



REVIEW OF

FLORIDA

TELECOMMUNICATIONS

RELAY INCORPORATED

SEPTEMBER 2013

BY AUTHORITY OF

THE FLORIDA PUBLIC SERVICE COMMISSION

OFFICE OF AUDITING AND PERFORMANCE ANALYSIS

**REVIEW OF
FLORIDA TELECOMMUNICATIONS
RELAY INCORPORATED**

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1.0 EXECUTIVE SUMMARY

1.1 OBJECTIVES AND SCOPE

In May 2013, the Florida Public Service Commission's (Commission) Office of Auditing and Performance Analysis initiated an audit to examine Florida Telecommunications Relay, Inc.'s (FTRI) current programs, administrative processes, internal controls, and compliance with federal and state laws. The audit specifically focused on FTRI's operations for administering the statewide telecommunications access system to people who are deaf, deaf/blind, hard of hearing, speech impaired, or dual sensory impaired. This audit was conducted at the request of the Commission's Office of Telecommunications. In 2003, Commission audit staff conducted a similar audit entitled "Review of Florida Telecommunications Relay, Inc."

The primary objectives of the audit were to:

- ◆ Evaluate FTRI's operational internal controls, including but not limited to, the processes for purchasing, storing, distributing, and maintaining specialized telecommunications equipment, and providing outreach and equipment training.
- ◆ Review FTRI's marketing programs and the costs associated with educating and promoting eligible Florida residents with access to basic local telecommunications relay services and specialized telecommunications equipment.
- ◆ Assess FTRI's method of developing its annual budget.

1.2 METHODOLOGY

Commission audit staff obtained data through responses to document and survey requests, on-site interviews, and correspondence with key FTRI personnel. Regional Distribution Center (RDC) contractors were surveyed to gain direct feedback from them about several aspects of the FTRI program operations.

Commission audit staff examined and assessed FTRI's operations, including its organizational structure, staff functions, field operations, policies and procedures, practices, processes and controls, and to identify areas where improvement may be necessary. The audit included compiling and analyzing data from FTRI and its RDC contractors to determine the adequacy of FTRI's operations in providing various services. Commission audit staff also examined operational documents as well as policies and procedures.

1.3 BACKGROUND AND PERSPECTIVE

1.3.1 TELECOMMUNICATIONS ACCESS SYSTEM ACT (TASA)

Part II of Chapter 427, Florida Statutes (F.S.), established the Telecommunications Access System Act of 1991 (TASA). TASA requires the Commission to establish and oversee the administration of a statewide telecommunications access system. The system is to provide access to telecommunications relay services by people who are deaf, deaf/blind, hard of hearing, speech impaired, or dual sensory impaired, and those who communicate with them.

The legislature expressed in Section 427.702(3), F.S., in part, that a telecommunications access system should provide equitable basic telecommunications service access to the relay network, distribute specialized telecommunications devices compatible with the telecommunications relay service (TRS) system; incorporate state-of-the-art technologies, and operate as cost efficiently as possible.

As the administrator, FTRI has three basic statutory obligations:

- ◆ Collect surcharge revenues from the local exchange telephone companies and pay the telecommunications relay service (TRS) provider;
- ◆ Purchase, store, distribute, and maintain specialized telecommunications devices and administer training for recipients on the use of such devices and the TRS;
- ◆ Administer advertising and community outreach services to promote the use of the specialized telecommunications devices and the TRS by eligible Florida residents.

Additionally, the TRS system must meet or exceed the requirements of the FCC, and the users of the TRS should pay rates no greater than the rates paid for functionally equivalent voice communications services. The total cost of providing TRS and distributing specialized devices should be spread equitably and collected from all subscribers of basic local telecommunications service.

1.3.2 COMMISSION RESPONSIBILITIES UNDER TASA

TASA prescribes the responsibilities given to the Commission as the following:

- ◆ Implement, promote, and oversee the administration of the statewide telecommunications relay access system;
- ◆ Select a telecommunications relay system service provider;
- ◆ Review and adjust, when needed, the surcharge on basic telecommunications service access lines to recover the costs of relay services;
- ◆ Require local exchange telecommunications companies to collect and remit the monies to the Administrator;
- ◆ Require the Administrator to submit quarterly financial statements to the Commission;
- ◆ Prepare annual reports on the operation of the FTRI program and post them on the Commission website.

In addition to the TASA responsibilities above, Section 427.705(2), F.S., provides that the Commission has the authority to establish fiscal and operational requirements for the Administrator to follow to ensure that the administrative costs of the system are reasonable. The Commission also has the authority to require the Administrator to employ an independent accounting firm to audit its accounts and the service providers relevant to the monthly collection of surcharges and file a report with the Commission.

1.3.3 ADVISORY COMMITTEE RESPONSIBILITY UNDER TASA

The TASA requires an advisory committee to provide input to the Commission and FTRI on matters relating to the quality and cost-effectiveness of telecommunications relay service and the distribution of specialized telecommunications devices. The advisory committee is responsible for the following:

- ◆ Advise and counsel the Commission in the development of requests for proposals concerning various issues related to the telecommunications relay service;
- ◆ Review and make recommendations for final selection of the telecommunications relay service provider to the Commission as a member of the proposals review committee;
- ◆ Provide consultation with the Administrator and the Commission in completion of the annual report on the operations of the telecommunications access system; and
- ◆ Provide advice and counsel to the Administrator in the establishment of procedures for distribution of specialized telecommunications devices.

The advisory committee is comprised of up to ten members, named to the committee by the Commission. The committee provides the expertise, experience, and perspective of deaf, deaf/blind, hard-of-hearing, speech-impaired, or dual sensory-impaired persons to the Commission and administrator during all phases of development and operation of the telecommunications access system. Members of the committee are entitled to per diem and travel expenses but do not receive other compensation for participating.

1.4 FINDINGS AND RECOMMENDATIONS

Commission audit staff believes that FTRI should further improve certain equipment distribution program and outreach processes, procedures, and internal controls as noted below:

Commission audit staff identified the following findings to improve FTRI's programs:

Finding 1: FTRI has improved its operational effectiveness and efficiency through the implementation and enhancement of the Applied Information Management System (AIMS) in 2012.

Finding 2: Competition from cellular and Internet Protocol technologies, combined with declines in Telecommunications Relay Service minute usage present major budget challenges.

Recommendation: FTRI should limit outreach and equipment distribution events by Regional Distribution Center to those FTRI believes to be the most effective for educating, generating new clients, and serving existing ones.

Recommendation: FTRI should carefully target its marketing and outreach efforts, using Regional Distribution Center input in the selection of media options to customize local marketing efforts.

Finding 3: FTRI's cost of serving each client continues to grow over time despite past budget reduction efforts.

Recommendation: FTRI should increase efforts to reduce expenditures in the areas of personnel, equipment, and outreach.

Finding 4: FTRI does not currently set specific quantitative outreach goals for itself and does not encourage quantitative goal-setting for Regional Distribution Centers.

Recommendation: FTRI should establish statewide quantitative outreach goals, and work with RDCs to encourage them to set individual quantitative outreach goals.

Finding 5: Presently no comprehensive methods exist for evaluating Regional Distribution Centers.

Recommendation: FTRI should consider establishing a set of evaluative measures to assess performance, identify best practices, and seek to raise the level of Regional Distribution Center performance.

Finding 6: FTRI believes that continuing the administration of the National Deaf-Blind Equipment Distribution Program by FTRI may not be cost-effective.

Recommendation: FTRI should gather data and perform necessary analysis to support a re-assessment of the efficiency and effectiveness of its continued administration of the National Deaf-Blind Equipment Distribution Program.

Finding 7: FTRI has used the same accounting firm to complete its audits for five years.

Recommendation: FTRI should consider rotation of audit firms and partners as outlined in the Sarbanes-Oxley Act.

2.0 FTRI PROGRAM ADMINISTRATION

2.1 ORGANIZATIONAL STRUCTURE

2.1.1 STAFFING AND RESPONSIBILITIES

FTRI's organization is comprised of three functions (administration, equipment distribution, and outreach) overseen by the executive director. These three functions are supervised by the business manager, the equipment distribution program (EDP) manager, and the outreach manager.

The business manager is responsible for the company's financial management and reporting. The business manager assists the executive director with long-term planning, budgeting and all other financial work. The business manager also exercises broad judgment in formulating administrative and operational policies and procedures as well as in overseeing the accounting activities, bookkeeping activities and administrative staff.

The outreach department is comprised of the outreach manager and two outreach specialist personnel. The specialists travel and represent FTRI at functions held for state organizations creating partnerships and ongoing awareness. The outreach manager works with the executive director in preparing outreach budgets and balancing outreach priorities. The outreach manager also works with the regional distribution center (RDC) contractors to conduct local outreach activities and develop outreach programs relevant to the particular RDC.

The equipment distribution department includes four distribution program coordinators who manage the customer care program and support the RDCs' services. The EDP manager monitors and tracks all equipment inventory levels and tests returned equipment. The EDP manager assists the executive director with RDC activities and vendor contract negotiations.

An organizational chart of FTRI personnel responsible for each program and administrative process is shown in **Exhibit 1**. Presently, the FTRI staff consists of 14 full-time and one part-time employees. According to FTRI management, close attention is being paid to ongoing staffing needs and opportunities for cost reduction.

In addition, 22 RDCs are under contract with FTRI. RDCs contract with FTRI to provide services to clients around the state. These services include providing outreach, equipment distribution, and training. The RDCs also represent FTRI at expositions and other events throughout Florida.

