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April 25, 2014

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: DOC-TAM FY 2015 Budget and Surcharge Recommendations
Docket No. P999/M-14-151

Dear Dr. Haar:

Pursuant to Minnesota Statutes § 237.52, Subd. 2, the Department of Commerce–Telecommunications Access Minnesota (DOC-TAM or TAM) program respectfully submits its fiscal year 2015 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.

DOC-TAM is submitting the FY 2015 proposed budgets on behalf of all programs supported by the TAM Fund; this should not be evidence that DOC-TAM supports the costs proposed by these programs.

The FY 2014 budgeted amount for TAM program administration was \$153,120. The FY 2015 budget recommendation is \$155,700.

The FY 2014 budgeted amount for Minnesota Relay was \$2,680,600. The FY 2015 budget recommendation is \$2,497,000.

The FY 2014 budgeted amount for the Department of Human Services – Minnesota Relay Outreach was \$1,000. The FY 2015 budget recommendation remains at \$1,000.

The FY 2014 budgeted amount for the Department of Human Services – Telephone Equipment Distribution (TED) Program was \$1,530,825. The FY 2015 budget recommendation is \$1,654,981.

The FY 2014 budgeted amount for the Department of Human Services – Rural Real-Time Captioning program was \$300,000. The FY 2015 budget recommendation remains at \$300,000.

The FY 2014 budgeted amount for the Department of Employment and Economic Development – Accessible News for the Blind program was \$100,000. The FY 2015 budget recommendation remains at \$100,000.

The FY 2014 appropriation for the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans was budgeted at \$320,000. The actual appropriation was \$500,000. The FY 2015 appropriation is \$800,000.

The FY 2014 appropriation for the Office of Enterprise Technology (MN.IT) was budgeted at \$230,000. The actual appropriation was \$290,000. The FY 2015 appropriation is \$290,000.

The FY 2014 appropriation for the Legislative Coordinating Commission was \$150,000. The FY 2015 appropriation is \$150,000.

TAM estimates that approximately 6.16 million wired and wireless telephone access lines will remit TAM surcharge revenue each month in FY 2015; this estimate is based on wired lines decreasing approximately 4.4 percent, and wireless lines increasing approximately 0.44 percent.

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.

Based on projected revenue and expenditures, DOC-TAM recommends that the surcharge be increased to \$0.08, which will support all TAM fund programs in FY 2015 and will afford sufficient available revenue to meet the anticipated funding payments necessary at the beginning of FY 2016.

Projected Number of Wired and Wireless Customer Access Lines	Surcharge Amount	Wired and Wireless Access Lines Surcharge Revenue	Fee Revenue on Prepaid Wireless Retail Transactions	Projected TAM Fund Interest	Projected Fund Balance on July 1, 2014	Projected TAM Fund Expenditures	Projected Fund Balance on June 30, 2015
6,156,770	\$ 0.01	\$ 738,812	\$ 324,000	\$ 400	\$1,759,742	\$ (5,948,681)	\$(3,125,727)
6,156,770	\$ 0.02	\$ 1,477,625	\$ 324,000	\$ 600	\$1,759,742	\$ (5,948,681)	\$(2,386,715)
6,156,770	\$ 0.03	\$ 2,216,437	\$ 324,000	\$ 900	\$1,759,742	\$ (5,948,681)	\$(1,647,602)
6,156,770	\$ 0.04	\$ 2,955,249	\$ 324,000	\$ 1,300	\$1,759,742	\$ (5,948,681)	\$ (908,390)
6,156,770	\$ 0.05	\$ 3,694,062	\$ 324,000	\$ 1,800	\$1,759,742	\$ (5,948,681)	\$ (169,078)
6,156,770	\$ 0.06	\$ 4,432,874	\$ 324,000	\$ 2,400	\$1,759,742	\$ (5,948,681)	\$ 570,335
6,156,770	\$ 0.07	\$ 5,171,687	\$ 324,000	\$ 3,100	\$1,759,742	\$ (5,948,681)	\$ 1,309,847
6,156,770	\$ 0.08	\$ 5,910,499	\$ 324,000	\$ 3,900	\$1,759,742	\$ (5,948,681)	\$ 2,049,460
6,156,770	\$ 0.09	\$ 6,649,311	\$ 324,000	\$ 4,800	\$1,759,742	\$ (5,948,681)	\$ 2,789,172
6,156,770	\$ 0.10	\$ 7,388,124	\$ 324,000	\$ 5,800	\$1,759,742	\$ (5,948,681)	\$ 3,528,984

Estimated available funding needed on July 1, 2015

2 Months Operating Expenses for TAM Administration	-\$25,950
2 Months Operating Expenses for Minnesota Relay	-\$416,167
2 Months Operating Expenses for Minnesota Relay Outreach	-\$167
2 Months Operating Expenses for TED Program	-\$275,830
Cash Advances for TED Program & MN Relay Outreach	-\$200,500
Full Payment for DHS-Captioning	-\$300,000
Full Payment for DEED-ANB	-\$100,000
Full Payment for MCDHH	-\$800,000
Full Payment for OET (MN.IT)	-\$290,000
Full Payment for LCC	-\$150,000
	-\$2,558,614

DOC-TAM sought and received permission from DHS-Captioning, DEED-ANB, MCDHH, MN.IT, and LCC to make biannual or 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. A surcharge of \$0.08 would allow sufficient revenue at the start of

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FY 2016 in order to make biannual payments to the programs (the fund balance necessary to do so would be approximately \$1,740,000).

