

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 23, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (Bates, Fogleman, Salak, Williams)
Office of Auditing and Performance Analysis (Vinson, Lehmann)
Office of the General Counsel (Page) *S.M.C.*

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RE: Docket No. 140029-TP – Request for submission of proposals for relay service, beginning in June 2015, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

AGENDA: 07/07/16 – Regular Agenda – Proposed Agency Action for Issue 1 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: September 1, 2016 – Effective date of Florida Telecommunications Relay, Inc. budget. Notification of any change in the Telecommunications Access System Act surcharge must be made to carriers prior to September 1, 2016.

SPECIAL INSTRUCTIONS: Anticipate the need for sign language interpreters and assisted listening devices. Please place near the beginning of the agenda to reduce interpreter costs.

This recommendation replaces the recommendation that was deferred from the 5/5/16 Commission Conference.

Case Background

The Florida Relay System provides deaf and hard of hearing persons access to basic telecommunications services by using a specialized Communications Assistant that relays information between the deaf or hard of hearing person and the other party to the call. The primary function of the Florida Relay System is accomplished by the deaf or hard of hearing person using a Telecommunications Device for the Deaf where the person using the Telecommunications Device for the Deaf types a message to the Communications Assistant who in turn voices the message to the other party, or a Captioned Telephone which displays real-time captions of the conversation.

The Telecommunications Access System Act of 1991 (TASA) established a statewide telecommunications relay system which became effective May 24, 1991. TASA is authorized pursuant to Chapter 427, Florida Statutes (F.S.). Section 427.701(1), F.S., provides that the Florida Public Service Commission (Commission or FPSC) shall establish, implement, promote, and oversee the administration of the statewide telecommunications access system to provide access to telecommunications relay services by persons who are deaf, hard of hearing or speech impaired, or others who communicate with them. It is estimated that approximately 2.5 to 3 million¹ of the estimated 20 million persons living in Florida have been diagnosed as having a hearing loss. This system provides telecommunications service for deaf or hard of hearing persons functionally equivalent to the service provided to hearing persons.

TASA provides funding for the distribution of specialized telecommunications devices and provision of intrastate relay service through the imposition of a surcharge of up to \$.25 per landline access line per month. Accounts with over 25 access lines are billed for only 25 lines. Pursuant to Section 427.704(4)(a)1, F.S., a surcharge is collected only from landline access lines.²

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, was selected by the Commission to serve as the Telecommunications Access System Act Administrator. On July 1, 1991, the local exchange telecommunications companies began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581. Since July 1, 1991 the surcharge, which is currently \$.12 per month, has changed to reflect FTRI budgetary needs and potential Federal Communications Commission (FCC) mandates.

Chapter 427, F.S., requires that the relay system be compliant with regulations adopted by the FCC to implement Title IV of the Americans with Disabilities Act. The FCC mandates the minimum requirements for services a state must provide, certifies each state program, and periodically proposes changes in the stipulated services.

¹ 2015 Florida Coordinating Council for the Deaf and Hard of Hearing Biennial Report to Governor Rick Scott, the Florida Legislature & the Supreme Court and "Demographics and Statistics," Florida Telecommunications Relay, Inc., <http://ftri.org/index.cfm/go/public.view/page/12>, accessed on April 21, 2016.

² Florida Telecommunications Relay, Inc. projects a 4 percent decrease in landline access lines subject to the relay surcharge for the budget year 2016/2017.

The current relay service provider in Florida is Sprint. The FPSC awarded the contract to Sprint, effective March 1, 2015, for a period of three years. The contract contains options to extend the contract for four additional one-year periods, and requires mutual consent by both parties to extend the contract.

Staff sent a data request to FTRI on a number of issues included in its proposed budget. FTRI's responses to staff's data request are included in the docket file. In order to perform additional analysis, staff deferred this item from the May 5, 2016 Agenda Conference. This time allowed staff to thoroughly review additional information for the FTRI proposed budget and to assess the budget results for Fiscal Year 2015/2016 using the latest actual information which became available on May 16, 2016. Based on having more actual data for Fiscal Year 2015/2016, staff has estimated the actual FTRI expenses for Fiscal Year 2015/2016 and they are presented in Option 2 under Issue 1 of the recommendation. Staff used actual data from June 2015 through March 2016 and estimated the fourth quarter by averaging the first three quarters of the fiscal year.

In 2013 the Office of Auditing and Performance Analysis performed a management audit of FTRI. The audit produced seven findings and corresponding recommended actions (Attachment C). To assist the current analysis, audit staff updated portions of its analysis and conducted a limited assessment of improvements FTRI has implemented in response to the 2013 findings.

Through its recent analysis, audit staff concluded that FTRI had undertaken largely responsive and reasonable efforts to implement the suggested improvements from 2013. However, audit staff noted that FTRI's Fiscal Year 2016/2017 proposed expenditures interrupts a three-year trend of reducing total expenditures.

Staff contacted FTRI and its Board and requested that the FTRI budget be refiled using the actual amounts for expenses from the previous year. The Board voted to keep the budget as they originally filed it.

