

Staff Briefing Papers (Revised)

Meeting Date May 31, 2018 Agenda Item 3*

Company Department of Commerce/TAM (Telecommunications Access Minnesota)

Docket No. **P999/PR-18-5**

In the Matter of TAM's 2017 Annual Report

P999/ M-18- 194

In the Matter of TAMs FY 2019 Proposed Budget and Surcharge Recommendations

Issues **1. Should the Commission accept TAM's 2017 Annual Report?**
2. Should the Commission approve TAM's proposed budget for FY 2018?
3. Should the Commission approve the TAM surcharge remaining at \$0.05?
4. What other action, if any, should the Commission take in this matter?

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 **Relevant Documents**

Date

Order Accepting Report, Approving Budget, Maintaining Surcharge, and Requiring Filings (Docket No. PR-17-5 et al) June 30, 2017

(Listing continued on next page)

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

 **Relevant Documents**

Date

DOC letter with legislative TED Program/TAM Fund Study, two underlying consultant studies and Wireless iPad/iPhone Pilot Program report. (Docket 17-5, et al)

July 12, 2017

Order Requiring Filing Legislative Report Implementation Update (declining action to amend 2017 TED Budget in Docket No 16-227)

July 18, 2017

DOC Report on Legislative Report Implementation

October 4, 2017

TAM 2017 Annual Report (Docket 18-5)

January 31, 2018

TAM's Proposed Budget for FY 2019 (Docket 18-194)

March 19 , 2018

I. Statement of the Issues

1. Should the Commission accept TAM's 2017 Annual Report?
2. Should the Commission approve TAM's proposed budget for FY 2019?
3. Should the Commission approve the proposed continuation of the TAM surcharge in the amount of \$0.05?
4. What other actions, if any, should the Commission take in this matter?

II. Background

The TAM (Telecommunications Access Minnesota) program and the Commission's continuing oversight role is summarized in Section II below. Issues 1, 2, and 3, the scope of the usual annual oversight review, are each addressed in the following Sections III, IV, and V. These are primarily addressed by the TAM 2017 Annual Report and the FY2019 TAM Proposed Budget. Issue 4 is addressed in Section VI, addressing the unusual amounts of scrutiny these programs have been under by stakeholders since last addressed by the Commission's annual process. Commission options and Staff Recommendations are compiled in Section VII.

A. The TAM (Telecommunications Access Minnesota) Program Summary

The Telecommunications Access Minnesota (TAM) program was created by the Legislature in 1987 to make Minnesota's telecommunications system fully accessible to eligible individuals who are deaf, hard of hearing, deafblind, speech disabled or physically disabled to allow them access to the telecommunications network. Minn. Stat. §§237.50 – 237.56 and Minn. Rules, Chapter 8775 govern the operation of the program. The program has two major components: the Minnesota Relay and the Telephone Equipment Distribution (TED) program. TAM is funded by a monthly surcharge on all wired and wireless access lines, the most recent changes being from \$0.08 to \$0.07 cents in occurring 2015 and from \$0.07 to \$0.05 on August 1, 2016, where it remained through 2017. By law, the surcharge may not exceed \$0.20 per access line. The Minnesota Relay and TED programs are administered by TAM within the Department of Commerce (Department). Rochelle Garrow is the TAM Program Administrator.

1. Minnesota Relay

The Minnesota Relay is a federally-mandated Telecommunications Relay Service that allows functionally equivalent communication between a person with a hearing or speech disability and any other telephone user. A communications assistant facilitates the telephone

conversation between a person who has hearing loss or speech disability and other individuals. When Minnesota Relay started, the state of Minnesota owned and maintained all relay equipment. Since 1996, TAM has contracted with outside organizations to staff and equip the relay system. The current Minnesota Relay contractor is Sprint Communications Company L.P. The contract with Sprint is effective from July 1, 2014, through June 30, 2019. Since July 2011, the relay outreach component of Minnesota Relay has been provided by the DHS.

TAM's goal is to provide Telecommunications Relay Services (TRS) that are in full compliance with the requirements of Minnesota laws as well as with the requirements and intent of Title IV of the Americans with Disabilities Act of 1990, 47 U.S.C. §225, and Federal Communications Commission regulations at 47 C.F.R. §64.601 - 64.605.

2. Telephone Equipment Distribution

TED's mission is to provide specialized telecommunications equipment to eligible deaf, hard-of-hearing, speech-impaired and mobility-impaired persons to allow them access to the telecommunications network. It trains participants in the use of equipment provided and provides outreach to inform the public of services available.

