

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
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In the Matter of TAM's 2017 Annual Report

ISSUE DATE: July 3, 2018

In the Matter of TAM's FY 2018 Proposed
Budget and Surcharge Recommendation

DOCKET NO. P-999/PR-18-5

DOCKET NO. P-999/PR-18-194

ORDER ACCEPTING REPORT,
APPROVING BUDGET,
MAINTAINING SURCHARGE, AND
REQUIRING FILINGS

PROCEDURAL HISTORY

On January 31, 2018, the Minnesota Department of Commerce filed its 2017 annual report for the Telecommunications Access Minnesota (TAM) Fund under Minn. Stat. § 237.55.

On March 19, 2018, TAM filed its proposed budget for Fiscal Year (FY) 2019 under Minn. Stat. § 237.52, subd. 2. To finance this budget, the Department of Commerce (the Department) recommended drawing on funds previously collected, and continuing to collect a monthly surcharge of \$0.05 per access line.

No one filed comments on the 2017 annual report, the proposed FY 2019 budget, or the proposed surcharge.

On May 31, 2018, the filing came before the Commission.

FINDINGS AND CONCLUSIONS

I. Summary

In this order the Commission will do the following:

- Accept the 2017 TAM Annual Report.
- Ask the Telephone Equipment Distribution program (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 purchased, deployed, returned, and retired during that year; and
 - Lessons learned so far from the client contact surveys and the resulting program changes.
- Approve TAM’s proposed budget for FY 2019.
 - Retain the monthly TAM surcharge of \$0.05 per access line.

II. Background

A. TAM Programs

The Legislature established TAM to make Minnesota’s telecommunications system fully accessible to people with communication disabilities, and directed the Department to administer the program.¹ The fund initially supported—and still is primarily focused on—two programs:

- The TED program, administered through an interagency agreement between the Department of Human Services’ Deaf and Hard of Hearing Services Division and the Department of Commerce’s TAM program, which provides communications equipment to people with disabilities to aid their ability to use the communications network.
- Minnesota Relay, a federally mandated service² that provides a person to act as an intermediary in a phone call, permitting people with hearing or speech disabilities to communicate in a manner functionally equivalent to any other party.

Over time, the Legislature has also required TAM funding for five additional programs and initiatives:

- Accessible News for the Blind, a program administered by the Minnesota Department of Employment and Economic Development, established to provide accessible electronic news and other timely information.
- Rural Real-time Captioning, a program administered by the Department of Human Services, established to provide real-time closed-captioning of local television news programs.
- The Commission of Deaf, Deaf-Blind and Hard of Hearing Minnesotans, a commission appointed by the Governor, established to promote equal opportunities for Minnesotans who are deaf, deaf-blind, or hard of hearing.

¹ Minn. Stat. §§ 237.50 – 56.

² See 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 – 605.

- MN.IT Services, the State’s information-technology agency, to fund coordinated efforts to make state technology accessible and useable.
- The Legislative Coordinating Commission, a commission of the Minnesota Legislature, to fund captioning of the live streaming of legislative sessions and hearings and to administer a consolidated access fund for state agencies.

B. TAM Administration

Under Minn. Stat. § 237.51, the Department of Commerce is charged with administering the TAM Fund, contracting with vendors to operate the telecommunications relay service, executing an inter-agency agreement with the Department of Human Services to distribute telecommunications devices to persons with communication impairments, and filing an annual report with this commission on Fund operations and activities.

The same statute gives primary responsibility for the telecommunications-device distribution program to the Department of Human Services. That agency sets program eligibility requirements, determines which devices qualify for distribution, publicizes the program, and distributes qualifying telecommunications devices to eligible Minnesotans.

