

Research Plan: Eg11 Funding Modernization

Research Manager: David Lewis

Lead Research Associate: Ben Smith

Deputy Executive Director Approval: Initial: Date:

Executive Director Approval: Initial: Date:

Purpose:

Public Chapter 795, Acts of 2014, creates a new funding mechanism for emergency communications services in Tennessee and requires the Commission to study funding, functionality, and other effects of the Act and report its conclusions to the joint committee on government operations on or before September 15, 2017.

Background

The Act replaces the current two-tier funding system characterized by different 911 surcharge rates for wireline phones, funding local emergency communications districts (ECD), and wireless phones, funding the Tennessee Emergency Communications Board (TECB) and its support to local ECDs, with a flat-rate surcharge of \$1.16, effective January 1, 2015. The surcharge will apply to wireline, wireless, and prepaid wireless services. Emergency communications districts will receive a distribution based on the amounts they received from the TECB and from direct remittances for fiscal years 2010, 2011, and 2012. ECDs that had a local surcharge in effect as of July 1, 2011, that was less than the maximum allowed can apply to the TECB for an increase in their base amount. The TECB will also distribute a minimum of fifty percent (50%) of any revenue collected in excess of its annual fiscal requirements to the emergency communications districts in accordance with policies adopted by the board.

Step 1. Define the Problem

The research problem for this study is defined by the nine specific topics the Act directs the Commission to study:

1. whether the 911 surcharge is generating adequate revenue to cover the costs of the services, equipment, maintenance and improvements needed to provide a uniform, stable and effective statewide 911 system;
2. whether the expansion of 911 system functionality resulting from implementation of IP-based next generation 911 technology has increased or decreased costs for emergency communications districts;

3. whether there is a need or benefit to consolidate emergency communications districts or PSAPs;
4. whether the 911 surcharge is generating more revenue than necessary to implement the purpose of this act and can be reduced to the benefit of communications consumers;
5. whether a flat rate communications services surcharge is the best manner in which to fund 911 system costs or whether such costs should be funded by a percentage surcharge or a different source, such as water service, electric power service or state general funds or local taxes;
6. whether the board membership of the state emergency communications board should be amended to include other stakeholders such as telecommunications providers, emergency communications districts that dispatch, and other interested parties;
7. whether there is a need or benefit for the board to have the ability to raise the 911 surcharge rate should there be a financial reason to do so;
8. whether there is a need or benefit for the providers of communications services to register with the board prior to providing service; and
9. whether there is a need or benefit for providers of communications services to notify the board when there is a known service interruption.

Step 2. Assemble Some Evidence

- Review Public Chapter 795, Acts of 2014, to determine what it requires.
- Review committee hearings on the bill and summarize comments and concerns of committee members, the bill sponsors, and others speaking for or against the bill. Based on the results of the review, interview
 - key legislators for more information, and
 - bill proponents and other stakeholders.
- Review the fiscal note. Consult with Fiscal Review Committee staff and follow up with agencies submitting support forms to determine the estimated cost and the method and rationale for the estimates.
- Compare expenditures and revenue for emergency communications boards and districts before and after Public Chapter 795 took effect.
- Review how emergency communications boards and districts are funded in other states.
- Review how emergency communications boards are organized and who is represented on them in other states.
- Review other states' requirements for registration of providers of communications services and notice of service interruptions.

- Review literature and seek opinions of subject matter experts on whether and how to consolidate districts and public safety answering points (PSAPs).

Step 3. Construct Alternatives

Alternatives will be based on

- the new law and
- any additional alternatives drawn from the research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

Step 4. Select Criteria

- Adequacy of funding for
 - TECB
 - ECDs
- Costs
- Effect on public safety
- How well it comports with federal requirements
- Receptiveness of
 - TECB,
 - ECDs,
 - PSAPs,
 - emergency service providers,
 - telephone customers, and
 - others

Step 5. Project Outcomes

- Estimate effect on funding
- Estimate effect on cost
- Estimate effect on public safety
- Evaluate potential conflicts with federal requirements
- Estimate the acceptability to various interests.

Step 6. Confront Trade-offs

- How will the differences between the new law and the other alternatives affect the public?
- What are the pros and cons of the potential options?

Step 7. Decide which alternatives to present to the Commission

Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem

Step 8. Produce the Draft Report

Develop and present a draft for review and comment to the Commission

Revisit Steps 5-8.

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives
- Revise and edit the draft to reflect comments of the Commission
- Submit final report to the Commission for approval

