

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
Nancy Lange
Dan Lipschultz
Matthew Schuerger
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

To: All Telecommunications Carriers

SERVICE DATE: May 24, 2016

DOCKET NO. P-999/PR-16-5;
P-999/M-16-227

In the Matter of the Department of Commerce's TAM's 2015 Annual Report;

In the Matter of the Department of Commerce's TAM's 2017 Proposed Budget and Surcharge Recommendations

The above entitled matter has been considered by the Commission and the following disposition made:

- **Accepts the Department of Commerce's Telecommunications Access Minnesota (TAM) 2015 Annual Report as meeting the requirements of Minn. Stat. Section 237.55.**
- **Accepts the Department of Commerce's TAM's 2017 proposed budget as reasonable under Minn. Stat. Section 237.52, subd. 2.**
- **Approves the proposed decrease of the TAM surcharge from \$0.07 to \$0.05.**
- **Directs that the TAM surcharge change be effective on, or billing cycle after, August 1, 2016.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the Order. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf
Executive Secretary

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March 22, 2016

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: TAM FY 2017 Budget and Surcharge Recommendations
Docket No. P999/M-16-227

Dear Mr. Wolf:

Pursuant to Minnesota Statutes § 237.52, Subd. 2, the Minnesota Department of Commerce (Commerce) – Telecommunications Access Minnesota (TAM) program respectfully submits its fiscal year 2017 Budget and Surcharge Recommendations to the Minnesota Public Utilities Commission (Commission) for approval.

The following attachments are included for your reference:

- **Attachment A** includes the proposed TAM Program Administration line item budget and TAM Fund line item budget.
- **Attachment B** includes the TAM Program Administration and TAM Fund line item justifications.
- **Attachment C** includes the proposed budget and line item justifications for Minnesota Relay Outreach.
- **Attachment D** includes the proposed budget and line item justifications for the TED Program.
- **Attachment E** includes the proposed budget and line item justifications for Rural Real-Time Captioning.
- **Attachment F** includes the proposed budget and line item justifications for Accessible News for the Blind.

TAM is submitting the FY 2017 proposed budgets on behalf of all programs supported by the TAM Fund; this should not be evidence that TAM supports the costs proposed by these programs.

The FY 2016 budgeted amount for TAM program administration was \$158,200. The FY 2017 budget recommendation is \$135,700.

The FY 2016 budgeted amount for Minnesota Relay was \$2,334,716. The FY 2017 budget recommendation is \$1,785,007.

The FY 2016 budgeted amount for Minnesota Relay Outreach was \$1,000. The FY 2017 budget recommendation remains at \$1,000.

The FY 2016 budgeted amount for the Department of Human Services – Telephone Equipment Distribution (TED) Program was \$1,494,950. The FY 2017 budget recommendation is \$1,659,730.

The FY 2016 budgeted amount for the Department of Human Services – Rural Real-Time Captioning program was \$276,154. The FY 2017 budget recommendation is \$300,000.

The FY 2016 budgeted amount for the Department of Employment and Economic Development – Accessible News for the Blind program was \$100,000. The FY 2017 budget recommendation remains at \$100,000.

The FY 2017 appropriation for the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans is \$800,000.

The FY 2017 appropriation for the Office of Enterprise Technology (MN.IT) is \$290,000.

The FY 2017 appropriation for the Legislative Coordinating Commission is \$150,000.

TAM recommends that the surcharge be decreased to \$0.05, which will support all TAM Fund programs in FY 2017, and should enable TAM to distribute the anticipated funding payments necessary at the start of FY 2018.

As the charts below indicate, a surcharge of \$0.05 and the budgets proposed for the various programs is anticipated to result in a projected fund balance of approximately \$1.89 million at the close of fiscal year 2017. It is anticipated that the fund will need approximately \$1.41 million at the start of fiscal year 2018 in order to have two months operating expenses for TAM administration, Minnesota Relay, and the TED Program, as well as funding to distribute initial biannual/quarterly payments to the other TAM Fund programs.

Surcharge Amount	Projected Number of Wired/Wireless Customer Access Lines	Wired and Wireless Access Lines Surcharge Revenue	Projected Number of Pre-Paid Wireless Transactions	Pre-Paid Wireless Surcharge Revenue	Projected TAM Fund Interest	Projected Fund Balance on July 1, 2016	Projected TAM Fund Expenditures	Projected Fund Balance on June 30, 2017
\$ 0.01	6,247,747	\$ 749,730	573,802	\$ 65,455	\$ 2,000	\$3,025,303	\$ (5,221,437)	\$ (1,378,950)
\$ 0.02	6,247,747	\$ 1,499,459	573,802	\$ 130,909	\$ 2,700	\$3,025,303	\$ (5,221,437)	\$ (563,065)
\$ 0.03	6,247,747	\$ 2,249,189	573,802	\$ 196,364	\$ 3,700	\$3,025,303	\$ (5,221,437)	\$ 253,119
\$ 0.04	6,247,747	\$ 2,998,919	573,802	\$ 261,819	\$ 5,200	\$3,025,303	\$ (5,221,437)	\$ 1,069,803
\$ 0.05	6,247,747	\$ 3,748,648	573,802	\$ 327,274	\$ 7,000	\$3,025,303	\$ (5,221,437)	\$ 1,886,788
\$ 0.06	6,247,747	\$ 4,498,378	573,802	\$ 392,728	\$ 9,000	\$3,025,303	\$ (5,221,437)	\$ 2,703,972
\$ 0.07	6,247,747	\$ 5,248,108	573,802	\$ 458,183	\$ 11,300	\$3,025,303	\$ (5,221,437)	\$ 3,521,456
\$ 0.08	6,247,747	\$ 5,997,837	573,802	\$ 523,638	\$ 14,000	\$3,025,303	\$ (5,221,437)	\$ 4,339,341
\$ 0.09	6,247,747	\$ 6,747,567	573,802	\$ 589,092	\$ 17,200	\$3,025,303	\$ (5,221,437)	\$ 5,157,725
\$ 0.10	6,247,747	\$ 7,497,297	573,802	\$ 654,547	\$ 20,500	\$3,025,303	\$ (5,221,437)	\$ 5,976,210

TAM respectfully requests Commission approval of TAM Fund budgets and of the surcharge recommendation of \$0.05 per wired and post-paid wireless customer access line and prepaid wireless retail transaction.

If the Commission determines that a decrease in the TAM Fund surcharge amount is reasonable, TAM recommends that the effective date of the change to the surcharge amount be the first billing cycle on or after July 1, 2016, or such date that any change to the 9-1-1 and/or TAP surcharge is implemented, provided that the effective date accommodates the required minimum notice of fee change.

If any party has reply comments on the Budget and Surcharge Recommendation, they should be filed within 30 days of this recommendation.

If you have questions regarding TAM's FY 2017 Budget and Surcharge Recommendations, please contact me at 651-539-1878 or rochelle.garrow@state.mn.us.