DOC-TAM respectfully requests Commission approval of TAM Fund budgets and of the surcharge recommendation of \$0.08 per wired and wireless customer access line and prepaid wireless retail transaction.

If the PUC determines that an increase in the TAM Fund surcharge amount is reasonable, DOC-TAM recommends that the effective date of the change to the surcharge amount be the first billing cycle on or after July 1, 2014, 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 45 days' notice of fee change to companies and carriers. (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.)

If you have questions regarding DOC-TAM's FY 2015 Budget and Surcharge Recommendations, please contact me at 651-539-1878 or rochelle.garrow@state.mn.us.

Sincerely,



Rochelle Renee Garrow
TAM Program Administrator

Attachments

c: All parties of record

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Telecommunications Access Minnesota (TAM) Program Administration

	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 Budgeted	% Change
TOTAL COMPENSATION						
Full Time Salary & Fringe - 1.10 FTE (41000)	\$ 83,072.36	\$ 86,370	\$ 92,000	\$ 96,500	\$ 10,130	12%
Other Employee Costs (41070)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Total Salaries and Fringe	\$ 83,072.36	\$ 86,370	\$ 92,000	\$ 96,500	\$ 10,130	11.7%

STATE OPERATIONS						
Space Rental and Utilities (41100)	\$ -	\$ 600	\$ -	\$ 500	\$ (100)	-17%
Printing and Advertising (41110)	\$ 1,463.70	\$ 15,000	\$ 2,000	\$ 10,000	\$ (5,000)	-33%
Prof-Tech Services - Outside Vendor (41130)	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ -	0%
Computer and System Services (41150)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Communications (41155)	\$ 393.36	\$ 700	\$ 100	\$ 250	\$ (450)	-64%
Travel: In-State (41160)	\$ -	\$ 500	\$ 100	\$ 500	\$ -	0%
Travel: Out-of-State (41170)	\$ 3,653.02	\$ 3,200	\$ 2,800	\$ 3,200	\$ -	0%
Employee Development (41180)	\$ 500.00	\$ 1,000	\$ 300	\$ 1,000	\$ -	0%
Supplies (41300)	\$ 97.19	\$ 3,000	\$ 150	\$ 2,000	\$ (1,000)	-33%
Equipment - Capital Leases (41400)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Repairs to Equipment and Furniture (41500)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Agency Indirect Costs (42000)	\$ 10,613.57	\$ 15,000	\$ 10,000	\$ 13,500	\$ (1,500)	-10%
Statewide Indirect Costs (42010)	\$ 11,382.24	\$ 25,000	\$ 22,600	\$ 25,000	\$ -	0%
Attorney General Costs (42020)	\$ -	\$ 250	\$ -	\$ 250	\$ -	0%
Other Operating Costs (43000)	\$ 10.87	\$ -	\$ 300	\$ 500	\$ 500	500%
Total State Operations	\$ 28,113.95	\$ 66,750	\$ 38,350	\$ 59,200	\$ (7,550)	-11.3%

TOTAL PROGRAM EXPENSES	\$ 111,186.31	\$ 153,120	\$ 130,350	\$ 155,700	\$ 2,580	1.7%
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Telecommunications Access Minnesota (TAM) Fund

	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 Budgeted	% Change
REVENUE						
Surcharge Revenue Per Customer Access Line (FY 2013 = \$0.06; FY 2014 = \$0.06; FY 2014 = \$0.08)	\$ 4,589,961.02	\$ 4,624,182.00	\$ 4,492,000.00	\$ 5,910,499.00	\$ 1,286,317.00	27.8%
Fee Revenue on Prepaid Wireless Retail Transaction (FY 2014 = \$0.06; FY 2015 = \$0.08)	\$ -	\$ -	\$ 135,000.00	\$ 324,000.00	\$ 324,000.00	NA
TAM Fund Interest	\$ 8,365.05	\$ 6,500.00	\$ 3,700.00	\$ 3,900.00	\$ (2,600.00)	-40.0%
Total TAM Fund Revenue	\$ 4,598,326.07	\$ 4,630,682.00	\$ 4,630,700.00	\$ 6,238,399.00	\$ 1,607,717.00	34.7%

EXPENDITURES						
TAM Program Administration Funding	\$ (111,186.31)	\$ (153,120.00)	\$ (130,350.00)	\$ (155,700.00)	\$ (2,580.00)	1.7%
TRS (Minnesota Relay) Funding	\$ (2,379,148.25)	\$ (2,680,600.00)	\$ (2,329,500.00)	\$ (2,497,000.00)	\$ 183,600.00	-6.8%
DHS-Minnesota Relay Outreach Funding	\$ -	\$ (1,000.00)	\$ -	\$ (1,000.00)	\$ -	0.0%
DHS-TED Program Funding	\$ (1,421,675.80)	\$ (1,530,825.00)	\$ (1,459,725.00)	\$ (1,654,981.00)	\$ (124,156.00)	8.1%
DHS-Rural Real-time Captioning Funding	\$ (244,162.67)	\$ (300,000.00)	\$ (246,154.00)	\$ (300,000.00)	\$ -	0.0%
DEED-Accessible News for the Blind Funding	\$ (100,000.00)	\$ (100,000.00)	\$ (100,000.00)	\$ (100,000.00)	\$ -	0.0%
Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans	\$ (320,000.00)	\$ (320,000.00)	\$ (500,000.00)	\$ (800,000.00)	\$ (480,000.00)	150.0%
Office of Enterprise Technology (MN.IT)	\$ (19,683.07)	\$ (230,000.00)	\$ (290,000.00)	\$ (290,000.00)	\$ (60,000.00)	26.1%
Legislative Coordinating Commission	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ -	0.0%
Total TAM Fund Expenditures	\$ (4,745,856.10)	\$ (5,465,545.00)	\$ (5,205,729.00)	\$ (5,948,681.00)	\$ (483,136.00)	8.8%

