

**Statement for the
Senate Veterans Affairs & Emergency Preparedness Committee
October 16, 2012**

Pennsylvania Emergency Management Agency

Glenn M. Cannon, Esq., Director

Senator Baker, Senator Solobay, and members of the Committee, I am Glenn Cannon, Director for the Pennsylvania Emergency Management Agency (PEMA). Thank you for the opportunity to provide this statement and discuss the Legislative Budget and Finance Committee (LBFC) report entitled: "Pennsylvania's 9-1-1 Emergency Telephone System: Funding, Expenditures and Future Challenges and Opportunities for PEMA."

Pennsylvania's 9-1-1 program has been a success story, but it now faces a possible future crisis that threatens its viability and sustainability. The LBFC report rings the alarm bell that we urgently need to fix the current system. County 911 programs (also known as Public Safety Answering Points "PSAPs") are the backbone of the emergency response network. As a county 9-1-1 director stated in the report: "Today, we're the axle in the public safety wheel. All of the spokes emanate from us." The overarching problem this report brings to light is that the current levels of 9-1-1 operations are on an unsustainable path. Without a major sea change in how 9-1-1 programs are funded and operated, in the coming years public safety across the Commonwealth is likely to be compromised. Simply put -- change is needed because the axle is cracking.

The LBFC report presents a fair and balanced assessment of the Commonwealth's 9-1-1 program and offers a number of recommendations for improvement. However, PEMA's ability to correct many of the report's findings is restricted by the current language of the statute and legislative changes will be necessary to carry out all of the required modifications. At this time, I would like to point out some of the recommendations PEMA feels would have the most impact.

The report calls for wireless funding disbursement changes that include a distribution formula designed by PEMA that fixes the current system and encourages regionalized efforts. The current method PEMA uses to distribute wireless funds is administratively burdensome, lacks transparency, and promotes the status quo. This also puts PEMA in the position of having to fund eligible, but not necessarily prudent, purchases. These purchases can be a drain on the wireless funds and will eventually exhaust them. This is because the funding mechanism in the current wireless statute enacted in 2003 was designed to facilitate the implementation of the then new 9-1-1 wireless technology, but it now is not well suited for supporting the ongoing operation of the program.

The LBFC report recommends that the General Assembly amend the language in Chapter 53 to enable PEMA to develop a formula for distributing wireless funds to counties that would:

- Provide an incentive for PSAPs to use a PEMA-developed template for staffing. PEMA could weigh the wireless funding formula in such a way as to encourage county adoption of the preferred standards or models.
- Encourage regionalization. Larger, more regionalized PSAPs appear to benefit from economies of scale, and these benefits are likely to become more evident as PSAPs transition to NG911.
- Standardize key definitions and metrics. Certain key terms and performance measures-such as what constitutes a 911 call and the types of access lines that are subject to a surcharge-can vary from county to county and provider to provider. A formula that uses these terms and metrics should include clear definitions.

The report contains several additional recommendations that should lead to improvement in the financial well-being of the program in the near term and longer. Key provisions include:

- ◆ Collection mechanisms and language that allow any device capable of calling 9-1-1 to be included in the fee structure so that new statutes do not need to be created with every technology change.

- ◆ Wireline funds must only be used by PSAPs for eligible expenses, but PEMA has little control over these funds because they are collected and administered directly by counties. There is little consistency from county to county in either the type or amount of equipment purchased or PSAP operational policies, such as staffing levels. While the report acknowledges it is difficult to fault counties for seeking to provide their citizens with more than the minimum threshold of 911 emergency services, the cost to provide such service is becoming increasingly burdensome for counties. Significant opportunity exists for further improving public safety capabilities in the future by applying a planned and standardized approach to regional and statewide sharing of infrastructure by PSAPs.

- ◆ Administrative capabilities of the Bureau of 9-1-1 can be streamlined and strengthened. PEMA's oversight of counties would be improved if the same individual within the bureau had a comprehensive understanding and responsibility for all the various reporting requirements for a specific number of counties. This would also benefit the PSAPs in that they would have a single contact within the Bureau where they could direct inquiries. This recommendation will require PEMA to review and modify its job descriptions, job qualifications, and hiring practices, which PEMA has already begun to do.

