

REVENUE AND FISCAL AFFAIRS

BOARD MEETING

APRIL 10, 2024



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
Transforming data into solutions for South Carolina

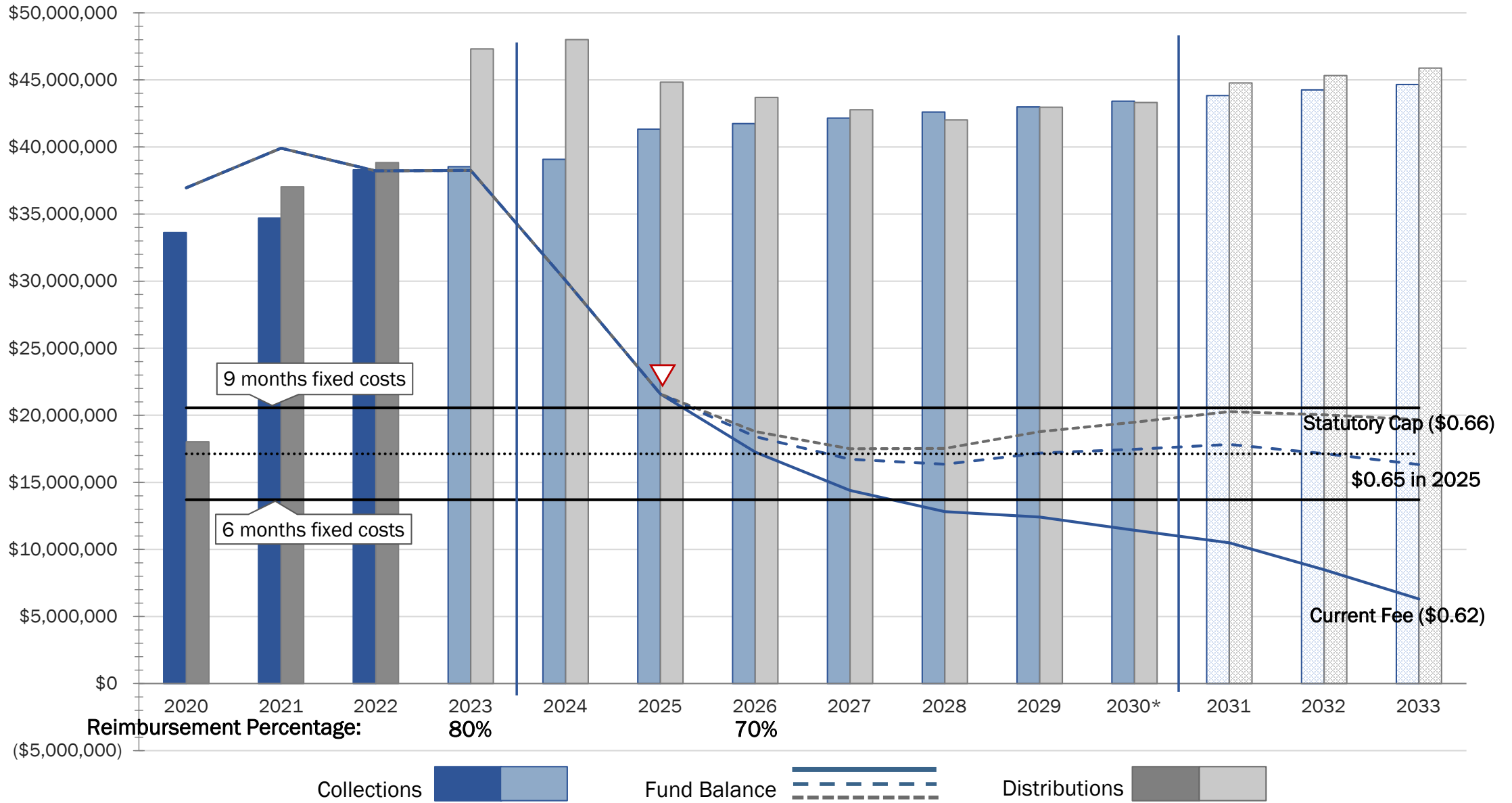
ADOPTION OF MINUTES

AGENCY UPDATES

911 COST REIMBURSEMENT POLICY DISCUSSION

Current Fiscal Model

▽ - - - - > If Fee Were Adjusted to \$0.65 in 2025



COST REIMBURSEMENT POLICY DISCUSSION

- For the past few years, the fiscal model has forecasted two necessary actions to maintain a sufficient fund balance:
 - An increase in the wireless fee from \$0.62 to \$0.65 in January 2025
 - A reduction to the cost reimbursement percentage from 80% to 70% in January 2026
 - The policy was amended in 2022 to advise that reimbursements were subject to available funding
- However, the cost projections have been susceptible to vulnerabilities in the current cost reimbursement policy:
 - Reimbursement requests have no limits on the amounts PSAPs can spend
 - As a result, no incentives exist to encourage price negotiations or effective cost management
 - In the absence of an actual budget, adjusting the reimbursement percentage only provides a reaction to overspending
 - Significant, unexpected increases in reimbursement costs beginning in 2022 and continuing through 2023 necessitated immediate action

COST REIMBURSEMENT POLICY DISCUSSION

- The 911 Advisory Committee appointed a workgroup in the fall of 2023 to develop recommendations for addressing these issues.
 - The workgroup surveyed all PSAPs regarding their priorities for reimbursements
- Based on the models developed by the workgroup, RFA recommends the following changes to the cost reimbursement policy:
 - Establishing an annual reimbursement budget for each PSAP based on the fiscal model projections and available fund balance
 - For calendar year 2024, the total reimbursement budget is \$23,477,339 and proportioned to ensure each PSAP receives an amount equal to or greater than their most recent four-year average
 - Note that the 2024 budget is significantly higher by using non-recurring funds of approximately \$6.5 million to support funding commitments already incurred by PSAPs
 - For calendar year 2025, the total reimbursement budget is \$15,890,379 and establishes spending caps on a per seat basis for items prioritized by the PSAPs
 - Note that actual reimbursements may exceed the budget by a total of \$1,014,948 to cover legacy costs for local ESInet contracts expiring in 2025; however, non-recurring funds are available to cover these potential costs
 - Any unused funds from 2024 would be added to the 2025 budget

