

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matthew Schuerger
Katie J. Sieben
John A. Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of TAM's 2016 Annual Report

ISSUE DATE: June 30, 2017

DOCKET NO. P-999/PR-17-5

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

DOCKET NO. P-999/M-17-276

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

PROCEDURAL HISTORY

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

On April 24, 2017, the Department of Commerce filed a proposed TAM budget for Fiscal Year (FY) 2018 under Minn. Stat. § 237.52, subd. 2. To finance this budget, 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 annual report, the proposed FY 2018 budget, or the proposed surcharge.

On June 8, 2017, the filing came before the Commission.

FINDINGS AND CONCLUSIONS

I. Summary

In this order the Commission will do the following:

- Accept the 2016 TAM Annual Report.
- Approve TAM's proposed budget for FY 2018.

- Retain the monthly TAM surcharge of \$0.05 per access line.
- Require reports on three TAM programs.

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 Telephone Equipment Distribution program (TED), 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, DeafBlind and Hard of Hearing Minnesotans, a commission appointed by the Governor, established to promote equal opportunities for Minnesotans who are deaf, deafblind, or hard of hearing.
- MN.IT Services, the State’s information-technology agency, provided additional funding to coordinate efforts to make state technology accessible and useable.
- The Legislative Coordinating Commission, a commission of the Minnesota Legislature, provided additional funding to provide captioning of the live streaming of legislative

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.

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. Annual Report and Budget

A. In General

The report stated that the TAM programs were operating effectively. Minnesota Relay reported handling 405,510 relay calls during the past fiscal year. This continues a trend of fewer calls per year, as more people rely on Internet-based communication relay services. In contrast, TED reported increased demand for communications devices. TED served 547 new program participants, and 1,396 repeat participants. It provided information and referrals to 261 consumers and agencies, for a total of 2,204 Minnesotans receiving service in 2016.

The budget recommendation—submitted by the Department of Commerce on behalf of itself, the Department of Human Services, and the Department of Employment and Economic Development—was for a total FY 2017 budget of \$5,221,000, an increase of four percent from

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).

FY 2016 actual expenditures. The agencies proposed reducing expenditures for Minnesota Relay, but increasing the budget for equipment distribution, and for implementing a legislatively mandated increase for the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans.

In accordance with the Commission's prior decisions, TAM has reduced its fund balance. TAM had a balance of \$2.3 million at the end of FY 2015 and \$3.1 million at the end of FY 2016, and is anticipated to have a balance of \$1.5 million at the end of FY 2017.

The agencies recommended retaining the current monthly surcharge of \$0.05 per access line. With a budget increase of four percent and an anticipated decline in revenues of roughly 31 percent, the parties argued that retaining the current surcharge would permit the fund balance to continue its decline.

B. TED Program/TAM Fund Study

In 2015, the Legislature authorized an analysis of the services provided by the Department of Human Services' Deaf and Hard of Hearing Services Division. This 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 and future needs.
- Review how other states are meeting the needs of their consumers.
- Recommend policy changes to the program.

The 2016 Annual Report stated that the Deaf and Hard of Hearing Services Division had hired two vendors who had each produced a report, the recommendations of which were compiled into a legislative report. In addition, the Annual Report stated that the staff of the Deaf and Hard of Hearing Services Division had convened meetings to discuss what changes to make in light of these reports.

But the Annual Report did not include a copy of either program report, or of the resulting legislative report.

C. TAM Audit

As a result of a 2015 audit of TAM, the Department of Human Services recommended that TAM develop procedures to periodically verify a client's continuing eligibility to receive telecommunications equipment, and establish criteria for measuring the effectiveness of the

program's outreach efforts. The Commission adopted these recommendations,⁷ and on July 6, 2016, the Department of Human Services made a compliance filing.

In the Annual Report, the Deaf and Hard of Hearing Services Division stated that, as a result of the audit and Commission order, it had modified its operations. Specifically, it had begun the practice of contacting clients after three years to determine if they are still using the equipment provided and/or if they need additional assistance; to record the results of these contacts; and to retrieve equipment that was no longer being used for the purpose for which it was provided.

D. Wireless iPad/iPhone Pilot Program

On February 28, 2017, TED completed its six-month pilot program distributing iPads and iPhones to see if enhanced portable wireless computers might provide increased communication access to people with disabilities. Each device was pre-installed with telecommunications and communication applications appropriate for the client's disability. Clients applied to participate in the program, and TED confirmed their eligibility. TED selected an iPad/iPhone vendor to provide clients with technical support, repairs, and training. Clients agreed to complete three surveys during the program to provide feedback on their experience.

The 2016 Annual Report identified the equipment distributed, participant ages, types of disabilities served, and geographic distribution of the program's participants. TED is still evaluating the program's results and determining whether to offer advanced portable wireless devices to clients more broadly. TED plans to share the results of its pilot program when it has finished its analysis.

IV. Commission Action

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

The proposed surcharge level is reasonable, too, given anticipated TAM revenues, expenditures, and existing reserves. The TAM Fund is expected to have a balance of \$1.78 million at the end of FY 2018, and \$1.56 million at the end of FY 2019. This would provide sufficient funds to cover operations in FY 2018 while leaving sufficient funds to cover any advance payments for an additional two months of operations for the following year.

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.

Finally, the Commission is gratified to learn of the progress of various efforts to review and improve the operation of various TAM programs. To better facilitate the Commission's oversight of these programs, the Commission will ask the Department of Commerce to file the legislative

⁷ *In the Matter of the Department of Commerce/TAM's FY 2014 Proposed Budget and Surcharge Recommendation*, Docket No. P-999/M-13-138, Order Accepting Performance Audit Report (February 25, 2016).

report on the TED Program/TAM Fund Study, including the two underlying studies prepared on behalf of the Department of Human Services' Deaf and Hard of Hearing Services Division. Likewise, the Commission will ask the Department of Commerce to file a report detailing the results of the Wireless iPad/iPhone Pilot Program.

The Commission will so order.

ORDER

1. The Commission accepts 2016 Annual Report for Telecommunications Access Minnesota, and the proposed TAM budget for fiscal year 2018.
2. The monthly TAM surcharge shall be maintained at five cents per access line.
3. The Commission asks the Minnesota Department of Commerce to file within 60 days—
 - A. a copy of the legislative report on the TED Program/TAM Fund Study, including the two underlying studies prepared on behalf of the Department of Human Services' Deaf and Hard of Hearing Services Division, and
 - B. a report detailing the results of the Wireless iPad/iPhone Pilot Program.
4. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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