

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

HOUSE VETERANS AFFAIRS & EMERGENCY PREPAREDNESS
COMMITTEE HEARING

STATE CAPITOL
IRVIS OFFICE BUILDING
ROOM G50
HARRISBURG, PENNSYLVANIA

WEDNESDAY, JANUARY 8, 2014
1:10 P.M.

IN RE: REWRITE OF THE 911 EMERGENCY TELEPHONE ACT

BEFORE:

HONORABLE STEPHEN BARRAR, MAJORITY CHAIRMAN
HONORABLE CHRIS SAINATO, MINORITY CHAIRMAN
HONORABLE JOSEPH T. HACKETT
HONORABLE JIM MARSHALL
HONORABLE THOMAS P. MURT
HONORABLE ROSEMARIE SWANGER
HONORABLE WILL TALLMAN
HONORABLE MIKE TOBASH
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COMMITTEE STAFF PRESENT:

RICK O'LEARY, EXECUTIVE DIRECTOR
VETERANS AFFAIRS & EMERGENCY PREPAREDNESS COMMITTEE (R)
SEAN HARRIS, RESEARCH ANALYST
VETERANS AFFAIRS & EMERGENCY PREPAREDNESS COMMITTEE (R)
AMY BRINTON, EXECUTIVE DIRECTOR
VETERANS AFFAIRS & EMERGENCY PREPAREDNESS COMMITTEE (D)

JEAN M. DAVIS, REPORTER
NOTARY PUBLIC

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1 P R O C E E D I N G S

2 * * *

3 MAJORITY CHAIRMAN BARRAR: Good afternoon,
4 everyone. I'd like to call this public hearing to order.

5 And I would ask Representative Marshall if he
6 would lead us in the Pledge of Allegiance.

7 (Pledge of Allegiance.)

8 MAJORITY CHAIRMAN BARRAR: Thank you.

9 Thank you, everyone, for being here today. I
10 appreciate the members making the hearing today. I'd like
11 to first start out by wishing you all a very Happy New
12 Year. Hopefully, we'll be successful at getting this
13 legislation out of here and in place by the end of the new
14 year.

15 I was hoping that we'd have a chance maybe to
16 adjourn the meeting and move it to Key West, but I don't
17 think the Speaker of the House and our leadership would go
18 for that. God, it's cold out there, you know. But thank
19 you for being here today.

20 First, I'd like to ask the members and the staff
21 if they would take a moment and introduce themselves,
22 starting down here in the front to my left.

23 REPRESENTATIVE MURT: Good afternoon.
24 Representative Tom Murt from Philadelphia and Montgomery
25 Counties.

1 REPRESENTATIVE MARSHALL: Good afternoon. Rep
2 Jim Marshall from the 14th District, Beaver County.

3 REPRESENTATIVE SWANGER: Hi. Representative
4 Rosemarie Swanger, House District 102, Lebanon County.

5 REPRESENTATIVE MIRANDA: Good afternoon. Happy
6 New Year. Representative J.P. Miranda, 197th Legislative
7 District, Philadelphia County.

8 REPRESENTATIVE HACKETT: Good afternoon. Joe
9 Hackett, Delaware County.

10 MR. HARRIS: Sean Harris, Research Analyst for
11 the Committee.

12 MR. O'LEARY: Rick O'Leary, Executive Director
13 for Chairman Barrar.

14 MINORITY CHAIRMAN SAINATO: Chris Sainato. I'm
15 the Democratic Chair of the Committee.

16 MS. BRINTON: I'm Amy Brinton. I'm Executive
17 Director for Chairman Sainato.

18 REPRESENTATIVE TALLMAN: Will Tallman, 193rd,
19 York and Adams Counties.

20 MAJORITY CHAIRMAN BARRAR: Great. Thank you.

21 Today is the fourth scheduled hearing on the
22 rewrite of our 911 Emergency Telephone Act.

23 The first hearing was conducted -- well, I think
24 you all know where the hearings were conducted throughout
25 the State. We've had them in each part of the State. We

1 have before us today several panels of experts from our
2 County 911 Center, State and local government, and the
3 telecommunications industry.

4 It is the Committee's understanding that many of
5 the stakeholders have been meeting throughout the past year
6 to discuss more detailed changes to the current Act as a
7 result of the discussions at the three previous Committee
8 hearings.

9 Therefore, we're looking forward to hearing about
10 some updates on the draft proposal that you are working on.
11 The draft that has been before us, that is before us today,
12 is exactly that. It is a draft. But it does get us
13 pointed in the right direction in regards to narrowing down
14 specific changes and upgrades.

15 I believe that two of the remaining key points of
16 the discussion are the increase in the 911 surcharge fee
17 and the new distribution formula for remittance to the
18 counties. I applaud your groups for working together on
19 this draft legislation.

20 If you have not already done so, I would ask you
21 to please provide your testimony to the staff so that they
22 can disseminate that amongst the members.

23 And I would remind everyone today that the
24 proceeding is being videotaped. And I would ask everyone
25 to make sure that their cell phones are at least on silent.

1 I know that happens at every hearing we have.

2 Chairman Sainato, any remarks at this point?

3 MINORITY CHAIRMAN SAINATO: Thank you, Chairman
4 Barrar. I'd like to thank the members also for joining us
5 on this frigid day and for all those who actually came out
6 from all the various organizations.

7 As you know, since 2008, our Committee has been
8 working with PEMA and all the stakeholders to try to come
9 up with a doable, workable plan. I look forward again to
10 today. We have been all over the State, all sectors, to
11 get input. And I think it's been very helpful and vital.

12 So I do thank everyone for their efforts.

13 MAJORITY CHAIRMAN BARRAR: Great. Thank you.

14 At this time I'd like to call up our first
15 testifier, Director Glenn Cannon, Director of PEMA.

16 Director, it's always great to have you here with
17 us. It's a good way to start out the New Year for us. If
18 you would, begin your testimony.

19 MR. CANNON: Thank you, Chairman, very much. I'm
20 glad to be with you all today. We're actually having a
21 heat wave out there today. I think it's around 10. So
22 it's better than the last two days.

23 Chairman Sainato, members of this Committee,
24 thank you so much. I am Glenn Cannon. I direct the
25 Pennsylvania Emergency Management Agency. And one of those

1 responsibilities is the State's 911 system. So thanks for
2 allowing me to provide this statement and discuss the
3 rewrite of the Act, which expires this year.

4 I know the focus of this hearing is the draft
5 legislation that primarily was the product of the
6 Pennsylvania National Emergency Number Association and the
7 Pennsylvania Association of Public Safety Communications
8 Officials working with the CCAP and a number of
9 telecommunication carriers.

10 Back on September 4th and 5th, we hosted a
11 meeting at PEMA to discuss the 911 rewrite and to work on
12 the concepts that should be incorporated into the
13 legislation.

14 I thank NENA and APCO and CCAP and the carriers
15 for the hard work that they did on this draft bill. I see
16 this draft bill as another important step in the process of
17 getting the rewrite done by the date the current law
18 sunsets, on June 30th of this year.

19 Unfortunately, PEMA received the draft two days
20 before Christmas, so we have not had a chance to meet with
21 the stakeholders to discuss it in any great depth at all.
22 We plan to meet with them in the near future. In fact, we
23 are trying to set up a meeting within the next two weeks.

24 As you know, the legislative Budget and Finance
25 Committee issued a report in May of 2012 entitled

1 Pennsylvania's 911 Emergency Telephone System: Funding
2 Expenditures and Future Challenges and Opportunities for
3 PEMA. The LBFC report rang that alarm bell that we
4 urgently need to fix the current 911 system.

5 The overarching problem that the report brought
6 to light is that the current levels of 911 operations are
7 on an unsustainable path. Without a major sea change in
8 how 911 programs are funded and operated, in the coming
9 years public safety across the Commonwealth is likely to be
10 compromised.

11 And I think you've heard me state this and I'll
12 state it again. There are few things as important to
13 public safety as 911 because it's where the public comes
14 together with emergency services when they need help. And
15 when that system fails and breaks down, lives can be lost.
16 That's how critical 911 is.

17 You've heard me use the term sea change often as
18 I talk about 911. And generally it's a reference to the
19 technology that has been changing and continues to change.
20 And each time in the past that technology has changed, we
21 have come back to the Legislature and asked the bill to be
22 amended. Technology is changing very quickly. And today,
23 the sea changes, that something called Next Generation
24 9-1-1 is coming at us like a freight train.

25 I want to introduce an old term again. And that

1 is the term of a paradigm shift. And while we talk about
2 sea change related to technology and what's happening, this
3 is a time for a paradigm shift in the way we think about
4 doing 911 in Pennsylvania and how we view 911 in
5 Pennsylvania.

6 While we were waiting for the latest version of
7 the NENA APCO draft, I tasked my staff with reviewing the
8 LBFC report and to determine how we could address in the
9 rewrite the issues raised in that report.

10 The first thing that was readily apparent was
11 that the current law was written to build out the 911
12 system in Pennsylvania but was never written and not well
13 suited to maintain that system or move it forward with
14 future technology such as Next Gen. And that situation is
15 what has caused us to have such a significant problem in
16 Pennsylvania.

17 We've lived under a bill designed for one purpose
18 while we try to use it for a different purpose than it was
19 passed for. Therefore, it seems to make sense that maybe
20 we should take a look at this opportunity to write an
21 entirely new version of Pennsylvania's 911 law rather than
22 trying to amend the language in a vastly outdated version.

23 We have a chance to take a clean sheet of paper
24 and say, how should we do Pennsylvania's 911 system for the
25 next 20 years? The bill we live under today is 22 years

1 old. So we can't think about short term or we can tinker
2 with a 22-year-old bill that was never right in the first
3 place and try to make that work for us. And that's the
4 situation that we find ourselves in.

5 One of the things we did was to look at other
6 states that had made recent changes to their 911 laws to
7 see if there were concepts that could be appropriate for
8 Pennsylvania's 911 program. My staff presented opinions
9 and options to me as we moved forward in working on
10 language for a draft bill.

11 Once we finalize that draft -- and we're very
12 close to that now -- it had been our plan to meet with the
13 other stakeholder parties, their document, our document,
14 and come to a consensus that we could all get behind and
15 support as a new vision for a new law for a new 911 day in
16 Pennsylvania.

17 I do want to stress that all the stakeholders are
18 partners in 911. And therefore, we need a final product to
19 be one that has a strong consensus of agreement, fixes the
20 911 funding issues that counties have experienced, and
21 further enhances the safety of citizens across the entire
22 Commonwealth.

23 You may not be aware, but sometime in my past I
24 was the County Manager for Allegheny County, the second
25 largest county in Pennsylvania. And one of my jobs at that

1 time was to build a new 911 center and operate that center.
2 The second largest after Philadelphia.

3 My Chief Deputy ran that center after I left for
4 15 years. For the first time at the top of the executive
5 team structure at PEMA, we have people with real public
6 safety 911 experience at the helm. We haven't had that in
7 the past. It makes a difference on how we approach the
8 problems.

9 And I had to make a county budget with enough
10 money in it to use county General Fund money to balance the
11 911 budget because there wasn't enough money there from the
12 State to be able to do that. So I recognize that county
13 issue and the issues of those budgets. And I'm acutely
14 aware of fixing those problems.

15 Several of the key aspects that we think should
16 be in the final draft include a more active 911 Advisory
17 Committee to ensure that stakeholders and the General
18 Assembly play an active role in fashioning 911 policy
19 decisions, less administrative requirements for counties
20 and for the vendors and carriers that provide the services.