TAM receives some funding from a surcharge on prepaid wireless telephone services.³ But TAM’s primary funding comes from a monthly surcharge on all Minnesota access lines, wired or wireless; these surcharges are collected by telecommunications service providers and remitted to the Department of Public Safety.⁴

Each year this Commission reviews the annual report on TAM operations submitted by the Department of Commerce and the annual budget and surcharge recommendations submitted by the Department of Commerce, the Department of Human Services, and the Department of Employment and Economic Development.⁵ The Commission then sets the level of the surcharge on access lines, and adjusts the budget as necessary.⁶

III. TAM Annual Report and Annual Budget

A. In General

TAM programs appear to be operating effectively. Minnesota Relay reported handling 344,422 calls during the past fiscal year, a decrease of 61,088 from 2016. The Annual Report’s numbers show a continued downward trend in yearly call volumes for relay calls overall, with a very slight increase in Speech-to-Speech calls. This continues a trend of fewer calls per year, as more

³ See Minn. Stat. §§ 403.161 – 162, 237.52.

⁴ Minn. Stat. § 237.52, subs. 2 and 3.

⁵ Minn. Stat. §§ 237.55 and .52, subd. 2.

⁶ Minn. Stat. § 237.52, subd. 2(a).

people rely on Internet-based communication relay services, similar to the decrease in demand for communication devices through TED.⁷

The State contracts with Sprint Communications Company, L.P. for the provision of relay services. The current contracted rates are \$1.78 per conversation minute for TTY and Speech-to-Speech relay services, and \$1.89 per conversation minute for CapTel relay service. This contract expires on June 30, 2019.

The number of TED program calls decreased markedly since 2013. TED served 439 new program participants in 2017, and 1,186 repeat participants. It also provided information and referrals to 183 consumers and agencies, for a total of 1,808 Minnesotans receiving some form of service in 2017.

TAM recommended that the surcharge remain at \$0.05, which will support all TAM Fund programs in FY 2019, and should enable TAM to distribute the anticipated funding payments necessary at the start of FY 2020. TAM stated that the surcharge of \$0.05 and the budgets proposed for the various programs are anticipated to result in a projected fund balance of approximately \$1.18 million at the close of fiscal year 2019.

B. TED Program

In 2015, the Legislature authorized an analysis of the services provided by the Department of Human Services' Deaf and Hard of Hearing Services Division. The analysis was designed to do the following:

- Assess TED to determine the current communication needs of Minnesota residents and whether the program is meeting those needs;
- Solicit input from Minnesotans who are deaf, hard of hearing, deaf-blind, speech disabled, or physically disabled to determine their current challenges as well as their current needs;
- Review how other states are meeting the needs of their consumers; and
- Recommend policy changes to the program.

In 2017, TED reported that participation has continued to fall. Eighty-six percent of participants are hard-of-hearing, six percent are deaf, five percent are physically disabled, and three percent have other disabilities. TED also reported that as a result of funding for programmatic audits and related reports and recommendations since 2015, it has created new performance measures to evaluate outreach efforts. TED stated that the new measures will begin in 2018, and include methods by which to evaluate the success of the program.

⁷ However, there are currently no internet Speech-to-Speech relay services available, which may account for the increased use of the state funded service.

The 2017 TAM Report provided only a very broad overview of the percentages of telecommunication equipment distributed, which appears 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%
- TTYs 0.9%

C. TED Program Reassessment

1. 2015 Audit and Reports

The 2015 TAM audit resulted in two Department of Human Services recommendations: (1) to develop policies and procedures for performing a periodic review of a client's status, and (2) to establish metrics to measure the effectiveness of the program's outreach efforts.

In the 2016 TAM Report, the Deaf and Hard of Hearing Services Division stated that, as a result of its 2015 audit and Commission requirements, it had begun the practice of contacting clients after three years to: 1) determine if they are still using the equipment provided and/or if they need additional assistance; 2) record the results of the contacts; and 3) retrieve equipment that was no longer being used for the purpose for which it was provided.

The 2017 TAM Report states that the results of the client contacts by letter and phone revealed the following:

- 35% of clients did not respond
- 26% of clients are using the equipment and it is still in working condition
- 16% of clients were unable to be reached
- 11% of clients need follow-up assistance
- 10% of clients have died
- 6% of clients no longer needed assistance

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.

