



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: July 21, 2020
TO: Legislative Finance Committee (LFC) Education Subcommittee
FROM: Kris Wilkinson, Lead Fiscal Analyst
RE: 911 Funding

The LFC Education Subcommittee is studying funding for digital library services of the Montana State Library as directed by HB 633. The LFC Education Subcommittee has identified 911 state special revenue as a possible source of funding for digital library services related to 911 services. The purpose of this memorandum is to provide information on the revenues and expenditures for 911 state special revenues over the last five years and potential impacts of including digital library services provided by the Montana State Library (MSL) as an allowable recipient of 911 state special revenue.

PURPOSE OF 911 FUNDING FOR MSL

Public safety standards require the data for 911 call centers be 98.0% accurate. An assessment conducted on local government address and transportation data found it is 47.0% accurate. Following budget cuts during the 2017 session, the Montana State Library ceased updating transportation data due to staff layoffs and does not provide 911 data services through its digital library services. MSL proposes to contract for a 911 address and transportation data validation tool to allow the counties to continue to improve these datasets to meet public safety standards. MSL estimates the cost of the contract to be \$360,000 a year. MSL is also proposing to add 1.50 FTE and personal services of \$90,000 a year to allow dedicated staff to provide contract oversight, to support local governments where necessary, and to perform regular updates to the statewide address and transportation data to create a seamless 911 system statewide.

911 STATE SPECIAL REVENUE FEES AND DISTRIBUTION

Current statute requires that fees be imposed for 911 services including:

- \$0.75 a month per access line on each service subscriber for administration of 911 programs services and distributions to local and tribal governments that provide 911 call centers. The call centers direct police, firefighters, and ambulance services in the event of an emergency
- \$0.25 a month per access line on each service subscriber for 911 grants to private telecommunication providers and local or tribal governments

Once costs for administration of the program are deducted:

- 75% of the funds are to be distributed to local and tribal governments that host public safety answering points. Public safety answering points are defined as communications facilities operated 24-hours a day that first receives emergency communications from individuals requesting emergency services. The facilities may directly dispatch emergency services or transfer or relay the emergency communications to the appropriate public safety agency
- 25% is deposited into an account for competitive grants to private telecommunication providers, local or tribal governments that host public safety answering points for:
 - Emergency telecommunication systems plans
 - Project feasibility studies or project plans
 - Implementation, operation, and maintenance of 911 systems, equipment, devices, and data
 - Purchase of services that support 911 systems

LEGISLATIVE CHANGES TO 911 STATE SPECIAL REVENUES

The fees outlined above were established July 1, 2018. The 2017 Legislature amended the statutes because previous requirements for the 911 state special revenues limited the uses of the funds resulting in a large fund balance. The beginning fund balance in the enhanced 911 services account for FY 2017 was \$12.5 million. HB 61, enacted by the 2017 Legislature, required that:

- \$5.0 million of the funds in the enhanced 911 services account be transferred to the next generation 911 state special revenue account to provide grants to provide grants for next-generation 9-1-1 infrastructure to local government entities working with a private telecommunications provider
- \$80,000 go to Montana State Library for 911 geographical information system mapping
- \$350,000 be transferred into a statewide planning account

SB 294, enacted by the 2017 Legislature, required a transfer of \$2.0 million from the enhanced wireless account to the general fund by August 15, 2017.

It should be noted that HB 61 also required that at the end of the 2019 biennium any funds remaining of the \$5.0 million in next generation 911 state special revenue account be transferred to the grant account. At the end of FY 2019, because none of the funds had been allocated, the entire \$5.0 million was transferred to the 911 grant account.

The following figure shows the total of the revenues, expenditures, and fund balance for the various 911 state special revenue accounts from FY 2015 to FY 2020.