21 When we were building a system, it was important
22 that we had multiple reports on an ongoing basis. There's
23 a lot of things that can be eliminated that are no longer
24 necessary.

25 A fee that is standard and assessed agnostically

1 regarding telecommunication devices and communication
2 services that access 911. I'm certain that probably most
3 of you don't want to have to amend the bill every time
4 there's a change in technology, and that's been the case to
5 this point in time.

6 A method of distributing the 911 fund that has
7 statutory certainty for counties and flexibility to
8 regionalize 911 systems and provide statewide
9 interconnectivity for counties and regional 911 systems.

10 One of the things that caused the system to break
11 -- and you all wrote in and rescued us last year -- was
12 that we had 69 public safety answering points, each one
13 competing with each other for a piece of a very limited pie
14 to fund it. We can do 911 differently. We don't have to
15 have everything at every place. And we're seeing that
16 demonstrated on the western half of our State today.

17 Our 14 counties in the Southwest and 10 counties
18 in the Northwest have looked to do 911 a different way and
19 share costs with their neighboring counties and, therefore,
20 reduce capital costs and maintenance costs and improve the
21 system and prepare Pennsylvania for Next Gen 9-1-1.

22 We need a system that incentivizes and
23 regionalization and working together. If everyone were
24 trying to do individually what those 24 counties in the
25 west have done, we would again bankrupt the system

1 regardless of how much the fee was raised. You can't raise
2 the fee out of this on the backs of the people that pay
3 these formulas. There's other ways to do it.

4 Funding for 911 comes from surcharges and fees
5 that our citizens pay on their communication devices.
6 Maximizing those surcharges and fees for the public safety
7 of our citizens must be the primary focus of everyone
8 involved in 911. PEMA's overarching goal in the rewrite
9 and moving forward is to ensure that funds are maximized so
10 that help in an emergency remains only a phone call away
11 for every Pennsylvanian.

12 When Governor Corbett offered me the job as the
13 PEMA Director, he made it clear that this Administration
14 would make public safety for all the citizens of the
15 Commonwealth a top priority. He has followed through on
16 that commitment with such things as signing into law House
17 Bill 583 that was sponsored by Chairman Barrar and
18 co-sponsored by many members of this Committee. The
19 rewrite of our 911 laws will be another important step in
20 the Governor's commitment to further enhance public safety.

21 So on behalf of the Governor and the more than 12
22 million Pennsylvanians that we serve, I want to thank you,
23 Chairman Barrar and Chairman Sainato and members, for your
24 continued support of PEMA and our partners in public safety
25 across the State. And I appreciate the opportunity to

1 testify here today and will try to answer any questions you
2 might have.

3 Thank you very much.

4 MAJORITY CHAIRMAN BARRAR: Great, thank you,
5 Director.

6 Are there questions from the members?

7 Representative Hackett.

8 REPRESENTATIVE HACKETT: Thank you, Mr. Chairman.
9 Mr. Chairman, this might be like a two-part
10 question. Okay?

11 MAJORITY CHAIRMAN BARRAR: Yes.

12 REPRESENTATIVE HACKETT: Director, thank you
13 again. Good seeing you here.

14 MR. CANNON: Thank you, sir.

15 REPRESENTATIVE HACKETT: And thank you for all
16 you do.

17 MR. CANNON: You're welcome.

18 REPRESENTATIVE HACKETT: I definitely have
19 noticed a change and a breath of fresh air. So thank you,
20 Director.

21 MR. CANNON: Thank you very much.

22 REPRESENTATIVE HACKETT: And if this question
23 doesn't fall in your bailiwick, please feel free to push it
24 off and we'll see if we can address it down the line here.

25 MR. CANNON: Okay.

1 REPRESENTATIVE HACKETT: It's come to my
2 attention that through this law that we passed a couple
3 years back where the dollar surcharge goes on the calling
4 cards, I'm just concerned about that and to make sure that
5 it's being collected correctly through our retailer
6 establishments throughout Pennsylvania. So that would be
7 Part 1.

8 Can you let me know how -- as we go to rewrite
9 this bill, you know, where that would fall into place or
10 where we could address that? Maybe you can educate me. Do
11 these surcharges stay within that county, that tax that is
12 collected from that retailer?

13 Again, these are tax questions, so if you don't
14 know that, feel free to push that down the road and we'll
15 see if we can ask someone else on the panel or maybe I can
16 get with the Committee on that. But that would kind of be
17 the two part that I'm looking for.

18 Thank you, sir.

19 MR. CANNON: The prepaid phone -- or the
20 amendment to add prepaid cell phones changed the way in
21 which funds had been collected.

22 REPRESENTATIVE HACKETT: Okay.

23 MR. CANNON: Before that, they were paid to the
24 Commonwealth by the carrier on which the system that
25 prepaid phone would run on. The amendment changed it so

1 that it was a fee and at point of service.

2 REPRESENTATIVE HACKETT: Okay.

3 MR. CANNON: And so in looking at what occurred
4 there, the estimate of revenue on that legislation was \$20
5 million new revenue. The estimate has -- what we've
6 actually received is \$11 million. So there's a \$9 million
7 difference. And we attribute that to a number of things
8 that are happening at point of sale and on recurring
9 minutes that go on those point of sales. You know, when
10 you go to Wal-Mart and buy a cell phone, that kind of sale,
11 some people know the system so well that they know that on
12 a certain date, on a certain month, there's a dollar taken
13 off their minutes if they have that. And so they make sure
14 there's no minutes left on the day the dollar would come
15 out. And then they go back and re-up their minutes for
16 another period of time. So that game gets played.

17 Sometimes we collect the dollar the first time
18 the phone is sold. And then we don't collect a dollar the
19 way we used to on a recurring monthly basis when it came
20 from the carriers. So we have recommendations to you that
21 will fix that problem.

22 Now, the second issue, I'm not quite sure. I
23 think there's an option, but I would need to check for you.
24 I think the county can request -- let me just check.

25 REPRESENTATIVE HACKETT: Sure.

1 (Discussion held off the record.)

2 MR. CANNON: These are professionals behind me.
3 So some of the money, you know, stays at the county level.
4 This money comes to the statewide fund. So that's the
5 situation. And you're right on target. It needs to be
6 fixed. It just didn't turn out the way everybody hoped it
7 would.

8 REPRESENTATIVE HACKETT: Thank you.

9 MAJORITY CHAIRMAN BARRAR: Other questions from
10 the members? Anybody else have a question?

11 I just have a comment to make, Director Cannon.

12 MR. CANNON: Sure.

13 MAJORITY CHAIRMAN BARRAR: You raised a point in
14 your testimony, up until now, that the current 911 law
15 focused primarily on the build-out of the 911 system. And
16 now that all of our counties are Phase 2 compliant, we need
17 to change the primary focus to the maintenance of our 911
18 system. Thus, we need to put more emphasis on the funding
19 distribution shared-cost measure in future legislation to
20 ensure that the county 911 systems are healthy and sound.
21 So we do look forward to working with you on that.

22 Your draft that you spoke about, when will that
23 be ready for the Committee to review? What is the process
24 from here?

25 MR. CANNON: We didn't want to do anything with

1 that until we had a chance to meet with NENA, CCAP, APCO,
2 and Verizon, AT&T, the carriers. We are trying to get that
3 meeting scheduled the week of January 20th. We're merging
4 schedules right now.

5 And so we wanted to have the opportunity to take
6 what we have -- what I told my folks was, let's look at
7 this as a clean sheet of paper and think outside of the
8 box. Find a way to meet everybody's needs, but don't be
9 locked in to what we live under today. Because what we
10 live under today put us in the mess of having a bankrupt
11 911 system.

12 MAJORITY CHAIRMAN BARRAR: Right.

13 MR. CANNON: So we have a -- now, they did
14 exactly what I asked them to do. So as soon as we have a
15 chance to crosswalk that with what the other groups have
16 come up with -- and I think our goals are very, very
17 similar. We want to get to the same place. It's just the
18 route we take to get there.

19 MAJORITY CHAIRMAN BARRAR: Right.

20 MR. CANNON: And so I think once we have a chance
21 to talk about it, I really don't see where there will be
22 much difference. So I think that early in February we'll
23 be able to get you a document that we all concur with, that
24 we all agree on. PEMA will not move forward on something
25 that doesn't have the support of its stakeholders.

1 And we understand that while we're charged with
2 managing the program, that responsibility had been one that
3 failed in the past. PEMA advocated that responsibility to
4 a vendor, to a contractor. That's no longer the situation
5 today.

6 So we will use public safety professionals. And
7 I think because we all have walked that walk and we all
8 have a lot in common, we understand the issues and we will
9 come to an agreement and bring you a document we all concur
10 with.

11 **MAJORITY CHAIRMAN BARRAR:** Yes. There's no doubt
12 you certainly have a good grasp of the issues.

13 You said in your testimony here a method of
14 distributing 911 funds that had statutory certainty for
15 counties and flexibility to regionalize 911 systems. Can
16 you expand on that? What are you envisioning here as far
17 as the fee distributions go?

18 **MR. CANNON:** We feel that there needs to be some
19 sort of formula that allows counties -- as long as the
20 revenue fund remains fairly consistent and -- you know, the
21 Wireless Fund has been around 110 million for the last
22 number of years. But the costs have approached almost 300
23 million for operating 911 in Pennsylvania. That would be
24 both money they get from land lines, hard line telephones,
25 and wireless. But the wireless part has been about 110.

1 With some consistency then of understanding what
2 revenue is, it would be great if a county knew that as a
3 baseline number, everybody can anticipate for their next
4 year's budget a portion of that that they could get.
5 Everybody would get a baseline. And then we start to
6 factor in things like call volume, population, and a number
7 of those things.

8 We have a number of thoughts on that. We also,
9 frankly, need to see a way to use some of our funding to
10 incentivize regionalization such as it has occurred in the
11 Northwest and the Southwest of Pennsylvania.

12 Every one of our counties in Pennsylvania but one
13 has signed on to an agreement to work with neighboring
14 counties to try to find a different way to regionalize
15 their 911 and share a communication platform and share
16 things that in the old days would have been individual and
17 then duplicative of costs. We can reduce those costs this
18 year.

19 So we have used some of the money under our
20 existing authorities to fund regionalized planning. And
21 every one of our counties but one has signed on for
22 regionalized planning. So it's really coming along well in
23 the Commonwealth. And so part of the money would be that a
24 certain percentage would be used for that purpose. And so
25 it will define in a different way how the money is

1 distributed out.

2 MAJORITY CHAIRMAN BARRAR: Okay.

3 MR. CANNON: We're looking for fairness, equity,
4 and transparency in it and an agreement for everyone. I
5 think there are some counties that under the old law they
6 had to do 911. They get funded even though they have
7 nobody there. They don't need to do that in the way we're
8 looking at it.

9 MAJORITY CHAIRMAN BARRAR: Okay.

10 MR. CANNON: And so we're -- and I think you're
11 going to hear in a little bit about counties that have
12 already agreed with neighboring counties to -- you know, a
13 bigger county maybe does that work for the smaller county.
14 So we can see more of that.

15 MAJORITY CHAIRMAN BARRAR: Okay.

16 MR. CANNON: And I think that what we see in the
17 West so clearly is that if one county tied onto the new
18 system loses its entire 911 center, they can go over to a
19 neighboring county, log in, and start to take 911 calls
20 just as if they were sitting in their own county. And the
21 caller to 911 knows no difference. And that's technology
22 allowing us to do that.

23 So we can't do business the way we've always done
24 business. We have to look at it and do it in a different
25 way. And there are two parts. We can increase revenues

1 and we can lower costs. And maybe that means that we don't
2 have to raise quite as much revenue because it's not
3 costing us as much to do it.