Decertification from the National Deaf-Blind Equipment Distribution Program

FTRI was certified by the FCC to participate in the National Deaf-Blind Equipment Distribution Program (NDBEDP)³ and receive reimbursement from the Federal TRS Fund in 2012. Under current FCC guidelines, FTRI is reimbursed for some expenses related to administering the program, including equipment purchased and distributed, assessment of clients, and training of clients. Administrative costs are capped at 15 percent of the reimbursement expenses.

As presented in Attachment B, on March 28, 2016, after it submitted its Fiscal Year 2016/2017 proposed budget, FTRI submitted a letter to the Commission communicating that it will decertify from the NDBEDP. In the letter, FTRI explains that the FTRI Board directed that participation in the NDBEDP not adversely impact FTRI's TASA function in Florida. FTRI further explains that

³ The NDBEDP, also known as iCanConnect, provides equipment needed to make telecommunications, advanced communications, and the Internet accessible to low-income individuals who have both significant vision loss and significant hearing loss. It was established and funded by the Federal Communications Commission in an effort to comply with the 21st Century Video and Communications Accessibility Act, a federal law that requires people with disabilities to have access to modern communications technology that enables distance communication.

its continued participation in the NDBEDP would result in absorbing some of the cost through its state relay budget. FTRI revenues for Fiscal Year 2015/2016 from the NDBEDP for Q1 and Q2 were \$66,149 and expenses were \$76,702, resulting in a net loss of \$10,553.

FTRI believes continued participation in the program may lead to increased losses due to the 15 percent administrative cap. Further, FTRI states that reimbursable expenses are shifting to lower cost equipment offered through the program, yielding a lower administrative reimbursement using the 15 percent cap.

If FTRI decertifies with the FCC, it is anticipated that the program and its offered services will continue with another entity distributing the NDBEDP equipment for the deaf-blind, low-income Floridians. The FCC will make that determination after reviewing interested applicants' proposals.

The full impact of continuing to participate in the NDBEDP on FTRI's proposed Fiscal Year 2016/2017 budget would be a projected \$61,820 loss as presented by FTRI in its Fiscal Year 2015/2016 Estimated Revenue & Expenses as presented in Attachment A.

The purpose of this recommendation is to address the FTRI proposed Fiscal Year 2016/2017 budget and determine what the relay surcharge should be for the upcoming fiscal year. The Commission is vested with jurisdiction pursuant to Chapter 427, F.S.

Discussion of Issues

Issue 1: Should the Commission approve FTRI's proposed budget, excluding the National Deaf-Blind Equipment Distribution Program, for Fiscal Year 2016/2017, and should the Commission maintain the current Telecommunications Relay Service (TRS) surcharge of \$0.12 per month?

Recommendation: No, staff recommends that the budget expenses should be reduced by \$601,238. Attachment D reflects the line-by-line adjustments that are being recommended. The surcharge should be reduced to \$0.11 beginning September 1, 2016. If necessary, FTRI should be allowed to use the surplus account if there is a revenue shortfall in Fiscal Year 2016/2017. (Salak, Fogleman, Williams, Bates, Vinson, Lehmann, Page)

Staff Analysis:

Traditional Telecommunications Relay Service

Minutes of use for traditional TRS have been declining. Sprint's projections indicate that traditional minutes will continue to decline during the 2016/2017 Fiscal Year. Traditional relay users are transitioning to Internet Protocol Relay,⁴ Video Relay Service,⁵ Captioned Telephone Service,⁶ Internet Protocol Captioned Telephone Service,⁷ Internet Protocol Speech-to-Speech (STS) service,⁸ and wireless service. The traditional TRS cost as approved in Sprint's contract remains at \$1.09 per session minute.

⁴ IP Relay allows people who have difficulty hearing or speaking to communicate through an Internet connection using a computer and the Internet, rather than a TTY and a telephone.

⁵ Video Relay Service is a form of Telecommunications Relay Service that enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator so that the VRS user and the operator can see and communicate with each other in signed conversation. Because the conversation between the VRS user and the operator flows much more quickly than with a text-based TRS call, VRS has become a popular form of TRS.

⁶ A telephone that displays real-time captions of a conversation. The captions are typically displayed on a screen embedded into the telephone base.

⁷ IP captioned telephone service allows the user to simultaneously listen to, and read the text of, what the other party in a telephone conversation has said, where the connection carrying the captions between the service and the user is via an IP addressed and routed link.

⁸ Speech-to-Speech (STS) relay service utilizes a specially trained CA who understands the speech patterns of persons with speech disabilities and can repeat the words spoken by such an individual to the other party to the call. IP STS uses the Internet, rather than the public switched telephone network, to connect the consumer to the relay provider. Instead of using a standard telephone to make the relay call, an IP STS user can use a personal computer or personal digital assistant (PDA) device and, with the installation of softphone application software, can make a voice call via the Internet to the relay provider. The call is initiated by the user clicking on an icon on his or her computer or PDA; the relay user is then connected to a CA over the Internet and tells the CA the number to be dialed; the CA then connects the IP STS user with the called party and relays the call between the two parties.

CapTel Service

CapTel service uses a specialized telephone that provides captioning of the incoming call for a deaf or hard of hearing person. Sprint's projections show that CapTel minutes of use will also decrease during the 2016/2017 Fiscal Year. The CapTel cost as approved in the Sprint contract remains at \$1.63 per session minute.