COST REIMBURSEMENT POLICY DISCUSSION

- Feedback from the Advisory Committee:
 - The workgroup approved these budget recommendations and presented to the Advisory Committee in February
 - One amendment to this plan proposed in the February meeting would impose a 20% cost share to all PSAPs on the statewide ESInet and/or hosted call handling solution to cover unbudgeted expenses from the remaining PSAPs
 - The Advisory Committee discussed this amendment in both the February and March meetings but did not officially recommend either the amendment or any alternative solutions
- Feedback from the PSAP community:
 - Most responses from the PSAPs have been supportive of the model proposed by the workgroup rather than the amendment
 - Based on input from the PSAP community, RFA modified the 2025 budget model to allow more flexibility at the local level

Cost Reimbursement Budget for Calendar Year 2024

PSAP	2020-2023 Actual Annual Average	Model 1 Seat % CR Allocations	Model 2 Call Volume CR Allocations	Model 3 5-Year Avg CR Allocations	Total Cost Reimbursement Allocations
Abbeville	\$151,936	\$239,158	\$100,423	\$195,489	\$173,043
Aiken	\$604,441	\$597,895	\$701,663	\$673,605	\$638,124
Allendale	\$0	\$159,439	\$35,358	\$42,150	\$76,629
Anderson	\$831,618	\$956,632	\$876,620	\$909,115	\$886,887
Bamberg	\$96,396	\$199,298	\$55,483	\$143,093	\$128,673
Barnwell	\$130,998	\$159,439	\$109,878	\$189,804	\$148,481
Beaufort	\$1,455,029	\$677,614	\$795,139	\$1,727,573	\$1,455,029
Berkeley	\$585,566	\$518,176	\$660,765	\$618,764	\$585,566
Calhoun	\$117,778	\$239,158	\$79,736	\$249,224	\$183,730
Charleston	\$1,383,674	\$1,514,667	\$1,930,689	\$1,701,436	\$1,664,482
Cherokee	\$270,593	\$677,614	\$318,280	\$338,620	\$431,584
Chester	\$286,602	\$239,158	\$172,148	\$369,217	\$286,602
Chesterfield	\$127,340	\$239,158	\$172,254	\$172,296	\$188,772
Clarendon	\$162,328	\$199,298	\$170,957	\$239,734	\$197,272
Clemson	\$60,496	\$119,579	\$27,264	\$76,885	\$72,354
Colleton	\$156,081	\$358,737	\$199,586	\$183,187	\$239,806
Darlington	\$160,585	\$358,737	\$303,490	\$210,690	\$282,303
Dillon	\$110,352	\$159,439	\$232,217	\$136,268	\$170,732
Dorchester	\$386,459	\$637,755	\$372,795	\$399,899	\$456,142
Edgefield	\$162,517	\$239,158	\$78,911	\$292,492	\$197,457
Fairfield	\$267,502	\$159,439	\$124,369	\$273,333	\$267,502
Florence	\$309,722	\$717,474	\$713,204	\$742,523	\$702,817
Georgetown	\$306,341	\$478,316	\$220,272	\$415,170	\$360,191
Goose Creek	\$133,786	\$199,298	\$85,814	\$176,779	\$149,377
Greenville	\$1,644,007	\$1,713,965	\$2,303,228	\$2,066,055	\$1,967,334
Greenwood	\$234,215	\$318,877	\$234,541	\$412,292	\$312,312