Minnesota Statutes section 237.51, subdivision 5(a)(3) provides DHS with the authority to establish specifications for telecommunications devices to be provided under section 237.53, subdivision 3. The types of equipment distributed include:

- Amplified Telephones (both hearing and voice)
- Bluetooth Cordless Amplified Phones
- Captioned Telephones
- Remote Control Speaker Phones
- Amplified Cell Phones
- Basic Smartphone
- Wireless Accessories (Bluetooth neckloop, cell phone amplifier, and visual signaler)
- Ring Signaling Devices (auditory, visual, and tactile)
- Text Telephones (TTYs)
- Braille Phones
- Hearing Carry Over Phones
- Voice Carry Over Phones
- Special Needs Devices (for multiple disabilities)
- iOS Tablets and Smartphones (for pilot program)

TAM administers the TED program through an interagency agreement with the Department of Human Services (DHS). The DHS Deaf and Hard of Hearing Services Division (DHHSD) has six regional offices around the state staffed with professionals experienced in working with people who are deaf, hard of hearing, deafblind, speech disabled, or physically disabled. TED Program services are provided through five of the DHHSD regional offices: Duluth, Mankato, Moorhead, St. Cloud, and St. Paul. *See 2017 TAM Report at p.26.*

DHS-DHHSD has established six advisory committees throughout Minnesota. Each meets quarterly and serves as a venue to provide information to, and gather information from, the

community. Advisory committee meeting minutes are provided to the TAM administrator and TED Program administrator so that issues, questions, and concerns regarding Minnesota Relay and the TED Program may be addressed. The TAM administrator attends the Metro advisory committee meetings, and a Minnesota Relay Outreach/TED Program staff person attends one meeting per region, per year.

3. Funding Overview

In addition to the two main programs, the TAM surcharge also funds one-time direct appropriations and additional programs administered by the Department of Employment and Economic Development (DEED), the Department of Human Services (DHS), and the Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans (MCDHH), summarized in Table 1 below. By legislative mandate, the TAM surcharge funds the following programs (Staff added bolded changes in requested appropriations for FY 2019 proposed budget):

Table 1: Other Programs Funded by the TAM Surcharge, 2005-2019

Name of Program/Agency Administrator	Year/s Covered	Appropriation	Funding Purpose
Accessible News for the Blind (ANB)/ Dept. of Employment and Economic Development (DEED)	2005-2019	Maximum annual budget of \$100,000 appropriated to DEED per Minn. Stat. §237.52, subd. 4.	Provides accessible electronic information (news and others) for blind and disabled persons.
Rural Real-time Captioning/Dept. of Human Services (DHS)	2005-2019	Maximum annual budget of \$300,000 appropriated to DHS per Minn. Stat. § 237.52, subd. 4	Provides real-time, closed- captioning of certain local television programs who deaf, hard-of-hearing or deaf/blind persons.

Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans (MCDHH)	2007 2008 -2009 2010- 2011 2012 -2013 2014 2015-2017 2018-2019	Started with \$200,000 for 2007 operations. Increased to \$300,000 Increased to \$400,000 Decreased to \$320,000 Increased to \$500,000 Increased to \$800,000 Increased to \$1,170,000	Advocates for equality of opportunity for hearing- challenged persons. American Sign Language website content and to assist state agencies
State Video Franchising	2009	\$85,000 appropriation	Study
Broadband	2009	\$175,000 appropriation	Mapping project
MN.IT (former Office of Enterprise Technology)	2010- 2011 2012- 2013 2014 – 2019 ----- 2017 - 2019	\$100,000 per year Increased to \$230,000 per year (returned \$210,317 in FY 2013) Increased to \$290,000 ----- Added \$50,000	Technology accessibility and usability ----- State agency consolidated access fund
Legislative Coordinating Commission	2010-2011 2012-2016 2017- 2019	\$100,000 per year Increased to \$150,000 per year. Decreased to \$100,000	Captioning of live streaming of legislative sessions, consolidated access fund for other state agencies
Transfers to the general fund	2010 2011 2013	\$ 246,000 \$ 270,000 \$1,100,000	

In 2013, the legislature passed legislation that imposes TAM and 911 fees on each retail transaction for prepaid wireless telecommunications services effective January 1, 2014. The fees are established pursuant to Minn. Stat. §403.161.

B. Commission's Role

1. Annual Report

The TAM statute (Minn. Stat. § 237.55) requires the Commissioner of Commerce to present to the Commission by January 31 of each year, a report doing the following:

- Review the accessibility of telecommunications services to persons who have communication disabilities,
- Describe services provided,
- Account for annual revenues and expenditures for each aspect of the fund to date, and
- Include predicted program future operation.

Issue 1 deals with TAM's Annual Report and its acceptance.

2. Budget and Surcharge

TAM is also required to file an annual budget and an annual recommendation on the surcharge level necessary to operate the program. Pursuant to Minn. Stat. § 237.52 subd. 2, the Commission reviews the budget proposal for reasonableness, and "may modify the budget to the extent it is unreasonable." The Commission annually determines the funding mechanism to be used within 60 days of receipt of the TAM recommendation and orders the imposition of the surcharge effective on the earliest practicable date. The law allows the Commission to establish a monthly charge not greater than 20 cents for each wired and wireless access line or connection.