Florida Telecommunications Relay Inc. Budget

Attachment A reflects FTRI's 2016/2017 Fiscal Year proposed budget, which was reviewed and adopted by FTRI's Board of Directors prior to filing with the Commission. The proposed budget includes a decrease in expenses of approximately \$774,299 from the Fiscal Year 2015/2016 Commission approved budget. The FTRI 2016/2017 proposed budget projects total operating revenues to be \$8,269,418 and total expenses to be \$7,977,633. FTRI believes the Telecommunications Relay surcharge should remain at \$0.12 per access line for the 2016/2017 Fiscal Year.

Sprint's estimated Fiscal Year 2016/2017 traditional Telecommunications Relay surcharge minutes of use are 1,013,262 at a rate of \$1.09 per minute for a total of \$1,104,456. Sprint's estimated CapTel minutes of use for Fiscal Year 2016/2017 are 1,280,726 at a rate of \$1.63 per minute for a total of \$2,087,583.

The biggest decrease in expense in the budget arises from relay provider services, resulting in \$779,460 in savings when compared to the Fiscal Year 2015/2016 Commission approved budget. The largest increase in the budget is associated with FTRI Outreach. FTRI's Outreach expense increased by \$153,674 over the Fiscal Year 2015/2016 Commission approved budget and FTRI's 2015/2016 estimated expenditures for Outreach.

Not including Category I, the relay provider expense or NEBEDP, FTRI's proposed budget includes a net increase in expenses for categories II-V of \$1,386 compared to the approved budget for Fiscal Year 2015/2016; \$383,346 compared to FTRI's estimated actual for Fiscal Year 2015/2016; and \$305,387 compared to staff's estimate of actual expense for Fiscal Year 2015/2016.

A comparison of FTRI's Fiscal Year 2015/2016 Commission approved budget and FTRI's Fiscal Year 2016/2017 proposed budget as filed is shown in Table 1 below.

Table 1
FTRI Fiscal Year 2016/2017 Budget Comparison

	Commission Approved 2015-2016	FTRI Proposed 2016-2017
Operating Revenue:		
Surcharges	\$8,249,890	\$7,762,706
Interest Income	33,941	34,188
NDBEDP ⁹	<u>468,749</u>	<u>472,524</u>
Total Operating Revenue	\$8,752,580	\$8,269,418
Operating Expenses:		
Relay Provider Services	\$3,971,499	\$3,192,039
Equipment and Repairs	1,690,386	1,621,478
Equipment Distribution And Training	1,054,737	950,403
Outreach	574,626	728,300
General & Administrative	991,935	1,012,889
NDBEDP	<u>468,749</u>	<u>472,524</u>
Total Expenses	\$8,751,932	\$7,977,633
Annual Surplus		
	648	291,785
Total Surplus ¹⁰	\$15,723,243	\$16,274,881

Source: FTRI's Fiscal Year 2016/2017 proposed budget.

Analysis

Staff believes there are several approaches that could be used to determine the appropriate FTRI budget for Fiscal Year 2016/2017. Staff will provide three options for the Commission's consideration as presented in Attachment D. As previously mentioned, Relay and CapTel expenses from Sprint (Category I) are projected to decline as a result of reduced minutes. All other expense categories in FTRI's Fiscal Year 2016/2017 proposed budget are projected to increase over the actual expenses for Fiscal Year 2015/2016 as presented by FTRI.

Staff believes that Category I, the Sprint relay charges, should not be adjusted for any of the three options. The minutes of use have been projected by Sprint. It has multi-state experience with such projections and its historic projections have proven to be reasonable. In addition, staff

⁹ National Deaf Blind Equipment Distribution Program.

¹⁰ The Federal Communications Commission may mandate state funding of Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service. It is estimated that at a minimum \$32 million would be needed to adequately fund the state program. The Commission, by Order PSC-06-0469-PAA-TP, issued June 1, 2006, in Docket No. 040763-TP, maintained the Florida Telecommunications Relay Service surcharge at \$0.15/month for one year in lieu of a surcharge reduction, to prepare the state Telecommunications Relay Service Fund for assuming intrastate costs of Video Relay Service and Internet Protocol Relay, and to allow time to determine how the costs should be recovered should the need arise.

believes that FTRI's projection methodology of the revenues for Fiscal Year 2016/2017 is reasonable and should also be used for the three options.

Option 1: Adjustments to the Budget on a Line-by-Line Basis

The number of access lines assessed the relay surcharge is declining and has been for a number of years. The costs of Florida's relay program are being spread among a fewer number of consumers as the number of landlines decline. In addition, the equipment that can be distributed by FTRI's equipment distribution program is limited by the relay statute. Based upon the premise that wireline access lines are declining and the number of FTRI eligible clients is declining as customers convert from landline to other technologies, Option 1 is designed to adjust each of the expense categories to insure that the expenses reflect the necessary costs to serve the program. With this goal in mind, staff recommends the following adjustments to the FTRI budget.

In the 2013 management audit report, audit staff calculated FTRI's "core" operating expenditures per new client added. Core operating expenditures was defined as expenses for equipment, equipment distribution, repairs, training, outreach and general administration. The following chart displays updated results.