**FLORIDA TELECOMMUNICATIONS RELAY, INC.
ORGANIZATIONAL CHART
2013**

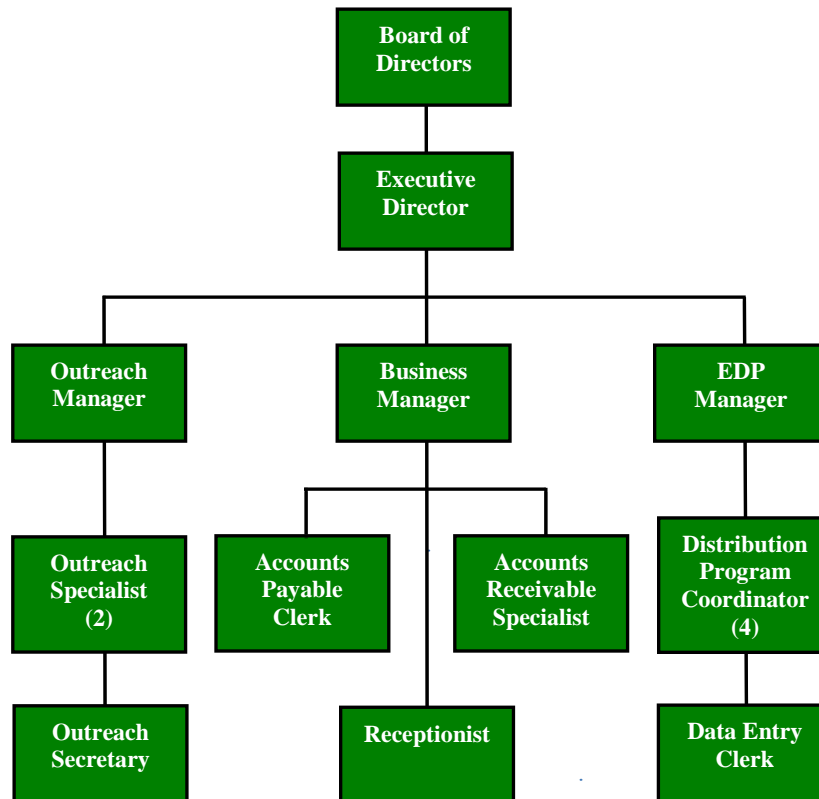


EXHIBIT 1

Source: Document Request 1.1

2.2 FINANCIAL OPERATIONS

2.2.1 INTERNAL FINANCIAL PROCESSES

FTRI's primary financial responsibilities include collecting monthly surcharges from the local exchange telecommunications companies, compensating the Regional Distribution Centers, and compensating the telecommunications relay service provider, currently AT&T. FTRI receives subscriber surcharge funds monthly from the both incumbent and competitive local exchange telecommunications companies through a direct electronic payment. The operational fund revenue is based on FTRI's collection of the monthly surcharge of \$0.11 per basic (analog) local telecommunications service subscriber access line. FTRI pays the TRS provider a rate of \$0.76 per minute for traditional intrastate TRS calls and a rate of \$1.47 per minute for CapTel calls.

FTRI's internal control system is checked yearly by an independent external auditor to ensure processes are followed. This audit also includes vendor reimbursement and distribution of program funds. FTRI management reports that no adverse findings have been identified in those reviews.

Audit staff notes that for five years, FTRI has retained the same independent certified public accounting firm to complete its annual audits. The Sarbanes-Oxley Act of 2002 specifies rotation of accounting firms and partner duties on five to seven-year intervals. Whether or not FTRI (as a non-profit, non-publicly-traded corporation) is subject to the Act's jurisdiction, Commission audit staff believes compliance with these guidelines would be helpful in maintaining auditor independence.

2.2.2 BUDGETING METHODOLOGY

FTRI management looks at past data as well as outreach plans for the upcoming year to develop a budget. FTRI's business manager tracks funds received and number of access lines paying the 11-cent surcharge. Management maintains a spreadsheet which shows a five-year trend to provide a basis for budgeting. Six months prior to the fiscal year end, FTRI uses the number of services provided to date and projects the total services provided for the whole year. This number is used to forecast for the upcoming year's budget. FTRI also looks to see if any substantial costs will occur during that year such as an aggressive advertisement campaign by both FTRI and the current telecommunications relay provider or the opening of a new RDC. Additionally, management evaluates the past year's budget for successes and improvements.

2.2.3 OPERATIONS AND MAINTENANCE EXPENDITURES

As indicated by **Exhibit 2**, O&M expenditures are projected to increase \$1,265,751 (14 percent) from fiscal year 2012-13 to 2013-14. The total budget increase would have been much larger but was substantially offset by continued sharp decline in clients' use of relay services and related expenses. Operating Expenses/Relay Services are projected to drop by \$209,594 (5 percent) over the year.

Much of the \$1,265,751 net projected increase in O&M expenses is from the planned increase in Equipment/Repairs expense of \$906,121 (up 55 percent). FTRI management based this projection on results expected from expanded outreach activity for the 2013-14 budget year and increasing equipment costs per unit. Other notable projected increases are in the areas of Outreach (up 12 percent) and General/Administration (up 13 percent.)

Over the period 2010 through 2013, FTRI's core O&M expenditures (Equipment Repairs/Distribution/Training, Outreach, and Administrative) decreased annually. However, the number of total new clients declined at an even sharper rate. Therefore, FTRI's cost per new client continued to rise over this period. As shown on **Exhibit 3**, in fiscal year 2010-11 the core cost per new client was \$241, followed by increases to \$263 and \$307 per client the next two fiscal years. If in 2013-14 FTRI experiences no further decline in number of new clients, the core cost per new client will still increase to \$385. This would represent a 60 percent total increase for the four-year period.

OPERATING REVENUES AND EXPENDITURES FY 2010 – 2014				
	FY '10-'11	FY '11-'12	FY '12-'13	<i>Budget</i> FY '13-'14
Operating Revenue	\$10,011,288	\$9,064,672	\$8,696,744	\$8,771,408
Expenditures by Category				
Cat I - Operating Expenses/Relay Services	5,705,459	5,217,531	4,056,133	3,846,539
Cat II - Equipment/Repairs	2,453,312	2,031,163	1,637,325	2,543,446
Cat III - Equipment Distribution/Training	1,413,218	1,247,037	1,167,765	1,197,390
Cat IV – Outreach	807,154	521,823	611,647	684,503
Cat V - General/Admin	1,218,019	1,266,044	1,217,284	1,379,585
Cat VI – NDBEDP	0	0	154,390	458,832
Total Expenditures	(\$11,597,162)	(\$10,283,598)	(\$8,844,544)	(\$10,110,295)
Revenue/less Expenses	(\$1,585,874)	(\$1,218,926)	(\$147,800)	(\$1,338,887)

EXHIBIT 2

Source: FTRI Quarterly and 2012 FPSC Annual TASA Reports (Appendix A), Document Request 1-4.0s

CORE* OPERATING EXPENDITURES PER NEW CLIENT FY 2010 – 2014				
	FY '10-'11	FY '11-'12	FY '12-'13	<i>Projected</i> FY '13-'14
Total Core* Expenditures	\$5,891,703	\$5,066,067	\$4,634,021	\$5,804,924
Total New Clients	24,399	19,287	15,078	15,078**
Ratio Expenditures/New Client	\$241	\$263	\$307	\$385

*Core expenditures include Equipment/Repairs/Distribution/Training, Outreach, and General/Administrative

**Assumed for illustration purposes by Audit Staff to equal 2012-13 total

EXHIBIT 3

Source: FTRI Quarterly and 2012 FPSC Annual TASA Reports (Appendix A), Document Request 2.13s.

While **Exhibit 3** focuses on cost per new customer, it should be noted that FTRI provides over 21,400 services to existing customers such as modifications, returns, exchanges, and follow-up training. During 2012-13, FTRI staff participated in over 800 outreach events, handled 23,000 calls from various customers, and mailed over 1,000 applications to potential clients.

2.2.4 COMPENSATION OF RDCs

RDCs are independent contractors of FTRI and are compensated on a fee-for-service basis. A review of all invoices, inventory, and services provided by the RDCs is performed by the EDP manager to detect discrepancies. The discrepancies are resolved during a weekly reporting process. Should an unauthorized service or distribution of equipment occur, the RDCs are allowed time to resolve the issue. Discrepancies not resolved within the invoice process are deducted from the current month's invoice but are reversed should the issue be resolved in the next month's invoice cycle.

2.2.5 PAST COST REDUCTION EFFORTS

Though the cost per new client increased, total FTRI expenses decreased in 2011-12 and 2012-13. FTRI has implemented the following cost-reduction initiatives in recent years:

EQUIPMENT BID PROCESS

FTRI conducts an equipment bid process every three to five years. A Request for Proposal (RFP) packet is sent to each interested vendor. Some past equipment bid processes have provided cost savings to the FTRI program. However, the most recent RFP reflects an increase in price of some equipment types due to reduced demand and volume as well as rising cost in manufacturing production.

RDC TRAINING WEBINAR

FTRI began using online webinars to provide training to RDCs as opposed to hosting statewide conferences. Cost of the most recent FTRI in-person conference was approximately \$61,238. Cost of webinar subscription is \$468 annually plus phone conferencing. This new method allows more personalized and "as needed" training at a savings of over \$60,000.

EQUIPMENT REFURBISHMENT

FTRI launched a repair/recycle program in 2012. Average cost savings for ordering some of the more popular models are \$14 to 15 per unit. However, this program is still a work in progress. More time is needed to determine actual cost savings for these and other devices. FTRI continues to work with repair/recycle vendor to reduce costs.

CUSTOMER CARE PROGRAM

In 2012, FTRI launched a Customer Care program that allows existing clients to contact FTRI directly when experiencing equipment problems. Early indications show that up to 65 percent of issues are resolved over the telephone resulting in some cost savings benefit to FTRI such as RDCs services fees and needlessly replacing equipment. FTRI staff currently instruct all new clients to call the Customer Care line prior to going to an RDC and plans to notify all existing clients via postcard mailings. The company is currently working to develop a reporting mechanism that will calculate all cost savings earned through this program.

ENHANCED AIMS (APPLIED INFORMATION MANAGEMENT SYSTEM)

Transitioning to the new online resource has allowed FTRI staff to concentrate on resolving existing matters as well as recognizing new trends and addressing them in a timely manner. Although it is early in this transitioning process, management believes the long-term impact and benefit will play a major role in administering the FTRI program more efficiently. As FTRI continues to streamline more of the processes online, this will lead to reduction in printing cost.

