



# TACIR

The Tennessee Advisory Commission  
on Intergovernmental Relations



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## ***MEMORANDUM***

**TO:** Commission Members

**FROM:** Cliff Lippard *Cliff*  
Executive Director

**DATE:** 29 August 2017

**SUBJECT:** Tennessee's 911 System: Functionality and Funding Adequacy (Public Chapter 795, Acts of 2014)—Final Report for Approval

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The attached commission report is submitted for your approval. The report was required by Public Chapter 795, Acts of 2014, which replaced the 911 funding system that relied on a combination of state and local fees to fund 911 services with a flat statewide fee of \$1.16 on all types of telecommunications services that connect to 911 and established a new method for distributing funds. The Act also directed the Commission to study nine questions addressing consolidation, Tennessee Emergency Communications Board (TECB) membership, telecommunications service providers' registration and service interruption reporting requirements, and funding. The Commission is required to report its conclusions to the joint committee on government operations on or before September 15, 2017.

Since the draft report was presented at the May Commission meeting, staff has updated it to include fiscal year 2016 audit data for all 100 emergency communications districts (ECDs); the data shows 33 ECDs had a negative change in net position that year. Of the 33, sixteen had their first year of negative change in net position, 13 had their second consecutive year, and four had their third consecutive year. Staff also conducted further analyses of four alternative distribution methods, including distributing all the revenue based on call volume or population or maintaining the current base distribution while distributing any excess revenue based on call volume or population. Under these models, a few ECD distribution amounts would have increased, but most would have decreased. Appendix J compares the amounts that would be distributed to

each ECD using the current distribution method and each of the four alternative methods. Staff also created a hypothetical scenario using an inflation index to adjust the base distribution amounts, which are fixed according to 2012 revenue numbers, to January 2017 dollars and found that the cost of increasing the base distribution amounts using inflation or some other method, in effect, exceeds the available excess revenue and could potentially lead to a revenue shortfall statewide if the rate is not increased as well. The final report also includes additional information about ECD and PSAP consolidation in Tennessee and consolidation efforts in other states, addresses concerns about the transition to NG911, specifically relating to social media, texting, and training, and highlights the issues of how 911 revenue can be used and how to pay for dispatch.

Despite these additions, the final report's two suggested recommendations are unchanged from the draft report. The first one addresses service interruption reporting requirements for telecommunications service providers. Telecommunications service providers are currently required to report service disruptions to the Federal Communications Commission but not to the state. Because the TECB would be able to better assist emergency communications districts when interruptions occur if they knew about them sooner, telecommunications service providers should be required to notify the TECB when there are service disruptions.

The second suggested recommendation relates to funding distribution. Building on a recommendation from the Commission's 2006 E-911 report, the TECB could tie the distribution of any additional revenue generated by rate increases to a standard set of cost components. This idea is similar to the state's Basic Education Program (BEP) funding formula consisting of cost components that serve as the basis for calculating the level of funding for each school system but does not prescribe specific levels of expenditures for individual components. The cost components for providing a minimum standard of 911 services could be developed with input from the existing TECB operations and technical committees using minimum technical operating standards and should be reviewed regularly. The method would determine and distribute funding to ECDs, but they would have flexibility with spending as long as they meet the minimum technical operating standards. This distribution method would only apply to excess revenue above the base amount generated by a rate increase.