TAM FUND REVENUE VS. EXPENDITURES	\$ (147,530.03)	\$ (834,863.00)	\$ (575,029.00)	\$ 289,718.00
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STATEMENT OF TAM FUND BALANCE				
	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted
TAM Fund Balance at Beginning of Fiscal Year	\$ 2,482,300.66	\$ 2,119,158.00	\$ 2,329,770.63	\$ 1,759,741.63
TAM Fund Revenue & Interest	\$ 4,598,326.07	\$ 4,630,682.00	\$ 4,630,700.00	\$ 6,238,399.00
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)	\$ (5,000.00)	\$ (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	\$ 5,500.00	\$ 500.00
TAM Fund Expenditures	\$ (4,745,856.10)	\$ (5,465,545.00)	\$ (5,205,729.00)	\$ (5,948,681.00)
TAM Fund Balance at Close of Fiscal Year	\$ 2,329,770.63	\$ 1,284,295.00	\$ 1,759,741.63	\$ 2,049,459.63

**DEPARTMENT OF COMMERCE
TELECOMMUNICATIONS ACCESS MINNESOTA
PROPOSED FY 2014 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 2014 budgeted amount was \$86,370. The FY 2014 projected amount, due to pay raises and increased health insurance costs, is \$92,000. The FY 2015 proposed budgeted amount is \$96,500.

Other Employee Costs

No funds are budgeted for this line item in FY 2015.

State Operations

Space Rental and Utilities

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

The FY 2014 budgeted amount was \$600. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$15,000. DOC is in the process of redesigning the department's logo and establishing media design parameters. Due to these changes, TAM publications and advertising have been placed on hold. The FY 2014 projected amount is \$2,000. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$2,500. The FY 2015 proposed budgeted amount is \$2,500.

Computer and Systems Services

This line item includes expenses associated with the Office of Enterprise Technology (MN.IT), software purchases and license fees, and software maintenance. In FY 2013, DOC-Finance changed the way certain department expenses are allocated from an FTE based formula to one based on the 14 largest programs in the department, and TAM it is currently exempt from expenses included in this line item. As such, no expenditures are budgeted for this line item in FY 2015.

Communications

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

The FY 2014 budgeted amount was \$700. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$500. The FY 2015 proposed budgeted amount is \$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 representatives from the Federal Communications Commission, the administrator of the TRS Interstate Fund, TRS providers, and other state TRS administrators. 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 Communication Service for the Deaf as relay providers (Sprint is a subcontractor for TRS in Minnesota), and 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 2014 budgeted amount was \$3,200. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$1,000. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$3,000. In FY 2013, DOC-Finance changed the way certain department expenses are allocated from an FTE based formula to one based on the 14 largest

programs in the department, and TAM it is currently exempt from certain office equipment, furnishings, and supplies allocations, but will incur expenses for outreach and public relations materials.

The FY 2015 proposed budgeted amount is \$2,000.

Equipment – Capital Leases

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

In FY 2013, DOC-Finance changed the way certain department expenses are allocated from an FTE based formula to one based on the 14 largest programs in the department, and TAM is currently exempt from expenditures that would fall under this line item. As such, no expenditures are budgeted for this line item in FY 2015.

Repairs to Equipment and Furniture

This line item is for repairs to equipment and furniture (includes alterations, maintenance, parts, and labor). It also includes repairs and alterations to the building (includes changes to existing phone installations and interior/exterior remodeling that doesn't increase office space) and maintenance contracts.

In FY 2013, DOC-Finance changed the way certain department expenses are allocated from an FTE based formula to one based on the 14 largest programs in the department, and TAM is currently exempt from expenditures that would fall under this line item. As such, no expenditures are budgeted for this line item in FY 2015.

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 2014 budgeted amount was \$15,000, and was based on 14 percent of included proposed line item expenses. The FY 2014 projected amount is \$10,000, and is based on 10.5 percent of included actual line item expenses. The proposed budgeted amount for FY 2015 of \$13,500 is based on 12 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. In essence, the intent of the statute 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 2014 budgeted amount was \$25,000. The FY 2015 proposed budgeted amount is \$25,000.

Attorney General Costs

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

The FY 2014 budgeted amount was \$250. The FY 2015 proposed budgeted amount is \$250.

Other Operating Costs

Miscellaneous services and charges.

The FY 2014 budgeted amount was \$0.00. The FY 2014 projected amount is \$300. The FY 2015 proposed budgeted amount is \$1,000.

TAM Fund Budget

Revenue

Surcharge Recommendation

DOC-TAM recommends that the surcharge be increased to \$0.08, which will support all TAM Fund programs in FY 2015 **and** will afford sufficient available revenue to meet the anticipated funding payments necessary at the beginning of FY 2016.