D. TAM Budget and Fund Accounting

The TAM budget recommendation was submitted by the Department of Commerce on behalf of itself, the Department of Human Services, and the Department of Employment and Economic Development.⁸ The TAM budget anticipates reducing the TAM fund balance in 2018 by \$827,659, or 68 percent of the 2017 balance.

This would be accomplished by a \$174,747 growth in revenues and a \$428,102 growth in expenditures. The 2017 Annual Report shows TAM budgeted revenues of \$4.55 million in FY 2018. Expenditures totaled \$4.95 million in 2017 and were projected at \$5.38 million in FY 2018. The TAM fund balance was \$2.6 million at the end of FY 2017.

With a continuation of the surcharge of \$0.05, and the proposed budget, the fund balance will be approximately \$1.18 million at the close of FY 2019. It is anticipated the fund will need \$1.31 million at the start of FY 2020. These amounts will provide for approximately two months of 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.

The 2019 proposed budget includes the following budgeted amounts:

- The FY 2018 budgeted amount for Minnesota Relay was \$1,523,550. The FY 2019 budget recommendation is \$1,449,500.
- The FY 2018 budgeted amount for Minnesota Relay Outreach was \$1,000. This line item has been eliminated in FY 2019, as it has been incorporated into the TED Program interagency agreement.
- The FY 2018 budgeted amount for the Department of Human Services – Telephone Equipment Distribution Program was \$1,705,000. The FY 2019 budget recommendation is \$1,479,765.
- The FY 2018 budgeted amount for the Department of Human Services – Rural Real-Time Captioning program was \$300,000. The FY 2019 budget recommendation is \$297,032.
- The FY 2018 budgeted amount for the Department of Employment and Economic Development – Accessible News for the Blind program was \$100,000. The FY 2019 budget recommendation remains at \$100,000.
- The FY 2019 appropriation for the Commission of Deaf, Deaf-Blind and Hard-of-Hearing Minnesotans (MNCDHH) is \$1,170,000.
- The FY 2019 total appropriation for Minnesota IT Services is \$340,000.
- The FY 2019 appropriation for the Legislative Coordinating Commission is \$100,000.

⁸ TAM did not, however, conduct an analysis of the costs proposed for budgeted programs.

IV. Commission Action

The Commission has reviewed the annual report, the proposed budget, and the surcharge recommendation. The annual report is clear and reasonably comprehensive. The proposed budget is clear, reasonable, and consistent with past and ongoing TAM operations.

The proposed surcharge level remains reasonable as well, given the anticipated TAM revenues, expenditures, and existing reserves. The TAM Fund balance is projected to have a balance of \$1.18 million at the end of FY 2019. With the addition of \$1.31 million at the start of fiscal year 2020, there should be sufficient funds to cover an additional two months of operations.

Consequently, the Commission will accept the annual report, accept the proposed budget, and approve maintaining the monthly TAM surcharge of \$0.05 per access line.

The Commission is satisfied with the progress thus far of efforts made to review and improve the operation of the various TAM programs. To better facilitate the Commission's review of the budget, however, the Commission requests that TED 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 items purchased, deployed, returned, and retired during that year; and
- Lessons learned so far from the client contact surveys and the resulting program changes.

Finally, the Commission will direct Commission staff to attend one or more TAM stakeholder meetings in the next year, to facilitate the flow of communication to the Commission and Commission staff.

ORDER

1. The Commission accepts the 2017 Annual Report for Telecommunication Access Minnesota, and the proposed FY 2019 TAM Budget
2. The Commission asks Telephone Equipment Distribution Program 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 items purchased, deployed, returned, and retired during that year; and
 - Lessons learned so far from the client contact surveys and the resulting program changes.

3. The Commission approves the continuation of the surcharge at \$0.05 per access line.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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