Issues 2 and 3 deal with TAM's Annual Budget and proposed surcharge continuance.

III. Issue 1: Should the Commission accept TAM's 2017 Annual Report?

On January 31, 2018, TAM submitted its 2017 Annual Report. The annual report is filed in accordance with Minn. Stat. § 237.55 and presents information on the major activities of TAM for the year. It provides the program history, a description of the TED and Minnesota Relay projects, financial and statistical data, a progress report and anticipated operations, and includes the governing statutory references and the current organizational structure.

A. Minnesota Relay

1. Call Volumes.

TAM describes the two categories of TRS:

- Non-internet based relay services, which include TTY, CapTel, and Speech to Speech, which are administered and funded on a state level, and
- Internet based relay services, which include Video Relay Service (VRS), IP Relay, and IP Captioned TRS, which are currently under FCC jurisdiction and are paid for by an Interstate TRS Fund.

In 2017, Minnesota Relay calls handled 344,422 calls, a decrease of 61,088 from 2016, nearly identical to the 61,116 decline in the prior year. Most of the calls (78 percent) are through CapTel; 17 percent use traditional TRS; and the remaining 4 percent are by Speech-to-Speech calls. Appendix A of the Annual Report shows the number of relay calls in 2017 with a comparison of yearly call volumes since 2005. It also shows the call volume by type. The numbers show a continued downward trend in yearly call volumes for relay calls overall with a very slight increase in Speech-to-Speech calls.

TAM reports that migration to internet-based relay services (under Federal Communications Commission jurisdiction and paid through a federal fund) continues to grow as consumers increasingly have access to high-speed internet. Internet-based relay services are easier to use and have more features. In addition, free relay applications can be downloaded to wireless devices such as smartphones and tablets that allow the relay user to make calls on the go.

There are currently no internet-based Speech-to-Speech relay services available which may account for the increased use of the state funded service. Minnesotans will continue to rely on traditional relay services absent access to a high-speed internet at an affordable price as required for internet-based relay services.

2. Accessibility

TAM serves Minnesotans who have hearing, speech or physical disabilities that make it difficult to use standard telecommunications services, and persons who wish to contact these individuals. Based on previous experiences, it is estimated that more than half a million Minnesotans have some hearing loss. In 2012, a bill was passed that updated telecommunications and disability definitions of disability, deaf, deafblind and hard-of-hearing in Minn. Stat. §§ 237.50 – 237.56.

Minnesota Relay provides 24/7 relay service for standard (voice), text telephone (TTY), wireless, or personal computer (PC) users to place local, intrastate, interstate, and international calls. In 2017, an average of 48 percent of Minnesota Relay calls were placed using the 7-1-1 dialing access. Users are still able to connect by dialing the 10-digit toll free access numbers.

TAM reports a state-of-the-art system that ensures that required levels of service are maintained in the event of processor failure. Sprint's all-digital switching system is fully redundant to provide a non-stop environment for the relay call center. It provides caller accessibility that meets or exceeds industry standards and compliance with the state contract. The relay features are listed on pages 17-21 of the Annual Report. The Minnesota Relay center uses both Uninterruptible Power Source and backup power generators to ensure uninterrupted power, even in the event of a power outage.

TAM reports that the Minnesota Relay meets the FCC minimum standard that 85% of calls be answered within 10 seconds by any method of relay calls.

3. Contract Payments

TAM paid Sprint about \$1.66 million in FY 2017 after having projected payments of \$1.79 million. This follows payments in FY 2016 of about 1.89 million following projections of \$2.33 million. Presently TAM projects payments of about \$1.52 million for FY 2018. *See page 32 of the Annual Report.*

4. Outreach

Outreach presentations for the Minnesota Relay are provided by the Department of Human Services' TED Program. The outreach staff conducted 103 activities in 2017 reaching 2, 263 Minnesotans as described in the Annual Report on page 21-24.

5. Complaints

In 2017, Minnesota Relay received 20 complaints (0.006 percent) out of total 344,422 calls relayed. The report notes at pages 21:

All complaints and commendations are recorded electronically by Sprint on a Customer Contact form. Sprint provides copies of each Customer Contact form to the TAM administrator monthly. In the event that TAM and the relay provider fail to resolve a Minnesota Relay complaint within 180 days after the complaint was filed, the FCC exercises jurisdiction over the complaint. Failure to meet the deadlines for complaint resolution may adversely affect the continued certification of Minnesota Relay (47 C.F.R. § 64.606).

TAM submits an annual Complaint Log Summary to the FCC in accordance with Code of Federal Regulations, title 47, section 64.604 (c)(1).

6. Notable Developments during the Year

a. Long Distance Billing and Carrier of Choice Changes

On August 24, 2016, the FCC released Orders allowing Minnesota's TRS provider, Sprint, to migrate to a process where they no longer assess toll charges for long distance traditional TRS, STS, and CTS calls and other waivers. See 2017 TAM report at p. 10.