Cost Reimbursement Budget for Calendar Year 2024 (continued)

PSAP	2020-2023	Model 1	Model 2	Model 3	Total Cost
	Actual Annual	Seat %	Call Volume	5-Year Avg	
	Average	CR Allocations	CR Allocations	CR Allocations	Reimbursement Allocations
Hampton	\$203,295	\$119,579	\$106,265	\$253,607	\$203,295
Hanahan	\$89,369	\$119,579	\$53,692	\$176,220	\$113,026
Horry	\$707,462	\$1,753,825	\$1,760,690	\$1,168,084	\$1,514,361
Jasper	\$207,650	\$318,877	\$203,561	\$162,705	\$221,577
Kershaw	\$322,663	\$398,597	\$227,762	\$403,988	\$333,216
Lancaster	\$465,830	\$558,035	\$363,005	\$461,315	\$465,830
Laurens	\$176,566	\$398,597	\$488,561	\$298,683	\$383,503
Lee	\$86,734	\$159,439	\$81,218	\$199,744	\$142,426
Lexington	\$700,186	\$916,772	\$2,201,070	\$800,722	\$1,267,271
Marion	\$10,161	\$199,298	\$166,233	\$11,292	\$121,865
Marlboro	\$65,302	\$119,579	\$170,036	\$99,479	\$125,834
McCormick	\$88,854	\$159,439	\$25,102	\$102,433	\$92,808
Newberry	\$314,128	\$239,158	\$153,737	\$353,477	\$314,128
Oconee	\$421,796	\$717,474	\$244,432	\$602,387	\$505,895
Orangeburg	\$226,214	\$318,877	\$482,774	\$271,097	\$346,929
Pickens	\$191,930	\$518,176	\$373,772	\$364,940	\$406,480
Richland	\$1,615,549	\$1,395,088	\$2,122,417	\$1,795,490	\$1,718,232
Saluda	\$126,853	\$159,439	\$13,515	\$175,974	\$126,853
Spartanburg	\$708,413	\$717,474	\$1,322,919	\$962,051	\$970,996
Summerville	\$200,714	\$199,298	\$218,071	\$270,425	\$222,434
Sumter	\$417,486	\$398,597	\$464,424	\$542,445	\$454,530
Union	\$139,270	\$159,439	\$144,285	\$188,972	\$159,339
Williamsburg	\$155,908	\$318,877	\$157,593	\$186,783	\$214,497
York	\$413,493	\$1,036,351	\$857,122	\$669,333	\$828,816
Grand Total	\$18,192,180	\$23,477,339	\$23,477,339	\$23,477,339	\$23,477,339