Projected Number of Wired and Wireless Customer Access Lines	Surcharge Amount	Wired and Wireless Access Lines Surcharge Revenue	Fee Revenue on Prepaid Wireless Retail Transactions	Projected TAM Fund Interest	Projected Fund Balance on July 1, 2014	Projected TAM Fund Expenditures	Projected Fund Balance on June 30, 2015
6,156,770	\$ 0.01	\$ 738,812	\$ 324,000	\$ 400	\$1,759,742	\$ (5,948,681)	\$(3,125,727)
6,156,770	\$ 0.02	\$ 1,477,625	\$ 324,000	\$ 600	\$1,759,742	\$ (5,948,681)	\$(2,386,715)
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6,156,770	\$ 0.05	\$ 3,694,062	\$ 324,000	\$ 1,800	\$1,759,742	\$ (5,948,681)	\$ (169,078)
6,156,770	\$ 0.06	\$ 4,432,874	\$ 324,000	\$ 2,400	\$1,759,742	\$ (5,948,681)	\$ 570,335
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6,156,770	\$ 0.08	\$ 5,910,499	\$ 324,000	\$ 3,900	\$1,759,742	\$ (5,948,681)	\$ 2,049,460
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6,156,770	\$ 0.10	\$ 7,388,124	\$ 324,000	\$ 5,800	\$1,759,742	\$ (5,948,681)	\$ 3,528,984

Estimated available funding needed on July 1, 2015

2 Months Operating Expenses for TAM Administration	-\$25,950
2 Months Operating Expenses for Minnesota Relay	-\$416,167
2 Months Operating Expenses for Minnesota Relay Outreach	-\$167
2 Months Operating Expenses for TED Program	-\$275,830
Cash Advances for TED Program & MN Relay Outreach	-\$200,500
Full Payment for DHS-Captioning	-\$300,000
Full Payment for DEED-ANB	-\$100,000
Full Payment for MCDHH	-\$800,000
Full Payment for OET (MN.IT)	-\$290,000
Full Payment for LCC	-\$150,000
	<u><u>-\$2,558,614</u></u>

DOC-TAM sought and received permission from DHS-Captioning, DEED-ANB, MCDHH, MN.IT, and LCC to make biannual or 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. A surcharge of \$0.08 would allow sufficient revenue at the start of FY 2016 in order to make biannual payments to the programs (the fund balance necessary to do so would be approximately \$1,740,000).

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		
2001	\$0.12	2009	\$0.06		

Surcharge Revenue on Customer Access Lines

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

The budgeted surcharge revenue for FY 2014 was \$4,624,182 and was based on a monthly surcharge amount of \$0.06 per customer access line.

TAM estimates that approximately 6,156,770 wired and wireless telephone access lines will remit TAM surcharge revenue each month in FY 2015; this estimate is based on wired lines decreasing approximately 4.4 percent, and wireless lines increasing approximately 0.44 percent.

FY 2015 surcharge revenue, based on a surcharge amount of \$0.08 and an effective date of July 1, 2014, is anticipated to be approximately \$5,910,499 for wired and 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 and Revenue may deduct and retain two percent of fees collected.)

At this time TAM has little data to base a reasonable estimate of revenue that will be generated for FY 2014 or FY 2015 from prepaid wireless retail transactions. TAM received one deposit from Revenue to date, and is basing FY 2014 projected revenue and FY 2015 budgeted revenue on the amount of that deposit.

FY 2015 fee revenue, based on a surcharge amount of \$0.08 and an effective date of July 1, 2014, is anticipated to be approximately \$324,000 for prepaid 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 2014 budgeted amount was \$6,500. The projected amount is \$3,700. The FY 2015 proposed budgeted amount is \$3,900.

Expenditures

TAM Administration Funding

The FY 2014 budgeted amount for this line item was \$153,120. The FY 2015 proposed budgeted amount of \$155,700 represents an increase of \$2,580 (1.7 percent).

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 show modest increases in use.

DOC-TAM currently contracts with Communication Service for the Deaf (CSD) for the provision of Telecommunications Relay Services (TRS). The current contracted rates are \$1.77 per conversation minute for basic TRS and \$1.80 per conversation minute for CapTel relay service. This contract expires on June 30, 2014.

On March 5, 2014, DOC-TAM, in collaboration with the Department of Administration, released a Request for Proposals for TRS. Proposals were due by April 16, 2014, and are currently being evaluated. Because the costs for this contract have not been determined at this time, the current contracted rates were used to determine the proposed Minnesota Relay budgeted amount for FY 2015. It is very probable that the rates will increase for FY 2015, and the actual expenditures for this line item may be higher than budgeted.

The FY 2014 budgeted amount was \$2,680,600. The FY 2014 projected amount is \$2,329,500. The FY 2015 proposed budgeted amount is \$2,497,000.

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

The FY 2014 budgeted amount was \$1,000. The FY 2015 proposed budgeted amount is \$1,000.

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

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 Saltzer Associates.

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 2014 budgeted amount was \$1,530,825. The FY 2015 proposed budgeted amount of \$1,654,981 represents an increase of \$124,156 (8.1 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 2014 budgeted amount was \$300,000. The FY 2015 proposed budgeted amount remains at \$300,000.

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 2014 budgeted amount was \$100,000. The FY 2015 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 (MCDHH)

MCDHH receives an annual direct appropriation 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. The FY 2014 budgeted amount was \$320,000.