Perhaps most important is the recommendation to align the statutory authority of PEMA with Next Generation 9-1-1 (NG9-1-1) technologies. The term NG9-1-1 refers to modernization of all parts of the 9-1-1 system including hardware, software, data, and operational policies and procedures, all supported by multi-purpose emergency service networks. NG9-1-1 will provide opportunities to reduce cost while increasing capabilities. Development of NG9-1-1 requires use of centralized standards and statutory language should be provided to allow PEMA the ability to move PSAPs in this direction. The system for handling today's calls is composed of sixty-nine separate 9-1-1 systems operated independently by counties or municipalities. NG9-1-1 technology will give us the opportunity to eliminate duplicated systems and move toward combined communication platforms. The deployment of common communications environments can strengthen interoperability among all participants. This also will allow for better financial resiliency and sustainability when compared to the current operating models as a result of shared capital, resources, and operating expenses. As we move forward, PEMA needs the statutory authority to develop fiscal, technological, interoperability, and operational performance standards for a statewide NG9-1-1 system that can be derived from interrelated regional initiatives.

The report also recommends PEMA design the wireless funding formula to encourage such regionalization/consolidation. Frankly, I think that is one of the most important matters that need to be considered in the re-write of our 9-1-1 law. PEMA is already helping to develop and implement a Public Safety Communications strategy that will employ regionally based communication networks known as Emergency Service IP networks, or ESInets. This technology

can be used in support of multiple functions, including criminal justice, emergency management, public safety, public health, and homeland security. Ultimately this system will encourage better utilization of available funds while promoting interoperability among all public safety entities. As I have said many times, the issue of emergency communications is crucial during disasters. We do need to make interoperability of communications a priority in the Commonwealth at all levels. “Any band, any brand” needs to be the standard regarding emergency communications.

One critical matter we do need to address in the short term is part of HB 1020 -- the issue of the “carryover” of PSAP wireless requests that were approved but unfunded in a fiscal year. The way things work now there is never enough money in the wireless fund to pay all approved requests in a fiscal year. Up to now, it has not been a major problem. But here is where things are headed. This past year, there was about \$103 million in the wireless fund. However, there was a large spike in PSAP funding requests and items approved totaled about \$171 million. This means next fiscal year \$68 million will be paid right “off the top” of the wireless fund. If we assume next year that the amount in the wireless fund is the same as this year, \$103 million, next year there will only be \$35 million available for the PSAP. If we also assume PSAP funding requests next year are about at the same level as this past year, \$171 million (which is a fairly safe assumption), then the carryover amount for the following year, 2014, will be \$136 million. At that point, we will have a functionally bankrupt wireless fund and only be paying carryover “IOUs” in any fiscal year. That is why it is critical to fix the “carryover” funding matter.

The LBFC report provides a roadmap for rewriting Chapter 53. For the Committee's review, I have attached PEMA's May 18, 2012, letter to the LBFC report which provides our comments to the LBFC Committee's findings in the report. PEMA stands ready to provide additional details to this Committee regarding matters in the report and assist however we can with the re-write of Chapter 53. As we move forward with the re-write, our highest priority is to ensure that help in an emergency is only a phone call away for every Pennsylvanian.

When Governor Corbett offered me the job as PEMA Director, he made it clear that his Administration would make a very strong commitment to public safety for all the citizens of the Commonwealth. He has followed through on that commitment and the re-write of our 9-1-1 laws will be another important step in further enhancing public safety. On behalf of Governor Corbett and the twelve million Pennsylvanians we serve, I thank you Senator Baker, Senator Solobay, and the members of this Committee for your continued support of PEMA and our partners in public safety across the state.