4 MAJORITY CHAIRMAN BARRAR: I think one of my
5 concerns is that I know there are counties out there that
6 think that the 911 fee -- or their expectation is that any
7 new fee is going to cover 100 percent of the cost of
8 running 911 operations in their counties. And I just don't
9 know if that's a realistic, you know, approach to this.

10 MR. CANNON: Well, it can't be as simple as they
11 would like to make it. Because if you look at the report,
12 the study that was done, some counties -- there's no
13 standardized fee in how telecommunication officers are
14 paid. Some may choose to be at this level and some may
15 choose to be at this level. So to think that it's going to
16 cover 100 percent means somebody is getting a whole lot
17 more than somebody else for the same job.

18 And if you look at cost per call to deliver that
19 service, it's a very wide range. And that's all done by --
20 demand is certainly part of it but also salary, benefits,
21 and what the Commissioners would like to provide is another
22 part.

23 MAJORITY CHAIRMAN BARRAR: Sure.

24 MR. CANNON: So one of the things that the study
25 recommends is that there needs to be some standards in

1 Pennsylvania for the operation of 911 centers rather than
2 independently. And, you know, the system built -- the
3 system we have, based on building a 911 system, said, you
4 ask for what you want. If it fits in the 911 statute, we
5 have to approve it. And if we couldn't pay you, it got
6 rolled over to the next year. And that's what caused the
7 system to become bankrupt that you fixed last year.

8 So it was everybody doing their own thing, the
9 way they wanted to do it. Those 14 counties in
10 Southwestern Pennsylvania, the 911 -- it's called a switch
11 in those counties -- switch, many of them in Pennsylvania,
12 three-fourths of our switches statewide are in end of life.
13 They need to be replaced.

14 So just sticking with those 14 counties, if we
15 did business the way we used to, we'd be buying 14 new 911
16 switches. They are running that operation once it's on
17 three. I think Michael has two up in his area instead of
18 ten. You can immediately see the savings that comes from
19 that, by not replacing each of those one for one.

20 So when I talk about doing it a different way,
21 there is a different way that we can do it. But I don't
22 think we will ever reach the point, because of the local
23 decision-making, that we can cover 100 percent of the
24 costs.

25 MAJORITY CHAIRMAN BARRAR: Right. We would have

1 to strip them of local control in order to get to that
2 point. And then, of course, I'm pretty sure the counties
3 would fight us to the end of the world on that.

4 MR. CANNON: I'm sure.

5 MAJORITY CHAIRMAN BARRAR: We actually had one
6 county send us a letter. I'm not going to mention the
7 county. But one county sent us a letter they wanted a \$10
8 a month fee, a 911 fee, on -- and I thought it was like,
9 you know, a joke at first until I read it. I thought maybe
10 it was a one-time, once-a-year fee of \$10. But it was \$10
11 a month.

12 And I thought, I couldn't imagine that there
13 would be one person in this Legislature that would put this
14 vote up, except the person from that county maybe.

15 But Representative Hackett has a question.

16 REPRESENTATIVE HACKETT: Thank you, Mr. Chairman.

17 And thank you, Director. Just a follow up. You
18 did mention the words regional or sharing, which ends up
19 saving us all a lot of money right now. And it kind of hit
20 an idea that I had in the back of my mind now.

21 So, for example, in Delaware County where I
22 reside, we have the state police in some areas and we have
23 local police. And we had local police taking 911 calls.
24 Well, actually all the 911 calls come into that county 911
25 center for emergency. Here's where I think we have a waste

1 of some funding here.

2 MR. CANNON: Okay.

3 REPRESENTATIVE HACKETT: It comes into the
4 county, 911, my house is being burglarized. Oh, okay.
5 Where do you live? Blah, blah, blah. I live in state
6 police territory. Okay. Hold on one second, ma'am. They
7 transfer that call to the state police barracks. State
8 police barracks answers it. Then they dispatch their
9 vehicles. So I would be an advocate of saying that all the
10 state police calls should be dispatched through that 911
11 center, too. Maybe we can save some money on the state
12 police side. Just something to think about.

13 I'm glad you brought up that regional or sharing.
14 And I think we can even go a little further planning 20
15 years down the road if we can dispatch everybody from that
16 911 center.

17 Thank you.

18 MAJORITY CHAIRMAN BARRAR: Representative
19 Hackett, you brought that up before. I'm very interested
20 in pursuing this concept a lot more.

21 Any idea on the cost savings that that would -- I
22 mean, I would think the cost savings to the state police
23 would allow us to put additional troopers on the road,
24 wouldn't it?

25 MR. CANNON: It would. And I didn't expect that

1 to come up today. I don't have those numbers with me. But
2 I do believe, besides the cost-saving dollars and cents,
3 the time it takes in that little transfer could save a
4 life. And I think that's what we're ideally looking out
5 for there.

6 Thank you.

7 MAJORITY CHAIRMAN BARRAR: Great. I would
8 definitely like to talk to you more about that.

9 Director, as always, your testimony is always
10 educational to us. We appreciate you taking the time to be
11 here.

12 Thank you.

13 MR. CANNON: Thank you all very much.

14 And PEMA truly, truly appreciates the support
15 that this Committee provides us in all of the things we do:
16 hurricanes, storms, floods, and 911.

17 Thank you all very much.

18 MAJORITY CHAIRMAN BARRAR: Thank you. If you
19 ever need anyone to go on one of those helicopters, I'm
20 around.

21 MR. CANNON: I'll talk to the General.

22 MAJORITY CHAIRMAN BARRAR: We'll get him in here.

23 MR. CANNON: Thank you.

24 MAJORITY CHAIRMAN BARRAR: Our next panel is
25 Mr. Mike McGrady, Chairman with Joint APCO/NENA,

1 Legislative Affairs Committee; Mr. Dan Tancibok, Past
2 President, Director, Centre County 911; Mr. Doug Hill,
3 Executive Director with the County Associations; and
4 Mr. Tim Baldwin, Government Affairs Committee, Deputy
5 Director, Lancaster Countywide Communications.

6 Gentlemen, we thank you. We understand that you
7 have decided amongst yourselves who is going to speak and
8 in what order.

9 MR. BALDWIN: I need my glasses. I'm getting
10 older.

11 MAJORITY CHAIRMAN BARRAR: I know the feeling.

12 MR. BALDWIN: Good afternoon, Chairman Barrar,
13 Chairman Sainato, and other members of the Committee. I'm
14 Timothy Baldwin, Deputy Director of Lancaster Countywide
15 Communications, which is the 911 public safety answering
16 point for Lancaster County and the Past President of the
17 Keystone Chapter of the National Emergency Number
18 Association.

19 On behalf of our membership and the Pennsylvania
20 Chapter of the Association of Public Safety Communications
21 Officials, I want to thank you for holding this hearing and
22 asking our Associations to present testimony today.

23 As we have previously testified, we believe that
24 providing 911 emergency services is one of the critical
25 core functions of county government.

1 It's been over 35 years since the first wireline
2 911 call was made in the United States and over 22 years
3 since the initial 911 legislation was passed in
4 Pennsylvania. Since that time, telephony service has
5 evolved to include cellular, Voice over Internet, satellite,
6 and now Next Generation 9-1-1 services.

7 While attempts have been made to revise the
8 original 911 legislation in Pennsylvania, Act 78, to
9 address these new technologies, it has not been fully
10 accomplished. The surcharge amount for wireline has not
11 been changed since the original legislation was passed in
12 1990. And as everyone here knows, the wireline revenues
13 continue to significantly decrease each year.

14 Wireless legislation was enacted to provide for
15 \$1 per line surcharge, but this is less than the \$1.25 or
16 \$1.50 that 3rd through 8th class counties may charge for
17 wireline phones. The Voice over Internet surcharge is also
18 \$1 per line.

19 To put this into perspective, the Senate LBFC
20 report stated that \$1 wireline surcharge from 1992 should
21 now be \$1.72. This makes the \$1.25 wireline surcharge for
22 3rd through 5th class counties now worth \$2.15 and the
23 \$1.50 wireline surcharge for 6th through 8th class counties
24 now worth \$2.58.

25 Additionally, each and every time a citizen or

1 business switches from a landline phone to a Voice over
2 Internet or wireless phone, a 3rd through 8th class
3 county's revenue is further reduced in addition to the
4 inflationary factor that I spoke about previously.

5 These surcharges are almost always implemented
6 after the technology has begun interfacing with the 911
7 system. So the 911 centers are constantly playing
8 catch-up.

9 We have three examples of funding crises that
10 counties are facing here in Pennsylvania. We have three
11 different class counties as examples here.

12 Chester County, 2012 total expenses, \$14,405,594;
13 2012, total 911 surcharge revenue, \$7,039,503, which leaves
14 a deficit of \$7,366,091.

15 Erie County, 2012 total expenses, \$5,507,174.43;
16 total 911 surcharge revenue for 2012, \$3,335,850.32, which
17 leaves a deficit of \$2,171,324.11.

18 And finally Mifflin County, 2012 total expenses,
19 \$1,184,842.99, total surcharge revenue, \$712,049.43,
20 leaving a deficit of \$472,793.56.

21 To make up for this, the counties are using
22 General Fund monies to balance their 911 budgets and have
23 no additional funds available to implement Next Generation
24 9-1-1 or successor technologies.

25 And to further complicate the issue, wireline and

1 wireless surcharges have different rules and regulations
2 determining what the surcharges can actually be used for,
3 who collects it, and how and when it's distributed to the
4 counties.

5 We have created a system of silos for 911 funding
6 in Pennsylvania, separate funding sources and separate
7 rules and regulations for separate technology. This system
8 of funding 911 centers is not only fundamentally
9 inefficient but it's fundamentally broken. We are running
10 21st Century 911 centers on 20th Century funding.

11 Approved wireless funding requests from
12 Pennsylvania counties for wireless Fiscal Year 2013-2014
13 were \$238,620,025.14, while the wireless fund revenues were
14 \$116,481,339.92, which created a funding shortage of
15 \$122,138,685.22. PEMA and the wireless subcommittee, which
16 is made up of providers and 911 representatives, have taken
17 steps to address this issue by including life cycles for
18 purchases of equipment.

19 For example, if a county requests funding for a
20 piece of equipment, they can't request that funding again
21 for that same piece of equipment again until it's run
22 through its life cycle. So 911 telephone systems, the
23 switches typically have a lifespan of five to seven years.

24 So with APCO's, CCAP's, NENA's, and PEMA's
25 support, Act 9 was enacted to eliminate the rollover of

1 unpaid costs that would have eventually bankrupted the
2 wireless fund in Fiscal Year 2014-2015.

3 The LBFC studied the issue and released their
4 report on May 23rd, 2012. APCO, CCAP, NENA, and PEMA
5 people all met with the LBFC to discuss ways to address the
6 fundamental funding and operational issues facing the 911
7 centers in Pennsylvania.

8 We're left with, so, what do we do? What are the
9 counties doing today? What about regionalization of
10 technology and consolidation?

11 Regionalization of technology, our previous
12 testimony discussed regionalization of technology projects
13 that are taking place in Pennsylvania today. Simply put,
14 it's the counties sharing technology, including the capital
15 and annual maintenance costs. Two projects that you just
16 heard about are occurring, one in the northern tier of
17 Pennsylvania involving ten counties and the WestCore
18 project in western Pennsylvania involving up to 13
19 counties.