Sincerely,



Rochelle Garrow
 TAM Program Administrator

Attachments

c: All parties of record

Telecommunications Access Minnesota (TAM) Program Administration

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
TOTAL COMPENSATION						
Full Time Salary & Fringe - 1.10 FTE (41000)	\$ 91,868.94	\$ 99,000	\$ 95,000	\$ 99,500	\$ 500	0.5%
Other Employee Costs (41070)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Total Salaries and Fringe	\$ 91,868.94	\$ 99,000	\$ 95,000	\$ 99,500	\$ 500	0.5%

STATE OPERATIONS						
Space Rental and Utilities (41100)	\$ -	\$ 500	\$ -	\$ 500	\$ -	0%
Printing and Advertising (41110)	\$ 61.20	\$ 10,000	\$ 5,000	\$ 10,000	\$ -	0%
Prof-Tech Services - Outside Vendor (41130)	\$ 69,891.59	\$ 2,500	\$ 29,850	\$ 2,500	\$ -	0%
Communications (41155)	\$ 42.99	\$ 250	\$ 125	\$ 250	\$ -	0%
Travel: In-State (41160)	\$ -	\$ 500	\$ -	\$ 500	\$ -	0%
Travel: Out-of-State (41170)	\$ 2,588.60	\$ 3,200	\$ 3,200	\$ 3,200	\$ -	0%
Employee Development (41180)	\$ 345.00	\$ 1,000	\$ 250	\$ 1,000	\$ -	0%
Supplies (41300)	\$ -	\$ 2,000	\$ 500	\$ 2,000	\$ -	0%
Agency Indirect Costs (42000)	\$ 13,663.42	\$ 13,500	\$ 12,400	\$ 13,500	\$ -	0%
Statewide Indirect Costs (42010)	\$ 1,540.73	\$ 25,000	\$ 1,000	\$ 2,000	\$ (23,000)	-92%
Attorney General Costs (42020)	\$ -	\$ 250	\$ -	\$ 250	\$ -	0%
Other Operating Costs (43000)	\$ 200.00	\$ 500	\$ 200	\$ 500	\$ -	0%
Total State Operations	\$ 88,333.53	\$ 59,200	\$ 52,525	\$ 36,200	\$ (23,000)	-38.9%

TOTAL PROGRAM EXPENSES	\$ 180,202.47	\$ 158,200	\$ 147,525	\$ 135,700	\$ (22,500)	-14.2%
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Telecommunications Access Minnesota (TAM) Fund

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
REVENUE						
Revenue Per Wired/Post-Paid Wireless Customer Access Line (FY 2015 = \$0.08; FY 2016 = \$0.07; FY 2017 = \$0.05)	\$ 5,179,761.42	\$ 4,733,630.40	\$ 5,388,586.66	\$ 3,748,648.00	\$ (984,982.40)	-20.8%
Revenue on Prepaid Wireless Retail Transactions	\$ 417,836.49	\$ 451,732.83	\$ 489,729.05	\$ 327,274.00	\$ (124,458.83)	-27.6%
TAM Fund Interest	\$ 3,953.78	\$ 2,700.00	\$ 8,200.00	\$ 7,000.00	\$ 4,300.00	159.3%
Credit for TRS Billing Error	\$ -	\$ -	\$ 11,612.60	\$ -		
Total TAM Fund Revenue	\$ 5,601,551.69	\$ 5,188,063.23	\$ 5,898,128.31	\$ 4,082,922.00	\$ (1,105,141.23)	-21.3%

EXPENDITURES						
TAM Program Administration Funding	\$ (180,202.47)	\$ (158,200.00)	\$ (147,525.00)	\$ (135,700.00)	\$ (22,500.00)	-14.2%
TRS (Minnesota Relay) Funding	\$ (2,147,565.74)	\$ (2,334,716.02)	\$ (1,929,284.24)	\$ (1,785,007.31)	\$ (549,708.71)	-23.5%
DHS-Minnesota Relay Outreach Funding	\$ -	\$ (1,000.00)	\$ -	\$ (1,000.00)	\$ -	0.0%
DHS-TED Program Funding	\$ (1,360,470.08)	\$ (1,494,950.00)	\$ (1,463,629.63)	\$ (1,659,730.00)	\$ 164,780.00	11.0%
DHS-Rural Real-time Captioning Funding	\$ (238,396.98)	\$ (276,154.00)	\$ (261,154.00)	\$ (300,000.00)	\$ 23,846.00	8.6%
DEED-Accessible News for the Blind Funding	\$ (79,799.36)	\$ (100,000.00)	\$ (99,943.00)	\$ (100,000.00)	\$ -	0.0%
Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans	\$ (800,000.00)	\$ (800,000.00)	\$ (800,000.00)	\$ (800,000.00)	\$ -	0.0%
MN.IT Services	\$ (267,233.04)	\$ (290,000.00)	\$ (290,000.00)	\$ (290,000.00)	\$ -	0.0%
Legislative Coordinating Commission	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ -	0.0%
Total TAM Fund Expenditures	\$ (5,223,667.67)	\$ (5,605,020.02)	\$ (5,141,535.87)	\$ (5,221,437.31)	\$ 383,582.71	-6.8%

TAM FUND REVENUE VS. EXPENDITURES	\$ 377,884.02	\$ (416,956.80)	\$ 756,592.44	\$ (1,138,515.31)
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STATEMENT OF TAM FUND BALANCE				
	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted
TAM Fund Balance at Beginning of Fiscal Year	\$ 1,890,826.68	\$ 1,874,350.31	\$ 2,268,710.71	\$ 3,025,303.15
TAM Fund Revenue & Interest	\$ 5,601,551.69	\$ 5,188,063.23	\$ 5,898,128.31	\$ 4,082,922.00
DHS-TED Program Cash Advances (July)	\$ (200,000.00)	\$ (200,000.00)	\$ (200,000.00)	\$ (200,000.00)
DHS-Minnesota Relay Outreach Cash Advance (July)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)
Return of DHS-TED Program Cash Advance (June)	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Return of DHS-Minnesota Relay Outreach Cash Advance (June)	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
TAM Fund Expenditures	\$ (5,223,667.67)	\$ (5,605,020.02)	\$ (5,141,535.87)	\$ (5,221,437.31)
TAM Fund Balance at Close of Fiscal Year	\$ 2,268,710.71	\$ 1,457,393.52	\$ 3,025,303.15	\$ 1,886,787.84

DEPARTMENT OF COMMERCE
TELECOMMUNICATIONS ACCESS MINNESOTA
PROPOSED FY 2017 BUDGET LINE ITEM JUSTIFICATIONS

TAM Program Administration Budget

Total Compensation

Full-Time Salaries and Fringe

The TAM administrative staff consists of a 1.0 FTE program administrator. The TAM program is part of the Telecommunications division and approximately 10 percent of a division manager's salary and fringe is allocated to TAM.

The FY 2016 budgeted amount was \$99,000. The FY 2017 proposed budgeted amount is \$99,500.

Other Employee Costs

No funds are budgeted for this line item in FY 2017.

State Operations

Space Rental and Utilities

This line item includes fees for program booths at fairs, conferences, and conventions.

The FY 2016 budgeted amount was \$500. The FY 2017 proposed budgeted amount remains at \$500.

Printing and Advertising

This line item includes duplicating charges, printing of program brochures, and various legislative and other reports. It also includes program advertising and public relations materials.

The FY 2016 budgeted amount was \$10,000. The FY 2017 proposed budgeted amount remains at \$10,000.

Professional and Technical Services – Outside Vendor

This line item includes funding for the provision of captioning, transcript services, and American Sign Language interpreters, as well as for department-wide professional and technical services contracts. It also includes design for artwork, graphics, brochures, pamphlets, and media production. TAM develops and designs program materials in-house whenever feasible; this allows for considerable savings over contracting for these services.

The FY 2016 budgeted amount was \$2,500.

The FY 2016 projected amount is \$29,850. On June 4, 2013, in Docket No. P-999/M-13-138, the Commission issued an Order that, among other things, asked Commerce to develop a plan and budget for concluding an audit of the programs funded through the TAM fund. The audit commenced in May 2015, and the majority of the audit was conducted in FY 2015. The audit was not completed, however, until FY 2016. As such, the remainder of the encumbered funds for the audit were transferred to FY 2016, in order to pay the final invoices.