I appreciate the opportunity to testify here today and I will try to answer any questions you might have.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY

May 18, 2012

Mr. Philip R. Durgin
Executive Director
Legislative Budget and Finance Committee
Room 400, Finance Building
Harrisburg, Pennsylvania 17105-8737

Dear Mr. Durgin:

Thank you for giving the Pennsylvania Emergency Management Agency (PEMA) the opportunity to review and comment on the report entitled Pennsylvania's 911 Emergency Telephone System: Funding, Expenditures, and Future Challenges and Opportunities prepared by the Legislative Budget and Finance Committee (LBFC). The report offers constructive recommendations for improving the Commonwealth's 9-1-1 systems. This letter addresses the LBFC's Findings and Recommendations and provides PEMA's comments regarding the report.

1. Pennsylvania has relatively high 911 surcharge rates and collected \$197 million in surcharges in 2011 (pages 4-14).

While it would be beneficial to compare how much 9-1-1 costs and how it is paid for in each state, the data available is not sufficient or consistent enough to make a valid comparison. Each state allows 9-1-1 fees to be used for a different mix of expenses and as noted in Section II.A, "in most of the states that we reviewed, additional county funds are used to supplement PSAPs" (page 13). Several states allow additional taxes specifically for 9-1-1. As a result, some jurisdictions have wireline surcharges as high as \$3.50 per month. Contrary to most other states, Pennsylvania funds the 9-1-1 system from call initiation through call dispatch and close out. The original wireline surcharge has not been increased for inflationary impact since first enacted in legislation in 1990; 22 years ago. The statement that "Pennsylvania also ranks among the top states in total surcharge revenues collected (\$197 million in 2011)..." (page S-1) is not necessarily supported by the data shown in Table 3 (page 14). The amount listed for Pennsylvania is state and local revenue, while the amounts listed for many of the other states is state revenue only. A complete analysis of all states and their respective 9-1-1 funding sources, as well as what expenditures are funded through those revenues, needs to be conducted to develop a complete funding perspective.

- 2. We were unable to determine whether all the entities that should be submitting 911 fees are doing so (pages 15-21).**

Recommendation: Providers of wireline, wireless, and VoIP telephony services whose customers to connect to 911 services should be required to register with PEMA.

PEMA agrees with this finding and recommendation.

- 3. It was also not possible to determine whether those providers that are remitting 911 surcharge fees are remitting the proper amount, in part because providers consider customer and access line information to be proprietary (pages 22-33).**

Recommendation: (1) As part of the registration process (see recommendation above), telephony providers should be required to attest to their compliance with Pennsylvania's 911 surcharge laws.

(2) The General Assembly may also wish to require providers to furnish subscriber count information.

PEMA agrees with this finding and recommendations.

- 4. Changes made in July 2011 to the surcharges applied to retail point-of-sale transactions were expected to generate an estimated \$13 million annually in additional funds, but collections to date have been far below expectations (pages 31-32).**

Recommendation: PEMA and the Department of Revenue should monitor prepaid 911 surcharge collections and determine why there has been a shortfall in the projected revenues.

PEMA agrees with this finding and recommendation.

- 5. VoIP companies continue to submit surcharges to PEMA despite new provisions in Act 2010-118 (pages 30-31).**

Recommendation: The General Assembly should amend Chapter 53 to allow VoIP companies to submit their surcharges directly to PEMA.

PEMA agrees with this finding and recommendation.

- 6. The maximum allowable surcharge counties can charge for wireline phones has not increased since 1990 (pages 34-39).**

Any change in legislation should incentivize counties to participate in regional cost and infrastructure sharing.

- 7. The 2 percent holdback for telephony providers may be higher than necessary (pages 39-43).**

Recommendation: PEMA should determine the appropriateness of the 2 percent administrative holdback fee for providers.

PEMA agrees with this finding and recommendation.

- 8. Telephony companies are not required to collect surcharges if their customers do not pay them (pages 43-44).**

Recommendation: PEMA should obtain information on "uncollectable" surcharges.

PEMA agrees with this finding and recommendation.