Table 2
Florida Telecommunications Relay, Inc.
Core* Operating Expenditures per New Client
Fiscal Year 2010-2017

	FY '10-'11	FY '11-'12	FY '12-'13	FY '13-'14	FY '14-'15	<i>Projected</i> FY '15-'16	<i>Budget</i> FY '16-'17
Total Core* Expenditures	\$5,891,703	\$5,066,067	\$4,634,021	\$4,166,422	\$4,071,914	\$4,007,686	\$4,313,070
Total New Clients	24,399	19,287	15,078	13,671	13,408	<i>13,408**</i>	<i>13,408**</i>
Ratio Expenditures/ New Client	\$241	\$263	\$307	\$305	\$304	\$299	\$322

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

**Assumed for illustration purposes by audit Staff to equal 2014-2015 total

Staff and FTRI recognize that FTRI provides service to more clients than just the new ones; however, this chart provides focus on the dollar impact of FTRI's outreach efforts. Within its Fiscal Year 2016-2017 budget, FTRI proposes increased core operating expenses, which combined a continued decline in new clients, would result in a significant increase costs per new client.

Category I-Relay Service

As previously discussed, staff recommends that no adjustments should be made to this category.

Category II-Equipment & Repairs

Category II reflects the purchases of the equipment to be distributed to clients and the repairs that FTRI must do to keep the equipment in working order. Staff has reviewed the workpapers to

determine the amounts of equipment purchases for the year. Most of the line items are based upon the historic twelve-month period to determine the level that will be needed for the upcoming year. Staff is recommending several adjustments in this category:

- VCP Hearing Impaired¹¹ equipment should be reduced from \$1,434,745 to \$1,291,270, a reduction of \$143,475. Staff believes the recommended reduction in Category IV-Outreach will decrease demand. VCP Hearing Impaired equipment is currently the equipment most widely distributed. The \$143,475 adjustment represents ten percent of the FTRI proposed amount budgeted for this line item.
- TeliTalk Speech Aid¹² equipment should be reduced from \$15,000 to \$10,000. The actual amount for Fiscal Year 2015/2016 appears to be below the estimated amount for Fiscal Year 2015/2016. FTRI indicates it missed one of the state events that generates interest in the TeliTalk Speech Aid equipment, so staff suggests a \$5,000 disallowance in the budget rather than further decreasing the amount.
- VRS-Signaling¹³ equipment should be reduced from \$15,246 to \$10,000. The actuals for Fiscal Year 2015/2016 appears to be lower than projected. However, a price increase is expected. Staff is recommending a \$5,246 adjustment to account for the lower demand in the last year, but accounting for the price increase.
- Equipment Accessories/Supplies should be reduced from \$1,886 to \$900 since there was lower expense in Fiscal Year 2015/2016 than expected. Staff recommends a \$986 reduction in the allowed budget request.

Category III-Equipment Distribution & Training

Category III reflects the cost of the distribution of equipment throughout the state and the training of consumers in the use of the equipment. FTRI contracts with Regional Distribution Centers (RDCs), many of which are non-profit agencies, to perform these functions throughout Florida. Currently there are 23 RDCs.

Based upon staff's estimates of the actual costs of the RDCs for Fiscal Year 2015/2016, staff believes the requested amount is already below actual costs for Fiscal Year 2015/2016. However, staff proposes decreasing the amount since staff believes demand for equipment will decline if staff's recommendation in Category IV-Outreach is adopted. Consistent with the adjustment for equipment, the amount in the budget is adjusted by ten percent for a total of \$90,108. Staff also believes an adjustment to Training Expense for RDCs is appropriate by decreasing the proposed budget amount by \$800. Much of the training is conducted through webinars which should reduce the costs.

¹¹ VCP Hearing Impaired Equipment – Volume Control Telephones for individuals who are hard of hearing.

¹² TeliTalk Speech Aid Equipment – Allows an individual with a Laryngectomy to speak on the phone using a built in speech aid.

¹³ VRS-Signaling Equipment – Video telephone that allows individuals to communicate via a sign language interpreter.

Category IV-Outreach

FTRI has requested \$728,300, an increase of \$153,674 over last year's budget for Outreach. FTRI's Outreach expense includes RDC Outreach at community events; printed materials such as brochures, postcards, banners, and flyers; a marketing campaign including newspaper advertising, magazines, social media, and other marketing tools; partnerships with service provider associations; and attendance at statewide conferences. The marketing campaign and the RDC Outreach are the two most expensive programs in the overall Outreach plan. FTRI has made commitments for this budget year to spend the total amount of the Outreach budget for Fiscal Year 2015/2016. Staff recommends that the proposed FTRI Outreach budget be adjusted from \$728,300 to \$500,000 with FTRI determining where the Outreach dollars should be spent. Reducing the Outreach is consistent with the basic premises of Option 1. The recommended amount is \$74,626 less than the amount budgeted and spent in Fiscal Year 2015/2016. Staff recommends that Outreach should be reduced by \$228,300.

Category V-General & Administrative

Category V reflects the expenses associated with FTRI's office and furnishings, employees, contracted services (auditors, attorney, computer consultants), computers and other operating expenses. It should be noted that FTRI has reduced its full-time employees from 15 to 10 since Fiscal Year 2010/2011.