20 While the IP networks for the northern tier and
21 WestCore projects are initially designed for regional 911
22 telecommunications projects, these systems are also capable
23 of providing transport and connectivity for systems,
24 including but not limited to computer-aided dispatch,
25 graphical information systems, radio, emergency management

1 functions, and being part of a statewide emergency services
2 IP network, which is already built in the northern tier and
3 WestCore counties and will continue to be built as other
4 regional projects develop.

5 The statewide emergency services IP network can
6 be built through a regional approach. This network will
7 allow for regionalization of these future technologies,
8 saving money and increasing redundancy in a county's
9 network and operations.

10 The initial northern tier telecommunications
11 project is now completed and there was a total capital
12 saving of over \$2,208,000 and a yearly maintenance savings
13 cost of over \$299,000. And while the total northern tier
14 project is a great savings, it's still less than 2 percent
15 of the total annual wireless revenue for wireless Fiscal
16 Year 2013-2014 and less than 1 percent of the total 911
17 surcharge revenue collected in Calendar Year 2012, which
18 would be important for you folks to be aware of as we will
19 do additional projects and how much savings we can really
20 realize from them.

21 The Northern Tier Regional Next Generation 9-1-1
22 Telecommunications and WestCore projects are a prime
23 example of counties and regions migrating from the
24 individual silo model to working together to create a
25 regional network and improving technology and operations

1 while saving costs.

2 Incentivizing projects such as these with a
3 higher percentage of funding is one way to promote them.
4 An example would be, if two counties agree to share
5 technology, the project could be funded at 75 percent; if
6 three or more counties agree to share technology, the
7 project could be funded at 100 percent, as long as it is a
8 cost-saving project.

9 A small percentage of the 911 surcharge revenues
10 could be allocated through PEMA to encourage these projects
11 with the additional funding I just spoke about. Under the
12 current funding model, there's very little funding
13 available to incentivize these projects.

14 As for consolidation, Pennsylvania already has a
15 consolidated 911 system, with approximately one PSAP per
16 county. And that's important for you folks to realize,
17 too. Across the United States, there's many who might have
18 a county but they have multiple PSAPs within those
19 counties. Pennsylvania is fortunate that we generally have
20 one per county.

21 With that said, voluntary consolidation, not
22 mandatory consolidation, is one option. Examples of this
23 today are Cameron County and Elk County and Potter County
24 and Tioga County. Each of these 8th class counties
25 contracts with their neighboring 6th class county for 911

1 call taking and dispatching services.

2 While consolidation seems like a quick solution
3 to saving money, this important decision needs to be made
4 at the county level after a detailed needs assessment is
5 completed. Many factors need to be considered when
6 contemplating consolidation, including connectivity and
7 integration of technologies.

8 Service levels must be addressed, including
9 governance, standard operating procedures, staffing levels,
10 etc. Once these and other items are identified, a cost
11 benefit analysis can be completed to determine what the
12 initial capital outlay will be for consolidating the
13 counties, as well as the annual cost of running a
14 consolidated center.

15 We believe that regionalization of technology
16 projects will, in the long run, lead to voluntary
17 consolidation. Once you prove that you can share
18 technology across borders, it will ease the transition to
19 consolidation.

20 Two important notes: While technology is
21 important, all the technology in the world will not help if
22 911 centers don't have qualified people to answer the call.
23 Sometimes this is missed when discussing 911.

24 Also, there are still remote dispatch points in
25 Pennsylvania that do not fully participate in some of the

1 county 911 systems. That may be a police department, EMS
2 agency, or a fire department. It's imperative that these
3 remote dispatch points meet the same training,
4 certification, and quality assurance standards that each
5 and every 911 center in Pennsylvania meets each and every
6 day.

7 To ensure these remote dispatch points meet these
8 standards, PEMA should be granted oversight
9 responsibilities for them, just like they currently have
10 for Pennsylvania's 911 centers.

11 But even with regionalization of technology and
12 voluntary consolidations, Pennsylvania's 911 system is
13 still systemically broken financially and must be fixed
14 with this rewrite of 911 legislation.

15 Items that are addressed in this new legislation
16 include a single equal surcharge of \$1.75 on all
17 technology, current and future, that can access the 911
18 system. The surcharge needs to cover the true cost of 911
19 in Pennsylvania, 911 centers not only answer and dispatch
20 911 calls, they have other significant duties and
21 responsibilities; a clear and concise set of rules and
22 regulations that are technology agnostic, a clear and
23 concise collection, and a to-be-developed distribution
24 method for 911 surcharge revenues; a funding cycle that is
25 based on a county's fiscal year, not the State fiscal year;

1 a strong audit component to ensure funds are spent only for
2 eligible items and ensure all 911 revenues are collected; a
3 small percentage of the 911 surcharge allocated through
4 PEMA to counties to incentivize voluntary regionalization
5 of technology and volunteer consolidation; a streamlined
6 reporting process; a team approach where PEMA, in
7 consultation with counties, APCO, NENA, and the 911
8 Advisory Committee recommends operational and technology
9 standards for PSAPs -- our position is who knows 911 better
10 than the county 911 centers and the people who set the
11 national standards -- a team approach where PEMA, in
12 consultation with the counties, APCO, NENA, and the 911
13 Advisory Committee, implements new rules and regulations
14 associated with any new legislation -- again, counting on
15 our 911 knowledge -- and a stronger 911 Advisory Board who
16 can provide subject matter expertise to PEMA on current and
17 future operational and technology standards.

18 APCO, CCAP, NENA, and the carriers have met
19 multiple times over the last six months to discuss these
20 issues and to come to an agreement on the legislation in
21 front of you today. The draft bill has been sent to PEMA
22 for review and comment. The only issues that need
23 agreement are the final 911 surcharge amount and the final
24 funding distribution model.

25 We look forward to working with the Committee and

1 the carriers to finalize these two open items. And while
2 the 911 system may financially be in crisis mode, it's
3 still salvageable. The Pennsylvania Chapters of APCO and
4 NENA stand ready to assist the Legislature and PEMA in
5 solving this crisis.

6 We would be happy to answer any questions that
7 you might have.

8 MAJORITY CHAIRMAN BARRAR: Thank you.

9 MR. HILL: Mr. Chairman, maybe I'll just say a
10 few words. You have my written remarks. I'm Doug Hill,
11 Executive Director of the County Commissioners Association
12 of Pennsylvania. We represent all of the Commonwealth's 67
13 counties.

14 I'm not going to read my remarks. But there are
15 a couple things that I would like to emphasize just for
16 perspective.

17 You know, we talk in our testimony today about
18 fees. And what we all need to remember is that this is a
19 mandate on county government, but it's a mandate that we
20 asked for. We recognize that municipalities weren't
21 capable of putting in place a 911 system that met
22 Pennsylvania's needs. And so we asked to do it at the
23 county level back in 1990.

24 But the condition for that was to set up a
25 structure that would allow us to pay for the bulk of that

1 system through a subscriber surcharge. And when I say the
2 bulk of it, I mean that. We never intended the entirety to
3 be covered but rather the eligible costs and in certain
4 cases a percentage of the eligible costs, personnel in
5 particular.

6 And in fact, under the initial funding scheme, it
7 wasn't set as a rate in statute but rather the counties
8 would apply to the PUC with their plan on how they would
9 implement it and what it would cost. If they could defend
10 those costs, then the PUC would set the rate for that
11 individual county. The notion of the \$1.25 and \$1.50 came
12 late in the statutory consideration and it was set as a
13 cap. And it was that, not the rate, but rather the cap.

14 What we found was, in fact, in the first couple
15 of years, it actually did meet that objective. Many of the
16 counties were able to bring in their 911 system based on
17 the wireline subscriber fee that we were receiving at the
18 time. But none of us anticipated technology changes. None
19 of us certainly anticipated wireless or VoIP.

20 And so we had an onslaught of technology change
21 and capital costs that have run higher than anticipated in
22 their size and their frequency. Yet in the intervening 22
23 years, the rate didn't change at all. We did add \$1 for
24 VoIP and \$1 for wireless. But that dollar was added on the
25 basis that it not set up a competitive disadvantage of one

1 type, one medium, against another.

2 And so they want back, the Legislature went back
3 to the 1990 rates and, in fact, went back to the lowest of
4 the 1990 rates, the dollar, to set the rate for wireless
5 and VoIP. And so that lack of change in funding has caused
6 counties to go significantly into the local property tax,
7 as you heard in testimony, to backfill the cost of
8 providing 911. And that's at the core of our argument for
9 increasing the fee.

10 But I also want to emphasize that this effort
11 isn't just about a fee increase. We also need to fix the
12 system. You heard about that in Director Cannon's
13 testimony. You heard about that in my peer's testimony
14 here. We need to provide the incentives and the mechanisms
15 for us to consolidate systems where possible, consolidate
16 backbones of system where that's preferable, to provide
17 more efficiently. And then we also need to look Next
18 Generation squarely in the eye and have a system in place
19 both statutorily and financial that's going to allow us to
20 deal with that.

21 I was pleased with Director Cannon's testimony.
22 There was nothing in his remarks that I think caused us any
23 concern. I think everything that he said matches very well
24 with both the objectives and the direction that our group
25 is taking. I will also acknowledge the close working

1 relationship that we've had with PEMA.

2 As the Director said, he has people at the top
3 who have been there and who get it. And I think that's
4 going to bode well for developing legislation that we can
5 bring to you and that with our assistance and the
6 leadership that you've shown already in pushing us toward
7 the goal that's going to allow us to get a piece of
8 legislation on the Governor's desk by the end of June.

9 So I thank you for inviting us to testify today.
10 And I'll be happy to answer questions as well.

11 MAJORITY CHAIRMAN BARRAR: Great. Any others?

12 MR. HILL: Thank you.

13 MAJORITY CHAIRMAN BARRAR: You guys are good?

14 MR. HILL: Yes.

15 MAJORITY CHAIRMAN BARRAR: Okay.

16 Any questions from the members?

17 Representative Tallman.

18 REPRESENTATIVE TALLMAN: Thank you.

19 MAJORITY CHAIRMAN BARRAR: Let me -- real quick.
20 We've also been joined by Representative Tobash. He has
21 joined us. Good to have you here.

22 REPRESENTATIVE TOBASH: Thank you.

23 MAJORITY CHAIRMAN BARRAR: Go ahead, Will.

24 REPRESENTATIVE TALLMAN: Thank you, Mr. Chairman.

25 Thank you for your presentation. First I'm going

1 to make a comment. As Representative Hackett stated,
2 having been on that 911 side, it's a minimum of 10 to 20
3 seconds when you transfer that call to the state police
4 depending on the status or the state of the person that
5 made that call. It could even be longer. I think that
6 needs -- I think there's a cost savings and a public safety
7 issue there. So we need to look at that seriously.

8 I'm going to do a shout out to Adams County 911.
9 I think they're listening in today.

10 Just some questions on the formula. I'm always
11 concerned if Harrisburg develops a formula. School
12 district funding, mental health, mental retardation --
13 anything there's a funding formula for is going to at some
14 point down the road not work. And so I'm very concerned.

15 I'll give you an example. Let's just take Adams
16 County. This past year we celebrated the 150th anniversary
17 of the Battle of Gettysburg. And typically Gettysburg gets
18 about 2 million people, tourists, who come in to see the
19 battlefield. This past year it was between four and five
20 million . And so the number of tourists in Gettysburg more
21 than doubled. We actually had a police chase in the middle
22 of the reenactment -- but I won't go into that -- in the
23 borough of Gettysburg. The call volume was significant.
24 Adams County 911 was up-staffed because of that event.