- 9. Although not specifically exempted, some telephony companies apparently do not bill state and local government agencies, including school districts, for 911 surcharges (page 44).**

Recommendation: The General Assembly should clarify whether governmental entities are required to submit 911 surcharges.

PEMA has no position on this recommendation.

- 10. Some states allow local governments to impose additional fees/taxes specifically to support 911 services (pages 44-50).**

PEMA agrees with this finding.

- 11. 911 surcharges are sufficient to fund about 70 percent of county 911 expenditures, and counties increasingly rely on county general fund monies to support PSAP operations (pages 51-58).**

PEMA agrees with this finding.

- 12. PSAP expenditures have been increasing rapidly in recent years (pages 51-58).**

PEMA agrees with the recommendation made under finding number 15 for PEMA to select one or two staffing models to standardize PSAP staffing patterns.

- 13. Trunk lines (the major telecommunication lines between telephony providers and the PSAPs) and selective routing are major expense for PSAPs (pages 50-65).**

Recommendation: PEMA should work with the Pennsylvania Public Utility Commission to establish reasonable telephony charges for PSAPs. We also recommend PEMA update its trunk line regulations, which have not been updated since 1992.

PEMA agrees with this finding and recommendation.

- 14. PSAP costs have been increasing, in part, because many PSAPs now do much more than answer emergency 911 calls (pages 68-73).**

Cost control measures will need to be implemented at the state level to ensure they provide maximum effectiveness and are fairly and uniformly applied. With oversight authority for PEMA, basic 9-1-1 service funding can be defined in a manner similar to wireless program eligibility. Legislation should avoid defining individual eligibility of items but rather provide authority to PEMA to remain flexible to support technology and operational best practice advances based upon statewide standards.

- 15. PEMA has little ability or authority to control county expenditures of either wireline or wireless funds, provided the funds are spent for eligible items (pages 74-91).**

Recommendation: The General Assembly should amend Chapter 53 to allow PEMA to develop a formula for distributing wireless grants funds to counties, rather than approving expenditures on a case-by-case basis.

PEMA agrees with this finding and recommendation.

- 16. PEMA's process for awarding wireless funds to counties is time-consuming, administratively awkward, and does not appear to promote efficient spending (pages 74-91).**

Recommendation: (See the preceding recommendation regarding a wireless funding formula.)

PEMA agrees with this finding and recommendation.

- 17. The E-911 Emergency Services Advisory Committee had not met since 2006 (pages 85-87).**

Recommendation: PEMA should re-establish the E-911 Emergency Services Advisory Committee.

PEMA agrees that an advisory group like the E-911 Emergency Services Advisory Committee be re-established as a governance advisory board. This should be consistent with the governance model established for Next Generation 9-1-1 (NG9-1-1) through an approved Pennsylvania NG9-1-1 Plan that provides for stakeholder representation at all levels to support standard development for technology, applications, operations, and fiscal elements.

- 18. Chapter 53 is unclear as to whether utility and dispatching expenses are allowable costs (page 83).**

Recommendation: The General Assembly should remove the reference to utilities being an eligible expense and of "hiring of dispatchers" as being an ineligible expense.

PEMA agrees with this finding and recommendation.

- 19. PEMA does not appear to have sufficient administrative funds to properly administer the statewide 911 system (page 91).**

Recommendation: The General Assembly should amend Chapter 53 to increase the percentage of surcharge funds PEMA may retain for administrative purposes.

PEMA agrees with this finding and recommendation.

- 20. PEMA and the counties are in general compliance with Chapter 53's reporting requirements (pages 92-97).**

Recommendations: (1) The General Assembly should amend the statutory requirement that PEMA submit annual and triennial reports regarding the implementation of wireless E-911 services and re-direct the focus of those reports to the implementation of Next Generation technologies.

(2) PEMA should review and better define certain data elements contained in the Annual Report WebTool.

(3) PEMA should consider reorganizing its administrative staff in the Bureau of 9-1-1.

(4) PEMA should revise its regulations to change the reporting date for county Annual Reports from December 1 to January 31 of the following year.