The 2017 TAM report notes at pages 10-11 that in light of these waivers, effective June 1, 2017, the following has applied to Minnesota Relay calls:

- Minnesota Relay users have no longer been assessed toll charges for long distance traditional TRS, STS, and CapTel calls. This includes all outbound intrastate, interstate, international, and payphone calls, as well as inbound intrastate and interstate calls.
- Directory Assistance has been provided through traditional TRS, STS, and CapTel at no charge to the end user.
- Operator Services and Operator Services for the Deaf (TTY access) have been decommissioned, as end users will no longer have a need for billing support through the relay service.
- Consumers placing *inbound* international calls (i.e. a call placed from outside of the U.S. to a number within the U.S.) have been assessed toll charges.
- Because relay is not involved in long distance for two-line CapTel calls, two-line CapTel users may be billed by their long distance providers for the voice portion of the call.
- Minnesota Relay has continued to process calls to pay-for-service access numbers. The service provider may assess fees directly to the relay user.
- Minnesota Relay has processed calls from inmates at correctional facilities without charge. Inmate calling services providers may assess fees directly to inmate relay users – as is done for traditional phone users (i.e., non-relay callers).

b. Transition from TTY to RTT

TTY use has been declining for quite some time, mainly because the technology is cumbersome and slow, is difficult to use, requires costly equipment, and requires an analog telephone line.

RTT allows the user to send messages in real-time and does not require turn taking, as TTY communication does. A user with RTT can interrupt while the other party is typing. RTT has more characters (and symbols) than a TTY, facilitating multiple languages. RTT works with off-the-shelf equipment such as smartphones, tablets, and computers so consumers will not need to buy special equipment to use the service.

In December 2016, the FCC released a Report and Order and Further Notice of Proposed Rulemaking addressing the transition from legacy TTY technology to Real-Time Text (RTT) for communications using wireless IP-based voice services. *See 2017 TAM report at p. 11-12.*

The *Order* allowed, in part, wireless carriers and equipment manufactures to support RTT in lieu of supporting TTY technology and provided an implementation timeline including:

- By December 31, 2017, each Tier I Commercial Mobile Radio Service (CMRS) provider and, by June 30, 2020, each non-Tier I CMRS provider (except resellers) choosing to support RTT shall support RTT either:
 - through a downloadable RTT application or plug-in that supports RTT; or
 - by implementing native RTT functionality into its core network, offering at least one handset model that supports RTT, and including support for RTT in future design specifications.
- By December 31, 2019, each Tier I CMRS provider and, by June 30, 2021, each non-Tier I CMRS provider (including resellers) choosing to support RTT shall support RTT for all new authorized user devices.

On December 11, 2017, AT&T became the first wireless provider to launch RTT. AT&T's RTT service works on Apple or Android smart phones with updated operating systems. Initially, AT&T RTT users will only be able to communicate with other users on AT&T's network. In the future, more carriers will deploy the service enabling communication between networks.

Nonetheless, the following were noted in the 2017 TAM Report as limitations of RTT:

- Currently not available through all wireless providers and on all devices.
- Not integrated into TRS operations.
- Not able to text to wireline phones.
- Wireless phone service is not available in some rural areas.
- Wireless phone service is not affordable for all consumers.
- Incompatible with Braille and other assistive technologies.

c. Text-to-911

In December 2017, Minnesota deployed statewide text-to-911 service. *See 2017 TAM report at p. 12.* This service will allow Minnesotans who are deaf, deafblind, hard of hearing, or speech disabled to contact emergency services via text instead of using a friend or family member, a TTY, relay service, or a "silent call". To use the service, the user enters 911 into the number field, and then types the exact location and the nature of the emergency. Limitations to Text-to-911 include:

- Texting does not provide precise location information.
- There can be a lag before the text reaches the 911 center.
- Texting takes longer than a voice call.

- Texts may appear out of order or may not be received.
- Text-to-911 does not work if the phone is roaming on another carrier's network.

d. Decommission of 900 Access Number

On December 31, 2017, Sprint decommissioned Minnesota Relay's 900 access number for pay-per-call services. Because pay-per-call vendors have migrated to 8XX numbers, 9XX call paths are no longer necessary. Minnesota Relay consumers are now able to use pay-per-call services by dialing 711 or Minnesota Relay's toll free number and providing the relay communications assistant with the 8XX number of the pay-per-call service. *See 2017 TAM report at p. 12.*

e. Anticipated TRS Enhancements in 2018

In early 2018 Sprint anticipates having migrated their current relay network to an IP-based solution with implementation. The transition to an IP-based solution will change how toll-free calls will be carried. Sprint has completed test calls to ensure Quality Assurance standards are met and exceeded. Sprint has also thoroughly tested the ability for end users to complete N11 calls (e.g. 311 or 511), including 911 emergency calls. *See 2017 TAM Report at p.12-13.*

Sprint stated that the transition will be seamless and will not adversely impact Minnesota Relay users. The upgrade is anticipated to result in the following benefits:

- All call paths will continue to be geographically redundant and monitored.
- The technology upgrade will allow sustainability and longevity for the TRS

B. Telephone Equipment Distribution (TED)

1. Clients Served and Outreach

In 2017 the number of new and repeat participants continued to decline to about half of those served in 2013 and to about 20 percent of those served in 2011.