EMAIL QUALITY ASSURANCE SURVEY

The enhanced AIMS is now capturing client email addresses that can serve multiple purposes. The AIMS system automatically sends an email QA Survey the following morning after service was received. An additional QA Survey is sent 30 days after the initial email inquiring about the equipment. This email process may eventually replace the postcard QA Survey which could reduce associated cost in printing, postage, and labor. FTRI plans to use email to send periodic updates about the program to clients, thus reducing associated cost with reminder postcard mailings.

CHAT SOFTWARE (OLARK)

FTRI installed a live Chat feature specifically for the RDCs to communicate directly with FTRI staff during business hours. This extra communication tool has reduced the cost of long distance telephone calls and allows for quicker response time while serving a client.

EQUIPMENT STANDARDIZATION INITIATIVE

This initiative will allow FTRI to better judge/compare comparable equipment using technology lab tested reports. More reliable equipment will reduce the number and cost of equipment exchanges.

OFFICE LEASE

In 2012, FTRI negotiated a 10 percent reduction on the five-year lease, annual cost saving benefits of \$10,289.

EXTERNAL AUDIT COST

FTRI negotiated a 10 percent reduction in the annual audit fee when it renegotiated the contract in 2012.

NEW PHONE SYSTEM

The implementation in 2012 of a new phone system resulted in a 12 percent reduction in long distance and internet fees.

HEALTH INSURANCE COST REDUCTION

In January 2008, FTRI made a change in its Group Health Plan by switching from regular plan to a PPO plan which produced an initial cost savings benefit to FTRI in the amount

of \$30,745. Both of these plans are provided through the National Telecommunication Cooperative Association.

ADVERTISING COST REDUCTIONS

FTRI uses its non-profit status to take advantage of discounts in all types of media purchases. Whenever possible, FTRI negotiates with newspapers for bundled packages that include online advertising to further increase FTRI exposure. Through the Florida Cable Telecommunications Association PSA program, FTRI TV spots aired at a minimum of a 6:1 match.

2.2.6 PLANNED COST-SAVING EFFORTS

FTRI plans to reduce future operating expenses through several cost saving initiatives. Though the current fiscal year budget projects expenditures in excess of revenues, these initiatives may reduce the projected deficit. FTRI management is not presently able to estimate the eventual cost savings of these efforts.

PERSONNEL AND HEALTH BENEFIT COST REDUCTIONS

One key cost area under study by FTRI is administrative expense, including personnel related expense. Management plans to leave open one position that is scheduled to become vacant due to a retirement within this fiscal year. The job responsibilities for this position will be reassigned to existing staff members. If this arrangement is successful, FTRI will achieve a savings in salary and benefits. Further examination of staffing need is planned and could yield further cost savings depending upon the results of the analysis. Since the staff count is currently 14.5 full-time equivalents, each FTE position reduction represents a significant impact on both costs and workload. FTRI management is also evaluating employee health insurance benefits options to reduce FTRI's costs.

EQUIPMENT DISTRIBUTION COST REDUCTIONS

To reduce equipment costs, FTRI has recently evaluated its recycling practices for used units. Specific parameters have been set for disposal rather than recycling of certain models and ages of units. Shipping costs and limits on components of units that are reusable make some refurbishment efforts cost prohibitive. FTRI still plans to refurbish and reuse units through its vendors on a selective basis. The use of different replacement parts and process changes will also save costs with the vendors.

Also to reduce equipment distribution costs, FTRI management has identified a new shipping process that will reduce costs of sending units to vendors and plans to share new procedures with the RDCs.

Reductions in lost or discarded equipment may be attained by adding reminders to clients of their obligation to return to FTRI any equipment no longer being used. Despite the fact that each unit distributed includes a sticker indicating it is the property of FTRI, many units are discarded by family members after the death or relocation of older clients. Though many of these lost units would be too old or too damaged to reuse, the replacement cost of known lost

and discarded equipment is approximately 1-1.2 percent of total annual expenses. Once placed with a client, control over equipment is extremely difficult to maintain. FTRI has developed a sticker to place inside equipment boxes reminding clients to return the equipment if they move or no longer need it.

In January 2013, FTRI began a program to distribute postcard magnets to all clients reminding them to call FTRI for service needs rather than the RDCs. Due to the cost, these mailings are being completed in phases by geographical area and is expected to take a few years to reach every client. Management reports that the magnets also serve as a reminder that triggers return of unused units. FTRI plans to use other available “reminder” opportunities such as the email newsletter and promotional materials to aid the return of equipment.

REVIEW OF NATIONAL DEAF-BLIND EQUIPMENT DISTRIBUTION PROGRAM

FTRI has participated since 2012 in the National Deaf-Blind Equipment Distribution Program, a federally-funded pilot program serving deaf-blind clients. The costs incurred by FTRI are reimbursed at 115 percent. However FTRI management believes its full costs may exceed the compensation received. Administering this program places a substantial time demand upon key FTRI staff. Therefore, in assessing possible cost saving measures, FTRI is considering performing an analysis of the cost-effectiveness of continued future participation in the program.

OTHER COST REDUCTIONS

Other cost savings activities arise in the course of daily business. For example, management has reevaluated the storage needs for materials and forms and has rented a smaller off-site storage unit resulting in cost savings. FTRI plans to continue to negotiate for advertising cost reductions and waivers of exhibition fees due to its status as a non-profit entity.

2.3 APPLIED INFORMATION MANAGEMENT SYSTEM (AIMS)

AIMS is an FTRI-customized database designed by its IT consultants to allow efficient management of customer “client” information. FTRI developed and enhanced it to allow for streamlined data collection with real-time data entry through the FTRI website using online reports, client service, equipment ordering, and inventory control. Since the new enhancements have allowed FTRI to more effectively manage its operations, other similar state programs have expressed interest in modeling their database systems after AIMS.

According to FTRI, the continued enhancements implemented in January 2013 to AIMS have reduced paperwork and processing times and streamlined the collection of accurate data, practical reports, and inventory management control. The previous system was limited to specific data collection and FTRI further expanded the computerization system to include more data collection and reporting. These completed enhancements have assisted FTRI with revolutionizing its day-to-day operations. The RDCs are now entering client information real-time into the FTRI database. This data allows FTRI to react to discrepancies in client and equipment information more quickly before the issue becomes a significant issue or trend. The

data entry clerk performs a data entry and verification process to detect and correct data entry errors and investigate unusual activities.

The company also notes that the enhancements have improved accuracy with weekly, monthly, and quarterly reports as well as making them readily available at all times. FTRI management states that these reports provide a better “view” of overall operations.

Overall, FTRI management states that its enhancements to the database have produced excellent results. FTRI staff monitors the enhancements daily and meets with FTRI's computerization vendor to review and discuss enhancements to determine whether the enhancements may be beneficial or not. If a result is not as intended, FTRI has a process in place to identify the issue, discuss the underlying reasons for the discrepancies, and then identify the necessary changes.

Enhancements to AIMS have also modified some FTRI staff duties channeling focus on improving the quality of customer care service. Specifically, FTRI implemented a Customer Care program for clients to contact the company directly as an easy and efficient way to obtain assistance or service. FTRI serves as the primary call center for such client contact. This administrative process allows FTRI to reduce the number of equipment exchanges and related services.

From an RDC perspective, the client search feature is central to the AIMS database. This search functionality allows the RDCs to more easily locate existing clients, which greatly reduces the likelihood of internal duplicates. FTRI staff is also able to review previous searches to identify RDC user errors. In addition, with the standardized input feature, RDCs select from standard options but can still enter 'other' descriptions when necessary. This function allows users to enter more accurate data when providing services and equipment for their clients. This increases the accuracy of management reports.

3.0 FTRI EQUIPMENT DISTRIBUTION PROGRAM

3.1 REGIONAL DISTRIBUTION CENTERS

3.1.1 RDC LOCATIONS

FTRI contracts with a network of non-profit regional distribution centers (RDCs) across the state. RDCs provide various services including:

- ◆ Distributing specialized telecommunications equipment directly to qualified applicants as defined by TASA;
- ◆ Assisting and training equipment recipients, and re-training when necessary;
- ◆ Handling requests for maintenance services;
- ◆ Providing information and referrals regarding the equipment distribution program;
- ◆ Providing customer complaint resolution and assistance;
- ◆ Providing services that are accessible to the needs of the applicants, including individual appointments outside of normal business hours and/or outside of the business office.

FTRI contracts with the RDCs for a period not more than two years with extension notices to be provided not later than sixty days prior to the expiration date. The RDCs are generally located in highly-populated areas. Many of the RDCs are area Deaf Service Centers, Speech and Hearing Centers, and Centers for Independent Living. Currently, FTRI has active contracts with 22 non-profit RDCs throughout Florida which are listed in **Appendix A**.

The RDC network serves approximately 80 percent of the clients, and FTRI provides centralized distribution from the administrative office in Tallahassee for the remaining 20 percent. Of the 15,078 new equipment users in fiscal year 2012-2013, approximately 13,190 (88 percent) came from counties in close proximity to an RDC. About 8,885 (59 percent) of the 15,078 new equipment users were located within 11 heavily-populated Florida counties. FTRI states that it continues to explore opportunities to expand the RDC network.

3.1.2 RDC PERFORMANCE EVALUATION

Currently, FTRI does not evaluate the performance of its RDCs in a formalized method. However, the AIMS database can generate reports on services provided by the RDCs and be adapted to track performance levels. All reports generated through AIMS are available to the RDCs and FTRI management. The RDC services are reviewed online by FTRI staff for accurate completion of paperwork. Services can include New, Modify, Exchange, Return, and Follow-up. The completed weekly/monthly reports and billing invoices are reviewed by the EDP manager for final approval. These AIMS-generated reports provided information such as

services performed by RDC, equipment issued, and reasons for equipment return. By analyzing data available in AIMS, FTRI staff can identify opportunities for improvement by individual RDCs. Though FTRI does not have direct supervisory control over the RDCs, a system of performance measures would enhance their ability to work together to maximize system performance. Tracking specific measures would allow each RDC to trend its results over time. Mutually agreed upon goals could be used to drive results in outreach and equipment placement.