In 2013, the legislature passed legislation modifying the direct appropriation from the TAM Fund to MCDHH. MCDHH's appropriation increased to \$500,000 in FY 2014 and increases to \$800,000 in FY 2015; the FY 2015 funding level becomes a permanent annual allocation.

Office of Enterprise Technology (MN.IT)

MN.IT receives an annual direct appropriation to be used for coordinating technology accessibility and usability. The FY 2014 budgeted amount was \$230,000.

In 2013, the legislature passed legislation modifying the direct appropriation from the TAM Fund to MN.IT. In FY 2014, MN.IT's funding increased to \$290,000 and became a permanent annual allocation.

Legislative Coordinating Commission (LCC)

LCC receives an annual direct appropriation 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. The FY 2014 budgeted amount was \$150,000.

In 2013, the legislature passed legislation making LCC's \$150,000 direct appropriation from the TAM Fund a permanent annual allocation.

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 (\$5,000 in FY 2013) 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 end of each fiscal year.

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Minnesota Relay Outreach

	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 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%
<i>TOTAL PROGRAM EXPENSES</i>	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	0.0%

**DEPARTMENT OF COMMERCE
MINNESOTA RELAY OUTREACH
PROPOSED FY 2015 BUDGET LINE ITEM JUSTIFICATIONS**

In July 2011, DOC–TAM began contracting 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 2014 budgeted amount was \$1,000. The projected actual for FY 2014 is \$0.00.

Staff was able to combine 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 savings.

The FY 2015 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 2014 budgeted amount was \$250. The FY 2015 proposed budgeted amount is \$250.

Professional & Technical Services

This line item includes funding for American Sign Language interpreters. The FY 2014 budgeted amount was \$400. The FY 2015 proposed budgeted amount is \$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 2014 budgeted amount was \$150. The FY 2015 proposed budgeted amount is \$150.

Travel: In-State

The in-state travel line item funds travel costs incurred by the TED Program specialists when conducting outreach for Minnesota Relay. Expenses are also allocated for travel to meetings, trainings, and seminars. The FY 2014 budgeted amount was \$200. The FY 2015 proposed budgeted amount is \$200.

Telephone Equipment Distribution (TED) Program

	FY 2013 Actuals	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 Budgeted	% Change
TOTAL COMPENSATION						
Division Director	\$ 14,388.35	\$ 15,000	\$ 14,692	\$ 15,500	\$ 500	3%
Program Coordinator	\$ 60,434.62	\$ 64,750	\$ 66,044	\$ 71,000	\$ 6,250	10%
Assistant Coordinator	\$ 53,453.04	\$ 55,000	\$ 55,697	\$ 58,000	\$ 3,000	5%
Program Specialists	\$ 326,463.26	\$ 385,500	\$ 350,805	\$ 415,000	\$ 29,500	8%
Clerical Support (Central Office)	\$ 31,350.34	\$ 33,500	\$ 33,969	\$ 36,000	\$ 2,500	7%
Program Support	\$ 59,870.10	\$ 62,550	\$ 60,860	\$ 66,050	\$ 3,500	6%
Shipping Receiving Coordinator	\$ 34,657.98	\$ 35,500	\$ 36,185	\$ 37,500	\$ 2,000	6%
Regional Managers	\$ 65,870.20	\$ 71,250	\$ 71,979	\$ 76,275	\$ 5,025	7%
Interpreters	\$ 8,158.13	\$ 8,475	\$ 4,795	\$ 4,500	\$ (3,975)	-47%
Achievement Awards	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	NA
Fringe	\$ 258,577.50	\$ 273,500	\$ 281,049	\$ 297,756	\$ 24,256	9%
Total Salaries and Fringe	\$ 913,223.52	\$ 1,005,025	\$ 976,075	\$ 1,080,581	\$ 75,556	7.5%

STATE OPERATIONS						
Space Rental and Utilities	\$ 18,201.00	\$ 18,500	\$ 18,300	\$ 26,000	\$ 7,500	41%
Communications	\$ 26,725.32	\$ 34,000	\$ 34,000	\$ 36,000	\$ 2,000	6%
Shipping	\$ 28,487.39	\$ 22,000	\$ 26,500	\$ 25,000	\$ 3,000	14%
Travel: In State	\$ 26,624.53	\$ 30,000	\$ 25,500	\$ 30,000	\$ -	0%
Public Relations	\$ 28,222.78	\$ 34,000	\$ 33,500	\$ 36,500	\$ 2,500	7%
Professional & Technical Services	\$ 8,840.69	\$ 7,700	\$ 10,900	\$ 18,000	\$ 10,300	134%
Supplies	\$ 4,144.79	\$ 4,000	\$ 6,000	\$ 6,000	\$ 2,000	50%
Employee Development	\$ 3,209.84	\$ 5,500	\$ 4,500	\$ 5,500	\$ -	0%
Equipment, Computer & System Services	\$ 172.43	\$ 6,000	\$ 2,500	\$ 16,000	\$ 10,000	167%
Statewide & Agency Indirect Costs	\$ 157,457.00	\$ 157,900	\$ 158,000	\$ 170,400	\$ 12,500	8%
Other Operating Costs	\$ 383.99	\$ 1,000	\$ 750	\$ 1,000	\$ -	0%
Total State Operations	\$ 302,469.76	\$ 320,600	\$ 320,450	\$ 370,400	\$ 49,800	15.5%