Staff is recommending that the following adjustments be made to Category V's proposed budget:

- Advertising should be reduced by \$1,313. FTRI states that they increased the amount for advertising vacancies based on the assumptions of two vacancies and possibly needing to advertise for each vacant position twice. During Fiscal Year 2015/2016, FTRI had two vacancies and has not needed to advertise twice.
- Legal expense should be reduced from \$72,000 to \$36,000. FTRI has had the same law firm on retainer for many years. The attorney attends the board meetings and writes the minutes, reviews Request For Proposals, reviews contracts, and advises on legal issues as they arise. It would appear that paying the attorney an hourly rate may be more cost effective than paying a retainer. Staff recommends that the attorney fees be cut in half, an adjustment of \$36,000.
- Consultation-Computer expense should be reduced from \$15,980 to \$8,100. For Fiscal Year 2015/2016, staff and FTRI's actual expenses were about \$8,100. FTRI's proposed budget for this account includes Network Administration for the FTRI server in the Tallahassee office and additional desktop computer support for four hours a week for \$50 per hour. Staff recommends the budget should be based on last year's budget amount for an adjustment of \$7,880.
- Insurance-Health/Life Disability expense should be reduced from \$165,735 to \$147,949. When determining the amount to propose for this insurance in the budget, FTRI made the decision to exclude a reduction for Health Care Credit stating there is uncertainty in the credit amount and whether it will exist during the entire budget period due to legislation.

Staff recommends the full credit of \$17,786 from Fiscal Year 2015/2016 be used to adjust the FTRI budget amount.

- Insurance-Health/Life Disability expense should be reduced by another \$16,299.83. This amount is related to the short-term disability and long-term disability that FTRI provides as a benefit. While this insurance may be beneficial to the employee, it goes well beyond what an organization must offer its employees. The landline customers should not be required to pay for this type of insurance.
- Retirement should be reduced by \$14,232. Currently, 11.1 percent of salaries is put into a retirement account for the employees. The employees are not required to pay for any of their retirement. This adjustment would reflect that only 8.1 percent of the salaries would be paid by FTRI with the rest being paid by the employee. Many companies require matching of retirement contributions. In addition to paying the 11.1 percent, FTRI would still need to pay the 2.34 surcharge to the pension benefit company.
- Employee Compensation should be reduced by \$12,653. Included in FTRI's proposed budget is a three percent compensation increase for all employees. Based on historic information, raises are not given across the board annually. However, most employees have received a salary increase within the past three years. Given the audit finding that the employee related expenses per FTE are high, no increase should be allowed for this budget cycle.
- Temporary Employment is used mainly when an employee resigns. During the hiring period, a temporary employee is hired to do tasks that cannot wait for the permanent position to be filled. Temporary employees are also sometimes used to help in times of extreme workload. Staff suggests the proposed budget amount should be reduced by \$9,400. The employment compensation includes the full salary for ten people. If the Salary is included in the employment compensation account and the temporary employment account, staff believes there is double counting. Staff recommends an adjustment of \$9,400 be made to this account leaving \$1,000 if there are times of high workload.
- Taxes-Payroll should be reduced by \$959 as a result of staff's recommendation to eliminate the three percent increase in Employment Compensation.
- Travel and Business Expense is used for travel to non-outreach trips, conferences and training. The budget includes two trips that were not included in last year's budget. In addition, it is not anticipated that Fiscal Year 2015/2016 Travel and Business Expense will be any greater than \$11,430 and will more than likely be lower. Staff recommends reducing this budget by \$8,700, from \$18,700 to \$10,000.
- Employee Training should be adjusted by \$2,100. One of the items in the budget is a meeting that falls outside of the time frame for Fiscal Year 2016/2017. The Employee Training expense account is proposed by FTRI to be \$5,300. After the adjustment, the budget for this account would be \$3,200.

The total difference between staff's Option 1 budget and FTRI's proposed budget is \$601,238. Under Option 1, the TRS surcharge may be reduced to \$0.11 from the current \$0.12. There is an allowance for a margin of error of \$427,710 before the surplus fund would need to be used. If the Commission chooses to reduce the surcharge to \$0.11, staff recommends that FTRI be able to use the money from the surplus account to cover any shortfalls in revenue for Fiscal Year 2016/2017.

Option 2 Adjustments to the Budget to Reach Last Year's Actual Expenses

Under Option 2, FTRI's budget for Fiscal Year 2016/2017 would be predicated on the actual expense level for Fiscal Year 2015/2016. For Fiscal Year 2015/2016, FTRI estimated the actual expenses by including six months of actual data and six months of estimated data based on a combination of actual data and projections of any changes.

On May 16, 2016, FTRI filed its quarterly report with actual data for the third quarter of Fiscal Year 2015/2016. Staff used that information to update the "actual" amounts for Fiscal Year 2015/2016 with nine months (three quarters) of actual data and three months (one quarter) of estimated data. Staff estimated the fourth quarter by averaging the first three quarters of actual data and using it as a proxy for the fourth quarter.

Staff made three category exceptions in its calculations of its actual results. First, Category I-Relay Services includes the amount recommended for Fiscal Year 2016/2017 in all options. The second adjustment is to Category IV-Outreach. The outreach money has been committed so the amount budgeted for this item for Fiscal Year 2015/2016 will substantially be used by year end. The last proposed adjustment is to Category V-Advertising. Staff recognizes that FTRI currently has one vacancy; however actual advertising expenses for Fiscal Year 2014/2015 were significantly below average during this time period. Staff believes that a better estimate for advertising expenses would be an average based on actual expenses for the prior three years.