Audit staff acknowledges that FTRI staff is tracking achievements over time through its annual reports produced pursuant to TASA. Audit staff notes, however, that without performance-based metrics and compliance reporting on whether such metrics are being met, FTRI does not have a meaningful measure to assess program performance levels. Specific to the outreach efforts of FTRI employees and RDC contractors, FTRI has not set “new client” goals.

Audit staff believes FTRI should establish solid quantifiable outreach performance goals in order to improve efficiencies in regard to providing outreach services consistent with TASA requirements. FTRI does currently examine services provided per event by using AIMS-generated event numbers. It also measures training effectiveness using a quality assurance survey. Commission audit staff believes FTRI may be able to improve RDC outreach and distribution results through the use of quantitative goals and performance measures in other areas of RDC efforts. AIMS currently provides valuable data that can support this further analysis of RDC results. Through a collaborative effort with the RDCs, FTRI could construct performance measures that can be routinely reported and reviewed. Examples of potential metrics are time spent per customer and outreach dollars spent per new client. With the outreach performance goals in place, FTRI could better monitor goal achievement and adjust its goals accordingly based on level of performance.

3.1.3 ON-SITE AUDITS

FTRI conducts on-site equipment and outreach material audits. The EDP Manager coordinates an audit date with RDC in advance to allow time for all equipment to relocate to the RDC office. FTRI staff also conducts periodic unannounced visits to off-site equipment distribution and outreach activities to observe and evaluate.

Upon arrival at the RDC location, the EDP manager conducts an entrance interview with the RDC director or appropriate staff. During these audits, FTRI staff checks that paperwork is stored in locked filing cabinets, that the equipment inventory room is secured, and that demonstration equipment and FTRI outreach materials are displayed appropriately. FTRI staff verifies the audited equipment report with weekly/monthly reports. At the completion of the audit process an exit interview is conducted with the director or designee. During this interview the RDC staff dates and signs the inventory form indicating physical count is correct and copy is provided to RDC. FTRI submits a letter and completed audit report to the RDC director. If discrepancies are found, the RDC is allowed 30-days to reconcile and forward findings with supporting documentation to FTRI.

FTRI staff periodically conducts unannounced audits of RDC outreach events to evaluate and observe professional presentation of FTRI programs and equipment distribution and training at off-site location. These are conducted concurrently with the onsite inventory audits performed by the Equipment Distribution Program Manager. FTRI states that periodic event visits may be made without prior notification. Such visits involve observing the RDC staff activities, assessing and evaluating compliance with contractual and procedural requirements, and recommending improvements. Outreach event audit forms are used as a guide for the outreach event audit report. FTRI also analyzes RDC performance through the various methods.

3.1.4 QUALITY ASSURANCE SURVEYS

Every two weeks, FTRI processes a quality assurance (QA) postcard survey mailing to 50 percent of all new clients for a specific date range. The EDP manager reviews the QA survey responses and assesses the RDC compliance with contractual and procedural requirements. Commission audit staff reviewed the survey results and observed examples of negative responses from clients. FTRI management noted that it addresses these negative responses by contacting the client to resolve any issues related to service, training, or equipment. If RDC-related issues are noted, FTRI will complete a Complaint/Incident form and forward it to the RDC for follow-up. The RDC is to resolve the issue with the client and return the completed form to FTRI.

3.1.5 COMMISSION AUDIT STAFF SURVEY OF RDCs

Commission audit staff conducted a survey to gather the Regional Distribution Centers' perspective on the FTRI program. All RDCs were emailed a survey, and nine (41 percent) of the RDCs responded to the survey. Audit staff also spoke with several respondents to expand upon some of the provided answers. The results showed that the RDCs were content with the overall FTRI program. However, some RDCs did question the effectiveness and efficiency of the FTRI program.

In survey responses, some RDCs noted that communication with FTRI was an area of concern. While RDCs appear comfortable bringing up problems and suggestions to FTRI staff, a few were not always able to reach FTRI staff to help resolve their problems in a timely manner. Another area of concern noted by three respondents was communication between the RDCs. These respondents expressed that FTRI should facilitate more communication among the individual RDCs.

Several RDCs also raised the concern that outreach efforts and support was lacking. Some noted that FTRI was not using their local expertise to plan outreach efforts such as newspaper advertisement and mail-outs. Additionally, while the RDCs are very satisfied with the enhanced AIMS database, there were concerns with the reconciliation process and access to client files.

3.2 EQUIPMENT SELECTION AND PURCHASING

3.2.1 SPECIALIZED EQUIPMENT PROVIDED

FTRI distributes specialized telecommunications equipment to qualifying Florida residents to enable TRS calls. In carrying out its mission, FTRI selects, purchases, stores, distributes, and maintains specialized telecommunications equipment, directly and through contracts with third party distributors. As required by Title IV Section 225 of the Americans with Disabilities Act of 1990 this equipment is to be accessible, usable, and compatible with standard equipment. Examples of this specialized equipment include:

- ◆ **Captioned Telephone** This enhanced phone allows a severely hard-of-hearing person with intelligible speech to speak directly to the person being called using their own voice and read the response. The text on the CapTel screen is sent by a captioning service through an Operator using voice recognition software.
- ◆ **Hearing Carry-Over** This unit allows speech-impaired users who can hear to listen directly to the person and type his/her message to be verbally read by the Operator to the other party.
- ◆ **Amplified Phone** This specialized phone allows hard of hearing individuals to increase the volume of their phone for incoming amplification and adjust the tone feature for better clarity.

3.2.2 EQUIPMENT REQUEST FOR PROPOSAL PROCESS

FTRI conducts a competitive request for proposals (RFP) bid process for equipment every three to five years. FTRI solicits proposals from established vendors and new vendors that have requested to be placed on a list to receive bids. During the next RFP competitive bid process, FTRI intends to take a different approach that will require proposed equipment submitted to be evaluated by an independent third party technology lab.

FTRI purchases several specialized devices from sole-source vendors. FTRI management states that it purchases such equipment from sole-source vendors because these are the only companies that provide this specialized equipment. FTRI staff evaluates the performance and simplicity of equipment use in its selection process.

Contracts may be extended or terminated based on contractual provisions. The vendors are required to store, distribute, and maintain equipment as set forth in the contract with FTRI. FTRI's performance review involves reports submitted by the equipment vendors and service providers. Vendors supply FTRI with an update to inventory when an equipment order is placed. FTRI communicates discrepancies with the applicable RDCs for resolution.

3.2.3 EQUIPMENT ORDERING

Each RDC submits equipment orders using the FTRI online equipment ordering process through AIMS. FTRI collects and batches equipment orders from RDCs, placing orders on specified dates every two weeks. Orders are reviewed, approved, or modified by the FTRI

business manager and EDP manager. When reviewing equipment orders, factors examined include equipment pending from previous orders, total number of units in inventory, and scheduled off-site distribution. FTRI communicates with RDCs on any modifications to equipment orders through email notification.

Upon completion of the verification process, FTRI staff places the order with the vendor. As directed by the company, the vendor ships the purchased equipment to the appropriate RDC or directly to various individual clients. The vendor forwards the UPS or FedEx tracking report to FTRI for confirmation of the shipment to process.

Upon equipment delivery, the RDC verifies shipments for accuracy and completes receipt of the order through the AIMS database. Each RDC maintains its own inventory equipment distribution records.

3.2.4 INVENTORY CONTROL

RDCs store equipment and are required by FTRI to maintain ample equipment on-hand at all times. Each RDC submits a monthly reconciliation report through the AIMS database. FTRI staff checks for any discrepancies in the reconciliation report. Equipment vendors supply FTRI with updates to inventory records each time an equipment order is received. When an RDC receives the equipment from the vendor, the RDC completes the online AIMS receipt of order form. The information is auto-populated into the reconciliation (inventory) report which is submitted monthly to FTRI.

Additionally, FTRI recommends that each RDC conducts, at least weekly, a physical inventory count to maintain accuracy with the monthly reconciliation report submitted to FTRI. The FTRI staff reviews the RDC monthly reconciliation report against the AIMS management reports for processing of the RDC invoice. Any discrepancies are communicated to the applicable RDC for resolution.

FTRI tracks the date clients request equipment via its AIMS database as well as equipment type via its application process. Additionally, FTRI tracks the delivery and training date in the database at the time of service delivery.

3.3 DISTRIBUTION, MAINTENANCE, AND TRAINING

3.3.1 EQUIPMENT DISTRIBUTION PROCESS

FTRI's *RDC Equipment Distribution Program Procedures Manual* (revised July 2013) contains written procedures for the equipment distribution program. The procedural manual is designed to guide the RDC contractors in providing equipment distribution and related FTRI program services in the most cost-effective manner.

Client applications are reviewed to ensure client qualification and appropriate paperwork, and an equipment recommendation is provided based on the need of the client. For clients in rural areas, FTRI ships equipment directly to their homes.

3.3.2 EQUIPMENT MAINTENANCE AND REPAIR PROCESS

FTRI and RDCs receive equipment returned by clients for various reasons. Some equipment is returned because the client believes it to be defective. FTRI and RDCs test returned equipment to determine whether the equipment is defective. All devices found to be defective are shipped to the vendor for salvage or repair. Equipment sent to the vendor for repair is inspected upon arrival, tested and evaluated for defect, repaired, and stored in “FTRI inventory” at the vendor location.

In-warranty equipment determined to be defective is shipped to the vendor for refurbishment or replacement. These refurbished units are added to the FTRI inventory and held at the vendor location to be shipped to fill the next incoming order, minimizing purchases of new equipment.

The standard warranty on new equipment is one year from the date of purchase. FTRI instructs RDCs to remain aware of warranty dates that are close to expiration when customers return defective units. If not mailed timely, a warranty could expire requiring the unit to be replaced at full cost to FTRI. Possible preventive controls are under consideration by the company to limit this occurrence.

