



IOWA PUBLIC SAFETY ANSWERING POINT DATA ANALYSIS

Cost Analysis Study. [House File 644](#), enacted in 2013, required the Homeland Security and Emergency Management Department (HSEMD) to perform an analysis on the cost effectiveness of the wireline and wireless E911 surcharges using data from FY 2013 and FY 2014. Sources of revenue include the wireline and wireless E911 surcharges and a surcharge on prepaid wireless phone transactions. [L.R. Kimball](#) was retained to perform the cost analysis study.

Surcharge. There are three separate components of the E911 surcharge including wireline, wireless, and prepaid wireless.

- The wireline E911 surcharge was set at \$1.00 per line per month. The wireline surcharge is remitted to the local E911 service fund, and disbursements are made by the local E911 service boards. Wireline revenue is expected to continue to trend downward.
- The wireless E911 surcharge is also set at \$1.00 per line per month. The wireless surcharge is deposited quarterly in the State E911 Emergency Communication Fund that is then administered by the HSEMD.
- The prepaid wireless E911 surcharge is set at 51 cents per prepaid transaction. This surcharge is remitted to the Iowa Department of Revenue and is then transferred to the State Treasurer for deposit into the State E911 Emergency Communication Fund.

Total surcharge revenue was \$30.0 million for FY 2013 and \$38.0 million for FY 2014. The revenue must then be annually distributed in the following order:

- \$250,000 to the HSEMD for program administration.
- An amount not to exceed 13.0% of the wireless surcharge funds generated to wireless service providers to recover their costs of providing E911 wireless services. Beginning in FY 2016, this amount is not to exceed 10.0%.
- Forty-six percent of the total surcharge funds are distributed to the Public Safety Answering Points (PSAPs) based on a formula using the square mileage the PSAP covers and the number of calls the PSAP handles.
- Beginning in FY 2016, up to \$100,000 may be used for the development of public awareness and educational programs as well as expenses of the E911 Communications Council for travel to monthly meetings and training.
- After these obligations are met, grants of up to \$100,000 annually are available for local PSAPs for the purposes of defraying costs of equipment for the receipt and disposition of an E911 call.

PSAP Cost Determination. The HSEMD formed a work group to determine how to account for expenses of operating a PSAP. The work group members were the State E911 Program Manager and Program Planner and representatives from three small PSAPs and one large PSAP. A standard form outlining cost categories and revenue sources was developed which was used by the PSAPs to submit actual expenses. Categories of costs used included administration, buildings and grounds, communications, operations, data processing, addressing, radio infrastructure, capital expenditures, set-aside funds, debt servicing, and miscellaneous. The largest category of expense was set-aside funds (\$8.3 million, or 29.0% of total reported PSAP costs statewide). The next largest category was radio infrastructure (\$4.6 million, or 16.0% of total reported PSAP costs statewide).

During FY 2013 and FY 2014, the average PSAP operational cost was \$1.1 million per year. The PSAP with the lowest reported costs was Ringgold County (\$24,000), and the PSAP with the highest reported cost was Scott County (\$8.7 million). For FY 2014, the PSAP with the lowest reported cost was Butler County (\$121,000), and the PSAP with the highest reported cost was the Des Moines Police Department (\$8.5 million).

PSAP Revenues and Expenses

(in millions)

	Wireless Revenue	Wireline Revenue	Total Revenue	Total State PSAP Costs	Percentage of Costs Covered by Surcharge
FY 2013	\$17.3	\$12.7	\$30.0	\$122.6	24.5%
FY 2014	\$26.2	\$11.8	\$38.0	\$124.5	30.5%

Study Recommendation. It is recommended by L.R. Kimball that both the wireline and wireless surcharge rates be left at their present levels (\$1.00 each). However, the study also notes that if the surcharge were to increase and this increase were passed along to the local PSAPs, the local reliance on other funding sources would decrease (including local property taxes.)

The study addresses the one-time payment of \$4.0 million made for the first lease payment of the statewide 700 MHz land to mobile radio network in FY 2016. It was noted that an increase of \$0.25 to each of the wireline and wireless surcharge rates could provide adequate funding to make the remaining lease payments and increase funding made available to the local PSAPs. A \$0.25 increase will generate an estimated \$9.5 million in revenue to the surcharge fund.

Opportunities for Cost Savings. The study states that substantial cost savings could be realized by using State contracts for purchases of equipment and services. The study also maintains that consolidating the wireline and wireless surcharge funds could result in better reporting and the ability to determine costs related to the delivery of an E911 call for service. The study recommends that the State develop a strategic plan regarding implementation of a transition to shared services and network consolidation. This plan should consider complete statewide system interoperability, address proper call processing, and insure that the right E911 call is sent to the right responding agency without delay. The study does not suggest the closing of specific PSAPs, but will instead utilize a strategic plan that will identify whether physical consolidation of PSAPs will or will not result in a benefit to the citizens served.

The [full report](#) includes all of the conclusions and recommendations. Appendices to the report include the cost data for 114 PSAPs, costs by population and percentages, surcharge per call per PSAP, and expenses per call per PSAP for both FY 2013 and FY 2014.

Audit. House File 644 also required the State Auditor to perform an audit of the data received from the PSAPs. That audit will be submitted to the General Assembly on March 31, 2016.

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