FY 2017 proposed budgeted amount is \$2,500.

Communications

This line item includes postage, mailing and shipping services, freight and delivery services, and telecommunications services.

The FY 2016 budgeted amount was \$250. The FY 2017 proposed budgeted amount remains at \$250.

Travel: In-State

The in-state travel line item includes travel costs incurred by the TAM administration to attend meetings, trainings, seminars, and so forth. This includes meetings at the Minnesota Relay center located in the city of Moorhead.

The FY 2016 budgeted amount was \$500. The FY 2017 proposed budgeted amount remains at \$500.

Travel: Out-of-State

Out-of-state travel and associated expenses enable the TAM administration to attend the annual National Association for State Relay Administration (NASRA) and State Telecommunications Administrators for Relay by Sprint (STARS) conferences. The NASRA conference offers attendees the opportunity to meet with other state TRS administrators, TRS providers, representatives from the Federal Communications Commission, and the administrator of the TRS Interstate Fund. This conference also provides access to a wide variety of seminars, demonstrations, and exhibits that would otherwise not be made available to an individual state TRS administrator. Attendance at the STARS conference is available only to state TRS administrators that contract with Sprint, and it affords administrators the opportunity for face-to-face communications regarding current TRS issues, future TRS developments, demonstrations of platform enhancements, and contract issues.

The FY 2016 budgeted amount was \$3,200. The FY 2017 proposed budgeted amount remains at \$3,200.

Employee Development

This line item is used to pay for conference fees, organization membership dues, and tuition for TAM related seminars and training.

The FY 2016 budgeted amount was \$1,000. The FY 2017 proposed budgeted amount remains at \$1,000.

Supplies

This line item includes miscellaneous office equipment, furnishings, and supplies. The line item also includes certain outreach and public relations materials.

The FY 2016 budgeted amount was \$2,000. The FY 2017 proposed budgeted amount remains at \$2,000.

Agency Indirect Costs

Minnesota Statutes §16A.127 allows agencies to allocate all general support costs within the agency that cannot be directly charged to any agency program. The Department of Commerce's methodology for allocating agency indirect costs is based on a percentage of certain program line item expenses. The exact percentage is not known at the time the TAM proposed budget is prepared.

The FY 2016 budgeted amount was \$13,500, and was based on 11.5 percent of included proposed line item expenses.

The proposed budgeted amount for FY 2017 of \$13,500 is based on 11.5 percent of included proposed line item expenses.

Statewide Indirect Costs

Minnesota Statutes §16A.127 requires the Department of Finance to allocate all statewide general support costs to the agencies that consume them. Agencies pass these costs on to all non-state funding sources in proportion to their consumption, and reimburse the general fund with the recoveries. The intent is to recover a proportional share of the general fund appropriations used to provide administrative support to any fund whose costs are wholly or partially paid from non-general funding sources (usually federal or fee-based programs).

The FY 2016 budgeted amount was \$25,000. The FY 2016 projected amount is \$1,000. The Department of Commerce modified their allocation methodology for allocating statewide indirect costs to programs and, under this new methodology, TAM will incur less cost.

The FY 2017 proposed budgeted amount is \$2,000.

Attorney General Costs

This line item is for services provided by the Office of the Attorney General.

The FY 2016 budgeted amount was \$250. The FY 2017 proposed budgeted amount remains at \$250.

Other Operating Costs

Miscellaneous services and charges.

The FY 2016 budgeted amount was \$500. The FY 2017 proposed budgeted amount remains at \$500.

TAM Fund Budget

Revenue

Surcharge Recommendation

As the charts below indicate, a surcharge of \$0.05 and the budgets proposed for the various programs is anticipated to result in a projected fund balance of approximately \$1.89 million at the close of fiscal year 2017. It is anticipated that the fund will need approximately \$1.41 million at the start of fiscal year 2018 in order to have two months operating expenses for TAM administration, Minnesota Relay, and the TED Program, as well as funding to distribute initial biannual/quarterly payments to the other TAM Fund programs.

TAM recommends that the surcharge be decreased to \$0.05, which will support all TAM Fund programs in FY 2017, and should enable TAM to distribute the anticipated funding payments necessary at the start of FY 2018.

If the Commission determines that a decrease in the TAM Fund surcharge amount is reasonable, TAM recommends that the effective date of the change to the surcharge amount be the first billing cycle on or after July 1, 2016, or such date that any change to the 9-1-1 and/or TAP surcharge is implemented, provided that the effective date accommodates the required minimum notice of fee change. (Prepaid wireless retail transaction fee changes are effective 60 days after the first day of the first calendar month after the Public Utilities Commission changes the fee. Telecommunications companies and carriers must be provided 45 days' notice of fee change.)

Surcharge Amount	Projected Number of Wired/Wireless Customer Access Lines	Wired and Wireless Access Lines Surcharge Revenue	Projected Number of Pre-Paid Wireless Transactions	Pre-Paid Wireless Surcharge Revenue	Projected TAM Fund Interest	Projected Fund Balance on July 1, 2016	Projected TAM Fund Expenditures	Projected Fund Balance on June 30, 2017
\$ 0.01	6,247,747	\$ 749,730	573,802	\$ 65,455	\$ 2,000	\$3,025,303	\$ (5,221,437)	\$ (1,378,950)
\$ 0.02	6,247,747	\$ 1,499,459	573,802	\$ 130,909	\$ 2,700	\$3,025,303	\$ (5,221,437)	\$ (563,065)
\$ 0.03	6,247,747	\$ 2,249,189	573,802	\$ 196,364	\$ 3,700	\$3,025,303	\$ (5,221,437)	\$ 253,119
\$ 0.04	6,247,747	\$ 2,998,919	573,802	\$ 261,819	\$ 5,200	\$3,025,303	\$ (5,221,437)	\$ 1,069,803
\$ 0.05	6,247,747	\$ 3,748,648	573,802	\$ 327,274	\$ 7,000	\$3,025,303	\$ (5,221,437)	\$ 1,886,788
\$ 0.06	6,247,747	\$ 4,498,378	573,802	\$ 392,728	\$ 9,000	\$3,025,303	\$ (5,221,437)	\$ 2,703,972
\$ 0.07	6,247,747	\$ 5,248,108	573,802	\$ 458,183	\$ 11,300	\$3,025,303	\$ (5,221,437)	\$ 3,521,456
\$ 0.08	6,247,747	\$ 5,997,837	573,802	\$ 523,638	\$ 14,000	\$3,025,303	\$ (5,221,437)	\$ 4,339,341
\$ 0.09	6,247,747	\$ 6,747,567	573,802	\$ 589,092	\$ 17,200	\$3,025,303	\$ (5,221,437)	\$ 5,157,725
\$ 0.10	6,247,747	\$ 7,497,297	573,802	\$ 654,547	\$ 20,500	\$3,025,303	\$ (5,221,437)	\$ 5,976,210

Estimated funding needed on July 1, 2018, based on FY 2017 budgeted amounts:

2 Months Operating Expenses for TAM Administration	(\$22,617)
2 Months Operating Expenses for Minnesota Relay	(\$297,501)
2 Months Operating Expenses for Minnesota Relay Outreach	(\$167)
2 Months Operating Expenses for TED Program	(\$276,622)
Cash Advances	(\$200,500)
1st Quarter Payment for DHS-Captioning	(\$75,000)
1st Quarter Payment for DEED-ANB	(\$25,000)
1st & 2nd Quarter Payment for MNCDHH	(\$400,000)
1st Quarter Payment for OET (MN.IT)	(\$72,500)
1st Quarter Payment for LCC	(\$37,500)
	(\$1,407,406)

TAM sought permission from Rural Real-time Captioning, Accessible News for the Blind, MNCDHH, Office of Enterprise Technology, and Legislative Coordinating Commission to make quarterly payments to these programs if the TAM Fund balance is not sufficient at the start of the fiscal year to allow for a transfer of the full funding amount for each program. All programs agreed to allow quarterly payments except for MNCDHH, which requested payment of fifty percent of the budgeted amount in the first quarter, twenty-five percent in the second quarter, and twenty-five percent in the third quarter.