Since staff's results for Fiscal Year 2015/2016 are based on more actual data, staff believes staff's estimates for Fiscal Year 2015/2016 should be used for purposes of this option and should be considered the actual results for Fiscal Year 2015/2016.

The total expenses would be \$7,199,722. This represents a reduction from FTRI's proposed budget of \$305,387. FTRI will be given the flexibility to determine where the reductions would occur in Categories II-V. The Category I-Relay Services should remain as projected.

Under Option 2, the surcharge should remain at \$0.12. However, the Commission could reduce the surcharge to \$0.11 with the understanding that the difference would be taken from the surplus account. Under the revenue forecast, at least \$48,519 would be removed from the surplus account.

Option 3 The Budget as Proposed by FTRI

In Option 3, FTRI's proposed budget operating revenue of \$7,796,894 and proposed budget expenses of \$7,505,109, excluding the National Deaf-Blind Equipment Distribution Program, for Fiscal Year 2016/2017, would be approved, and the current TRS surcharge of \$0.12 per month would be maintained. FTRI would be allowed to increase its outreach expenses as a pilot to

targeted newspaper insert program with data to be filed with its annual budget request indicating the program's effectiveness. FTRI's budget is building upon past experience using the targeted newspaper insert ad strategy, RDC outreach partnerships, and a comprehensive marketing plan to expand its outreach efforts. FTRI's goal is to promote, educate, and increase awareness about FTRI, the Equipment Distribution Program (EDP), and Florida Relay, with the ultimate goal of recruiting new clients.

FTRI has experimented with newspaper inserts from 2012 to present. FTRI plans to advertise the relay program all year, primarily using insert advertisements in newspapers. In support of its advertising strategy, and as discussed earlier, FTRI presents the following points:

- Scarborough, a Nielsen service, released a report in March 2015 that 71.7 percent of US populations 65+ still read the Daily or Sunday newspaper.
- Scarborough also reported that 71.9 percent of the total Top 7 Florida markets read a Daily or Sunday paper (Tampa-St. Pete-Sarasota, Miami-Ft. Lauderdale, Orlando-Daytona Beach-Melbourne, West Palm Beach-Ft Pierce, Jacksonville).
- In an article published in January 2015 by Pew Research Center, 84 percent of people 65+ still have landlines.

The newspaper inserts are targeted to zip codes with a high population of residents over 65 years old. Statistics indicate that one in three people over 65 have a hearing loss. FTRI has conducted various Outreach projects in the past including newspaper, community events, and joint efforts with the Regional Distribution Centers. However, the strategy of using newspaper insert advertisements on a statewide basis is a new and more intense effort.

The idea of using insert advertisements that can be pulled out of newspapers may prove to have a positive impact on the relay program. Under this option, the targeted newspaper insert program could be approved on a pilot basis during the Fiscal Year 2016/2017 budget year. FTRI could present its results and findings in its proposed Fiscal Year 2017/2018 budget to the Commission to determine its effectiveness. During the April 13, 2016 TASA meeting, a member of the TASA Committee shared that his organization has seen an increase in the distribution of equipment as result of FTRI's outreach efforts. If this program is successful, the expenses for equipment, maintenance, and repair should increase over estimated expenses as reflected in FTRI's proposed budget.

FTRI believes potential benefits of FTRI's newspaper ad strategy is confirmed by comparing the Scarborough and Pew Research Center data showing that a large percentage of the population 65 and older read the daily newspaper and still have landline phones, to the FTRI data on clients served. Ninety-one percent of FTRI's new clients during the Fiscal Year 2014/2015 budget year were age 60 or older. More clients in the 80 to 89 age group received equipment than those of any other age group.

In addition, FTRI's outreach strategy for Fiscal Year 2016/2017 would continue to focus on RDC Agreements, digital ad networks, email blasts, and social media such as Facebook, Twitter,

and Google Ad Words. Further, FTRI plans to continue to build partnerships with similar organizations that serve similar target populations.

The Commission's audit staff conducted a performance analysis audit of FTRI in 2013 and issued several recommendations related to FTRI's operations, including the establishment of evaluative measures to assess RDC performance. In response to the audit recommendation to establish RDC performance measures, FTRI implemented a \$50 expense cap per new client for RDC outreach events. FTRI believes its efforts appear to have produced positive results in reducing outreach event expenses and more successfully reaching clients as recommended by the 2013 performance audit.

If FTRI's primary goal of increasing outreach efforts is to expand participation in the Florida relay program, FTRI equipment distribution, equipment repair, and RDC training and equipment distribution should also increase.

Under Option 3, the surcharge should remain at \$0.12. The Commission could still reduce the surcharge to \$0.11 with the understanding that the difference would be taken from the surplus account. Under this option, at least \$355,107 would be removed from the surplus account.

Conclusion

Staff has reviewed FTRI's Fiscal Year 2016/2017 Fiscal Year budget request and has provided three options for the Commission to consider. Staff recommends Option 1 which makes specific adjustments to FTRI's Fiscal Year 2016/2017 as reflected in Attachment D. Staff further recommends that the TRS surcharge be reduced to \$0.11 per month per access line up to 25 access lines for the Fiscal Year 2016/2017, effective September 1, 2016. Staff also recommends that FTRI be granted the flexibility to move budgeted funds within the same category, if needed, for expense categories II through V, with one exception. Specifically, this flexibility would not extend to employee related expenses in Category V. The Commission should order all telecommunications companies to begin billing the \$0.11 surcharge for the Fiscal Year 2016/2017, effective September 1, 2016. If there are any revenue shortfalls, the surplus account should be used to cover the shortfall for Fiscal Year 2016/2017.