3.3.3 EQUIPMENT USER TRAINING PROCESS

FTRI and its contractors offer training to all clients receiving equipment. Clients residing in rural areas are offered training from the FTRI main office over the telephone.

RDCs are required to offer training and must confirm whether training has been provided or declined by the client. Clients residing in non-RDC areas are informed by letter to contact FTRI for training. Quality assurance postcards are sent to randomly-selected clients surveying the quality of services and training provided. Surveys are sent electronically to all clients who provide an email address. All clients who provide a negative response are contacted by FTRI Customer Care staff. The RDC representative and RDC executive director are also informed of the negative comments.

3.4 FTRI CUSTOMER CARE PROGRAM

The primary purpose of FTRI’s Customer Care program is to provide comprehensive customer service and to assist with troubleshooting end-user equipment issues. This service operates out of the Tallahassee FTRI office.

3.4.1 CONSUMER ASSISTANCE PROCESS

FTRI provides a Customer Care toll-free number for clients to contact FTRI for assistance with their equipment. The distribution program coordinators serve as FTRI's customer assistance representatives. FTRI staff troubleshoots with the customer to determine whether equipment is defective, a replacement is needed, or additional training is necessary. Each call is tracked by type of issue and resolution. FTRI uses this information to gain a better understanding of potential equipment concerns. Customer assistance representatives make note of all calls in the client files residing in AIMS.

3.4.2 SAFEGUARDING CUSTOMER INFORMATION

Pursuant to 427.705(6), F.S., all names, addresses, and telephone numbers provided to the Commission or FTRI by applicants for specialized telecommunications devices are to be kept confidential. According to FTRI, access to servers is restricted only to certain authorized employees and its contractors. Contractors and vendors are restricted to using client information for FTRI business only. Other measures include encryption of sensitive data.

The comment section in the AIMS database can contain information about the client who has special needs that may require assistance with their equipment. A "warning" flag can be used on clients' files who have duplicate equipment, abusive patterns, excessive exchanges, erroneous addresses or dates of birth. Each service and equipment is tracked for each client.

Audit staff notes that the enhancements to the AIMS database should increase the security of the customer information. The provisions in the RDC contract include safeguards for maintaining the integrity and security of such data in the AIMS database.

4.0 FTRI COMMUNITY OUTREACH PROGRAM

One of FTRI's duties is to administer advertising and outreach services as required by the Commission. FTRI provides advertising and outreach services and contracts with RDCs which also disseminate information and educate the general public about the FTRI program.

4.1 OUTREACH PROCESS

FTRI management states that the mission of its outreach program is to promote, educate, and increase awareness about FTRI, both the equipment distribution program and the Florida Relay Service.

4.1.1 RDC OUTREACH PROCEDURES MANUAL

FTRI provides all RDCs with a detailed *RDC Outreach Procedures Manual* as a guideline for providing services. The manual contains the performance requirements each RDC has to comply with for providing outreach services. RDCs have the flexibility to conduct events best suited for their community and their respective organization with the intent to create awareness in their community. Likewise, the RDCs are not restricted by boundaries and are allowed to serve any area within Florida.

4.1.2 OUTREACH EVENTS

FTRI assists RDCs in participating in outreach activities and events to reach potential customers. These include:

- ◆ **Presentations** involve making a presentation and answering questions about FTRI's Equipment Distribution Program and the Florida Relay Service to educate and create awareness about the program with the specific intent to recruit new clients.
- ◆ **Equipment Distribution** involves off-site equipment distribution to new clients. Examples of off-site locations include public libraries, senior centers, assisted living facilities, retirement homes, community center, etc.
- ◆ **Presentation/Distributions** combine a Presentation with an Equipment Distribution.
- ◆ **Exhibits** involve displaying FTRI products and information at community events, such as health fairs and expos, to promote and increase awareness of FTRI's Equipment Distribution Program and the Florida Relay Service as well as networking with other vendors, scheduling appointments, and distributing flyers to promote follow-up equipment distribution to new clients.
- ◆ **Exhibit/Distributions** combine an Exhibit with an Equipment Distribution.

- ◆ **Non-Contractual Outreach** event refers to any event where an RDC promotes FTRI and the Florida Relay Service through a Presentation or Exhibit event that may have been denied by FTRI, but the RDC chooses to attend without compensation and is required to complete the online Activity Report for future reference.
- ◆ **Other** may include a custom event or activity that does not fit the defined methods above. These events could include a Lunch and Learn, Better Hearing and Speech Awareness Month event, or Deaf Awareness event.
- ◆ **Service Provider Visits** are meetings with TASA-Approved Certifiers (Service Providers) for the purposes of developing and maintaining an active FTRI Program referral source.

Exhibit 4 shows the total RDC outreach events by fiscal year. The total number of events remained fairly stable. However, the total of each type of outreach event varies from year to year. The numbers of events each RDC is able to participate in varies widely.

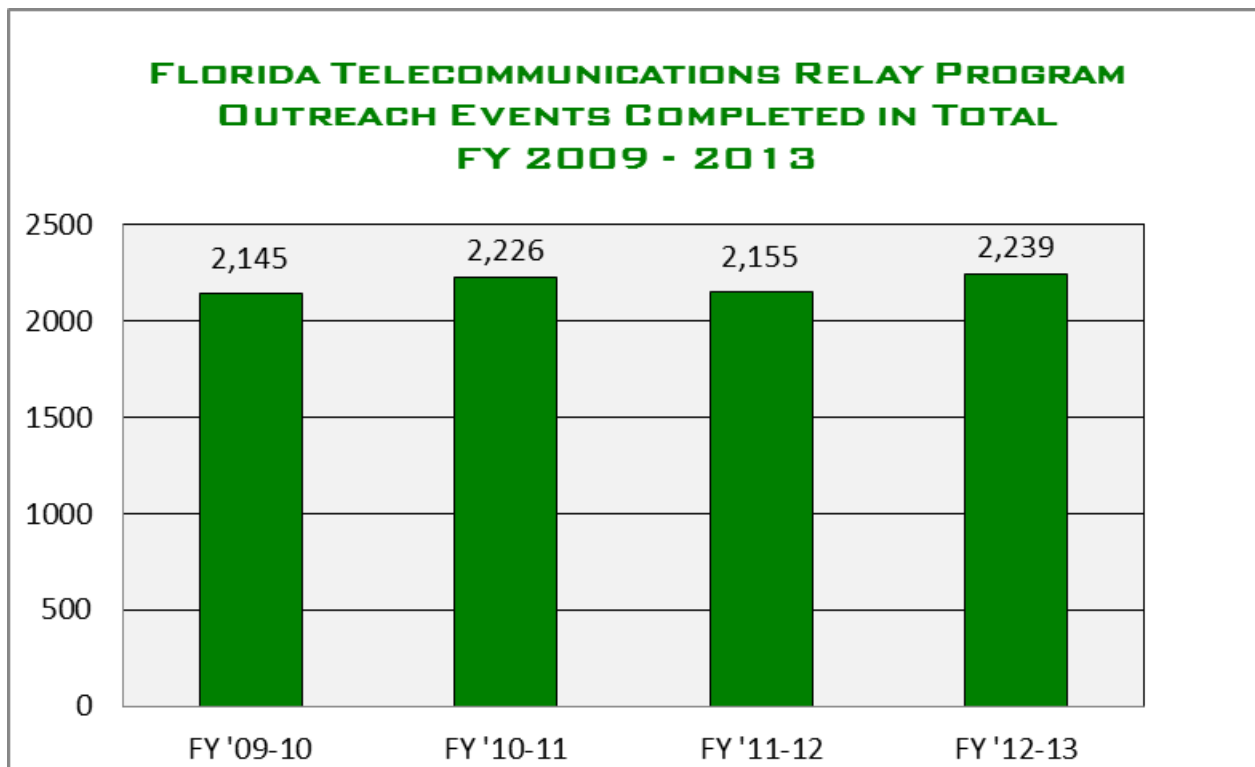


EXHIBIT 4

Source: Document Request 3.8s

The sizes of RDC staffs vary greatly by center. This can constrain the outreach efforts in certain service areas. RDCs in large market areas may have multiple staff or contractors to assist with outreach. RDCs in small market areas may be limited with staff due to their market size.

As **Exhibit 5** indicates, off-site equipment distributions are the most popular outreach event initiated by RDCs. Events combining exhibits or presentations with equipment distribution

are currently also common. FTRI management has examined the compensation of RDCs for the various types of events to maximize results obtained.