PEMA agrees with the finding and the recommendations.

- 21. Wireline and wireless funds are audited as a way to provide reasonable assurance that they are only being used for authorized purposes (pages 98-105).**

Recommendation: PEMA should take the lead in contracting for county wireline and wireless audits to improve consistency.

PEMA agrees with the finding and recommendation for setting of statewide standards that achieves program efficiencies and effectiveness within reasonable costs.

- 22. Opportunities exist for cost-savings, but PEMA has little ability to require such efforts (pages 106-107).**

PEMA agrees with this finding and considers this issue addressed by the recommendation under finding number 15.

- 23. Compared to most states, Pennsylvania already has a "consolidated" 911 system, but opportunities for savings exist through further consolidation (pages 108-133).**

Recommendation: In any re-write of Chapter 53, the General Assembly should consider deleting the provision allowing certain cities to maintain their own 911 systems.

PEMA agrees that changes should incentivize regionalization and statewide solutions using a formula allocation at PEMA's discretion and that PEMA be given the authority through legislation to develop fiscal, technological, interoperability, and operational performance standards for a statewide NG9-1-1 system derived from interrelated regional initiatives.

24. Next Generation 911, although likely to be expensive to implement, offers opportunities for streamlining 911 services (pages 134-164).

Recommendation: The General Assembly should amend Chapter 53 to be compatible with Next Generation technologies and allow PEMA greater authority to direct the statewide 911 system's transition to Next Generation (broadband) technologies.

PEMA agrees with this finding and recommendation.

The following measures set out in the report would have an immediate positive impact on the Commonwealth's Enhanced 9-1-1 program and should be authorized as matter of priority:

- Enable PEMA to develop a formula for distributing wireless funds that will encourage cost-saving measures.
- Enhance and clarify PEMA's role in managing statewide funding for 9-1-1.
- Streamline and strengthen the administrative capabilities of the Bureau of 9-1-1.

Perhaps even more important is the recommendation to align the statutory authority of PEMA with Next Generation technologies and allow PEMA greater authority to direct the statewide 9-1-1 system's transition to NG9-1-1 (broadband) technologies. NG9-1-1 represents a change so fundamental that can be compared to the change from black and white television to today's modern high definition television. Technically, it is an Internet Protocol-based system comprised of managed networks, applications, and databases that efficiently replicates traditional E9-1-1 features and functions and can provide additional capabilities. Practically, it will improve access to emergency services for callers who currently have limited or no access. It will promote effectiveness and efficiency by enabling the sharing of limited resources in ways not possible today. Along with new technology, the advent of NG9-1-1 will require a new approach with new roles and responsibilities.


Transitioning the Commonwealth's legacy 9-1-1 system to a modern NG9-1-1 system is a major goal for PEMA. Significant standards and technology developments are either completed or underway and the work on constructing the underlying infrastructure has begun. However, without an effective program management framework working in conjunction with technical and operational system development, the best system designs, architectures, and plans will be just that—designs, architectures, and plans. To actually implement a NG9-1-1 system requires an effective program management system that will facilitate and enable implementation that can then gracefully evolve to one that achieves the maximum potential from the operation of a highly capable standardized statewide system. In addition, the organization must encourage and facilitate the collaboration of stakeholders to make sure that policies and procedures are in alignment with objectives at all levels.

Program management changes sometimes lag behind technology advances. However, the critical nature of 9-1-1 emergency communications necessitates addressing the matter in a forward-looking manner. This report establishes a vision for change that will continue effective 9-1-1 service delivery while emphasizing efficiency.

Mr. Philip R. Durgin
May 18, 2012
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Once again, I would like to thank you for the opportunity to offer PEMA's input on this report. Should you have any further questions, please feel free to contact me by phone at 717-651-2007.

Sincerely,

A handwritten signature in black ink that reads "Glenn M. Cannon". The signature is written in a cursive style with a large, stylized initial 'G'.

Glenn M. Cannon, Esq.
Director, PA Emergency Management Agency