25 So how are you going to fund it under a formula?

1 MR. BALDWIN: We've looked at several different
2 formulas. It's not completed. But initially, we believe
3 -- we're recommending that 1 percent would go to PEMA for
4 their administrative costs. We're initially recommending 5
5 percent would stay at PEMA for regional and technology
6 projects. We're incentivizing voluntary consolidation.
7 And then the other 94 percent would be distributed to the
8 counties.

9 And some of the formulas we've looked at include
10 call volume, population, geographic size. We're trying to
11 work out what is the best combination. Because the whole
12 goal here is to ensure that there are no losers so the
13 county would not get less money, obviously, than they've
14 gotten, say, for the last five years as well as to ensure
15 there's no windfalls.

16 REPRESENTATIVE TALLMAN: Right.

17 MR. BALDWIN: Because you don't want to have a
18 county ending up getting more revenue than is bigger than
19 their budget. It's going to take a little bit more
20 finessing. We've probably run through about ten different
21 formulas so far. And we have not come up with the winning
22 one. But when we do, of course, we'll forward that to the
23 Committee for review.

24 But we can look at things, such as that it will
25 adjust for population every so many years. The call volume

1 we could adjust every single year. So if you do have an
2 uptick -- you know, you're in Marcellus Shale county and
3 all of a sudden your call volume now has gone up 50
4 percent. The next year that revenue would -- you know,
5 your call volume would go up that much so your revenue
6 would then go up.

7 So we will ensure that there will be ways to
8 adjust that formula on a yearly basis. And that can go
9 through PEMA and through the Advisory Committee to do those
10 adjustments on a yearly basis. But that is a factor that
11 we have discussed and that's a factor that we are going to
12 address.

13 REPRESENTATIVE TALLMAN: And that would be
14 important to be able to have that flexibility in the
15 formula. And I believe we heard -- I can't remember which
16 one of you said this -- you're recommending \$1.75?

17 MR. BALDWIN: Yes.

18 REPRESENTATIVE TALLMAN: And is that going to be
19 across the board so we're uniform?

20 MR. BALDWIN: Yes. Uniform wireline, VoIP,
21 wireless, and Next Generation, any successor technologies.
22 And that's why we put the definition of successor
23 technology in there. Because Next Generation is here
24 today. In five years something else is coming. And that's
25 the biggest issue.

1 And Executive Director Hill mentioned that when
2 you bill out your initial wireline system, we expect it to
3 last 15, 20 years. Well, the problem is then wireless came
4 in. And then VoIP came in. And then Next Generation
5 technology came in. And as these technologies come in, we
6 have to continue to upgrade our system or replace out the
7 whole system.

8 And that's part of the problem. Not only are you
9 trying to maintain your operation, you're doing significant
10 expenditures. You know, where we used to do them every ten
11 years, now we're doing them every three, four, or five
12 years.

13 REPRESENTATIVE TALLMAN: Are we looking at any
14 different way in the draft for collection of the fee?

15 MR. BALDWIN: The fee would go -- working with
16 the carriers, it would save them some cost. And that money
17 would go directly to a statewide fund that would then be
18 distributed out. The carriers have agreed to drop their
19 fee from 2 percent to 1 percent. Right now they keep up to
20 2 percent of the monies they collect for administrative
21 costs because they're sending it to six, seven different
22 counties. But by going to just a single collection system,
23 they're willing to reduce that fee to 1 percent.

24 So that, in addition, puts additional funding out
25 there for the 911 centers. But it would go to a statewide

1 pot. And then that formula would distribute the money. So
2 that really is just going to be a pass-through.

3 REPRESENTATIVE TALLMAN: Okay.

4 MR. BALDWIN: We recommend that the money on a
5 monthly basis -- they would get their check every month,
6 you know, from that fund for the operations.

7 REPRESENTATIVE TALLMAN: Thank you.

8 MR. BALDWIN: You're welcome.

9 MAJORITY CHAIRMAN BARRAR: I have a feeling the
10 fee, we will settle things on the amount of the fee a
11 little easier than the distribution of how that fee is
12 driven out to the counties. That would be my guess. I
13 would think it would be easier to get everybody here to
14 agree upon \$1.75 more so than it's going to be, how much is
15 Chester County going to get and how much is Philadelphia
16 going to get?

17 You know, that's when I think we see the real
18 battle taking place over the legislation.

19 MR. BALDWIN: Well, again, we're going to -- once
20 we come up with what we think is a reasonable formula,
21 we're going to have regional meetings in the eastern,
22 western, and central part of the Commonwealth with all of
23 the counties. And we're going to lay the legislation out
24 in front of them for all our APCO and NENA members. And
25 we're going to show them the formula and we're going to

1 show them what does it actually mean for your county so
2 that they can actually see it.

3 So, you know, we're going to go out and advise
4 the members and, you know, sell it to the members saying,
5 this is why it benefits you. But again, there will be no
6 losers. We can guarantee that. And there will be no
7 windfalls.

8 MAJORITY CHAIRMAN BARRAR: Okay.

9 MR. BALDWIN: Again, you can't have a county that
10 has a budget of \$200,000 all of a sudden getting a million
11 dollars. So we're going work through that to ensure that
12 everybody, you know, is on the same equal playing field.

13 MAJORITY CHAIRMAN BARRAR: Okay.

14 MR. BALDWIN: Again, it doesn't matter if you're
15 in Elk County or if you're in Philadelphia. If you dial
16 911, you want somebody to answer the phone and you want
17 somebody to process that call.

18 MAJORITY CHAIRMAN BARRAR: If I'm in Elk County
19 -- and I don't know what the numbers are in Elk County --
20 but just because you said Elk County -- and I get 3,000 911
21 calls this year and next year I get 4,000 911 calls, why
22 would that be a reason then to give them more money? Is it
23 more expensive?

24 MR. BALDWIN: Yes, it is. Because, you know,
25 there would be additional personnel. And if you want to go

1 up from say -- Elk County gets probably about 3,000 calls a
2 month, we'll say. But if all of a sudden, you know, they
3 have a big upswing in Marcellus Shale and now they're
4 getting 72,000 calls --

5 MAJORITY CHAIRMAN BARRAR: Right. For that.

6 MR. BALDWIN: But if it only goes up 1,000, their
7 percentage of money they're going to get is very little.
8 But again, most likely they were paying overtime. They
9 were paying additional costs. They were using their
10 equipment more. That's the only reason we would want to do
11 that.

12 MAJORITY CHAIRMAN BARRAR: But changing it to a
13 formula every year that rotates on number of calls and
14 population would definitely change, would create an
15 uncertainty, doesn't it, to certain counties?

16 If I had 30,000 calls this year in 911, next year
17 it dropped down to 20,000.

18 MR. BALDWIN: Well, it will be weighted. So
19 every county would get a certain amount no matter what.

20 MAJORITY CHAIRMAN BARRAR: Okay.

21 MR. BALDWIN: They'd get like a base amount.

22 MAJORITY CHAIRMAN BARRAR: Okay.

23 MR. BALDWIN: And then, you know, I would say
24 we're looking at multiple formulas. But call volume was
25 just one of those formulas. Population can be a part of

1 it. Geographic size can be part of it. So we're looking
2 at what is the best way to eliminate the wild swings in
3 revenue, either increase or decrease also. So we are
4 taking all those into consideration. That's a very good
5 point.

6 MR. HILL: Mr. Chairman, there's a couple other
7 points, too, to be made about formulas. First, as Director
8 Cannon said, it does provide certainty from year to year.
9 Right now, as he said, counties are competing against each
10 other for the limited available pot.

11 If we have a formula -- and it's going to be in
12 rare circumstances -- where the formula numbers change so
13 drastically in a county that it materially affects the rest
14 of the counties -- so ultimately it gets us some better
15 stability -- it gives us some better ability to plan.

16 And on the other side of it, it gives us a
17 target. So if we want to put in fewer property tax
18 dollars, we can say, well, this is what we anticipate
19 getting. Let's see how we can cut costs to bring it down
20 to that.

21 And I think the last important point to make is
22 that it is still going to be geared to eligible costs. So
23 there's not an opportunity there to pad your budget.
24 There's not an opportunity to move money out and pay for
25 things that are outside of the 911 system. So that level

1 of accountability is still going to be in there.

2 MAJORITY CHAIRMAN BARRAR: Thank you.

3 Representative Hackett.

4 REPRESENTATIVE HACKETT: Thank you, Mr. Chairman.

5 Two questions, if you'll allow.

6 MAJORITY CHAIRMAN BARRAR: Sure.

7 REPRESENTATIVE HACKETT: First of all, I'm glad
8 we're talking about the budgeting issue. Can somebody tell
9 me how the counties do it and how do they plan? This is
10 where my concern is.

11 When we're doing the 911 center budgeting and
12 doing this rewrite so we can address it properly, are we
13 planning on the normal sunny day Delaware County, beautiful
14 weather, limited calls coming in? Or are we planning, if
15 in fact, for example, I don't know, let's say a crude oil
16 rail train derails in the county and God forbid some
17 tragically critical incident happens, where they get
18 bombarded with phone calls for days, how are we planning
19 that?

20 MR. TANCIBOK: I think, Representative, as a 911
21 director, I can probably speak for most of my peers and say
22 that we track that very carefully. We look at that
23 historically. We look at how our activity is trending.
24 And we know pretty much what the factors are in our county
25 that affect that. As Adams County said, they have

1 Gettysburg there.

2 I'm from Centre County. We have Penn State
3 University. You know, six or eight times a year, we become
4 the third largest city in Pennsylvania for home football
5 games. We all take that into consideration. We track
6 that. We have the trends. We have the numbers.

7 What we don't have now is a stable funding
8 formula that I can look at and say, okay, given my numbers
9 that I anticipate next year, how much money am I going to
10 get? I don't know. Because it's very competitive now. I
11 have to put in a request based on what I need or what I
12 anticipate that I need. But I don't know what I'm going to
13 get. With a funding formula that stable, I'll know what
14 that formula is. I can plug some numbers in. I can look
15 at what I anticipate to receive in the next year.

16 REPRESENTATIVE HACKETT: Thank you.

17 And I'm sure, Chairman Barrar, you'll agree with
18 me. This is probably something we didn't think about. I
19 hope actually we can look at it in the rewrite. Because
20 pretty soon, any given day, actually daily, we're going to
21 be dumping 120 crude oil cars into Delaware County, a train
22 a day. I hope the 911 center is looking at this and we can
23 hope that it all goes well.

24 I think the second question I was going to ask
25 about was -- so I'm assuming counties throughout

1 Pennsylvania use vendors, you know, for different services
2 and equipment and supplies.

3 Do you guys see any way that we should look at
4 maybe unifying standards for that equipment? Would that
5 help, if we at least have some type of, you know,
6 uniformity as it comes down to equipment or supplies or
7 services that these county 911 centers use?

8 Do you see where I'm going with it? I just think
9 because maybe some counties are using vendors on this level
10 that are supplying items or services and over here it may
11 be much more competitive.

12 MR. BALDWIN: Just to mention one facet of that.
13 There are PSAPs. For example, Lancaster County is what
14 they call the line side PSAP. We do not have a switch that
15 folks are talking about here that, you know, has the life
16 cycle. We're actually similar to Philadelphia where our
17 calls come directly off the public telephone switch.

18 REPRESENTATIVE HACKETT: Okay.

19 MR. BALDWIN: So the phone company is responsible
20 for Lancaster County's 911 service. And they're
21 contracted. We have a long-term contract with them to do
22 it. You're going to have to take a look at it. In order
23 to do what you're saying, you're going to have to look at
24 each PSAP and see how they're organized to operate.