Issue 2: Should the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately?

Recommendation: Yes. Staff recommends that the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately. (Williams, Bates, Page)

Staff Analysis: Section 427.706, Florida Statutes, provides that the Commission shall appoint an advisory committee of up to 10 members to assist the Commission with Florida's relay system. By statute, the advisory committee provides the expertise, experience, and perspective of persons who are deaf, hard of hearing, or speech impaired to the Commission and the administrator during all phases of the development and operation of the telecommunications access system. The advisory committee advises the Commission and the administrator on the quality and cost-effectiveness of the telecommunications relay service and the specialized telecommunications devices distribution system. Members of the committee are not compensated for their services but are entitled to per diem and travel expenses provided through the Florida Public Service Commission's Regulatory Trust Fund.

Mr. Tom D'Angelo and Mr. Tim Wata were nominated for appointment to the TASA Advisory Committee by the Florida Association of the Deaf. If approved by the Commission, they will replace Mr. Jon Ziev and Mr. Louis Schwarz who both resigned their positions on the TASA Advisory Committee as representatives for the Florida Association of the Deaf.

Mr. D'Angelo has over 15 years' experience in the telecommunications industry. Mr. D'Angelo's previous positions include serving as the Florida Account Manager with Sprint Relay and Outreach Director for Communication service for the Deaf. Mr. D'Angelo is currently an active member of the Florida Association of the Deaf.

Mr. Wata has vast technical experience in Computer Science. Mr. Wata is currently a Staff research Engineer with Lockheed Martin Corporation. In addition to volunteering with the Florida Association of the Deaf, Inc., Mr. Wata also has volunteered with the Deaf Service Center of Greater Orlando, Inc., the Center for Independent Living in Central Florida, Inc., and the Florida Rehabilitation Advisory Council.

Therefore, staff recommends that the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately.

Issue 3: Should this docket be closed?

Recommendation: No. A Consummating Order should be issued for Issue 1, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the current Sprint contract. (Williams, Bates, Page)

Staff Analysis: A Consummating Order should be issued for Issue 1, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the current Sprint contract.



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March 7, 2016

Mr. Curtis Williams, Regulatory Analyst IV
Office of Telecommunications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866

RE: **FTRI FY 2016/2017 Budget**

Dear Mr. Williams:

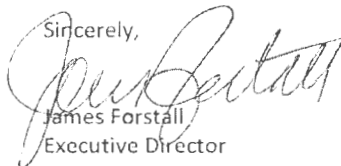
I am pleased to forward a copy of the FY 2016/2017 budget that was recently approved by the Florida Telecommunications Relay, Inc. (FTRI) Board of Directors. The budget was reviewed by our Budget Committee and was adopted by the Board at a special meeting recently.

The budget adopted by the board for FY 2016/2017 maintains the surcharge at the current rate of 12 cents per access line and at this level is projected to produce revenues of \$7,796,894. As reflected on the attached copy of the approved budget total expenses are projected to be \$7,505,109.

Access lines have decreased at the rate of 4.7% during the past three years (2013, 2014 & 2015) and that trend is expected to continue as more consumers move from landline to other technologies. For the budget period it is projected that access lines will decrease over 4%.

As of February 2016, FTRI has over 507,498 individuals in the client database. FTRI and its regional partners continue to reach out to meet the telecommunications access needs of residents who are deaf, hard of hearing, deaf/blind, or speech disabled. Outreach continues to be a large part of our efforts to attract new clients and educate the general population about the Florida Relay System and the benefits this brings to our citizens.

Should you have questions or desire additional information, please do not hesitate to email me at jforstall@ftri.org.

Sincerely,

James Forstall
Executive Director

Enclosure

cc: FTRI Board of Directors

Florida Telecommunications Relay, Inc.
Fiscal Year 2016/2017 Budget @ .12 cents surcharge

