



MEMORANDUM

TO: Members of the Government Oversight Committee

FROM: Evan Johnson

DATE: November 8, 2021

RE: 911 Wireless Surcharge First Calendar Quarter Report (July to September 2021)

The Legislative Services Agency has received the third calendar quarter report for 2021 from the Department of Homeland Security and Emergency Management (HSEMD), as required in Iowa Code section [34A.7A\(3\)\(b\)](#).

During the 2014 Legislative Session, [HF 644](#) (E911 Surcharge Equalization Act) imposed a \$1 surcharge on both wireless and wireline 911 programs. This quarter, the HSEMD received \$7.6 million in revenue from the 911 wireless surcharge and interest. Of this amount, \$602,000 was received through prepaid wireless card revenue. A total of \$4,000 in interest was earned during this quarter.

Iowa Code section [34A.7A](#) specifies the priority order for expenditure of the surcharge funds collected. The total expended this quarter was \$7.2 million. Listed below, by priority order, are the amounts expended:

- \$250,000 for the administrative costs of implementing, supporting, and maintaining the director and program manager of the 911 Surcharge Fund during FY 2022.
- \$4.6 million for the Public Safety Answering Points (PSAPs). The funding formula allocates 60.0% of the total surcharge generated during the quarter to the PSAPs according to the following formula: 65.0% based on the square mileage of the local 911 service area and 35.0% based on the volume of wireless 911 calls received. There are currently 112 PSAPs providing approximately 56,000 square miles of coverage. In this quarter, the PSAPs received approximately 322,000 wireless calls.
- \$227,000 for wireless service provider cost recovery. This is the amount claimed by the wireless carriers. Of the total revenue received by the HSEMD, 10.0% is allocated to wireless carriers for cost recovery associated with providing wireless 911 Phase 1 (tower address, callback number) service. The difference between the actual amount expended (\$227,000) and the 10.0% allocation (\$762,000) is transferred to the surplus fund.
- \$2.4 million for wireless transport costs and automated location information costs. Of this, \$670,000 was for costs incurred by the Iowa Communications Network (ICN) for transporting 911 calls to PSAPs; \$1.2 million was for contracted costs through Comtech for directing 911 calls; \$134,000 was paid to GeoComm for Next Generation 911 (NG911) Geographic Information Systems (GIS) work; \$99,000 was paid to Zetron for technology consolidation and sharing between PSAPs; and \$318,000 was for GIS grants to local PSAPs.

The total operating surplus available in the Wireless Surcharge Carryover Fund and other accounting units was \$10.6 million at the end of this quarter, an increase of \$597,000 compared to the previous calendar quarter. Of the total surplus available from the Fund, \$4.0 million was obligated in the event of catastrophic equipment failure. The Carryover Fund experienced the following changes this quarter:

- \$1,000 was spent on public education, training, and 911 Communications Council travel expenses.
- \$170,000 was spent on virtual consolidation, installation, and wireline migration to the ICN.
- \$568,000 was received in federal 911 grants.
- \$200,000 was transferred to the Carryover Fund from the 911 Wireless Surcharge Fund.

In 2016, several changes were made in [HF 2439](#) (E911 Emergency Communications Funding Act) relating to the 911 Wireless Surcharge Fund. The most significant changes were that the initial distribution of funds to PSAPs will be 60.0% of the total amount of 911 surcharge generated per calendar quarter and that, beginning in FY 2017, the HSEMD was able to maintain 12.5% of annual revenue in a catastrophic reserve fund. That amount reflected the estimated need in the event of a manmade or natural disaster that would result in widespread network failure. The remainder of the surplus was to be passed through to local 911 service boards. The maximum amount of pass-through was set at \$4.4 million for local PSAP consolidation grants.

In 2017, [SF 500](#) (911 Emergency Telephone and Internet Communications Systems Act) made several changes relating to the 911 emergency telephone communication system and the 911 Surcharge Fund. The most significant changes in relation to funding were to allow the 911 Program Manager to provide grants for the purpose of developing and maintaining GIS data to be used in support of the NG911 network, require the HSEMD to develop a plan to combine the wireline 911 network with the NG911 network, and change the amount of funds available for local PSAP consolidation grants and end-of-year pass-through amounts from \$4.4 million to \$7.0 million while specifying that these consolidations will be physical rather than virtual.

In 2018, [HF 2254](#) (911 Emergency Telephone Systems Act) removed the cap on the amount of funds available for local PSAP consolidation grants and end-of-year pass-through to PSAPs. The Act also merged the wireline network with the NG911 network and created a shared service environment operated and maintained by the HSEMD that PSAPs can voluntarily opt in to utilize.