25 REPRESENTATIVE HACKETT: Okay.

1 MR. BALDWIN: I understand what you're saying in
2 the sense that, you know, there are some vendors who shoot
3 for the moon. And, you know, somebody else is okay with a
4 Chevy. I'm not knocking Chevy. But do you know what I
5 mean? You have different flavors there. It's just going
6 to have to be, to tackle what you're saying there, a
7 case-by-case basis for each of the counties. For some,
8 that won't be a problem and for some, that will be.

9 REPRESENTATIVE HACKETT: And in the legislation,
10 we do recommend that the PEMA Advisory Committee set up
11 standards across the Commonwealth. So if you're going to
12 do Next Generation technology, this is the minimum that it
13 must do.

14 And again, going back to the regionalization of
15 technology projects, we used to in the northern tier
16 project, you know, which I helped design and consult on,
17 they used to have ten different contracts for maintenance
18 on ten different switches. Now we have one contract. And
19 it's saving \$300,000 a year. And the same thing for the
20 capital costs.

21 Right now we're talking about Next Generation
22 9-1-1 telephony. That's going to move into the radio.
23 That's going to move into the log-in recorders. It's going
24 to move into the computer dispatch systems. So you're
25 going to see more hosted solutions. So everything that

1 you're asking for here is going to occur over the next five
2 to ten years.

3 MAJORITY CHAIRMAN BARRAR: Other questions from
4 any of the members?

5 Just a couple comments I have. Tim, in part of
6 your testimony, you talked about an example of counties
7 sharing technology. If two counties shared technology,
8 they would receive 75 percent. If it was three or more,
9 they would receive 100 percent.

10 Does that need to be spelled out in the
11 legislation or is that just not something -- I mean, to me,
12 it's great policy. But do we have to spell that out?

13 MR. BALDWIN: Well, with the 911 Advisory Group
14 that we're looking to, you know, help out in this
15 situation, that's what we were proposing as an idea, as a
16 concept. Here's how it could work. I don't know. I think
17 it would be more flexible to have it not be in.

18 MR. HILL: What we would recommend doing is
19 having a percentage go to PEMA. And PEMA and the Advisory
20 Committee would come up with the rules and regulations for
21 that incentivizing. And we'd like to give PEMA the
22 flexibility because what will happen is five years from
23 now, it will be different technology and they are going to
24 have a different set of rules. So we would like PEMA to
25 have that flexibility to set the standards or rules and

1 regulations for regionalization technology or for voluntary
2 consolidation for the actual grants that they're going to
3 give out.

4 MAJORITY CHAIRMAN BARRAR: The comment dealing
5 with life cycles of equipment purchases. Is that a big
6 problem now, that you have 911 centers buying equipment,
7 then coming back two, three years, even though it has a
8 ten-year life and repurchasing?

9 MR. BALDWIN: It was. Dan and I have been on the
10 Wireless Subcommittee who has reviewed these applications
11 for a number of years now. It was a fairly regular
12 occurrence.

13 MAJORITY CHAIRMAN BARRAR: Okay.

14 MR. BALDWIN: And I don't necessarily fault the
15 counties with that if they're looking to find a, you know,
16 better product or something of that nature. It's just that
17 you can't change direction, swim upstream, downstream, with
18 the amount of monies that we were talking about that these
19 systems cost.

20 MAJORITY CHAIRMAN BARRAR: Sure.

21 MR. BALDWIN: In other words, our goal was to get
22 folks to, you know, make sure your choice is the good one
23 the first time because you're going to live with this for a
24 period of time. So do your research.

25 And I will say that's been pretty successful.

1 Once in a blue moon there's still a request that comes in
2 because somebody -- maybe they weren't aware of that or
3 maybe they got a letter -- and this is an issue -- maybe
4 they got a letter from a vendor who said, hey, the system
5 is going to be end of life by the end of next year. And
6 they're saying, well, wait a minute. We were thinking we
7 had four more years to go. And the vendor said, well, you
8 know, because of market changes or whatever, we're no
9 longer going to support this system.

10 So again, going back into the flexibility of what
11 we would be able to do and not putting certain things in
12 the legislation would help out.

13 MAJORITY CHAIRMAN BARRAR: On purchasing, would
14 it make more sense to have like a state -- almost a state
15 piggyback system set up so we're not buying, you know, from
16 Phil's Discount and buying from reputable dealers, because
17 my brother-in-law works for Phil's, you know, that kind of
18 stuff?

19 MR. BALDWIN: And there are some of these systems
20 on state contract.

21 MAJORITY CHAIRMAN BARRAR: Okay.

22 MR. HILL: I think setting the standards, as we
23 talked about, so that everybody has to meet a minimum set
24 of standards, not only as guidance for those counties in
25 what they purchase so that it can last a number of years,

1 but it also helps us deal with the vendors in that they
2 have to meet a minimum set of standards before we'll
3 consider them.

4 MR. BALDWIN: And if you do an aggressive RFP on
5 the streets, you can usually get a better discount. State
6 contract is usually 5 or 10 percent. If you do an
7 aggressive bid, you might be able to get a 20 or 25 percent
8 discount. So, you know, it's nice to have the flexibility
9 that, you know, if I can't get a good bid, I can look at
10 state contracts, what the discount is. A lot of times an
11 actual bid on the street will get you a better price.

12 MR. HILL: And the vendors are getting smarter
13 with this, too, as far as they realize they're not going to
14 sell as many systems, per se. So now the components of
15 that system they're charging on, like, a cafeteria-style
16 basis or a proceed license. So, you know, no one is in
17 business to go out of business. So they're just changing
18 their model to address what probably we're looking to do.

19 MAJORITY CHAIRMAN BARRAR: Okay. Thank you.

20 Representative Marshall.

21 REPRESENTATIVE MARSHALL: Thank you,
22 Mr. Chairman.

23 I really may not have a question. I understand
24 that the purpose here is to discuss funding. But I did
25 want to make a comment. As a first responder in Beaver

1 County, I certainly value our 911 dispatch system. They
2 have the bonus of having a state of the art relatively new
3 facility in Beaver County. I value also that in western
4 Pennsylvania we have committed to sharing resources there.

5 The one concern that I have is that we do our
6 best to maintain that local flair and use as many local
7 dispatchers as possible. And while we do consider
8 regionalization, it's my hope that we don't then decide to
9 use dispatchers from out of state or out of country and we
10 keep this with Pennsylvania dispatchers.

11 Thank you.

12 MR. HILL: I think it's important to say that you
13 can only get so big and still have local operational
14 knowledge of your county. And generally, you know, the
15 county boundaries have always been a good benchmark for
16 those -- you know, for that decision-making.

17 MR. BALDWIN: A lot of diversity throughout the
18 State in how the different com centers operate and what
19 they're dealing with in their areas. So something like a
20 statewide consolidation would be very, very difficult to
21 do.

22 REP. MARSHALL: Thank you for that.

23 MAJORITY CHAIRMAN BARRAR: Great.

24 Thank you, gentlemen, for your testimony and
25 especially for your consolidation of the report. We

1 appreciate it.

2 Our next panel is Mr. Frank Buzydlowski, Director
3 of Government Relations for Verizon; Bethanne Cooley,
4 Director of State Legislative Affairs; Mr. Steve Samara,
5 President, Pennsylvania Telephone Association; and Mr. Dave
6 Kerr, Regional Vice President for AT&T.

7 Thank you for being here. I don't know how
8 you've chosen to testify. You can begin whenever you're
9 ready.

10 MR. BUZYDLOWSKI: We have, Mr. Chairman. And
11 thank you for having us.

12 Chairman Barrar, Chairman Sainato, and members of
13 the Committee, as the Director of State Government
14 Relations for Verizon in Pennsylvania, I thank you again
15 for this opportunity to comment on the proposed rewrite of
16 the statute that provides the framework for 911 service in
17 our Commonwealth.

18 As I have testified in the previous three
19 hearings, Verizon is proud to play a leading role in public
20 safety and to be part of the ecosystem of first responders,
21 call takers, and communications companies to ensure when a
22 person dials 911, the call is delivered to the correct 911
23 call center and first responders are dispatched.

24 As Pennsylvania's largest 911 network service
25 provider, we handle a huge number of calls each day to the

1 PSAPs. And that is one of the reasons we strongly support
2 state and local investment in Internet protocol, or IP,
3 enabled Next Generation systems, 911 systems, that will
4 enable consumers to communicate with public safety in a
5 manner more consistent with the enhanced capabilities of
6 commercial technologies.

7 And we are honored to play a role in developing
8 this legislation because a key component to keeping the
9 system working for the public is a firm foundation in the
10 State law that governs 911.

11 The communications industry has completely
12 transformed itself since Act 78 was enacted nearly 25 years
13 ago. Today, a member of the public is much more likely to
14 be calling 911 from a wireless device than from a landline
15 telephone. In fact, according to NENA, 69 percent of the
16 911 calls in Pennsylvania during 2012 came from wireless
17 phones.

18 And Voice over IP is another fast-growing
19 telecommunications technology that is absorbing many of the
20 consumers who are cutting the cord of their traditional
21 landline service .

22 So as consumers continue to demand new
23 technologies and platforms, it is also necessary to update
24 State and Federal standards dictating the associated 911
25 communications obligations and requirements, just as

1 Pennsylvania's outdated landline telecommunication laws
2 need to be updated by House Bill 1608, which is under
3 consideration in the House Consumer Affairs Committee.

4 Our new Pennsylvania 911 statute must fairly
5 accommodate existing technologies and those yet to emerge.
6 It must provide a firm foundation for the 911 system of the
7 future without stifling innovation or discouraging new
8 technologies. But it must also establish an efficient and
9 workable framework to support access to 911 for the
10 citizens of Pennsylvania and fund it in a manner that is
11 fair to providers, the counties, and PSAPs without
12 overburdening telecommunications consumers with high tax
13 increases.

14 Verizon has worked with members and staff of this
15 Committee, public safety representatives, and the
16 telecommunications industry to help craft replacement
17 legislation that is appropriate for today's world. And
18 that draft is before you. This industry-supported
19 legislation would replace the current hodgepodge of
20 different landline, wireless, and Voice over Internet fees
21 with a competitively neutral 911 fee that is applied
22 uniformly across all technologies that consumers use to
23 reach 911.

24 This legislation also contains provisions
25 designed to promote efficiency in the administration of

1 PSAPs, positioning them to take full advantage of emerging
2 technologies, as was described by the last panel, such as
3 Next Gen 9-1-1, by encouraging the regionalization of
4 technology. While the current county-by-county system
5 worked for close to 25 years, it is certainly not the most
6 efficient way to handle 911 services and funding today.
7 Other states have moved to regional or even statewide
8 PSAPs.

9 And you heard Tim Baldwin talk just a few moments
10 ago about the northern tier regional Next Gen 9-1-1
11 telecommunications project that was dealt with by Mike
12 McGrady where eight counties worked together to migrate
13 from the individual silo model to a regional network,
14 thereby improving their technology and operations while
15 reducing the cost to their taxpayers.

16 A key issue that needs to be updated in the new
17 law is the funding of the 911 system. There's no beating
18 around the bush. Although we believe that 911 is an
19 essential government service that should be funded with
20 appropriations from General Fund revenues, for the present,
21 we continue to support funding the system through the
22 continued imposition of a 911 fee on our telephone bills.
23 But that fee must be competitively neutral and fairly
24 imposed on all telecommunications and users that have the
25 capability to make an emergency 911 call to the PSAP.

1 The current landline-centric funding model no
2 longer makes sense with the changing dynamics in the
3 telecommunications industry, and it should be replaced with
4 a uniform, statewide fee on the services customers are
5 actually using to call 911.