In 2017 TED served 439 new program participants, and 1,186 repeat participants. It provided information and referrals to 183 consumers and agencies, for a total of 1,808 Minnesotans receiving some manner of service. TED's oldest participant is 107 years old, and the youngest is 8 years old. TED's average consumer in 2017 is female, 78 years old, and hard-of-hearing. In 2017, 67 percent of the clients served were female, and 71 percent lived outside of the seven-county metropolitan area. Eighty-six percent of participants are hard-of-hearing, 6 percent deaf, 5 percent physically disabled, and 3 percent have other disabilities (deaf-blind or speech disabled). *See 2017 TED Report p. 27-28.*

TED Program specialists conducted much of their outreach by traveling to client homes and providing information and training “face-to-face.” While websites, e-mails, and telephone calls can be an efficient, TED Program specialists find that direct, in-person training is often more effective and many consumers are more receptive if material is provided to them in person. Traveling to consumers to provide information, equipment, and training of the complexity of the device helps eliminate apprehension and results in a more personal, relaxed, and productive experience for the consumer. In addition, DHHSD participated in a number of public programs, and distributed targeted hardcopy and electronic mailings. *See 2017 TAM Report p.27.*

As a result of funding for programmatic audits and related reports and recommendations dating to 2015, TED indicates that it “has created new performance measures to evaluate outreach efforts [and that] ... the new measures will begin in January 2018.” *See 2017 TAM Report at p.31.* TED also notes that “Other measures that will be developed in 2018 will include how to evaluate the success of the program.” *See 2017 TAM Report at p. 30.*

Staff observes that including in next year’s 2018 TAM Report a description of TED’s new outreach metrics, and what is being learned from them, would be helpful in understanding the program and its direction.

2. Equipment Acquisition, Distribution, Retrieval, and Disposition

The 2017 TAM Report provides only a very broad overview of the percentages of equipment distributed using a single pie chart in Appendix B.

Equipment distribution in 2017 is summarized in Appendix B is nearly unchanged from last year: amplified phones (52.1%), captioned telephones (20.9%), auxiliary equipment (16.7%), speaker phones (2.8%), iPads (2.3%), iPhones (1%), cell phones (3.1%), and TTYs (0.9%). Services are provided through the regional offices of the Deaf and Hard of Hearing Services Division (DHHSD) of the Department of Human Services.

Staff observes that it would be helpful to understanding the program if TAM were to include in next year’s 2018 TAM Report the numbers of each type of equipment item purchased, deployed, returned, and retired during that year.

3. Wireless iPad/iPhone Pilot

As reported in the prior 2016 TAM Report, in April 2016, a statewide pilot program was established from a workgroup of DHHSD staff. *See 2016 TAM Report page 28 for details.* The purpose of the pilot was to determine if enhanced wireless devices provide increased communication access to people with disabilities. A Request for Proposals was released and an iPads/iPhones vendor was selected. Each device was pre-installed with telecommunications and communication apps based on the client’s disability. Clients applied for the pilot and their eligibility was verified. Clients were required to complete three surveys during the pilot to

gather feedback on their experience. The pilot was concluded on February 27, 2017.

A report was written¹ explaining the results of the pilot and the TED Program recommendations. The TED Program met with the Department of Commerce to discuss feedback about the pilot report findings. The 2017 TAM Report notes at page 31 that **the Department's feedback was that the TED Program did not collect adequate and reliable data to prove that consumers with disabilities experience greater independence and increased access to telecommunications when using an iPad or iPhone. In addition, Commerce recommended that stronger controls needed to be implemented to ensure that clients fulfilled their role in the pilot.** It was recommended that the TED Program consider creating a revised pilot program with a smaller sample size of participants, stronger controls, and more measureable outcomes.

A revised proposal for phase two of the pilot is still being reviewed within DHHS with the goal of submitting this revision to Commerce for feedback and approval in early 2018. The TED Program's plan is to start with clients from the phase one pilot waiting list to screen them with specific criteria to determine if they meet the eligibility criteria to participate in a revised phase two pilot program. *See 2017 TAM Report at p.31.*

4. Contract Payments to DHS/TED.

TAM paid DHS/TED about \$1.4 million in FY 2016. *See 2016 Annual Report at p.29.* In 2017 TAM paid DHS/TED about \$1.55 million and projects paying \$1.70 million in FY 2018. *See 2017 TAM Report at p. 32.*

5 . TED Program Reassessment (2015 to Present)

a. 2015 Audit and Reports

As reported in the 2015 TAM Report, DHHS received funds in 2015 to:

- Assess the TED Program to determine if it is meeting the current needs of consumers;
- Solicit input from Minnesotans who are deaf, hard of hearing, deaf-blind, speech disabled, or physically disabled to determine their current and future needs;
- Review federal law and how other states are utilizing the TAM Fund; and
- Recommend policy changes to the program.