Cost Reimbursement Budget for Calendar Year 2025

PSAP	CHE Allocations	CAD Allocations	Network Svc Chg Allocations	Call Recording Allocations	Local ESInet Service Allocations	Total Cost Reimbursement Allocations
Abbeville	Hosted CHE	\$39,348	\$50,700	\$11,452		\$101,500
Aiken	\$130,347	\$98,370	\$126,750	\$28,630	\$288,796	\$672,894
Allendale	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Anderson	Hosted CHE	\$157,392	\$202,800	\$45,808		\$406,001
Bamberg	Hosted CHE	\$32,790	\$42,250	\$9,543		\$84,584
Barnwell	\$34,759	\$26,232	\$33,800	\$7,635		\$102,426
Beaufort	\$147,727	\$111,486	\$143,650	\$32,448	\$250,238	\$685,549
Berkeley	\$182,486	\$85,254	\$109,850	\$24,813	\$198,479	\$600,882
Calhoun	Hosted CHE	\$39,348	\$50,700	\$11,452		\$101,500
Charleston	\$590,907	\$249,205	\$321,101	\$72,530	\$435,626	\$1,669,369
Cherokee	Hosted CHE	\$111,486	\$143,650	\$32,448		\$287,584
Chester	\$52,139	\$39,348	\$50,700	\$11,452		\$153,639
Chesterfield	Hosted CHE	\$39,348	\$50,700	\$11,452		\$101,500
Clarendon	Hosted CHE	\$32,790	\$42,250	\$9,543		\$84,584
Clemson	Hosted CHE	\$19,674	\$25,350	\$5,726		\$50,750
Colleton	Hosted CHE	\$59,022	\$76,050	\$17,178		\$152,250
Darlington	Hosted CHE	\$59,022	\$76,050	\$17,178		\$152,250
Dillon	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Dorchester	\$139,037	\$104,928	\$135,200	\$30,539		\$409,705
Edgefield	Hosted CHE	\$39,348	\$50,700	\$11,452		\$101,500
Fairfield	\$69,519	\$26,232	\$33,800	\$7,635		\$137,185
Florence	\$243,315	\$118,044	\$152,100	\$34,356	\$195,802	\$743,618
Georgetown	Hosted CHE	\$78,696	\$101,400	\$22,904		\$203,001
Goose Creek	\$43,449	\$32,790	\$42,250	\$9,543	\$65,746	\$193,779
Greenville	\$477,940	\$281,995	\$363,351	\$82,073		\$1,205,359
Greenwood	Hosted CHE	\$52,464	\$67,600	\$15,269		\$135,334
Hampton	Hosted CHE	\$19,674	\$25,350	\$5,726		\$50,750
Hanahan	\$26,069	\$19,674	\$25,350	\$5,726	\$56,245	\$133,065
Horry	\$521,389	\$288,553	\$371,801	\$83,982	\$352,219	\$1,617,943

Cost Reimbursement Budget for Calendar Year 2025 (continued)