The below chart demonstrates TAM surcharge amounts since the inception of the fund.

Fiscal Year	Surcharge Amount	Fiscal Year	Surcharge Amount	Fiscal Year	Surcharge Amount
1994	\$0.17	2002	\$0.10	2010	\$0.06
1995	\$0.17	2003	\$0.10	2011	\$0.10
1996	\$0.17	2004	\$0.13	2012	\$0.06
1997	\$0.17	2005	\$0.10	2013	\$0.06
1998	\$0.17	2006	\$0.07	2014	\$0.06
1999	\$0.12	2007	\$0.03	2015	\$0.08
2000	\$0.12	2008	\$0.06	2016	\$0.07
2001	\$0.12	2009	\$0.06		

Surcharge Revenue on Wired and Post-Paid Wireless Customer Access Lines

This line item shows surcharge revenues derived from all wired and post-paid wireless customer access lines in Minnesota.

The budgeted surcharge revenue for FY 2016 was \$4,733,630 and was based on a monthly surcharge amount of \$0.07 per customer access line with an effective date of July 1, 2015.

The FY 2016 projected amount is \$5,388,587. A couple factors that contributed to the larger than anticipated surcharge revenue total are:

- The effective date for the decrease to the surcharge was delayed until January 1, 2016. As a result, an additional \$0.01 was collected from each wired and post-paid wireless access line in the state for six months more than was budgeted.
- It was anticipated that the growth in post-paid wireless subscribers was leveling off. However, based on surcharge revenue collected in the first half of FY 2016, it appears that the number of wireless access lines increased by an average rate of one percent each month.

TAM estimates that approximately 1,853,870 wired and 4,393,878 post-paid wireless telephone access lines will remit TAM surcharge revenue each month in FY 2017; this estimate is based on wire lines decreasing 1.1 percent overall for the year, and post-paid wireless lines increasing 3.9 percent overall.

FY 2017 surcharge revenue, based on a surcharge amount of \$0.05 and an effective date of July 1, 2016, is anticipated to be approximately \$3,748,648 for wired and post-paid wireless customer access lines.

Fee Revenue on Prepaid Wireless Retail Transactions

In 2013, the legislature passed legislation that imposes a TAM fee on each retail transaction for prepaid wireless telecommunications services. The prepaid wireless fee was effective January 1, 2014. Retailers remit the collected fees to the Department of Revenue (Revenue), and Revenue deposits the fees into the TAM Fund. Retailers may deduct and retain three percent of fees collected and Revenue may deduct and retain two percent.

The FY 2016 budgeted amount was \$451,733. The FY 2016 projected amount is \$489,729. The six month delay in the decrease to the surcharge amount contributed to variance.

FY 2017 pre-paid wireless fee revenue, based on a surcharge amount of \$0.05 and an effective date of July 1, 2016, is anticipated to be approximately \$327,274, and is based on an overall annual increase of 2.8 percent in pre-paid wireless retail transactions.

TAM Fund Interest

This line item is the interest earned on funds in the TAM, TED Program, Minnesota Relay Outreach, DHS – Rural Real-Time Captioning, and DEED – Accessible News for the Blind dedicated accounts.

The FY 2016 budgeted amount was \$2,700. The projected amount is \$8,200. The FY 2017 proposed budgeted amount is \$7,000.

TAM Administration Funding

The FY 2016 budgeted amount for this line item was \$158,200. The FY 2017 proposed budgeted amount is \$135,700.

TRS (Minnesota Relay) Funding

Minnesota Relay is a federally mandated Telecommunications Relay Services (TRS) program that allows an individual who is deaf, hard of hearing, deafblind, or speech disabled to communicate over the telephone in a manner that is functionally equivalent to the ability of an individual who does not have hearing loss or a speech disability.

Video Relay Service (VRS), Internet Protocol (IP) Relay, and IP Captioned Telephone Service (IP CTS) are three newer forms of TRS. These Internet-based relay services are not mandated by the FCC as required forms of TRS and, as such, are not currently provided on Minnesota's TRS platform. However, VRS, IP Relay, and IP CTS are fully accessible to Minnesota consumers, free of charge, through a number of providers who offer these services nationwide. All costs for the provision of Internet-based relay services are reimbursed to providers through the Interstate TRS Fund¹.

Usage of TTY based relay services is declining as consumers transition to the newer Internet-based forms of relay (not all consumers are able to transition, as high-speed Internet is not available in all areas, and not all consumers can afford the cost). Speech-to-Speech (STS) and captioned telephone (CapTel) relay service currently show modest increases in use. It is anticipated that CapTel service will soon begin declining as users transition to Internet-based forms of captioned telephone relay service.

TAM currently contracts with Sprint Communications Company, L.P. for the provision of Telecommunications Relay Services (TRS). The current contracted rates are \$1.78 per conversation minute for basic TRS and \$1.89 per conversation minute for CapTel relay service. This contract expires on June 30, 2019.

The FY 2016 budgeted amount was \$2,334,716. The FY 2016 projected amount is \$1,929,284. The FY 2017 proposed budgeted amount is \$1,785,007.

DHS – Minnesota Relay Outreach Funding

Minnesota Relay outreach is provided under an interagency agreement with the Department of Human Services – TED Program. Outreach staff is responsible for providing a statewide outreach program to educate people about Minnesota Relay services. Outreach personnel distribute informational pamphlets, train consumers and businesses, make presentations, staff exhibitions, and perform other similar forms of consumer contacts.

The TED Program combines Minnesota Relay outreach into their TED Program presentations, mailings and other activities and, as such, does not typically need to conduct

¹ The Interstate TRS Fund is funded by contributions from all carriers providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service, and is currently administered by Rolka Loube Associates, LLC.

separate outreach for Minnesota Relay. These combined efforts result in very little (if any) costs for Minnesota Relay only outreach activities.

The FY 2016 budgeted amount was \$1,000. The FY 2017 proposed budgeted amount remains at \$1,000.

The Minnesota Relay Outreach budget and line item justifications are included as [Attachment C](#).

DHS – TED Program Funding

The Telephone Equipment Distribution Program (TED Program) is responsible for distributing specialized telecommunications devices to income eligible Minnesotans, informing the public of services available through the program, and providing training for the use of distributed equipment.

The FY 2016 budgeted amount was \$1,494,950. The FY 2016 projected amount is \$1,463,630. The FY 2017 proposed budgeted amount of \$1,659,730 represents an increase of \$164,780 (11 percent).

The TED Program budget and line item justifications are included as [Attachment D](#).

DHS – Rural Real-Time Captioning Funding

The Rural Real-time Captioning program provides real-time, closed-captioning of certain local television news programs for people who are deaf, hard of hearing, or deaf-blind. This program is administered by the commissioner of the Department of Human Services (DHS), and has a maximum annual budget of \$300,000.

The FY 2016 budgeted amount was \$276,154. The FY 2016 projected amount is \$261,154. The FY 2017 proposed budgeted amount of \$300,000 represents an increase of \$23,846 (8.6 percent).

The Rural Real-Time Captioning budget and line item justifications are included as [Attachment E](#).