911 State Special Revenue Overview						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Beginning Fund Balance	\$10,833,408	\$11,311,440	\$12,515,862	\$14,379,893	\$11,829,880	\$15,561,044
Revenues						
BOI Investment Earnings	12,249	43,086	91,257	86,356	158,207	146,818
Emergency Telephone System Fees	12,942,982	13,148,920	12,979,883	13,011,113	13,589,650	13,717,082
Transfers*	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,066</u>	<u>0</u>
Total Revenues	12,955,231	13,192,006	13,071,140	13,097,469	13,751,923	13,863,900
Expenditures						
Personal Services	211,798	111,859	145,462	160,956	220,481	289,466
Operating Expenses	98,707	102,649	79,283	49,154	51,858	164,798
Grants	12,166,694	11,773,076	10,982,364	13,357,372	9,748,420	11,240,856
Transfers Out*	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,080,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	12,477,199	11,987,584	11,207,109	15,647,482	10,020,759	11,695,120
Ending Fund Balance	<u>\$11,311,440</u>	<u>\$12,515,862</u>	<u>\$14,379,893</u>	<u>\$11,829,880</u>	<u>\$15,561,044</u>	<u>\$17,729,823</u>

* Transfers and Transfers Out between 911 state special revenue accounts has been removed.

As discussed above, in FY 2018 \$2.0 million was transferred from 911 state special revenue accounts to the general fund and \$80,000 was transferred to the Montana State Library for 911 geographical information system mapping. At the end of FY 2020, the overall fund balance in the various 911 state special revenue accounts is \$17.7 million.

COST OF ADMINISTERING 911 PROGRAM

The Department of Administration administers the 911 program. The following figure shows the expenditures for administration between FY 2015 and FY 2020.

Department of Administration 911 Administrative Costs						
	2015	2016	2017	2018	2019	2020
Expenditures						
Personal Services	\$211,798	\$111,859	\$145,462	\$160,956	\$220,481	\$289,466
Operating Expenses	98,707	102,649	77,569	49,154	51,858	164,789
Transfers Out	<u>10,836</u>	<u>0</u>	<u>0</u>	<u>369,901</u>	<u>5,604</u>	<u>0</u>
Total Expenditures	<u>\$321,341</u>	<u>\$214,508</u>	<u>\$223,031</u>	<u>\$580,011</u>	<u>\$277,943</u>	<u>\$454,256</u>

Expenditures for personal services have fluctuated between 52.1% and 79.3% of the expenditures if transfers out are disregarded. Further examination of expenditures is provided in the following narrative section. In FY 2017, \$1,714 in operating expenses were incurred in the other state special revenue accounts, thus the overview includes additional operating expenses from what is included in the administration of the 911 program. The 911 administration state special revenue account transfers funds to other 911 state special revenue accounts as needed.

2021 BIENNIUM BUDGET FOR 911 STATE SPECIAL REVENUES

The following figure shows the 2021 biennium budget for 911 state special revenues, actual expenditures in FY 2020, and budget remaining in FY 2020.

Department of Administration 911 State Special Revenues Budgeted and Actual				
	Budgeted FY 2020	Actuals FY 2020	Remaining Authority	Budgeted FY 2021
Expenditures				
Personal Services	\$351,661	\$289,466	\$62,195	\$350,981
Operating Expenses	98,707	164,789	(66,082)	92,120
Local Assistance	11,795,250	11,240,856	554,394	11,795,250
Grants	<u>3,931,750</u>	<u>0</u>	<u>3,931,750</u>	<u>3,931,750</u>
Total Expenditures	<u>\$16,177,368</u>	<u>\$11,695,111</u>	<u>\$4,482,257</u>	<u>\$16,170,101</u>

As shown, personal services, local assistance, and grant expenditures are below budgeted levels while operating expenses were above levels anticipated in the budget.

SUMMARY

Between FY 2015 and FY 2020 revenues for the 911 state special revenues have increased 7.0%, an average of 1.4% a year. During the same period, fund balance increased 56.7%, an average of 10.7% a year even with the transfer of \$2.0 million to the general fund. Expenditures decreased during the same period by 6.3%, an average of 2.0% a year.

Based on the combination of increased revenues and fund balance and the decreased expenditures, it appears funding would be available to expand the uses of the 911 state special revenues for the Montana State Library. Funding could include support for a contract for a next generation 911 address and transportation data validation tool to allow Montana counties to continue to improve these datasets to meet public safety standards and staff to oversee the contract.