EQUIPMENT FOR DISTRIBUTION	\$ 201,975.52	\$ 200,000	\$ 160,000	\$ 200,000	\$ -	0.0%
EQUIPMENT REPAIR	\$ 4,007.00	\$ 5,200	\$ 3,200	\$ 4,000	\$ (1,200)	-23.1%

TOTAL PROGRAM EXPENSES	\$ 1,421,675.80	\$ 1,530,825	\$ 1,459,725	\$ 1,654,981	\$ 124,156	8.1%
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**DEPARTMENT OF HUMAN SERVICES
TELEPHONE EQUIPMENT DISTRIBUTION PROGRAM
PROPOSED FY 2015 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 (DHHSD) regional offices: Duluth, Moorhead, Mankato, St. Cloud, and St. Paul.

Based on current trends, the TED Program anticipates serving over 3,000 individuals in FY 2015, 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 67,300 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 or replaced.

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 2015 proposed TED Program budget is \$1,654,981.

Total Compensation (14.98 FTE)

Salary line item requests adhere to collectively bargained guidelines. In FY 2014 the bargaining units agreed to 3 percent wage increases in FY 2014 and FY 2015.

Division Director (.15 FTE)

This line item includes the salary of the Director of the DHHSD. The division Director supervises the TED Program Coordinator. A new division Director was hired in June 2014. The FY 2014 budgeted amount was \$15,000. The FY 2015 proposed budget is \$15,500.

Program Coordinator (1.0 FTE)

The FY 2014 budgeted amount was \$64,750. The FY 2015 proposed budgeted amount is \$71,000.

Assistant Coordinator (1.0 FTE)

The FY 2014 budgeted amount was \$55,000. The FY 2015 proposed budgeted amount is \$58,000.

Program Specialists (8.0 FTE)

The FY 2014 budgeted amount was \$385,500 based on eight full-time program specialists. The FY 2014 projected amount of \$350,805, represents the current staffing level of seven program specialists. In FY 2015 the TED Program may hire an additional Program Specialists to manage a wireless telephone voucher program. The FY 2015 proposed budgeted amount is \$415,000.

Clerical Support - Central Office (1.0 FTE)

The FY 2014 budgeted amount was \$33,500. The FY 2015 proposed budgeted amount is \$36,000.

Program Support (1.75 FTE)

This line item includes funding for 35 percent of clerical support staff salaries in the five DHHS regional offices (the metro clerical support represents 18 percent of one part-time staff and 17 percent of another part-time staff). The budgeted amount for FY 2014 was \$62,550. The FY 2015 proposed budgeted amount is \$66,050.

Shipping Receiving Coordinator (1.0 FTE)

The FY 2014 budgeted amount was \$35,500. The FY 2015 proposed budgeted amount is \$37,500.

Regional Managers (1.0 FTE)

This line item includes funding for 20 percent of each of the five DHHS regional office managers' salaries. The FY 2014 budgeted amount was \$71,250. The proposed budgeted amount for FY 2015 is \$76,275.

Interpreters (0.08 FTE)

This line item includes funding for a portion of one DHHS staff interpreters' salary. The FY 2014 budgeted amount was \$8,475. DHHS had two interpreters on staff, but one interpreter resigned in FY 2014 and DHHS does not intend to fill that position. The proposed budgeted amount for FY 2015 is \$4,500.

Achievement Awards

This line item includes achievement awards for MAPE and ASCFME employees. The FY 2014 budgeted amount was \$0.00. In FY 2015 the TED program anticipates awarding three \$1,000 achievement awards to staff. The FY 2015 proposed budgeted amount is \$3,000.

Fringe

The FY 2014 budgeted amount was \$273,500, which represented 37 percent of budgeted salaries. The FY 2015 proposed budgeted amount is \$297,756, which represents 38 percent of the total proposed budgeted salaries.

Space Rental and Utilities

This line item includes office space and parking expenses for TED Program staff located at three of the DHHS regional offices.

The budgeted amount for FY 2014 was \$18,500. Parking and office leases will increase in FY 2015. The TED Program will also start paying for a percentage of the Mankato office lease. The proposed budgeted amount for FY 2015 is \$26,000.

Communications

This line item includes wired and wireless telephone service, postage, copying, Post Office Box, and high speed internet connections.

In FY 2014, the DHHS regional offices moved to VoIP telephone service. The division also started using video software for meetings, which required additional bandwidth in the greater Minnesota regional offices. Both of these technologies have contributed to an increase in the Communications line item. The budgeted amount for FY 2014 was \$34,000. The FY 2015 proposed budgeted amount is \$36,000.

Shipping

This line item includes costs associated with shipping equipment to consumers, regional offices and equipment vendors. The budgeted amount for FY 2014 was \$22,000. The FY 2014 projected amount is \$26,500. Several telephone equipment models that the TED Program distributed had internal technical issues. As a result, many clients returned their devices to the program. Shipping costs increased for this reason. The FY 2015 proposed budgeted amount is \$25,000.

Travel: In State

The budgeted amount for FY 2014 was \$30,000. The FY 2015 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 2014 was \$34,000. In FY 2015, the TED Program intends to increase promotional outreach. This will include placing ads in larger circulation publications, increased mass mailings, radio ads, and increased skyway ads. The proposed FY 2015 budgeted amount is \$36,500.