DEED – Accessible News for the Blind Funding

The Accessible News for the Blind (ANB) program provides accessible electronic information (news and other timely information) for people who are blind and disabled. This program is administered by the commissioner of the Department of Employment and Economic Development (DEED), and has a maximum annual budget of \$100,000.

The FY 2016 budgeted amount was \$100,000. The FY 2017 proposed budgeted amount remains at \$100,000.

The Accessible News for the Blind budget and line item justifications are included as [Attachment F](#).

Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans (MNCDHH)

MNCDHH receives an annual direct appropriation of \$800,000 from the TAM Fund to be used for operational expenses, to provide information on their Web site in American Sign Language, and to provide technical assistance to state agencies.

Office of Enterprise Technology (MN.IT)

MN.IT receives an annual direct appropriation of \$290,000 from the TAM Fund to be used for coordinating technology accessibility and usability.

Legislative Coordinating Commission (LCC)

LCC receives an annual direct appropriation of \$ 150,000 from the TAM Fund to be used for providing captioning of live streaming of legislative activity on the LCC's Web site, and for a consolidated access fund for other state agencies.

Revenue vs. Expenditures

This line item demonstrates TAM Fund revenue in comparison to TAM Fund expenditures.

Statement of Fund Balance

This section represents the total TAM Fund balance for each fiscal year, and is calculated based on the fund balance at the beginning of the fiscal year, TAM Fund revenue and interest, TED Program and Minnesota Relay Outreach cash advances², and TAM Fund expenditures.

² DHS invoices TAM monthly for TED Program and Minnesota Relay Outreach program expenses. However, DHS pays program expenses as needed throughout the month. For cash flow purposes, TAM provides DHS with an annual \$200,000 cash advance for the TED Program and \$500 for Minnesota Relay Outreach to cover monthly expenses before they are invoiced and paid by TAM. Cash advance funds are deposited into dedicated accounts at the beginning of each fiscal year. The cash advances are returned to TAM at the close of each fiscal year.

Minnesota Relay Outreach

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
STATE OPERATIONS						
Space Rental, Maintenance, and Utilities (outreach booths)	\$ -	\$ 250	\$ -	\$ 250	\$ -	0%
Professional & Technical Services (ASL interpreters)	\$ -	\$ 400	\$ -	\$ 400	\$ -	0%
Communications (postage)	\$ -	\$ 150	\$ -	\$ 150	\$ -	0%
Travel: In-State	\$ -	\$ 200	\$ -	\$ 200	\$ -	0%
TOTAL PROGRAM EXPENSES	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	0.0%

**DEPARTMENT OF COMMERCE
MINNESOTA RELAY OUTREACH
PROPOSED FY 2017 BUDGET LINE ITEM JUSTIFICATIONS**

TAM contracts with DHS–TED Program for the provision of Minnesota Relay outreach services. Outreach staff is responsible for providing a comprehensive statewide outreach program to educate all people about, and promote Minnesota Relay services. Outreach personnel distribute informational pamphlets, train consumers and businesses, make presentations, staff exhibitions, and perform other similar forms of consumer contacts. Outreach efforts are tailored to effectively target appropriate demographics, including consumers who are deaf, deaf-blind, hard of hearing, late deafened, speech disabled, hearing consumers, and businesses.

Minnesota Relay outreach is provided from five regional Deaf and Hard of Hearing Services offices (Mankato, Metro, St. Cloud, Duluth, and Moorhead).

The FY 2016 budgeted amount was \$1,000. Staff combines information on both the TED Program and Minnesota Relay into presentations, booths, trainings, drop-in visits, and other outreach activities. This collaboration allows for significant cost savings. The projected actual for FY 2016 is \$0.00.

The FY 2017 proposed budgeted amount is \$1,000.

State Operations

Space Rental, Maintenance, & Utilities

This line item compensates DHS-TED Program for booth fees to exhibit Minnesota Relay services and information. The FY 2016 budgeted amount was \$250. The FY 2017 proposed budgeted amount remains at \$250.

Professional & Technical Services

This line item includes funding for American Sign Language interpreters. The FY 2016 budgeted amount was \$400. The FY 2017 proposed budgeted amount remains at \$400.

Communications

This line item includes postage for mailing Minnesota Relay brochures, information sheets, forms, letter, and so forth. Minnesota Relay correspondences are conducted via e-mail whenever possible and appropriate. The FY 2016 budgeted amount was \$150. The FY 2016 proposed budgeted amount remains at \$150.

Travel: In-State

The in-state travel line item funds travel costs incurred by the TED Program specialists when conducting outreach solely for Minnesota Relay. Expenses are also allocated for travel to meetings, trainings, and seminars. The FY 2016 budgeted amount was \$200. The FY 2017 proposed budgeted amount remains at \$200.

Telephone Equipment Distribution (TED) Program

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
TOTAL COMPENSATION						
Division Director	\$ 15,582.99	\$ 16,000	\$ 16,234.50	\$ 17,000	\$ 1,000	6%
Program Coordinator	\$ 67,576.19	\$ 73,750	\$ 74,779.23	\$ 80,000	\$ 6,250	8%
Assistant Coordinator	\$ 56,649.00	\$ 58,000	\$ 59,055.44	\$ 61,000	\$ 3,000	5%
Program Specialists	\$ 359,148.36	\$ 370,500	\$ 375,540.96	\$ 391,000	\$ 20,500	6%
Clerical Support (Central Office)	\$ 25,073.94	\$ 33,000	\$ 35,033.70	\$ 37,000	\$ 4,000	12%
Program Support	\$ 55,293.06	\$ 66,000	\$ 48,203.75	\$ 57,500	\$ (8,500)	-12.9%
Shipping Receiving Coordinator	\$ 22,134.04	\$ -	-	-	\$ -	0%
Regional Managers	\$ 75,340.96	\$ 77,500	\$ 78,935.46	\$ 82,000	\$ 4,500	6%
Staff Interpreter	\$ 3,743.74	\$ 4,500	\$ 4,952.12	\$ 5,200	\$ 700	16%
Achievement Awards	\$ 1,000.00	\$ 2,000	\$ 1,000.00	\$ 2,000	\$ -	0%
Fringe	\$ 276,550.40	\$ 273,000	\$ 286,944.59	\$ 310,000	\$ 37,000	14%
Total Salaries and Fringe	\$ 958,092.68	\$ 974,250	\$ 980,679.75	\$ 1,042,700	\$ 68,450	7.0%
STATE OPERATIONS						
Space Rental and Utilities	\$ 25,689.75	\$ 26,500	\$ 26,185.93	\$ 28,200	\$ 1,700	6%
Communications	\$ 18,847.37	\$ 20,000	\$ 19,313.07	\$ 20,400	\$ 400	2%
Shipping	\$ 24,323.98	\$ 30,000	\$ 15,000.00	\$ 17,000	\$ (13,000)	-43%
Travel: In State	\$ 27,095.57	\$ 30,000	\$ 24,000.00	\$ 30,000	\$ -	0%
Public Relations	\$ 36,339.64	\$ 38,000	\$ 37,900.00	\$ 40,000	\$ 2,000	5%
Professional & Technical Services	\$ 4,488.66	\$ 6,700	\$ 2,105.88	\$ 14,730	\$ 8,030	120%
Supplies	\$ 3,389.34	\$ 3,500	\$ 3,450.00	\$ 3,500	\$ -	0%
Employee Development	\$ 4,949.89	\$ 4,500	\$ 4,000.00	\$ 3,500	\$ (1,000)	-22%
Equipment, Computer & System Services	\$ 1,752.95	\$ 2,000	\$ 1,850.00	\$ 2,500	\$ 500	25%
Statewide & Agency Indirect Costs	\$ 141,132.00	\$ 154,500	\$ 149,495.00	\$ 167,200	\$ 12,700	8%
Other Operating Costs	\$ 657.66	\$ 1,000	\$ 750.00	\$ 1,000	\$ -	0%
Total State Operations	\$ 288,666.81	\$ 316,700	\$ 284,049.88	\$ 328,030	\$ 11,330	3.6%
EQUIPMENT FOR DISTRIBUTION	\$ 108,898.84	\$ 200,000	\$ 195,000.00	\$ 285,000	\$ 85,000	42.5%
EQUIPMENT REPAIR	\$ 4,811.75	\$ 4,000	\$ 3,900.00	\$ 4,000	\$ -	0.0%
TOTAL PROGRAM EXPENSES	\$ 1,360,470	\$ 1,494,950	\$ 1,463,630	\$ 1,659,730	\$ 164,780	11.0%

