

PSAP Validation Timeline/Fact Sheet

- Prior to FY2007, the Board distributed funding to localities based on a cost recovery model, which legislatively required the submission of supporting documentation for all expenses. In the 2006 General Assembly session, the legislation was changed to a formula based distribution that was to be recalculated annually. The requirement for supporting documentation was removed from the new legislation.
- Beginning in FY2007 through FY2010, at the end of each fiscal year, every Public Safety Answering Point (PSAP) in the Commonwealth was required to submit to the E-911 Services Board call load and cost data that is used in a rather complex formula to determine the percentage of funding they will receive for the next year (October 1 – September 30).
- Generally speaking during this time, the more local funding spent on personnel and recurring equipment costs, or the higher the percentage of wireless 9-1-1 to total calls handled by the PSAP, resulted in greater funding to that PSAP.
- The total amount of funding distributed is based upon the amount of Wireless E-911 Surcharge revenue received in that year (60%). Since all available funding is distributed to the PSAPs, any increase in funding to one PSAP results in a reduction in funding to others so that the total funding distributed remains the same.
- The Board had a policy since 2008 NOT to correct errors during the year that resulted in PSAPs being underfunded since any correction would result in less funding going to other PSAPs. Instead that PSAP could correct the error during the next submission of data at the end of the next fiscal year.
- In March 2010, the Board considered changing the distribution formula and offered an opportunity for PSAPs, referred to as an “amnesty period,” to adjust their call load and cost data knowing that there were errors that had resulted in some PSAPs being underfunded.
- During the “amnesty period,” several PSAPs corrected their data higher, but the City of Portsmouth was the only one to correct their data lower.
- The Board was unable to reach consensus on a distribution formula change and the data submitted during the “amnesty period” was never utilized, including the new data from Portsmouth.
- During the FY2010 Auditor of Public Accounts (APA) annual audit of the Wireless E-911 Fund in early 2011, VITA staff reported the error with FY2009 cost data submitted by the City of Portsmouth.
- The APA Audit Report identified the error as an audit finding and suggested additional errors may be present based on several other large variances they noted from data submitted by the PSAPs from year to year.
- To respond to the audit report, in July 2011, the Board directed staff to validate the call load and cost data submitted by any PSAP having a large variance in their data from FY2008 to FY2009 or FY2009 to FY2010. Additionally, staff was directed to select several random PSAPs not showing a large variance to determine the error rate for all the other PSAPs.
- In January 2012, the results of the initial validation were presented to the Board showing an error rate of between 70-75% for both groups of PSAPs (those with large variances and those

randomly selected). As a result, the Board directed staff to validate the data submitted by ALL PSAPs for FY2009 and FY2010.

- The FY2009 data impacted funding levels from October 1, 2009 to September 30, 2010. The FY2010 data impacted funding from October 1, 2010 to June 30, 2012. The FY2010 data impacted a longer period because the Board coincidentally changed the recalculation cycle to align with the fiscal year.
- At their July 2012 meeting, the final validation results were presented and the E-911 Services Board considered three options as to how to proceed: 1) make no funding adjustments; 2) only correct for those PSAPs that were overpaid, but not those underpaid; and 3) correct all funding.
- The *Code of Virginia* requires the Board to recover any “overpayments” to PSAPs, but does not define an overpayment. For option #1 to be considered, the Board would need to define an overpayment in such a way as for that to not be what occurred. It was determined that making such a definition would likely open the Board to legal challenge, thus option #1 was not considered further.
- A legislative change from the 2012 General Assembly session changes the distribution formula to be used beginning July 1, 2012 and for the next five years. The new formula bases a PSAP’s funding on their pro-rata share of their average funding from FY2007-2012 “taking into account any funding adjustments made pursuant to” any audit performed by the Board. As a result, any adjustments made (option #2 or #3) would impact PSAP funding for the next five years.
- The primary difference between option #2 and option #3 was whether PSAPs that made errors reporting their data that resulted in them receiving less funding would be permitted to make the correction.
- The errors made by PSAPs resulting in underpayments significantly exceed the amount of funding being collected from those PSAPs receiving overpayments. As a result, under option #3, a few PSAPs making NO errors will be required to refund moneys to the Board to cover this difference.
- Since any correction made (or not made) will impact the PSAP’s funding for the next five years, the Board unanimously approved option #3 at their meeting on July 1, 2012.
- To simplify collection of the funding owed to the Board, VITA will be subtracting the amount owed from each future revenue payments until the amount is resolved, but not more than six months. At the PSAP’s request, VITA can evenly spread the amount to be recovered over the six month period if that will help with cash flow. Any PSAP requiring more than six months of revenue to repay the Board will be required to refund the overpayment separately. Any other PSAP wishing to refund the moneys to the Board (sending a check) and NOT have it subtracted from future payments may request to do so.
- Though the next recalculation will not take place until July 1, 2017, the E-911 Services Board will still be collecting call load and cost data from PSAPs at the end of each fiscal year. To avoid future problems with errors in the data, the Board adopted a much simpler formula at the November 2011 meeting and is requiring validation documentation at the time the data is submitted. The Board is currently starting the collection of FY2012 data.