Professional and Technical Services

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

The FY 2014 budgeted amount was \$7,700. The FY 2014 projected amount is \$10,900. There were increased costs in FY 2014 due to staff training on new equipment (necessitating the use of interpreters), written translation services, and reconfiguring space at the Mankato office.

In FY 2015 the TED Program plans to reconfigure the shipping and receiving area in the Metro office. This is partly due to a reasonable accommodation as well as streamlining the workflow. The FY 2015 proposed budgeted amount is \$18,000.

Supplies

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

The budgeted amount for FY 2014 was \$4,000. In FY 2014, there was an increased need for shipping boxes and for envelopes for mass mailings. The FY 2015 proposed budgeted amount is \$6,000.

Employee Development

This line item includes funding for various professional development training classes and seminars for ten staff. Each staff receives \$300 per year for professional development. This line item also includes up to two staff attending the national Telecommunications Equipment Distribution Program Association (TEDPA) conference.

The FY 2014 budgeted amount was \$5,500. The FY 2015 proposed budgeted amount remains at \$5,500.

Equipment, Computer and System Services

This line item includes office equipment and furnishings, computers, communications equipment, etc. The FY 2014 budgeted amount was \$6,000. In FY 2014, the TED Program had planned to purchase iPads for staff, but DHS did not approve the purchase.

In FY 2015 the TED Program intends to purchase six Netbooks, which will allow Program Specialist to access the database when serving clients out of the office. This will provide increased efficiency for entering data in a timely manner. The TED Program also plans to reconfigure the shipping and receiving area in the Metro office, which will require the purchase of additional office furniture. The FY 2015 proposed budgeted amount is \$16,000.

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 2015. However, the statewide indirect cost cap has not been determined yet.

The FY 2014 budgeted amount was \$157,900. The FY 2015 proposed budgeted amount of \$170,400 represents 11.5 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 2014 was \$1,000. The FY 2015 proposed budgeted amount remains at \$1,000.

Equipment for Distribution

The TED Program expects to distribute approximately 3,000 pieces of equipment to both new and existing consumers in FY 2015. This includes special needs equipment, wireless phones and wireless and landline telephone accessories. It also includes equipment that exists on the shelf at the end of FY 2014.

The TED Program strives to keep pace with telecommunications advancements. In FY 2014 the Great Call Jitterbug Touch 2 (a simple smartphone) and several wireless accessories were added to the TED Program.

The FY 2014 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. The FY 2014 projected amount is \$160,000.

Consumers who are deaf have been underserved the past five to ten years. Teletypewriters (TTYs) are being used scarcely. Currently, consumers who are deaf utilize smartphones for text messaging, videophone applications, and e-mail to access the telephone. The TED Program plans to expand Smartphone options in FY 2015 to better serve consumers who are deaf.

The FY 2015 proposed budgeted amount is \$200,000.

The proposed budgeted amount for new equipment includes:

1. 8 TTYs at a total cost of \$2,400. Each device costs \$300 per unit. The demand for TTYs has been decreasing due to new technology such as Video Relay Service, WebCapTel, Internet Protocol (IP) Relay, e-mail, and Smartphones; all of which have expanded the communication options available for persons who are deaf or speech disabled.
2. 350 captioned telephones at a total cost of \$28,000. There are currently two different models for distribution. The estimated budgeted amount is based on an average cost of \$80.00 per captioned device.
3. 400 specialized telephones with built-in amplifiers and amplified ringers, at a total cost of \$13,200. This estimate is based on two amplified telephone units commonly distributed, averaging \$33.00 per unit.
4. 900 cordless amplified telephones at a cost of \$87,750. This estimate is based on two commonly distributed cordless phones, which average \$97.50 per unit.

5. 200 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 \$25.
6. 80 speakerphones with pendant at a total cost of \$37,000.
7. 90 big button, hearing aid compatible cell phones at a total cost of \$7,800. The equipment includes the Jitterbug Plus cell phone from GreatCall and the Clarity Pal from Clarity. The average cost of each device is \$86.50.
8. 15 Jitterbug Touch 2 smartphones at a total cost of \$1,050. The cost for each device is \$70.
9. 25 Smartphones from various wireless vendors at a total cost of \$7,500. The approximate cost of each device is \$300.
10. The TED Program requires each Program Specialist to have a demo unit for each piece of standard inventory. This is used during equipment trainings, demonstrating equipment options to consumers, and outreach (booths/presentations). Some manufacturers do not offer demo units at no charge. The program requests six demo units per equipment model. The total cost is \$5,000.
11. 20 wireless accessories at total cost of \$2,200. This includes Bluetooth neckloops, Bluetooth headsets, light flashers, and loud ringers for smartphones. The average cost of each device is \$110.00.
12. Telephone accessories, which include y-jacks, phone line cords, DSL filters, and adapters, at a total cost of \$500.
13. Specialized equipment for deaf/blind, speech disabled, and physical disabled consumers are selected and distributed on a case-by-case basis. This category includes large visual displays, special switches, Braille phones, microphones, and wireless and wired headsets. 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 2014 budgeted amount for equipment repair was \$5,200. The FY 2015 proposed budgeted amount is \$4,000.