**DEPARTMENT OF HUMAN SERVICES
TELEPHONE EQUIPMENT DISTRIBUTION PROGRAM
PROPOSED FY 2017 BUDGET LINE ITEM JUSTIFICATIONS**

The Telephone Equipment Distribution (TED) Program is responsible for distributing specialized telecommunications devices to eligible Minnesotans who are deaf, deaf/blind, hard of hearing, speech disabled, and physically disabled. The TED Program is also responsible for educating the public on additional TED Program services, and providing training in the use of the telecommunications devices available through the program.

TED Program staff is housed through five of the Department of Human Services, Deaf and Hard of Hearing Services Division (DHHS) regional offices: Duluth, Moorhead, Mankato, St. Cloud, and St. Paul.

Based on current trends, the TED Program anticipates serving over 2,000 individuals in fiscal year 2017, including individuals receiving equipment for the first time and individuals who have received equipment in the past, but require additional services. Consumers will return for additional services due to the following circumstances: their communication needs have changed making it necessary for different or additional equipment, they require additional training, their equipment is no longer working and they need a replacement, or they need assistance in resolving an equipment problem.

Over 72,700 pieces of equipment have been distributed by the TED Program since its inception in 1987. Each year, a number of these devices are returned because they are no longer working properly. The TED Program evaluates returned equipment and determines whether it should be cleaned and tested, replaced, or recycled.

The TED Program also provides information on other assistive telecommunications technologies and services to individuals with communication disabilities that may assist them in leading more independent and productive lives. If an individual does not meet the program's income eligibility criteria, program staff provides referrals and information on where specialized equipment may be purchased.

The FY 2017 proposed TED Program budget is \$1,659,730.

Total Compensation (12.81 FTE)

Salary line item requests adhere to collectively bargained guidelines.

Division Director (.15 FTE)

This line item includes the salary of the Director of the DHHS. The Division Director supervises the TED Program Coordinator. The FY 2016 budgeted amount was \$16,000. The FY 2017 proposed budget is \$17,000.

Program Coordinator (1.0 FTE)

The FY 2016 budgeted amount was \$73,750. The FY 2016 projected amount is \$74,779. The FY 2017 proposed budgeted amount is \$80,000. The increase is based on a step increase and a 2.5 percent cost-of-living adjustment per bargaining unit.

Assistant Coordinator (1.0 FTE)

The FY 2016 budgeted amount was \$58,000. The FY 2016 projected amount is \$59,055. The FY 2017 proposed budgeted amount is \$61,000. The increase is based on a 2.5 percent cost-of-living adjustment per bargaining unit.

Program Specialists (7.0 FTE)

The FY 2016 budgeted amount was of \$370,500. The FY 2016 projected amount is \$375,541. The FY 2017 proposed budgeted amount is \$391,000. The increase is based on step increases and a 2.5 percent cost-of-living adjustment per bargaining unit.

Clerical Support - Central Office (1.0 FTE)

The FY 2016 budgeted amount was \$33,000. A cost-of-living adjustment occurred in FY 2016 per bargaining unit so the projected amount is \$35,034. The FY 2017 proposed budgeted amount is \$37,000. The increase is based on a step increase and a 2.5 percent cost-of-living adjustment per bargaining unit.

Program Support (1.58 FTE)

This line item includes funding for 35 percent of clerical support staff salaries in five DHHS regional offices (the Metro program support represents 18 percent of one full-time staff). The budgeted amount for FY 2016 was \$66,000. The FY 2016 projected amount is \$48,204. Four program support staff resigned from the division and three new staff were hired. The part-time Metro position from FY 2016 will not be filled. The proposed budgeted amount for FY 2017 of \$57,500 represents a 12.9 percent **decrease** from the FY 2016 budgeted amount.

Regional Managers (1.0 FTE)

This line item includes funding for 20 percent of each of the five DHHS regional office managers' salaries. The Regional Managers supervise the Program Specialists. The FY 2016 budgeted amount was \$77,500. The FY 2016 projected amount is \$78,935. The proposed budgeted amount for FY 2017 is \$82,000. The increase is based on a 2.5 percent cost-of-living adjustment per bargaining unit.

Staff Interpreter (0.08 FTE)

This line item includes funding for a portion of one DHHS staff interpreter's salary. The FY 2016 budgeted amount was \$4,500. During FY 2016 the incumbent worked out of class in a different position and still provided interpreter services. The projected amount for FY 2016 is \$4,952. The proposed budgeted amount for FY 2017 is \$5,200. The increase is based on 2.5 percent cost-of-living adjustment per bargaining unit.

Achievement Awards

This line item includes achievement awards for MMA, MAPE, and ASCFME employees. The FY 2016 budgeted amount was \$2,000. In FY 2016, the TED Program awarded one \$1,000 achievement award. The FY 2017 proposed budgeted amount remains at \$2,000.

Fringe

The FY 2016 budgeted amount was \$273,000. The projected amount is \$286,945; the increase is due to a 6.93 percent increase in insurance per bargaining unit. There will be a 9.55 percent insurance increase in FY 2017 per bargaining unit. The FY 2017 proposed budgeted amount is \$310,000.

State Operations

Space Rental and Utilities

This line item includes office space for TED Program staff located at two of the DHHS regional offices.

The FY 2016 budgeted amount was \$26,500. The proposed budgeted amount for FY 2017 is \$28,200.

Communications

This line item includes staff wireless telephone service, postage, and copying.

The FY 2016 budgeted amount was \$20,000. The FY 2017 proposed budgeted amount is \$20,400.

Shipping

This line item includes costs associated with shipping and pick up of equipment to/from consumers, DHHS regional offices, and equipment vendors.

The FY 2016 budgeted amount was \$30,000. The FY 2016 projected amount is \$15,000. The program changed its policy in FY 2016, requesting clients to recycle their equipment that is no longer serviceable. The proposed budgeted amount for FY 2017 is \$17,000.

Travel: In State

The FY 2016 budgeted amount was \$30,000. The FY 2016 projected amount is \$24,000. An iPad and iPhone pilot will be conducted in FY 2017, and it will require more travel time to train consumers on the device. The FY 2017 budgeted amount remains at \$30,000.

Public Relations

Public relations expenses include print advertisement, fees to participate in various exhibitions and fairs, promotional materials, printing of applications, and mass mailings.

The budgeted amount for FY 2016 was \$38,000. In FY 2017, the TED Program intends to promote the iPad and iPhone pilot program. The proposed FY 2017 budgeted amount is \$40,000.

Professional and Technical Services

This line item includes services such as interpreting and translating (American Sign Language, Braille, and foreign language), graveyard of equipment, office reconstruction services, and drinking water services.