6 While the industry supports a uniform,
7 technologically neutral 911 fee set by statute, we have not
8 yet researched consensus on the appropriate level of that
9 fee. As public policymakers, you should set a fee that is
10 sufficient to fund the costs to connect a
11 telecommunications user with a PSAP but keep that fee as
12 low as possible so as to avoid overburdening our consumers,
13 the taxpayers.

14 To that point, it is important to recognize that
15 market changes have not diminished the overall revenue
16 collected to support the 911 system in Pennsylvania. More
17 than twice as many lines pay the fee today than paid it in
18 2000, when only landlines were accessed a fee.

19 As you can see from the bar graph and the
20 testimony that I present and should be before you, there
21 were an estimated 9 million landlines in 2000 and over 18
22 million wireline or landline, wireless, and Voice over
23 Internet lines at the beginning of last year. That's the
24 bar graph I referred to. It's in the testimony for your
25 information.

1 So the fact that the number of landlines has
2 declined over the past few years does not mean that total
3 911 funding has diminished. Since 2000, there has been a
4 cumulative loss of switched landlines, traditional phones,
5 whether it's from Verizon or one of the rural companies, of
6 approximately 4.1 million. That's 4.1 million lines lost.
7 But that loss has been offset, more than offset, by a 5
8 million line gain in contract wireless, which is your
9 traditional Verizon or AT&T or Sprint or T-Mobile -- you
10 receive a bill every month -- and/or an additional \$2.6
11 million line gain in prepaid wireless and an almost 2
12 million line gain in Voice over IP.

13 So even if one were to assume that every lost
14 landline paid the maximum \$1.50 fee, which is, of course,
15 not the case in Philadelphia, Allegheny, Montgomery, and
16 Delaware County where the fee is only \$1, the trend still
17 indicates a net gain in overall 911 revenue since 2000.

18 If you take the wireless and Voice over Internet
19 gains of nine and a half million and multiply it by \$12 a
20 year -- it's a dollar a month -- that's \$114.5 million.
21 Subtract the landline losses of a little over 4 million --
22 just use the \$1.50 because that's what the majority of
23 counties are -- and it's a 75 million loss. But the
24 estimated net revenue gain is \$39,370,000 and change. So
25 that's increased revenues.

1 Those numbers only confirm that as Pennsylvania
2 has moved from a marketplace with one or two wireline
3 phones per household that pay the landline fee to a
4 marketplace where households have two, three, four, or five
5 wireless phones that pay the fee every month, even though
6 it's only a dollar, there is a net increase in revenue even
7 as people are cutting the cord.

8 We have taken a look at the numbers and
9 determined that a uniform fee on all lines in the amount of
10 \$1.06 would collect approximately the same revenue that is
11 being collected today by the current fee system, which is a
12 little over 200 million. So in other words, if we took all
13 the landlines that are \$1, \$1.25, \$1.50, and all the
14 wireless and Voice over Internet at \$1, you made them all
15 \$1.06, you come to approximately the same amount of revenue
16 as being collected today overall statewide. That's
17 counties and what goes to PEMA through DOR.

18 Now, while some increase in overall revenue might
19 be reasonable to provide additional funds to support
20 efficiency and modernization projects that you've heard
21 discussed before by the Director and the panels, such as
22 regionalizing technology, voluntary PSAP regionalization,
23 and the adoption of Next Gen 9-1-1, that would not require
24 a large increase in the fee.

25 Given the huge number of lines being assessed, an

1 increase of no more than 15 to 20 percent over the revenue
2 neutral amount of \$1.06 would, in Verizon's opinion,
3 provide the necessary funding, in other words, a buck
4 twenty-five a month on all technologies.

5 To demonstrate what higher fees would provide in
6 the way of revenue, we took some hypotheticals and we
7 calculated the following: At \$1.25, that rate is an 18
8 percent increase, or \$38 million, in additional revenue.

9 If you go to \$1.50, it's a 42 percent tax
10 increase. And that generates \$87 million statewide in
11 additional revenues.

12 If you go all the way to \$2, that's a 90 percent
13 tax increase. It's 100 percent or doubling on wireless and
14 Voice over Internet. Averaging, it's 90 percent. And that
15 generates 185 million.

16 And I should point out that most of the increased
17 revenues are on wireless customers. In that case, it's 131
18 million on wireless.

19 Now, Pennsylvania already has one of the highest
20 monthly wireless 911 fees in the United States at \$1. And
21 I did provide another bar graph. That is in the testimony
22 also. And it shows where all the states, all 50 states,
23 are and where Pennsylvania is today. And you can use that
24 for your reference as you decide what fee you think is
25 appropriate in the public policy arena.

1 But please don't forget that you already have
2 other taxes and fees on your phone bill. If anybody ever
3 takes a moment to look at it, there are numerous lines.
4 And that includes the sales tax of 6, 7, or 8 percent
5 depending upon one's county and the 5 percent gross
6 receipts tax that was added just within the last decade.

7 In conclusion, Verizon believes that ensuring
8 that all counties, including rural counties, especially
9 rural counties, are receiving adequate funding with a
10 uniform fee, it can and should be accomplished with a fair
11 and reasonable formula that distributes revenue to the
12 PSAPs, ensuring that total funds are used in the most
13 cost-efficient manner possible while providing incentives
14 to move towards Next Gen 9-1-1 technology across the
15 Commonwealth.

16 Thank you for this opportunity to appear before
17 you again. And when our panel concludes its testimony, we
18 will be happy to answer any questions that you may have.

19 Thank you.

20 MAJORITY CHAIRMAN BARRAR: So I'm assuming you're
21 opposed to a \$10 a month fee ?

22 MR. BUZYDLOWSKI: When I saw the letter from that
23 county, I would say that we opposed it. Yes. I didn't
24 even have to check with headquarters on that one.

25 MAJORITY CHAIRMAN BARRAR: It's good to hear it

1 anyway.

2 Who is going next? Bethanne, right?

3 MS. COOLEY: Yes.

4 MAJORITY CHAIRMAN BARRAR: Okay.

5 MS. COOLEY: Good afternoon. Thank you for
6 having me here today. My name is Beth Cooley. I am the
7 Director of State Legislative Affairs for CTIA, the
8 Wireless Association. We are the trade association for the
9 wireless communications industry, which includes e-wireless
10 carriers that I am sitting with today as well as the
11 handset manufacturers and their distributors and suppliers.

12 I'm here today, to discuss what the wireless
13 industry again thinks is a very important issue, the
14 Commonwealth's rewrite of the 911 Emergency Telephone Act.

15 Over the past year, industry has been very
16 pleased to work alongside the public safety community in
17 drafting language to update the Commonwealth's existing 911
18 statute. We are pleased with the progress that has been
19 made. And as such, on behalf of the wireless industry, we
20 are happy to support the draft language that is before you
21 today.

22 As I testified to at prior committee hearings,
23 this draft language encompasses fundamental policy
24 principles of import to the wireless industry, notably a
25 uniform, statewide, competitively neutral 911 fee and

1 encouragement of PSAP efficiencies through consolidation
2 and regionalization.

3 We believe at CTIA and the wireless industry that
4 wireless 911 fees should be established and collected on a
5 statewide basis, with a single centralized collection agent
6 and a uniform statewide 911 fee rate. Collection of a
7 single statewide fee reduces administrative burdens imposed
8 upon communication service providers related to sourcing
9 these 911 fees to the proper local jurisdictions.

10 We believe that collecting fees at differing
11 rates, which can change with very little notice, and then
12 having to remit multiple tax returns to local jurisdictions
13 is both onerous and time-consuming for providers. As such,
14 the wireless industry is supportive of this component in
15 the draft legislation.

16 The wireless industry is also supportive of PSAP
17 regionalization and encouragement of consolidation.
18 State-level coordination is practical from both a technical
19 and financial perspective, as the range of technologies
20 envisioned for Next Generation 9-1-1, or NG 9-1-1, may
21 impose higher costs and administrative complexities that
22 are better understood at a state or regional level than by
23 an individual PSAP.

24 The wireless industry encourages the
25 consolidation of PSAPs into regional PSAPs covering as

1 large a number of counties as can be efficiently served on
2 a regional basis.

3 Having said all that, I would be remiss if I
4 didn't note that the rate of uniform 911 fees has yet to be
5 set in the draft language. We believe that it's important
6 to note that Pennsylvania wireless consumers already bear
7 one of the highest 911 rates at \$1, which is the 5th
8 highest in the country, as Frank already mentioned.

9 Additionally, to reiterate what Frank already
10 said, wireless subscriber growth has more than offset any
11 perceived revenue loss from consumers, quote, unquote,
12 cutting the cord or eliminating their landlines.

13 In fact, if you look at wireless subscriber
14 growth compared to the consumer price index -- and I also
15 have a pretty little chart in my testimony -- you'll see
16 that there has been a wireless subscriber growth of more
17 than 250 percent from 2000 to 2012 compared to a 45 percent
18 increase in consumer price index increase during the same
19 period.

20 So as such, we would respectfully request that
21 the single 911 replacement rate be initially set at an
22 amount that generates the same amount of revenues that are
23 being collected today under both the local and statewide
24 fee mechanism. As Frank mentioned, an independent
25 economist determined that that rate would be \$1.06.

1 We believe, CTIA and many of the carriers, that
2 it is premature to consider increases in the fee until the
3 cost of Next Generation 9-1-1, as well as any cost
4 reductions that may be generated from new technologies, are
5 known.

6 In closing, thank you very much for the
7 opportunity to appear before you again today. We greatly
8 appreciate public safety's willingness to work with us in
9 developing this draft language. We're supportive of the
10 fundamental policy principles within the draft language,
11 the uniform statewide competitively neutral 911 fee, and
12 encouragement of PSAP efficiencies through consolidation
13 and regionalization.

14 We look forward to continue working with you and
15 the public safety community as you all continue to seek to
16 provide efficient emergency communications services in a
17 way that does not exacerbate further the current tax burden
18 on Pennsylvanians.

19 Thanks again. And I would welcome any questions.

20 MAJORITY CHAIRMAN BARRAR: Thank you.

21 MR. KERR: Chairman Barrar, Chairman Sainato, and
22 members of the Committee, thanks for the opportunity to
23 appear before you today on this panel. My name is David
24 Kerr, Regional Vice President for External Affairs with
25 AT&T here in Pennsylvania.

1 You have my written testimony. I'm not going to
2 read all aspects of it. You can look at that yourself.
3 There's a couple points I just would make to augment what
4 Beth and Frank have already said.

5 The principles that we outlined, we appreciate
6 working with public safety. We've had a very good
7 discussion over the last few months. And the negotiations
8 have been very fruitful and very open-minded. And we've
9 tried to remain open-minded with our principles. Beth
10 mentioned them, but I want to reiterate them.

11 The 911 fees and surcharges paid by our customers
12 should go to advancing 911 exclusively, not used for any
13 other purpose or budget category. Fees should be
14 reasonable and imposed on the end user. There must be
15 accountability and appropriate audit functions. And the
16 collection should be at the state level, not locality by
17 locality.

18 We're sitting here today in cold Harrisburg.
19 Many folks from our company and I think from Frank's
20 company and other CTIA members and numerous other
21 companies, application developers, software providers are
22 gathering out in Las Vegas this week for something called
23 the Annual Consumer Electronics Show. The show is one of
24 the premier, if not the premier, technology events in the
25 world.

1 In conjunction with the event, our company is
2 hosting an Application Developer Summit. We're making a
3 number of announcements, including a new one with General
4 Motors, around connected cars. Why am I mentioning this?
5 The point is our industry collectively is connecting more
6 and more devices wirelessly to the network to keep up with
7 the consumer demand. We're moving at a break-neck pace.
8 And crafting public policy must be done carefully.