Staff notes that the TAM audit conducted in 2015 resulted in two DHS recommendations:

- Develop policies and procedures for performing a periodic review of a client's status; and
- Establish metrics to measure the effectiveness of the program's outreach efforts.

¹ 2017 iPad/iPhone Pilot Program Report: Telephone Equipment Distribution Program, by Public Consulting Group for the Minnesota Department of Human Services-Deaf and Hard of Hearing Services Division, June 2017.

The 2016 Annual Report (at page 27) reported only that two vendors were hired, producing two reports which were compiled into a Legislative report which DHHS staff then used for strategic planning. No further description of the studies, findings or outcomes was provided in the 2016 TAM Report. As a result, its Order of June 30, 2017 the Commission asked for copies of these studies and the Wireless iPad/iPhone Pilot Program report. *See Docket No. 17-5.*

In the 2016 TAM Report at page 26 it was stated that the DS-DHHS had started to:

- Contact clients initially served three years prior to determine if they are still using the equipment provided and/or if they need additional assistance;
- Record contact results; and
- Retrieving equipment “according to policy and procedures”.

In the 2017 TAM Report at page 30 DHS-DHHS indicates using policies and procedures established in 2016 to contact clients who had been served three years ago by letter and phone in 2017. The results of those contacts are:

- 26 percent of clients are using the equipment and it is still in working condition
- 10 percent of the clients have passed away
- 11 percent of clients needed some kind of follow-up service, i.e., needed a reassessment, additional training, or the device was broken
- 16 percent of clients were unable to be reach
- 35 percent of clients did not reply
- 6 percent of clients no longer needed the device

The TED Program indicated its intent to follow-up next with clients who received assistance two years ago with modified procedures based on what was learned last year. *See 2017 TAM Report at p.30.*

Staff observes that it would be helpful to understanding the program if in next year’s 2018 TAM Report information were provided about lessons learned so far from the client contact surveys and the resulting program changes. In particular, it would be helpful to understand the disposition of equipment among the 74 percent who did not report still using working equipment recently provided.

b. TED 2017 Modernization Legislative Report

In 2017, legislation was passed requesting that the DHS-DHHS work in consultation with the Commission of Deaf, Deafblind and Hard of Hearing Minnesotans to provide a report including recommendations to the Minnesota Legislature on how to modernize the TED Program. A facilitator was hired to conduct a workgroup and to draft the final a report. The workgroup was

formed with staff from DHHS, the TED Program, the MNCDHH, and the Department of Commerce to discuss current and future trends. *See 2017 TAM Report at p. 29-30.*

The 2017 TAM Report indicates at page 30 that the **TED Program “will do the following”**:

- **Create website to address issues that TED program users encounter.** This would include training videos for assistive technologies and explanation of TED Program services.
- **Complete the online application to interface with Agile Apps database.** This will include an online application verification process and record incorporation.
- **Improve public communications** to provide clear, consistent information on TED program offerings, including developing inter-office collaborations and program branding.
- **Create program metrics** to measure program effectiveness. Begin in January 2018 for program outreach and broaden to other program areas during 2018.
- **Examine adding short term vouchers** to the program in addition to long-term equipment loans.

The legislative report also recommends consideration of statutory changes to facilitate:

- Distribution of up-to-date, functional equivalent devices (Bluetooth headsets that connect to hearing aids, streaming devices, and communication apps to be used with smartphones) and of multi-functional safety devices (telephone signaler and also a doorbell, weather alert, carbon-dioxide or smoke detector).
- Introduction and education of clients on their assistive technology options during home visits, not just limited to telecommunications.
- Assisting people who are eligible for TED to also discount telephone programs such as Lifeline and TAP.

Staff notes that the January 15, 2018 report to the Minnesota Legislature “Modernizing Minnesota’s Telephone Equipment Distribution Program” is available from the Minnesota Department of Human Services or on-line at https://mn.gov/dhs/assets/2018-01-modernizing-TED-report_tcm1053-323922.pdf.