The FY 2016 budgeted amount was \$6,700. The projected amount of \$2,106 is due to a reduced need for interpreter and translation services, and a reduction in the number of devices to that needed to be recycled in office.

In FY 2017, the program anticipates reconstruction of an office space where the incumbent no longer works for the division. The FY 2017 proposed budgeted amount is \$14,730.

Supplies

Supplies include paper, pens, printer cartridges, file folders, binders, equipment cleaning supplies, envelopes, business cards, calendars, mailing labels, shipping boxes, packing tape, shipping materials, printing of forms, and other office supplies.

The budgeted amount for FY 2016 was \$3,500. The FY 2017 proposed budgeted remains at \$3,500.

Employee Development

This line item includes funding for various professional development training classes and conferences for nine staff. TED Program staff are able to use up to \$300 per year for professional development opportunities. This line item also includes up to two staff attending the National Telecommunications Equipment Distribution Program Association (TEDPA) conference.

The FY 2016 budgeted amount was \$4,500. The FY 2017 proposed budgeted is \$3,500.

Equipment, Computer and System Services

This line item includes office equipment and furnishings, computers, communications equipment, etc.

The FY 2016 budgeted amount was \$2,000. The Program Specialists will need some defective office equipment replaced. The FY 2017 proposed budgeted amount is \$2,500.

Statewide and Agency Indirect Costs

Minnesota Statutes §16A.127 requires the Department of Finance to allocate all statewide general support costs to the agencies that consume them. Agencies pass these costs on to all non-state funding sources in proportion to their consumption, and reimburse the general fund with the recoveries. Minnesota Statutes §16A.127 also allows agencies to allocate all general support costs within the agency that cannot be directly charged to any agency program.

DHS may annually file for a waiver from the Department of Finance that would cap the agency and statewide indirect costs allocated to the TED Program. The DHS financial office has indicated that they expect the waiver to be granted for agency indirect costs in FY 2017. However, the statewide indirect cost cap has not been determined yet.

The FY 2016 budgeted amount was \$154,500. The FY 2017 proposed budgeted amount of \$167,200 represents 11.2 percent of the total TED Program proposed budgeted amount.

Other Operating Costs

Miscellaneous expenses include items such as computer software upgrades, membership renewals, magazine and newsletter subscriptions, and other minor, unexpected costs.

The budgeted amount for FY 2016 was \$1,000. The FY 2017 proposed budgeted amount remains at \$1,000.

Equipment for Distribution

The TED Program expects to distribute approximately 2,200 pieces of equipment to both new and existing consumers in FY 2017. This includes special needs equipment, wireless phones, iPads, iPhones, cordless and wired telephone devices, and accessories.

The TED Program strives to keep pace with telecommunications advancements. Current industry trends show that landline phones continue to be disconnected and replaced with wireless devices. In April 2016, the program plans to conduct an iPad and iPhone pilot. The devices will include accessible apps in order to evaluate the telecommunications needs of all disabilities served in the program. The pilot will continue in FY 2017.

The FY 2016 budgeted amount for equipment purchases was \$200,000. Several equipment models were discontinued from the manufacturer and new devices had to be evaluated and purchased. When refurbished equipment is not available, new equipment is distributed to exchange a defective unit. The projected amount in FY 2016 is \$195,000.

The FY 2017 proposed budgeted amount is \$285,000.

The proposed budgeted amount for new equipment includes:

- 15 TTYs at a total cost of \$5,175. The cost of each TTY (including a three year warranty) is \$345. The demand for TTYs has decreased due to new technology such as Video Relay Service, WebCapTel, Internet Protocol (IP) Relay, e-mail, smartphones, and tablets; all of which have expanded the communication options available for persons who are deaf or speech disabled.
- 500 captioned telephones at a total cost of \$42,500. There are currently two different models for distribution. The estimated budgeted amount is based on a cost of \$85.00 per unit.
- 600 specialized corded telephones with built-in amplifiers and amplified ringers, at a total cost of \$51,600. This estimate is based on two amplified telephone units commonly distributed, averaging \$86.00 per unit with a three year warranty.
- 600 cordless amplified telephones at a cost of \$59,400. This estimate is based on two commonly distributed cordless phones, which average \$99.00 per unit with a three year warranty.
- 250 auxiliary amplified and visual ringers at a total cost of \$5,000. Three auxiliary ringer units are commonly distributed, meeting varying needs of clients, at an average price of \$20.
- 10 auxiliary amplified answering machine and large number Caller ID displays at a total cost of \$530. The average cost per unit is \$53.

- 50 hands-free speakerphones at a total cost of \$20,000. This estimate is based on the average cost of \$400 per unit.
- 50 simple cell phones and smartphones at a total cost of \$4,500. The devices are unlocked and can be used with a sim card. The equipment includes the Jitterbug 5 cell phone from GreatCall and two unlocked cell phones. The average cost of each device is \$90.
- 20 iPhones at a total cost of \$35,000. Each device includes asset management services, a three year warranty through Apple/Teltex Care, accessible applications, security etching, shipping, and an Otterbox case. The cost of each device is \$1,750.
- 35 iPads at a total cost of \$55,300. Each device will include asset management services, a three year warranty through Apple/Teltex Care, accessible applications, security etching, shipping, and an Otterbox case. All iPads will have Wi-Fi capability with the option of 4G service. The cost of each device is \$1,580.
- 20 wireless accessories at total cost of \$2,000. This includes Bluetooth neckloops, streamers, Bluetooth headsets, cell phone amplifiers, and light flashers for smartphones. Other accessories for tablets will include switches, headsets, mounting stands, and mouth sticks. The average cost of each device is \$100.00.
- Telephone accessories including y-jacks, phone line cords, power strips, DSL filters, and adapters at a total cost of \$500.
- Specialized equipment for deaf/blind, speech disabled, and physical disabled consumers are selected and distributed on a case-by-case basis. This category includes special switches, Braille phones, wireless and wired headsets, wireless voice amplifiers, and gooseneck mounts. These types of devices are the highest cost equipment the TED Program purchases. Given current trends and inventories, the total expense for specialized equipment is estimated to be \$3,000.

Equipment Repair

The FY 2016 budgeted amount for equipment repair was \$4,000. The FY 2017 proposed budgeted amount remains at \$4,000.

Department of Human Services – Rural Real-Time Captioning

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
COMPENSATION & STATE OPERATIONS						
Contract Management (.25 FTE)	\$ 28,331.17	\$ 28,000	\$ 28,000	\$ 30,150	\$ 2,150	8%
Statewide & Agency Indirect Costs	\$ 2,819.00	\$ 3,154	\$ 3,154	\$ 3,350	\$ 196	6%
Total State Operations	\$ 31,150.17	\$ 31,154	\$ 31,154	\$ 33,500	\$ 2,346	8%

GRANT CONTRACTS						
Commercial Stations	\$ 162,404.22	\$ 185,000	\$ 185,000	\$ 217,033	\$ 32,033	17%
Non-Commercial Stations	\$ 44,842.59	\$ 60,000	\$ 45,000	\$ 49,467	\$ (10,533)	-18%
Total Grant Contracts	\$ 207,246.81	\$ 245,000	\$ 230,000	\$ 266,500	\$ 21,500	9%

TOTAL PROGRAM EXPENSES	\$ 238,396.98	\$ 276,154	\$ 261,154	\$ 300,000	\$ 23,846	8.6%
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**DEPARTMENT OF HUMAN SERVICES
RURAL REAL-TIME CAPTIONING
PROPOSED FY 2017 BUDGET LINE ITEM JUSTIFICATIONS**

The Rural Real-Time Captioning program is responsible for entering into grant agreements with television stations to make live local news programming accessible to deaf, hard-of-hearing, and deaf-blind persons as defined in Minnesota Stat. § 256C.23.