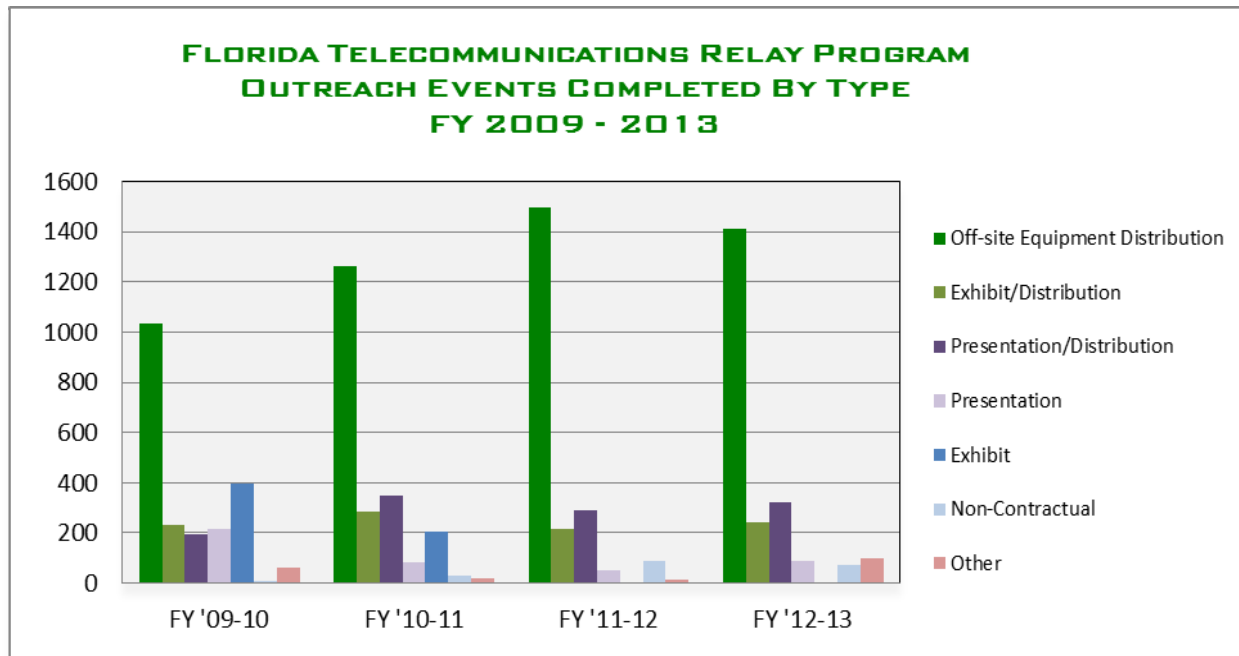


EXHIBIT 5

Source: Document Request 3.8s

4.1.3 FTRI EVALUATION OF RDC OUTREACH EFFORTS

In monitoring outreach results, FTRI's EDP and outreach teams generate and review AIMS reports to evaluate amounts paid to RDCs, number of clients served at an event, and referral sources. FTRI allows the RDCs flexibility to conduct events best suited for their communities and respective organizations. FTRI has not established quantitative goals for RDCs, nor has it determined quantitative quotas for outreach activities. FTRI management states that it supports expansion of outreach efforts and has provided multiple tools and resources to the RDCs with the intention of fostering program growth. According to FTRI, both company management and the departmental teams meet regularly to review RDC outreach performances to evaluate program activities, outreach activities, and administrative processes and discuss administrative processes to gauge success and to address challenges.

FTRI staff works with RDCs to plan outreach event opportunities in their respective service areas. FTRI must consider and selectively approve requests for outreach activities to maximize potential results. FTRI staff reviews each RDC application for accuracy, appropriateness with meeting objectives, and availability of funds. The application is reviewed by the Outreach Manager who either approves or denies the request. All approved events receive a unique event identification number that allows tracking of services and related information. FTRI does not allocate a set budget for outreach to each RDC. Instead, funds are available on a first-come, first-serve basis.

RDCs are able to track past outreach event results through AIMS. In planning and applying for event funding approval from FTRI, the RDCs can determine which past events provided the best results. The RDC is required to furnish FTRI with event documentation such as vendor registration form, event flyer, and advertisements. Outreach staff also contacts RDCs regularly to clarify event details, coach on procedures/guidelines, and assist with exploring other outreach methods or opportunities. If FTRI declines an event, the RDC may still choose to participate. These “non-contractual events” are still entered into FTRI’s online event activity report for tracking purposes.

As noted, FTRI does not establish quantitative quotas for RDCs. FTRI states that it does not confine nor limit the RDCs from performing to their maximum capabilities in accordance with their respective resources. Moreover, FTRI management states that it supports expansion and has provided multiple tools and resources to the RDCs with the intention of fostering program growth. FTRI does not specify a goal of new services or activities per RDC nor does it impose geographic boundaries with an RDC.

4.2 OUTREACH GOALS FOR 2013-2014

4.2.1 BUDGETING OUTREACH EXPENDITURES

Exhibit 6 shows the number of new clients served by FTRI and its RDCs. FTRI has experienced a decrease in new clients since fiscal year 2011. While the number of outreach events has increased, the number of new clients has decreased.

Exhibit 7 shows the total number of services FTRI provided between the years 2010 to 2013. The number of services is the total of new equipment placements, exchanges, modifications, returns and follow-ups. There has also been a decrease in all activity since fiscal year 2011. FTRI has experienced a leveling off of RDC performed outreach activities. According to FTRI, possible factors for this change include lack of mileage reimbursement, decrease number of available health fairs and expos, and frequent RDC staff turnover. During fiscal year 2013, FTRI experienced an average of eleven RDC staff turnovers per quarter. In 2012, the average was 12 per quarter; and during 2011, FTRI experienced an average of 13 RDC staff turnovers per quarter.

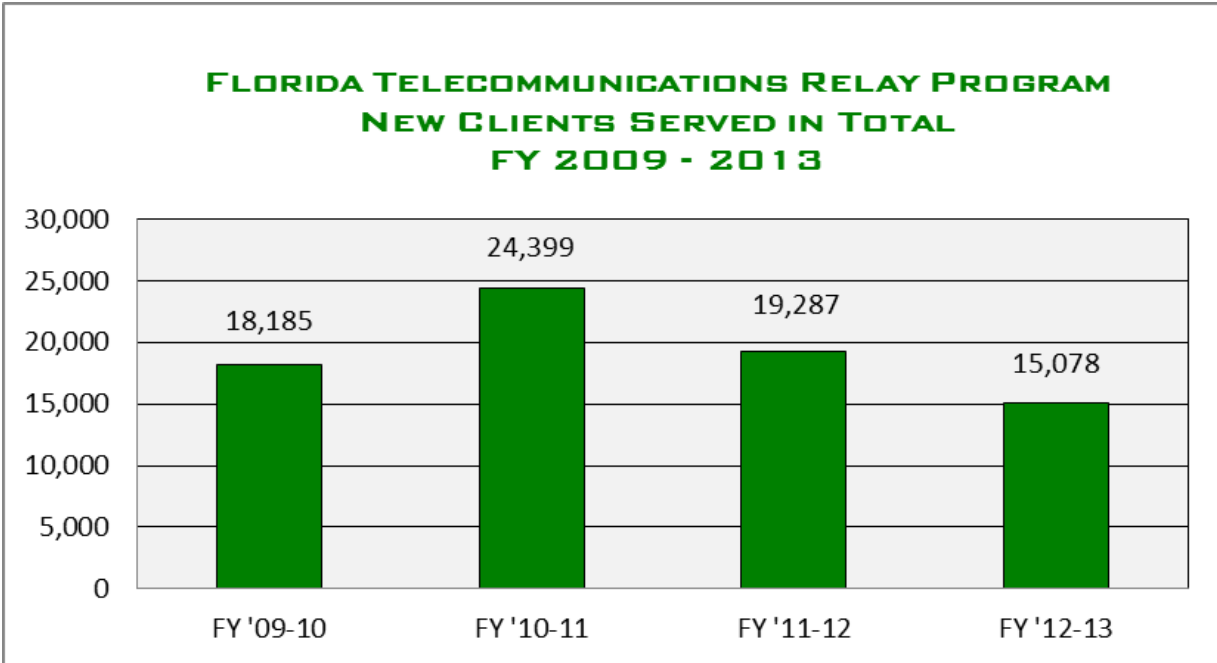
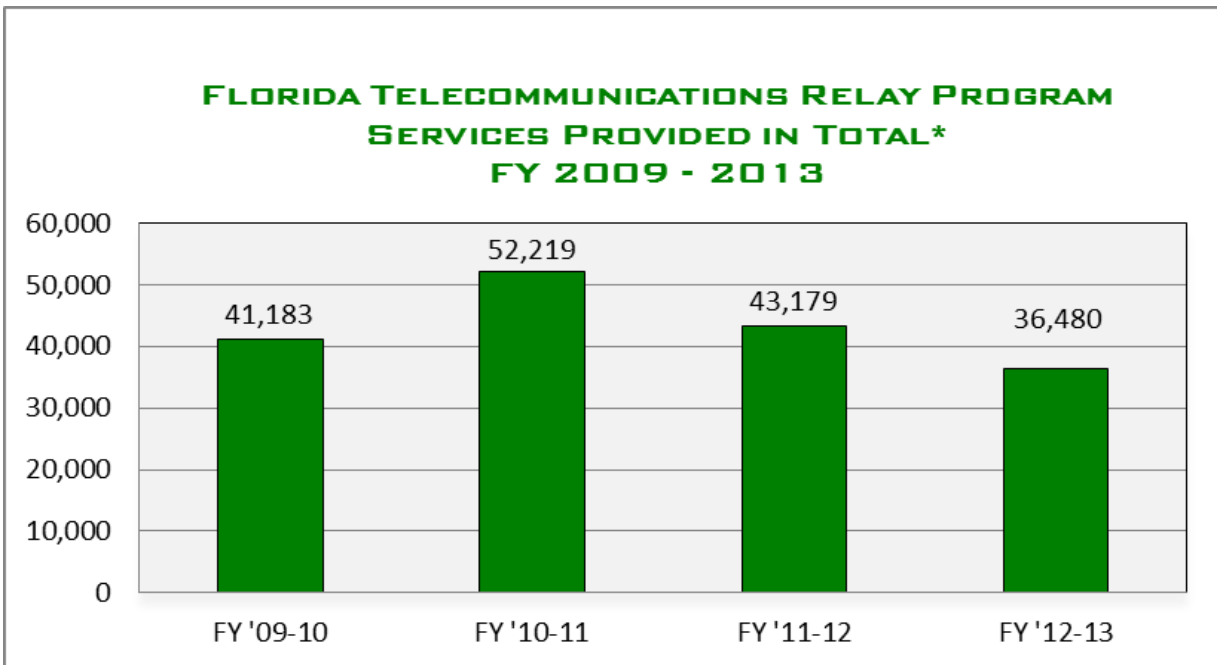


EXHIBIT 6

Source: Document Request 2.13s



*New Equipment, Modifications, Exchanges, Returns, and Follow-ups.

EXHIBIT 7

Source: Document Request 2.13s

The reduction in landlines impacted the available target audience. FTRI reported that prospective clients have commented that they only have mobile phone service. Many people have discontinued their landline to cut expenses or eliminate the redundancy of two phones. FTRI has experienced returns of FTRI equipment from clients after the user obtains mobile

devices. FTRI does not believe it has the authority to distribute specialized equipment for mobile devices and IP. As such, FTRI is competing with the IP phone providers who distribute IP captioned phones.

