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To: Government Oversight Committee
From: Jennifer Acton
Date: September 4, 2008
Re: Sixty-Five Cent E911 Wireless Surcharge Second Calendar Quarter Report
(April through June 2008)

The Legislative Services Agency has received the 2nd calendar quarter report for 2008 from the Homeland Security and Emergency Management Division as required in Section 34A.7A(3)(b), Code of Iowa.

The Division received \$4.0 million in revenue from the \$0.65 E911 wireless surcharge. This is an increase of \$212,000 compared to the previous quarter. The Fund earned \$39,000 in interest. Chapter 34A.7A, Code of Iowa, specifies the priority order in which the collected surcharge funds are to be expended. The total expended this quarter was \$3.3 million. Listed below, by priority order, are the amounts expended:

- \$50,000 per quarter for administration which includes 2.5 FTE positions, an annual audit, and program operating costs. Intent language in SF 575 (FY 2008 Justice System Appropriations Act) specifies that up to \$200,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$616,000 for wireless service provider cost recovery. This is a decrease of \$6,000 compared to the amount used from the previous calendar quarter. The actual 21.0% of the revenue generated is \$838,000, so \$222,000 is included in the carryover balance. This money is allocated to the wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service.
- \$277,000 for wire-line transport costs for local carriers. This is an increase of \$8,000 compared to the previous calendar quarter. This amount is a reimbursement to telephone companies for their actual costs of transporting the wireless E911 call from the selective router to the Public Safety Answering Point (PSAP).
- \$1.4 million for automated location information costs for local carriers. This is a decrease of \$212,000 compared to the previous calendar quarter. The decrease is due to one-time charges from the previous calendar quarter for Next Generation and the Master Street Area Guide (MSAG) conversion. Next Generation or Next Gen is the Phase III testing project for an Internet Protocol (IP) based system. The test project includes Qwest, Positron, Intrado, and three PSAPS in Polk County. The MSAG is the database information for each PSAP for street mapping. The \$1.4 million amount is a reimbursement to companies that provide Automatic Location Information (ALI) database services and selective routing.
- \$998,000 for the Public Safety Answering Points System (PSAPS). This is an increase of \$54,000 compared to the previous calendar quarter. There are currently 122 PSAPS providing 55,996 square miles of coverage. This past quarter, the PSAPS received 214,248

wireless calls, an increase of 24,038 compared to the previous calendar quarter. The amount the PSAPS receive is 25.0% of the surcharge generated and is distributed to the PSAPS based on the following formula: 65.0% of the total based on the square mileage of the local 911 service area and 35.0% of the total based on the volume of the wireless E911 calls that the PSAPS receive.

- \$706,000 in new carryover for future Phase 2 network and PSAP upgrades and improvements. This is an increase of \$373,000 in carryover dollars compared to the previous calendar quarter. The total carryover funds available for this Calendar Quarter are \$2.5 million; however, \$2.8 million is being reported as encumbered as follows:
 - \$600,000 for the entire Next Generation Project (\$11,000 per month)
 - \$200,000 for all Network Capacity Increases
 - \$525,000 for the entire Interstate Interconnect Project. None of this money has been spent yet.
 - \$1.5 million for Carryover PSAP Projects

Due to the flooding this summer, some of the PSAP carryover project deadlines have been extended. The E911 Program Manager is not approving any additional applications until some of the current projects are completed. The carryover PSAP project application process has been in place for one year. The E911 Program Manager is also evaluating the current application process.

At the end of this Calendar Quarter, there was \$2.5 million available for the carryover fund. The reported encumbered amount includes projects that cross multiple Calendar Quarters and is not truly reflective of the amount spent each Calendar Quarter. Through the end of the Third Calendar Quarter (ending September 30, 2008), \$510,000 has been obligated for carryover application funds. For the Fourth Calendar Quarter 2008 and First Calendar Quarter 2009, \$445,000 has been obligated. Each Calendar Quarter, approximately \$500,000 is added to the carryover fund. The E911 Program Manager stated her objective is to keep the quarterly obligations under the amount for the carryover applications to help keep the fund balance solvent. Although there is currently money in the Fund, if receipts decrease, the Fund itself could be overextended.