.

# NG 911

- Next Generation 911 will replace the antiquated, analog 911 infrastructure with a more robust, redundant, digital internet protocol (IP) platform

# NG911 Budget

- The NG911 budget is estimated to be \$94 million over four (4) years with annual recurring costs thereafter of \$16.5 million
- The TECB plans to use its reserve fund of over \$50 million to finance NG911 -- at little or no cost to the ECDs.
- The TECB plans to permanently absorb all trunking and selective routing costs statewide
- The TECB's proposed NG911 budget includes \$25 million for PSAP equipment

# Importance of NG911

- NG911 will save time and money. It will simplify financing of the project and assure seamless deployment, the purchase of compatible equipment, and the creation of a cohesive, integrated statewide system
- 62 of the 65 respondents to a question on the recent survey indicated deployment of NG911 was important or very important (two had no opinion and one responded “somewhat” important)