In recent years, RDCs have shifted their focus to distribute telephones at combined offsite distribution and presentation events from presentation-only events. FTRI staff reports that as much as 60 percent of their business is repeat customers versus new clients. The lack of mileage reimbursement to conduct outreach events is also a deterrent for outreach events. However, FTRI management notes that the mileage reimbursement is now included in the budget for fiscal year 2013-2014.

The impact of the decrease in new client services requires FTRI's outreach staff and the RDCs to evaluate other opportunities to reach potential clients. The addition of exhibits as a paid outreach method may incentivize RDCs to participate in more exhibits increasing the number of new clients.

4.2.2 MEDIA AND REFERRAL SOURCES

According to FTRI, management continues to search for creative and innovative ways to promote awareness of its programs in a cost-efficient manner. FTRI uses a combination of newspaper, magazine, direct mail, online banner ads, and Google ad words to promote the equipment distribution program. Cable television has been used to promote the Florida Relay Service through a special PSA program of the Florida Cable Telecommunications Association.

FTRI management notes that hearing loss affects more seniors and states that 80 percent of *new* clients are consistently 70 years and older. The rationale for media placement is to use the most cost effective and best matched medium to reach the widest number of the target audience.

NEWSPAPER

Newspaper was selected based on the high percentage of readership with senior adults and relative cost compared to broadcast media. Newspaper ads also allow for more information about the program, location, etc., compared to broadcast media which rely on a listener's or viewer's memory to recall the program name and details. From January 1, 2012 to May 31, 2013, of the 23,796 *new* clients, 21 percent identified newspaper as their referral source. Newspaper ads can be torn out of the paper and brought to RDC locations long after the ad runs. Prospective clients often keep the ad and come to the center when it is convenient for them. Friends and family members also pass along the ads to prospective clients.

According to FTRI management, television is a costly way to promote the equipment distribution program. If budget were not a consideration, both television and newspaper would work well to promote the FTRI program.

AUDIOLOGISTS

Audiologists continue to be the most effective referral source. Over the period January 1, 2012 to May 31, 2013, the company notes that 24 percent of new clients were referred to the program through an audiologist. FTRI also states that it plans to expand this outreach method by trying to connect with more audiologists and hearing health care professionals. One goal is to provide audiologists' offices with outreach materials and equipment samples to display.

FTRI also plans to expand collaboration opportunities with hearing aid specialists and audiologists by including digital messages about FTRI and the Florida Relay Service on waiting room televisions. The company is considering collaborating with telephone manufacturers (vendors) to provide free-standing telephone demonstration displays in select audiologists' and hearing healthcare professionals' offices. FTRI is considering collaborating with the 211 service in select large markets to promote its program.

MAGAZINE

Regional magazine ads have been used on a limited basis primarily due to cost. Discounted rates were offered for the regional ad placements. FTRI is considering the use of selected senior-focused publications for fiscal year 2013-2014.

DIRECT MAIL

Direct mail has been used to publicize an RDC's change of location and FTRI's recent emphasis on the Customer Care phone number. It has also been used to promote an RDC's new equipment distribution location to prospective clients. When an RDC relocates, FTRI sends a postcard to alert current clients of the new location.

In fiscal year 2012-2013, FTRI launched promotion of the Customer Care phone number to current clients. The new number was included in newspaper ads and in postcard magnets sent to 15,000 clients in the Tampa area. The Tampa postcard magnets included the Customer Care message and phone number. Postcard messages also encourage clients to tell a friend about the program.

In fiscal year 2012-2013, two RDCs used direct mail postcards to promote new offsite distribution sites in the more rural areas of their centers. Postcards were mailed to residents near the distribution locations. This has proven to be successful and is currently being explored by other RDCs.

ONLINE BANNER ADS

Online banner ads have been placed on select newspaper websites as part of the negotiation process with individual papers. In 2013, online banner ads were also placed in major dailies statewide through a program of the Florida Press Association. While online banner ads are good for general awareness, FTRI management states that there is no way to track the number of new clients from this source.

GOOGLE AD WORDS

Google Ad Words have been purchased in the past on a limited basis. The ad word campaign can continue now at no cost as FTRI applied for and was approved for Google's non-profit grant program: up to \$10,000 in ad words is available per month to FTRI.

CABLE TELEVISION – PSA CAMPAIGN

The Florida Relay Service was promoted through a special program of the Florida Cable Telecommunications Association. The TV commercial aired a minimum of three times for each spot purchased on more than 250 cable systems and 55 cable channels in nine district regions. This program was discontinued in 2013. FTRI is currently exploring other options for cable placement by working with each carrier's government relations department for PSA placement or PSA placement paired with online ad.

OTHER METHODS

According to FTRI management, the company is exploring other cost-effective methods for community outreach. AT&T created a telephone bill insert for distribution in July 2013 statements to all Florida customers. The insert has a message specific to the Florida Relay Service and the specialized equipment distribution program. FTRI would like to replicate this effort with other telephone service providers. The FTRI telephone box will include a reminder to "Tell a friend about FTRI". Friends and family are consistently among the top five referral sources for new clients.

The company also continues to write articles for publication in local newspapers, journals affiliated with the referring professionals (audiology, speech pathology, hearing healthcare professionals, physicians), and e-newsletters for state agencies and other non-profit organizations and associations that serve the target populations. The company also plans to hire independent contractors to conduct outreach presentations in underserved areas of the state. Upon agreement by RDCs, these contractors would conduct educational presentations and will work closely with the nearest RDC to schedule follow up offsite distributions.

4.3 FTRI AND RDC ENHANCED COMMUNICATION

FTRI has enhanced its method of interaction with the RDCs. Its website is the central hub for communications and client services for both FTRI and the RDCs. A password protected area on the webpage provides access to the AIMS database and the FTRI message board. The FTRI dashboard (message board) is the initial page a user sees after logging in the FTRI website. The dashboard contains important information and updates about the FTRI program, and is a daily communications link to the RDCs. FTRI staff maintains daily contact with each RDC through various communication mediums such as:

- ◆ Email
- ◆ Online chat feature
- ◆ Telephone

- ◆ FTRI's message dashboard
- ◆ Webinars
- ◆ Annual audits
- ◆ Daily reviews of client services through weekly/monthly reports

Additionally, FTRI publishes a monthly e-newsletter specifically for the RDCs that includes program updates, policy and procedure reminders, and positive client comments. FTRI staff also conducts periodic conference calls and web-based training sessions to review policy and procedures and equipment training with new RDC staff. Management states that the entire RDC staff is invited to participate should these organizations desire a training refresher. RDCs may also request additional training at any time.

According to the FTRI management, its staff communicates with the RDCs while evaluating services and proposed outreach events daily to verify accurate data entry. If data entries or criteria are incomplete or incorrect, FTRI staff contacts the RDC representative to remedy discrepancies. This contact with the RDC is viewed as a coaching opportunity to prevent recurring errors.

4.4 TASA LIMITATIONS

FTRI management has discussed various possible plans of action regarding equipment, services, and changes to procedures should TASA be amended to allow for the distribution of equipment that is compatible with all types of service technologies such as broadband and wireless. The company has closely monitored the evolution of technologies. The continued migration from landlines to other technology impacts the number of new clients in the program. This decrease is mirrored nationwide in other state equipment distribution programs.

FTRI has defined the target audience for the program as Florida residents with hearing or speech loss. FTRI management states, however, that a more suitable definition may be that its target audience is Florida residents who have a hearing or speech loss *and who have a residential landline*. According to FTRI, to serve more qualified Florida residents, Chapter 427, Florida Statutes, would need to be amended to allow flexibility to distribute equipment that is compatible with all types of telecommunication services. When TASA was passed in 1991, the wireless industry was in its infancy and cable providers were not in the telephone business. Both industries benefit from the use of the 7-1-1 service but neither is required to collect the monthly TASA surcharge required of local exchange companies.

5.0 FINDINGS AND RECOMMENDATIONS

5.1 FINDINGS AND RECOMMENDATIONS

Commission audit staff believes that FTRI should further improve certain equipment distribution program and outreach processes, procedures, and other internal controls as noted below:

As a landline-based program, FTRI faces challenges posed by competing technologies that are in part beyond its control. To counter this imbalance, FTRI must control operating costs and maximize the results of carefully-targeted marketing efforts. It must identify, educate and serve the highest possible percentage of eligible Floridians. It also must maximize the performance of its Regional Distribution Centers in reaching and serving new clients.

Finding 1: FTRI has improved its operational effectiveness and efficiency through the implementation and enhancement of the Applied Information Management System (AIMS) in 2012.

Finding 2: Competition from cellular and Internet Protocol technologies, combined with declines in Telecommunications Relay Service minute usage present major budget challenges.

Recommendation: FTRI should limit outreach and equipment distribution events by Regional Distribution Centers to those FTRI believes to be the most effective for educating, generating new clients, and serving existing ones.

Recommendation: FTRI should carefully target its marketing and outreach efforts, using Regional Distribution Center input in the selection of media options to customize local marketing efforts.

Finding 3: FTRI's cost of serving each client continues to grow over time despite past budget reduction efforts.

Recommendation: FTRI should increase efforts to reduce expenditures in the areas of personnel, equipment, and outreach.

Finding 4: FTRI does not currently set specific quantitative outreach event goals for itself and does not encourage quantitative goal-setting for Regional Distribution Centers.

Recommendation: FTRI should establish statewide quantitative outreach goals, and work with RDCs to encourage them to set individual quantitative outreach goals.

Finding 5: Presently no comprehensive methods exist for evaluating Regional Distribution Centers.

Recommendation: FTRI should consider establishing a set of evaluative measures to assess performance, identify best practices, and seek to raise the level of Regional Distribution Center performance.

Finding 6: FTRI believes that continuing the administration of the National Deaf-Blind Equipment Distribution Program by FTRI may not be cost-effective.