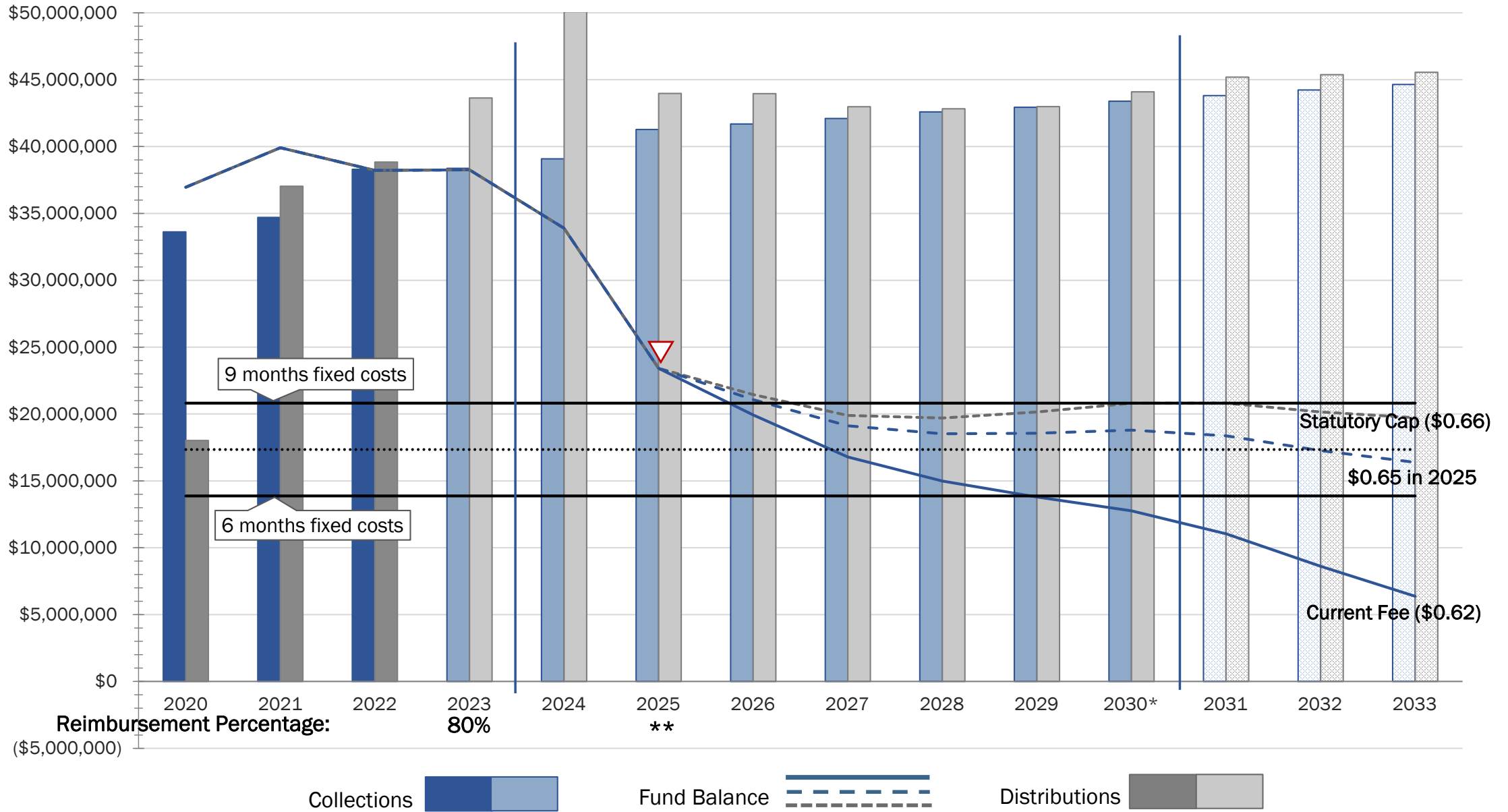
PSAP	CHE Allocations	CAD Allocations	Network Svc Chg Allocations	Call Recording Allocations	Local ESInet Service Allocations	Total Cost Reimbursement Allocations
Jasper	\$69,519	\$52,464	\$67,600	\$15,269		\$204,852
Kershaw	Hosted CHE	\$65,580	\$84,500	\$19,087		\$169,167
Lancaster	\$121,657	\$91,812	\$118,300	\$26,722		\$358,491
Laurens	Hosted CHE	\$65,580	\$84,500	\$19,087		\$169,167
Lee	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Lexington	\$304,144	\$150,834	\$194,350	\$43,900		\$693,228
Marion	Hosted CHE	\$32,790	\$42,250	\$9,543		\$84,584
Marlboro	Hosted CHE	\$19,674	\$25,350	\$5,726		\$50,750
McCormick	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Newberry	\$78,208	\$39,348	\$50,700	\$11,452		\$179,709
Oconee	\$208,556	\$118,044	\$152,100	\$34,356		\$513,056
Orangeburg	Hosted CHE	\$52,464	\$67,600	\$15,269	\$192,887	\$328,221
Pickens	Hosted CHE	\$85,254	\$109,850	\$24,813		\$219,917
Richland	\$356,282	\$229,531	\$295,751	\$66,804		\$948,367
Saluda	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Spartanburg	\$269,384	\$118,044	\$152,100	\$34,356	\$337,463	\$911,348
Summerville	\$43,449	\$32,790	\$42,250	\$9,543	\$75,246	\$203,279
Sumter	\$86,898	\$65,580	\$84,500	\$19,087		\$256,065
Union	Hosted CHE	\$26,232	\$33,800	\$7,635		\$67,667
Williamsburg	\$69,519	\$52,464	\$67,600	\$15,269		\$204,852
York	\$225,935	\$170,508	\$219,700	\$49,626		\$665,770
Total 2025 Cost Reimbursement Budget						\$16,905,327

notes:

- 1. Allocations for CHE, CAD, Network Service Charges, and Call Recording represent the maximum amounts per seat (or caps) allowed; unused funds from these categories may be applied to other items eligible for reimbursement listed in the policy.**
- 2. The reimbursement is based on available funding estimated in the funding model; these allocations are estimated to cover 100% of the average or statewide cost of these items.**
- 3. Local ESInet allocations include maximum cost reimbursements for contracts signed prior to August 2022 through their current expiration date or 2027, whichever comes first.**

Updated Fiscal Model with Reimbursement Policy Changes

▽ - - - - > If Fee Were Adjusted to \$0.65 in 2025



COST REIMBURSEMENT POLICY

- RFA is requesting approval for the following updates to the Reimbursement Policy:
 - Establish the total cost reimbursement budget for calendar year 2024 of \$23,477,342
 - Establish the total cost reimbursement budget for calendar year 2025 of \$16,905,327 with the new model establishing reimbursement caps on a per seat basis for CHE, CAD, Network Service Charges, and Call Recording
 - RFA staff may update the budget each calendar year based on availability of funds as determined by the fiscal model

OTHER ITEMS FOR DISCUSSION

THANK YOU