Pursuant to Minnesota Stat. § 256C.30 (b), the grant agreements are limited to the following:

1. Real-time captioning services for broadcasting that is not emergency broadcasting subject to Code of Federal Regulations, title 47, section 79.2.
2. Real-time captioning services for commercial broadcasters in areas of Minnesota where commercial broadcasters are not subject to the live programming closed-captioning requirements of Code of Federal Regulations, title 47, section 71.1 (e)(3).
3. Real-time captioning for large-market noncommercial broadcasters who produce live news programming.

This program is administered by the commissioner of the Department of Human Services (DHS), and has a maximum annual budget of \$300,000.

The FY 2016 budget for the Rural Real-Time Captioning program was \$276,154. The FY 2017 proposed budgeted amount is \$300,000.

Compensation & State Operations

Contract Management (.25 FTE)

This line item reimburses DHS for staff salary and fringe to administer contracts for this program.

The FY 2016 budgeted amount was \$28,000. The FY 2017 proposed budgeted amount is \$30,150, which will accommodate a wage increase.

Statewide & Agency Indirect Costs

Minnesota Statutes §16A.127 requires the Department of Finance to allocate all statewide general support costs to the agencies that consume them. Agencies pass these costs on to all non-state funding sources in proportion to their consumption, and reimburse the general fund with the recoveries.

Minnesota Statutes §16A.127 also allows agencies to allocate all general support costs within the agency that cannot be directly charged to any agency program.

The FY 2016 budgeted amount was \$3,154. The FY 2017 proposed budgeted amount is \$3,350. Indirect costs are based on total salary compensation; 10 percent is for agency indirect costs and 1.26 percent is for statewide indirect costs.

Grant Contracts with Commercial Stations

The FY 2016 budgeted amount was \$185,000.

In FY 2016, DHS contracted with KBJR Granite Broadcasting Corporation in Duluth to provide real-time captioning of live local news in the northeast region of the state. The FY 2016 grant amount for this contract is \$108,000.

DHS also contracts with KAAL-TV, LLC in Austin to provide real-time captioning of live local news in the southeast and southwestern region of the state. The FY 2016 grant amount for this contract is \$77,000.

DHS is in the process of negotiating grant contracts for FY 2017. The FY proposed budgeted amount is \$217,033.

Grant Contracts with Noncommercial Stations

The FY 2016 budgeted amount was \$60,000. The FY 2016 projected amount is \$45,000.

In FY 2016, DHS contracted with Twin Cities Public Television, Inc. to provide real-time captioning for weekly news programming. The FY 2016 grant amount for this contract is \$17,000.

DHS also contracted with Lakeland Public Television of Bemidji to provide real-time captioning of live local news in the northwest region of the state. The FY 2016 grant amount for this contract is \$28,000.

DHS is in the process of negotiating grant contracts for FY 2017. The FY 2017 proposed budgeted amount is \$49,467.

Department of Employment and Economic Development – Accessible News for the Blind

	FY 2015 Actual	FY 2016 Budgeted	FY 2016 Projected	FY 2017 Budgeted	2017 Budgeted vs. 2016 Budgeted	% Change
NATIONAL FEDERATION OF THE BLIND (NFB) NEWSLINE SERVICE						
Contract	\$ 37,500.00	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0%
Usage Fee	\$ 5,530.50	\$ 10,000	\$ 7,900	\$ 9,000	\$ (1,000)	-10%
Contract Administration	\$ 2,615.05	\$ 1,900	\$ 4,687	\$ 2,750	\$ 850	45%
Total NFB Newsline Service	\$ 45,645.55	\$ 61,900	\$ 62,587	\$ 61,750	\$ (150)	-0.2%
DIAL-IN NEWS SERVICE						
Contract	\$ 29,359.56	\$ 33,000	\$ 29,565	\$ 32,000	\$ (1,000)	-3%
Phone Lines	\$ 3,277.25	\$ 3,200	\$ 3,104	\$ 3,500	\$ 300	9%
Contract Administration	\$ 1,517.00	\$ 1,900	\$ 4,687	\$ 2,750	\$ 850	45%
Total Dial-In News Service	\$ 34,153.81	\$ 38,100	\$ 37,356	\$ 38,250	\$ 150	0.4%
TOTAL PROGRAM EXPENSES	\$ 79,799.36	\$ 100,000	\$ 99,943	\$ 100,000	\$ -	0.0%

**DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT
ACCESSIBLE NEWS FOR THE BLIND
PROPOSED FY 2017 BUDGET LINE ITEM JUSTIFICATIONS**

The Accessible News for the Blind program is responsible for providing or entering into agreements with qualified entities to provide an accessible electronic information service (news and other timely information) for eligible individuals pursuant to Minnesota Stat. § 248.061-062. This program is administered by the commissioner of the Department of Employment and Economic Development (DEED), and has a maximum annual budget of \$100,000.

The FY 2016 total budgeted amount for the Accessible News for the Blind program was \$100,000. The FY 2017 proposed budgeted amount is \$100,000.

National Federation of the Blind (NFB) – Newsline®

DEED contracts with the National Federation of the Blind to provide on-demand access, 24 hours per day, 7 days per week, to over 300 newspapers and magazines from all over the nation. The NFB – Newsline® provides access to daily newspapers and magazines for anyone who cannot read printed newspapers due to vision loss, dyslexia, or a physical disability.

NFB – Newsline® Contract

The FY 2016 budgeted amount was \$50,000. The FY 2017 proposed budgeted amount remains at \$50,000.

NFB – Newsline® Usage Fee

Telephone access charges incurred by NFB – Newsline. NFB charges each state a fee based on usage.

The FY 2016 budgeted amount was \$10,000. The FY 2016 projected amount is \$7,900. NFB decreased usage charges to states. The FY 2017 proposed budgeted amount is \$9,000.

NFB – Newsline® Contract Administration

This line item provides funding to DEED for staff to administer the contract with NFB, provide program outreach, manage applications, and determine eligibility.

The FY 2016 budgeted amount was \$1,900. Actual costs to administer this program have not always been charged due to maximum annual budget limit. The FY 2017 proposed budgeted amount is \$2,750.

Minnesota Dial-In News

Minnesota Dial-In News is a local service provided by State Services for the Blind. Dial-In News provides access to three local newspapers (Minneapolis Star Tribune, St. Paul Pioneer Press, and City Pages), and one Greater Minnesota newspaper, for anyone who cannot read printed newspapers due to vision loss, dyslexia, or a physical disability. Access to Dial-In News is available 24 hours per day, 7 days per week.

DEED contracts with TR Office Services, Inc. (Michael Scot Mullins) of Avon Park, Florida, to download and make targeted publications available via the telephone.

Dial-In News Contract

The FY 2016 budget amount was \$33,000. The FY 2016 projected amount is \$29,565. A new contract will be negotiated July 2016, and it is anticipated the costs will increase. The FY 2017 proposed budgeted amount is \$32,000.

Dial-In News Phone Lines

This line item is for telephone lines to permit callers access to requested newspapers without having to wait for service.

The FY 2016 budgeted amount was \$3,200. It is anticipated the costs will increase. The FY 2017 proposed budgeted amount is \$3,500.

Dial-In News Contract Administration

This line item provides funding to DEED for staff to administer the contract, manage operational issues (including server operations), provide program outreach, manage applications, and determine eligibility.

The FY 2016 budgeted amount was \$1,900. Actual costs to administer this program have not been always charged due to maximum annual budget limit. The FY 2017 proposed budgeted amount is \$2,750.