Recommendation: FTRI should gather data and perform necessary analysis to support a re-assessment of the efficiency and effectiveness of its continued administration of the National Deaf-Blind Equipment Distribution Program.

Finding 7: FTRI has used the same accounting firm to complete its audits for five years.

Recommendation: FTRI should consider rotation of audit firms and partners as outlined in the Sarbanes-Oxley Act.

6.0 COMPANY COMMENTS

Commission audit staff requested that FTRI provide responses to its findings and recommendations. These comments are displayed in italics below.

FINDING 1

FTRI has improved its operational effectiveness and efficiency through the implementation and enhancement of the Applied Information Management System (AIMS) in 2012.

Company Comments

FTRI agrees with staff finding.

FINDING 2

Competition from cellular and Internet Protocol technologies, combined with declines in Telecommunications Relay Service minute usage present major budget challenges.

Recommendation: FTRI should limit outreach and equipment distribution events by Regional Distribution Centers to those FTRI believes to be the most effective for educating, generating new clients, and serving existing ones.

Company Comments

For several years, FTRI has contracted with non-profit agencies identified by FTRI as Regional Distribution Centers (“RDC”). By contracting with RDCs, FTRI was able to use agencies or organizations that already exist in a community and are familiar with that community and serving the same population as FTRI. All parties derive benefits from that arrangement and in fact, using RDCs for various services is not only beneficial for the parties but consumers and is consistent with the intent of Section 427.705(4) Florida Statutes.

An RDC has no specific legal definition, but is simply a term developed by FTRI for a contracted vendor. Current RDCs are all non-profit community based organizations with their own employees, Board of Directors, and management and are not associated with FTRI in any way except by contract. The contract that FTRI has established with these organizations specifies the scope of the service that is needed, the payment for those services and the quality of services expected.

While FTRI agrees with the basic concept that events and activities should be those that are effective it is important that RDCs have the ability to conduct events they believe to be effective in their community. It is equally important that RDCs have the flexibility to provide services within their ability from a manpower and resource capability. To limit activities may

not be the best approach for consumers. Notwithstanding these comments, FTRI evaluates each outreach request submitted by RDCs for effectiveness and reviews past activity history to determine whether a request should be approved or not. FTRI also communicates with RDCs on questionable requests as the RDCs have a better knowledge and understanding of their community and the need for specific event requested. FTRI will continue to encourage RDCs to schedule outreach events that have the best opportunity of reaching potential clients.

With respect to equipment distribution, again RDC are better able to evaluate the appropriate method. Some RDCs conduct off-site equipment distribution events in an effort to “go to” the community rather than waiting for people to visit an RDC office which in some instances may be challenging for clients who may have limited means and/or capabilities. Overall, this activity has proven to be successful but is not a requirement. RDCs are only compensated for distribution services provided there is no additional charge to FTRI for RDCs to conduct an off-site distribution event.

In summary, FTRI agrees that activities should be effective but does not endorse limiting activities in the context of restricting RDCs in their flexibility. For example, off-site distribution has been a useful method for some RDCs with bringing services to the community. Equally, conducting outreach to educate and create awareness of the equipment distribution program and the Florida Relay service is essential and should continue throughout the urban and rural areas.

FTRI will certainly continue to evaluate each outreach request from RDCs and will continue to work closely with them to ensure that the most cost-efficient method is utilized when promoting the programs in their respective communities.

Recommendation: FTRI should carefully target its marketing and outreach efforts, using Regional Distribution Center input in the selection of media options to customize local marketing efforts.

Company Comments

Marketing and outreach play an important role with educating, promoting and creating awareness for the FTRI and Florida Relay programs. Although there is no “silver bullet” method, referral by audiologists, newspaper ads, hearing healthcare professionals, and family/friends have proven to be the top four methods for FTRI during the past three years. FTRI plans to continue to work with both audiologist and hearing healthcare professionals by offering a display of an amplified telephone in their office for consumers to demonstrate during their visit.

FTRI has and will continue to evaluate its marketing and outreach efforts to target areas that have demonstrated an elevated referral rate to ensure that the best method is used for specific RDCs. Included in the evaluation process for media selection is cost of ads, verifiable circulation and distribution method. Currently, FTRI maintains responsibility for all media buying to maximize budgeted funds. FTRI will solicit input from RDCs on media options for their communities however the final decision remains with FTRI.

FINDING 3

FTRI's cost of serving each client continues to grow over time despite past budget reduction efforts.

Recommendation: FTRI should increase efforts to reduce expenditures in the areas of personnel, equipment, and outreach.

Company Comments

FTRI will continue its effort to reduce expenditures and will evaluate such reductions during each budget cycle to ensure that reductions are feasible while maintaining the same quality of service provision.

With respect to Exhibits 2 and 3, FTRI would note that they do not reflect the total services provided by FTRI or the total number of Florida residents who received some benefit from the services provided by FTRI. For example the "Services Provided" category includes only new services and does not include services provided to existing customers, or those that used the relay service. FTRI recognizes the continuing need to control expenditures but there is much more to the program than just new services.

FINDING 4

FTRI does not currently set specific quantitative outreach event goals for itself and does not encourage quantitative goal-setting for Regional Distribution Centers.

Recommendation: FTRI should establish statewide quantitative outreach goals, and work with RDCs to encourage them to set individual quantitative outreach goals.

Company Comments

FTRI does not agree with the recommendation that quantitative goals be established for RDCs as we believe that this could impose hardship on the RDCs and interfere with local management. We believe that there is value in having regional centers in the communities and would not want to impose unnecessary requirements that impair their ability to provide service to their community. FTRI has considered quantitative goals but rejected the concept. It is something FTRI will discuss with RDCs however.

FINDING 5

Presently no comprehensive methods exist for evaluating Regional Distribution Centers.

Recommendation: FTRI should consider establishing a set of evaluative measures to assess performance, identify best practices, and seek to raise the level of Regional Distribution Center performance.

Company Comments

The recommendation is that FTRI consider establishing a set of evaluation measures to assess performance, identify best practices, and seek to raise the level of Regional Distribution Center performance. With respect to establishing measures to assess performance, FTRI currently employs internal measures to evaluate RDC performances for contractual and procedural compliance and periodically reviews its processes for enhancements.

With regard to identifying best practices, FTRI does share with RDCs ideas and best practices such as off-site distribution settings as well as different methods for outreach and have made this type of information available through the RDC E-newsletters, its “training the trainer” conference, webinars, audits, and in daily communications. In addition, FTRI has encouraged RDCs to contact other RDCs to learn best practices. FTRI will continue to work closely with the RDCs to identify additional best practices and encourage new dialogue.

To raise the level of RDC performance, FTRI currently makes available reports for the RDCs to use as tools when evaluating their own performance level. As far as setting quantitative goals for RDCs, similar to FTRI’s comment in outreach, we believe that this could impose hardship on the RDCs and interfere with local management. We reiterate our belief that there is value in having regional centers in the communities and would not want to impose unnecessary requirements. However, FTRI will work with the RDCs to suggest quantitative goals but FTRI prefers to not make this a contractual requirement.

FINDING 6

FTRI believes that continuing the administration of the National Deaf-Blind Equipment Distribution Program by FTRI may not be cost-effective.

Recommendation: FTRI should gather data and perform necessary analysis to support a re-assessment of the efficiency and effectiveness of its continued administration of the National Deaf-Blind Equipment Distribution Program.

Company Comments

The two-year pilot program expires on June 30, 2014 with an option to renew for one additional year. When FTRI opted to participate in the program, there was no experience on which to base expectations, but based on the experience so far, FTRI has already begun to assess the efficiency and effectiveness of its continued administration of the NDBEDP; even for the remainder of the pilot.

FINDING 7

FTRI has used the same accounting firm to complete its audits for five years.

Recommendation: FTRI should consider rotation of audit firms and partners as outlined in the Sarbanes-Oxley Act.

Company Comments

As review staff pointed out, FTRI as a non-profit, non-public entity, is not subject to the Sarbanes-Oxley Act of 2002 as staff recognizes. For public entities, Sarbanes-Oxley requires that the lead engagement partner of the auditing firm and the concurring partner be rotated every five years. It is not required that firms be rotated. FTRI engaged its current audit firm in FY 2008/2009 and they have rotated the lead and concurring partners. There are advantages and disadvantages to maintaining the same audit firm and FTRI will review their current arrangement as suggested.

7.0 APPENDIX

APPENDIX A REGIONAL DISTRIBUTION CENTERS

FLORIDA TELECOMMUNICATIONS RELAY PROGRAM 2013	
Regional Distribution Center	Location
Area Agency on Aging for North Florida	Tallahassee
Center for Independent Living Disability Resource Center	Pensacola
Center for Independent Living in Broward County	Ft. Lauderdale
Center for Independent Living of Central Florida	Winter Park
Center for Independent Living of North Central Florida	Gainesville
Center for Independent Living of South Florida	Miami
Central Florida Speech and Hearing Center	Lakeland
Citrus Hearing Impaired Program Services	Crystal River
Community Center for the Deaf and Hard of Hearing of Manatee and Sarasota Counties	Sarasota
Deaf and Hard of Hearing Services- Easter Seals	Daytona Beach
Deaf and Hard of Hearing Services of Florida, Inc.	Port Richey
Deaf and Hard of Hearing Services of the Treasure Coast	Jensen Beach
Deaf Service Center of Lake and Sumter Counties	Leesburg
Deaf Service Center of Palm Beach County	West Palm Beach
Deaf Service Center of SW Florida	Fort Myers
Disability Resource Center, Inc.	Panama City
Family Center on Deafness	Largo
Florida Telecommunications Relay, Inc.*	Tallahassee
Hearing and Speech Center of Florida	Miami
Hearing Impaired Persons in Charlotte County	Port Charlotte
Independent Living Resource Center	Jacksonville
Center for Hearing and Communications	Ft. Lauderdale
Space Coast Center for Independent Living	Rockledge

*Florida Telecommunications Relay, Inc. serves as an RDC.