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Department of Human Services — Rural Real-Time Captioning

	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 Budgeted	% Change
COMPENSATION & STATE OPERATIONS						
Contract Management (.25 FTE)	\$ 26,192.67	\$ 28,000	\$ 28,000	\$ 28,000	\$ -	0%
Statewide & Agency Indirect Costs	\$ 2,970.00	\$ 3,154	\$ 3,154	\$ 3,154	\$ -	0%
Total State Operations	\$ 29,162.67	\$ 31,154	\$ 31,154	\$ 31,154	\$ -	0%
GRANT CONTRACTS						
Commercial Stations	\$ 170,000.00	\$ 198,846	\$ 170,000	\$ 198,846	\$ -	0%
Non-Commercial Stations	\$ 45,000.00	\$ 70,000	\$ 45,000	\$ 70,000	\$ -	0%
Total Grant Contracts	\$ 215,000.00	\$ 268,846	\$ 215,000	\$ 268,846	\$ -	0%
TOTAL PROGRAM EXPENSES	\$ 244,162.67	\$ 300,000	\$ 246,154	\$ 300,000	\$ -	0.0%

**DEPARTMENT OF HUMAN SERVICES
RURAL REAL-TIME CAPTIONING
PROPOSED FY 2015 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); and
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 2014 budget for the Rural Real-Time Captioning program was \$300,000. The FY 2015 proposed budgeted amount remains at \$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 2014 budgeted amount was \$28,000. The FY 2015 proposed budgeted amount remains at \$28,000.

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 2014 budgeted amount was \$3,154. The FY 2015 proposed budgeted amount is \$3,154. Indirect costs are based on total salary compensation; 10 percent is for agency indirect costs and 1.2 percent is for statewide indirect costs.

Grant Contracts

Grant Contracts with Commercial Stations

DHS has entered into a grant contract with KBJR Granite Broadcasting Corporation of Duluth to provide real-time captioning of live local news in the northeast region of the state. The FY 2014 grant amount for this contract is \$93,000.

DHS has entered into a grant contract with KAAL-TV, LLC in Austin, Minnesota to provide real-time captioning of live local news in the southeast and southwestern region of the state. The FY 2014 grant amount for this contract is \$77,000.

The FY 2014 budgeted amount was \$198,846. The FY 2014 projected amount is \$170,000. The FY 2015 proposed budgeted amount remains at \$198,846.

Grant Contracts with Noncommercial Stations

DHS has entered into a grant contract with Twin Cities Public Television, Inc. to provide real-time captioning for weekly news programming. The FY 2014 grant amount for this contract is \$17,000.

DHS has entered into a grant contract with Lakeland Public Television of Bemidji to provide real-time captioning of live local news in the northwest region of the state. The FY 2014 grant amount for this contract is \$28,000.

The FY 2014 budgeted amount was \$70,000. The FY 2014 projected amount is \$45,000. The FY 2015 proposed budgeted amount remains at \$70,000.

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

	FY 2013 Actual	FY 2014 Budgeted	FY 2014 Projected	FY 2015 Budgeted	2015 Budgeted vs. 2014 Budgeted	% Change
NATIONAL FEDERATION OF THE BLIND (NFB) NEWSLINE SERVICE						
Contract	\$ 50,000.00	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0%
Usage Fee	\$ 18,427.00	\$ 18,427	\$ 18,427	\$ 18,427	\$ -	0%
Contract Administration	\$ 1,251.78	\$ 1,058	\$ 1,058	\$ 1,058	\$ -	0%
Total NFB Newsline Service	\$ 69,678.78	\$ 69,485	\$ 69,485	\$ 69,485	\$ -	0.0%
DIAL-IN NEWS SERVICE						
Contract	\$ 26,447.24	\$ 26,556	\$ 26,556	\$ 26,556	\$ -	0%
Phone Lines	\$ 2,622.20	\$ 2,900	\$ 2,900	\$ 2,900	\$ -	0%
Contract Administration	\$ 1,251.78	\$ 1,059	\$ 1,059	\$ 1,059	\$ -	0%
Total Dial-In News Service	\$ 30,321.22	\$ 30,515	\$ 30,515	\$ 30,515	\$ -	0.0%
TOTAL PROGRAM EXPENSES	\$ 100,000.00	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	0.0%

**DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT
ACCESSIBLE NEWS FOR THE BLIND
PROPOSED FY 2015 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 2014 total budgeted amount for the Accessible News for the Blind program was \$100,000. The FY 2015 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, seven 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 2014 budgeted amount was \$50,000. The FY 2015 proposed budgeted amount is \$50,000.

NFB – Newsline Usage Fee

Telephone access charges incurred by NFB – Newsline. NFB charges each state a fee based on usage. The FY 2014 budgeted amount was \$18,427. The FY 2015 proposed budgeted amount is \$18,427.

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 2014 budgeted amount was \$1,058. The FY 2015 proposed budgeted amount is \$1,058.

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 Scott Mullins of Portsmouth, Ohio, to download and make targeted publications available via the telephone.

Dial-In News Contract

The FY 2014 budget amount was \$26,556. The FY 2015 proposed budgeted amount is \$26,556.

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 2014 budgeted amount was \$2,900. The FY 2015 proposed budgeted amount is \$2,900.

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 2014 budgeted amount was \$1,059. The FY 2015 proposed budgeted amount is \$1,059.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
DOC-TAM FY 2015 Budget and Surcharge Recommendations**

Docket No. P999/PR-14-151

Dated this **25th** day of **April 2014**

/s/Sharon Ferguson

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