9 We've talked a lot today about the future. We
10 really don't know what the future holds. We just know it's
11 moving very, very quickly.

12 We've talked a little bit about the charts and
13 the graphs here. I'm not going to repeat that. But I
14 would ask you to just think personally for a moment. My
15 wife and I, 12 years ago we each had a cell phone and we
16 had a landline phone. We have since turned off the
17 landline phone. My two kids -- or two of my four kids now
18 have wireless devices. And as an aside, if any of you as
19 parents know the struggle of when to buy your child a
20 wireless device, it's even more difficult for an employee
21 of a wireless company to have that discussion.

22 The point is, you know, we now pay, rather than
23 three or, if we lived in a very rural county, \$3.50, we pay
24 -- and this is a misprint in my testimony. It should say
25 \$5 a month. We have additional wireless devices. It's

1 only meant to augment what Frank had said earlier, that you
2 think about your own household. There are more 911 fees
3 being paid. There are more wireless devices in your
4 household and more into the future.

5 We support a uniform 911 fee across all
6 technologies, as has been discussed, set at a reasonable
7 level and consistent with the core principles I've
8 outlined.

9 So with that, I'm going to stop. We're going to
10 hear from Steve. And then we'll be open for questions.

11 MR. SAMARA: Chairman Barrar, Chairman Sainato,
12 and members of the Committee, let me open by saying on
13 behalf of the PTA, I'm very disappointed that Mr. Kerr has
14 dropped his landline phone. The ripple effects have been
15 felt throughout the industry.

16 And we're still trying to recover from that. But
17 not surprising news. He's not alone obviously. We've
18 heard from the other panelists here. And here representing
19 the rural landline phone companies in the state, it's a
20 little disconcerting to hear what's happened here for the
21 past couple hours, but not surprising. We all know where
22 we're headed. And that's the main reason I'm here. You
23 know, we are focusing on and this Committee and the
24 Legislature is focusing on kind of a new paradigm in
25 funding for the 911, and that's appropriate.

1 The Legislature has historically, I think, done
2 its best to keep pace with changes in Telecomm legislation.
3 And from my optic view of the world dating back to 1993 --
4 and Frank and Dave can, you know, support this -- the
5 Legislature has tried to keep pace with what's happening
6 technologically. You know, the original dereg legislation
7 passed in '93 recognized that things were changing. Back
8 in 2004, we passed Act 183. And Buz referenced House Bill
9 1608, which is the latest effort to keep pace with what's
10 happening technologically out there.

11 Obviously, the move is toward a lot of wireless
12 consumers. And I don't want this Committee to lose focus
13 of the fact that, you know, there are still significant
14 amounts of folks using landline service. That population
15 is diminishing.

16 But we have similar concerns, as do my fellow
17 panelists here, about adopting a uniform fee, having this
18 Committee recognize that, you know, there are new
19 technologies out there having some level of certainty to
20 what should be paid into that. And I would offer this
21 Committee and any legislator to utilize our resources
22 within the PTA. We do have a 911 Task Force that looks at
23 these things.

24 We have not run any algorithms or used any
25 studies to determine what that fee should be. I have no

1 reason to believe that the math here is incorrect. It
2 would be nonsensical to think that just because landlines
3 are dropping, that people are dropping off the network.
4 They are obviously migrating to wireless. And they're not
5 migrating to one wireless phone. As much as Dave would
6 like to have one wireless phone in his house, he's got a
7 couple kids and he's got a bunch of wireless phones. I
8 have the same situation. No doubt other folks here and
9 folks in this room do the same thing.

10 So, you know, we are here just to offer that
11 perspective from a rural landline perspective. You know,
12 we are still here. We are concerned about where this is
13 headed. We think a uniform fee is the right way to go. I
14 don't know what that should be. But we offer our resources
15 at the Association to work with this Committee and others
16 to make sure that we arrive at something that gives us a
17 viable and robust and operational 911 system. Obviously,
18 we're all very concerned that that works at the end of the
19 day. And that's the most important consideration we have.

20 Thank you, Chairman.

21 MAJORITY CHAIRMAN BARRAR: Great. Thank you.

22 Questions, anyone? Representative Hackett.

23 REPRESENTATIVE HACKETT: Thank you, Mr. Chairman.

24 Thank you all for testifying here today. I'm
25 trying to wrap my head around something here as a consumer.

1 I have a landline at home. And I will have that landline
2 until I move or, you know, part from this great world.
3 It's been in my family since 1955. So we'll keep that
4 going. Granted, I don't use it that much because I also
5 have five cell phones and every other electronic device.

6 So now on all my bills -- let's say the
7 Legislature raised it to \$2 a month on electronic devices,
8 communication devices, for our 911 system. So no matter if
9 I have the landline, \$2 on that, or if I had the cell
10 phones, \$2 on the cell phones, I think it should be
11 consistent across the board.

12 But what's the play here? What do your
13 corporations have to do or what's your concern over that
14 \$2? It's not what you're billing us, right? That was
15 basically a legislative fee on there. Like, why would your
16 companies have that concern over what that \$2 is? I'm sure
17 you have concern over what my other \$367 is every month I
18 pay on my phones, right? That's kind of your bailiwick.
19 Why does that \$1 or \$1.06, \$1.25, \$2 -- how is it -- is it
20 in sales or do you guys think consumers won't continue?

21 Basically, I think -- and I don't mean this in a
22 bad way. It's just the way the world is today. I mean,
23 you guys have us. Before we put on our pants some days, we
24 make sure we have our devices on. Let's face it. So as we
25 move forward, you got us. Why the concern over the 911?

1 And, Frank, I think you spoke that it seems like
2 there should be a lot of money out there floating around,
3 enough maybe already to do this job. Why? I'm not getting
4 it. Why, if you don't mind?

5 MR. BUZYDLOWSKI: Let me take the first stab at
6 it. And I'll ask my colleagues to augment what I say.

7 First and foremost, we have a concern for our
8 customers what the bottom line is on their bills. So
9 anything that's added to the bill or any increase that's on
10 the bill is more money out of our customers' pockets. A
11 long time ago --

12 REPRESENTATIVE HACKETT: I'm sorry, Buz. Let me
13 cut you off. Do we have any, like, statistic stuff that
14 shows -- and I guess there's only been one change, right?
15 The change, like, if we raise it or if we've raised it in
16 the past, do we see a drop-off in customers? Maybe we
17 didn't see that yet because it's never been done, right, or
18 has it?

19 MR. BUZYDLOWSKI: Well, for wireless and Voice
20 over Internet, it's never been raised. It was imposed at
21 \$1 ten years ago. And it's stayed the same ever since.
22 For landlines, it was testified earlier on one of the
23 previously panels. I forget who was saying it. But he was
24 accurate that there was originally a cap and then
25 individual counties would go to the Public Utility

1 Commission in order to raise their monthly fee on the
2 landline.

3 REPRESENTATIVE HACKETT: All right.

4 MR. BUZYDLOWSKI: Allegheny County at one point
5 in time -- Michael, what was it, 78 cents? 72 cents? you
6 know, and then they raised it up. I don't have any data.
7 And then other counties went up to \$1.25, \$1.50, which is
8 the max. I don't have any data, nor have I ever asked for
9 any data, as far as on a county-by-county basis, you know,
10 whether there was any fall-off.

11 REPRESENTATIVE HACKETT: Okay.

12 MR. BUZYDLOWSKI: But I can't imagine that there
13 was because that was all done in the day when everybody had
14 a landline and they weren't substituting with a wireless
15 device.

16 REPRESENTATIVE HACKETT: But back to our
17 fundamental concern, what is the bottom line on our
18 customers' bills? And we do have to keep -- just take a
19 look at your bill and there's an awful lot of taxes and
20 surcharges.

21 And for better or for worse, public policy
22 decisions were made. And I know back in the Bell Atlantic
23 days before my time, my predecessors agreed to, you know,
24 becoming the tax collector, you know, for 911. We collect
25 for 40-some counties in which we do business. And Steve's

1 companies collect for the other counties. That's already
2 on the bill. But when the number changes, it's an increase
3 in our customers' bills and we have great sensitivity and
4 concern for that.

5 The other thing and the other point I would make
6 is really I think it's incumbent upon us in the industry,
7 you know, to provide the information that is there. And
8 again, you're the public policy decision-makers. But to
9 see, you know, what the numbers are and what \$2 -- for
10 instance, you just mentioned that generates 185 million
11 additional tax dollars, tax revenues. But it's also a 90
12 percent tax increase. So we call that to your attention.
13 You can draw your own conclusions on that.

14 The rub is -- and we've had some -- I can't
15 emphasize enough how important it's been and how pleased we
16 are and I am personally to have been able to deal with Mike
17 McGrady and Dan Tancibok and Tim Baldwin and PEMA in
18 talking these issues through.

19 But the fundamental tension is, I think --
20 tension in the sense of just describing the debate -- that
21 you have a system -- and I think the Director spoke of this
22 early on -- that was set up 20 years ago based upon
23 individual county assessments or taxes on the landline.
24 The money went to the county. The county paid for their
25 911 system.

1 Wireless and Voice over Internet were added ten
2 years ago. And it was never contemplated by you or by the
3 industry that you'd have this thing turn upside down.
4 Because that was found money, additional money. People
5 were getting these wireless phones. And that money went to
6 PEMA, DOR enforces and collects it -- and it should be on
7 prepaid, by the way, an issue we want to talk about that
8 was brought up earlier -- and then may distribute it to the
9 PSAPs. It's different money. Well, it made sense ten
10 years ago. Now it's upside down. That volume of revenue
11 has shot up tremendously while the counties revenue stream
12 has gone down significantly. And hence, the discussion
13 we're having now. My colleagues may want to add to that.

14 MS. COOLEY: I would echo -- obviously, we, CTIA,
15 are not billing wireless customers. But at the end of the
16 day, yes, it's our consumers. But it's, you know, your
17 constituents, too. When you're talking about family share
18 plans and having five wireless devices in one house, now
19 you're talking \$10 in 911 fees alone if we're going with
20 the \$2, plus your sales tax, plus your gross receipts tax.
21 That's real money when you're looking at, you know, a
22 family for a year.

23 So that's just something to keep in mind again.
24 I know you all are cognizant of that.

25 MR. SAMARA: I guess I'll add my two cents in.

1 The companies we represent are made up of obviously, you
2 know, shareholders if you're a public company, employees,
3 you know, customers. So we have an obligation to all
4 elements and communities we operate in. We have an
5 obligation to all aspects of that. They are the people
6 that make these companies.

7 REPRESENTATIVE HACKETT: Thank you.

8 MAJORITY CHAIRMAN BARRAR: Great.

9 Any other questions, anybody?

10 Thank you, gentlemen and lady. I appreciate your
11 testimony here today.

12 Just a couple quick closing remarks. I want to
13 thank all the testifiers and members for their
14 participation today. We had excellent testimony and
15 discussion from our panels. And I'm confident that we will
16 be able to put together a good bill that will address the
17 concerns that we've heard here today.

18 This concludes this formal public hearing on this
19 issue. We anticipate future stakeholder meetings to go
20 over the final draft of the bill in a few weeks.
21 Hopefully, that will be in Key West, I think. At this
22 point, this meeting stands adjourned.

23 Thank you, everyone, for being here today.

24 (The hearing concluded at 2:53 p.m.)

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I hereby certify that the proceedings and
evidence are contained fully and accurately in the notes
taken by me on the within proceedings and that this is a
correct transcript of the same.

Jean M. Davis
Notary Public