C. TAM Fund Accounting of Money Received and Disbursed

The budget anticipates reducing the TAM Fund balance in 2018 by \$827,659 or to 68 percent of its 2017 balance. This is accomplished through a \$174,747 growth in revenues and a \$428,102 growth in expenditures. The 2017 Annual Report on page 32 shows TAM actual revenues of \$4.37 million in FY 2017 and projected revenues of \$4.55 million in FY 2018. Expenditures totaled \$4.95 million in FY 2017 and are projected at \$ 5.38 million in FY 2018. The TAM fund balance was \$2.3 million at the end of FY 2015, \$3.1 million at the end of FY2016, \$2.6 million at the end of FY 2017 and anticipated to be \$1.77 million at the end of FY 2018. *See 2017 TAM Report at p. 32 for details.*

A summary of FY 2017 actuals and FY 2018 estimated financial data are provided for 4 major program categories in Table 2.

Table 2. Summary of Expenditures, by TAM Program, FY 2017 Actual and 2018 Budgeted

Program	FY 2017 Actual (in \$ M)	FY 2018 Budgeted (in \$ M)
Program Administration	0.116 (2%)	0.139 (3%)
Minnesota Relay	1.661 (34%)	1.523 (28%)
Equipment Distribution	1.553 (31%)	1.705 (32%)
Subtotal	3.330	3.367
Other Programs	1.620 (33%)	2.011 (37%)
Total TAM Expenditures	4.950 (100.0%)	5.378 (100.0%)

D. Staff 2017 TAM Annual Report Analysis and Recommendations

The 2017 TAM Annual Report meets statutory minimum requirements set forth in Minn. Stat. § 237.55 requiring it to:

- Review the accessibility of telecommunications services to persons who have communication disabilities,
- Describe services provided,
- Account for annual revenues and expenditures for each aspect of the fund to date, and
- Include predicted program future operation.

The Minnesota Relay portion of the program notably begins ending toll charges for long distance traditional TRS, STS and CTS calls and other waivers. The transition to RTT from TTY continues with some limitations. Text to 911 is implemented. The current relay network is expected to have migrated to an IP-based solution by early 2018.

In the TED portion of the program, a noteworthy overall observation is the continued trend to the increased use of the internet and apps on mobile devices, and more individualized service support. Program reassessment and updating appears to be progressing. Additional information in next year's 2018 TAM Report about both the TED needs identified and remedial actions underway, particularly those regarding equipment distribution, would be helpful in understanding the program.

Staff recommends:

- 1) The Commission accept the TAM 2017 Annual Report and
- 2) That TED be asked to address in next year's 2018 TAM Report the following information:
 - TED's new outreach metrics, and what is being learned from them,

- The numbers of each type of equipment item purchased, deployed, returned, and retired during that year, and
- Lessons learned so far from the client contact surveys and the resulting program changes, including the disposition of equipment among the 74 percent who did not report still using working equipment recently provided.

IV. Issue 2: Should the Commission approve TAM's proposed budget for FY 2018?

A. Budget Overview

On March 19, 2018, TAM filed its FY 2019 Budget Proposal for Commission approval. It shows that for with a continuation of a surcharge of \$0.05, and the proposed budget, will result in a fund balance of approximately \$1.18 million at the close of FY 2019 and a need of approximately \$1.31 million at the start of FY 2020 which provides for approximately two months operating expenses for Tam administration, Minnesota Relay and the TED program as well as the funding necessary to distribute initial biannual and quarterly payments to the other TAM fund programs. TAM estimates revenues of \$4,340,908, expenditures of \$5,078,797 resulting in a decrease in the TAM Fund to \$1,175,112 at the end of FY 2019. A surcharge reduction to \$0.05 was made 2 years ago and continued last year. TAM recommends leaving the surcharge unchanged at \$0.05.

Table 3 presents the main components of TAM's FY 2018 expenses, with comparative FY 2019 figures.

Table 3: TAM's FY2019 Budget Proposal, with comparative figures for FY 2018

	FY2018	FY2019	Year to Year Change
A. Department-TAM			
TAM Administration	138,900	142,500	3,600
Tel Eqpt. Distribution	1,705,000	1,479,765	(225,235)
Minnesota Relay	1,523,550	1,449,500	(74,050)
Relay Outreach	1,000	--	(1,000)
Sub-total	<u>3,368,450</u>	<u>3,071,765</u>	<u>(296,685)</u>
B. Other Funded Programs			
DHS Captioning	300,000	297,032	(2968)
DEED – News for Blind	100,000	100,000
MCDHH	1,170,000	1,170,000
MN.IT Services (1)	290,000	290,000
MN IT Services (2)	\$50,000	\$50,000
Legislative Coord. Comm.	<u>100,000</u>	<u>100,000</u>
Sub-total	<u>2,010,000</u>	<u>2,007,032</u>	<u>(2,968)</u>
Total	5,378,450	5,078,797	(299,653)

TAM requests Commission approval of its FY 2019 budget of \$5,078,797 which is a 5.6 percent decrease from its FY2018 budget.

The following attachments in the TAM Budget proposal filing also describe the specific program's budget proposal and justification for the funding level absent that for the Minnesota Relay Outreach program which was provided last year.

<i>Attachments</i>	<i>Description</i>
A	TAM Fund
B	TAM Administration
C	Telephone Equipment Distribution
D	Rural Real Time Captioning
E	Accessible News for the Blind

B. Staff Budget Analysis and Recommendations

Staff notes that TAM “is submitting the FY 2019 proposed budgets on behalf of the other programs supported b the TAM Fund, *but has not analyzed the costs proposed by these programs.*” *Emphasis added. See TAM FY 2019 Budget and Surcharge Recommendation at p. 1.*

Nonetheless, bases on the presented overview, the budget presented appears reasonable. Staff recommends approval of the budget with direction that any future adjustments that might be requested be accompanied with justification and in a timely manner.

V. Issue 3: Should the Commission direct continuation of the TAM surcharge at \$0.05?

A. Program Revenue and Fund Balance

TAM proposes maintaining the surcharge of \$0.05. The TAM Fund is expected to be about \$1.91 million at the end of FY 2018 and have a balance of approximately \$1.18 million at the end of FY 2019. This would provide sufficient funds to cover operations in FY 2019 and 2 months of advance payments to begin the following year. *See TAM FY 2019 Budget and Surcharge Recommendations, p. 2 and Attachment A.*

B. Staff Analysis and Recommendation

TAM's presentation supports a continuation of the surcharge of \$0.05. Staff agrees with TAM's recommendation that the surcharge be continued at \$0.05.

VI. Issue 4: What other action, if any, should the Commission take in this matter?

One year is a long time between updates when significant portions of the TAM program are undergoing evaluation and possible restructuring. While the administration of the program remains exclusively with the Departments of Commerce and Human Services², the Commission's ability to review the budget is reliant on its ability to understand the program as a whole.

Further, last year the Commission was faced with a late request for budget amendment that could not be accommodated (Docket No. 16-227). Closer engagement beforehand might have facilitated accommodation or have mitigated the need for the request.

Overall, there is a need for more frequent engagement between the Commission and other TAM stakeholders.

Although the Commission could more frequently engage TAM in its formal meeting process, this would likely be time consuming and burdensome on the parties and Commission. A more informal and regular dialogue may be better suited to increase the quality and level of dialogue between the Commission, the Department of Commerce, the Department of Human Services, and other relevant stakeholders. Appointment of a lead Commissioner to facilitate this interaction would meet this need in a more nimble and flexible manner. That Commissioner could, for example, meet with staff from the relevant agencies on a quarterly basis, attend other related meetings, recommend supplemental filings that could be made to the Commission, and report back to the Commissioners at planning meetings. The lead Commissioner could be appointed formally pursuant to 216A.03 subd. 9 at the current agenda meeting³ if the Commission so chooses.

Staff recommendation: The Commission order the appointment of a lead commissioner to facilitate timely program information exchange among the Commission and entities carrying out TAM program elements, particularly those regarding TED equipment distribution.

² See Minn. Stat. §237.51. The Commission's role in the program is to review the budget, and to modify it only if it is "unreasonable." See Minn. Stat. §237.52, subd. 2.

³ Minn. Stat. §216A.03 subd. 9 states in part that a lead commissioner can be designated "for a docket, a type of docket, or a particular subject area." In short, the statute allows a lead commissioner to gather information, hold hearings if necessary, request written or oral comments, and make recommendations to the full Commission. Any recommendations of a lead commissioner are advisory only and are not binding on the Commission.

VII. Commission Options and Staff Recommendations

A. Commission Options for Issue 1: Should the Commission accept TAM's 2015 Annual Report?

- A.1. Accept TAM's 2017 Annual Report.
- A.2. Ask TED to address in next year's 2018 TAM Report the following information:
 - TED's new outreach metrics, and what is being learned from them,
 - The numbers of each type of equipment item purchased, deployed, returned, and retired during that year, and
 - Lessons learned so far from the client contact surveys and the resulting program changes.
- A.3. Deny acceptance of the TAM 2017 Annual Report.
- A.4. Other action determined by the Commission.

B. Commission Options for Issue 2: Should the Commission approve TAM's proposed budget for FY 2019?

- B.1. Accept TAM's FY 2019 proposed budget.
- B.2. Deny TAM's FY 2019 proposed budget.
- B.3. Modify the TAM FY 2019 budget determined by the Commission.

C. Commission Options for Issue 3: Should the Commission direct continuation of the surcharge at \$0.05?

- C.1. Approve the continuation of the surcharge at \$0.05.
- C.2. Set the surcharge at another level determined by the Commission.

D. Commission Options for Issue 4: What other action, if any, should the Commission take in this matter?

- D.1. Appoint a Lead Commissioner to facilitate communications and interaction between the Commission and TAM stakeholders.
- D.2. Take no other action.
- D.3. Another action as determined by the Commission.

Staff's Recommendation: Options A.1, A.2, B.1, C.1 and D.1.