	2015/2016 APPROVED BUDGET	2015/2016 ESTIMATED REV & EXPEND	2016/2017 PROPOSED BUDGET	VARIANCE 2015/2016 2016/2017
OPERATING REVENUE				
1 Surcharges	8,249,890	8,086,152	7,762,705	(487,184)
2 Interest Income	33,941	23,174	34,188	247
3 NDBEDP	468,749	155,578	472,524	3,775
TOTAL OPERATING REV	8,752,580	8,264,904	8,269,418	(483,162)
OTHER REVENUE/FUNDS				
4 Surplus Account	15,722,595	15,682,385	15,983,096	280,501
TOTAL REVENUE	24,475,175	23,947,289	24,252,514	(222,661)
OPERATING EXPENSES				
CATEGORY I - RELAY SERVICES				
5 DPR Provider	3,971,499	3,817,071	3,192,039	(779,460)
SUBTOTAL-CATEGORY I	3,971,499	3,817,071	3,192,039	(779,460)
CATEGORY II - EQUIPMENT & REPAIRS				
6 TDD Equipment	0	0	0	0
7 Large Print TDD's	0	0	568	568
8 VCO/HCO - TDD	720	1,150	1,150	430
9 VCO Telephone	0	0	0	0
10 Dual Sensory Equipment	5,000	0	5,000	0
11 CapTel Phone Equipment	0	0	0	0
12 VCP Hearing Impaired	1,440,645	1,414,033	1,434,745	(5,900)
13 VCP Speech Impaired	1,386	554	693	(693)
14 TeliTalk Speech Aid	18,000	10,800	15,000	(3,000)
15 Jupiter Speaker phone	0	0	0	0
16 In-Line Amplifier	0	0	0	0
17 ARS Signaling Equip	6,501	4,204	5,418	(1,033)
18 VRS Signaling Equip	16,080	8,577	15,246	(834)
19 Accessories & Supplies	2,980	1,481	1,886	(1,094)
20 Telecomm Equip Repair	199,074	99,742	141,772	(57,302)
SUBTOTAL-CATEGORY II	1,690,386	1,540,541	1,621,478	(68,908)
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING				
21 Freight-Telecomm Equip	74,314	45,072	47,325	(26,989)
22 Regional Distr Centers	978,423	860,762	901,078	(77,345)
23 Workshop Expense	0	0	0	0
24 Training Expense	2,000	936	2,000	0
SUBTOTAL-CATEGORY III	1,054,737	906,770	950,403	(104,334)

Florida Telecommunications Relay, Inc.
 Fiscal Year 2016/2017 Budget @ .12 cents surcharge

	2015/2016 APPROVED BUDGET	2015/2016 ESTIMATED REV & EXPEND	2016/2017 PROPOSED BUDGET	VARIANCE 2015/2016 2016/2017
CATEGORY IV - OUTREACH				
25 Outreach Expense	574,626	574,626	728,300	153,674
SUBTOTAL-CATEGORY IV	574,626	574,626	728,300	153,674
CATEGORY V - GENERAL & ADMINISTRATIVE				
26 Advertising	2,641	1,320	2,633	(9)
27 Accounting/Auditing	24,896	21,398	22,300	(2,596)
28 Legal	72,000	71,550	72,000	0
29 Computer Consultation	23,970	8,084	15,980	(7,990)
30 Dues & Subscriptions	3,034	2,784	2,798	(236)
31 Office Furniture Purchase	250	0	250	0
32 Office Equipment Purchase	12,500	8,069	9,990	(2,510)
33 Office Equipment Lease	1,886	1,878	1,876	(10)
34 Insurance-Health/Life/Disbilty	158,262	124,882	165,735	7,473
35 Insurance-Other	8,897	6,064	9,844	947
36 Office Expense	16,524	16,389	17,496	972
37 Postage	9,917	8,087	8,124	(1,793)
38 Printing	1,537	1,289	1,285	(242)
39 Rent	91,260	92,166	93,419	2,139
40 Utilities	5,008	5,254	5,281	(527)
41 Retirement	58,575	57,717	59,694	1,119
42 Employee Compensation	408,471	403,461	430,264	21,793
43 Temporary Employment	8,000	7,230	10,400	2,400
44 Taxes - Payroll	32,507	30,899	32,916	409
45 Taxes - Unemplmt Comp	1,863	1,651	1,663	(200)
46 Taxes - Licenses	65	65	65	0
47 Telephone	18,670	15,765	16,708	(1,962)
48 Travel & Business	16,296	11,430	18,700	2,404
49 Equipment Maint.	1,353	1,281	1,287	(66)
50 Employee Training/Dev	7,000	3,475	5,300	(1,700)
51 Meeting Expense	5,733	5,599	6,871	1,138
52 Miscellaneous Expense	0	0	0	0
SUBTOTAL-CATEGORY V	991,935	907,787	1,012,989	20,954
CATEGORY VI - NDBEDP				
53 NDBEDP - Expense	468,749	217,398	472,524	3,775
SUBTOTAL-CATEGORY VI	468,749	217,398	472,524	3,775
TOTAL EXPENSES	8,751,932	7,964,193	7,977,633	(774,299)
REVENUE LESS EXPENSES	15,723,243	15,983,096	16,274,881	551,638



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March 28, 2016

Beth Salak, Director
Office of Telecommunications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Beth:

This is to follow up on your conversation with our counsel regarding the National Deaf-Blind Equipment Distribution Program (NDBEDP) administered by the Federal Communications Commission (FCC) and our consideration to decertify as a participant in that program. After further review and analysis of our participation, we have concluded it would be prudent to decertify as a participant in the NDBEDP.

FTRI was certified by the FCC to participate in the program and receive reimbursement for that participation from the TRS Fund in 2012. Initially, the program was to be a pilot program for two years, but that pilot program has been extended to its fourth year and there is a possibility the pilot program will be extended for a fifth year under the current rules and requirements. Under current FCC guidelines, FTRI is reimbursed the cost of the equipment purchased and distributed, assessment of clients, training of clients and administrative costs associated with the program to a cap of 15% of the cost of the reimbursable expenses. Some costs are not recoverable.

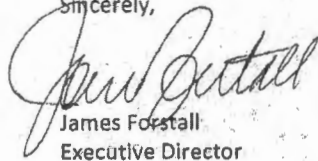
At the time we applied to the FCC for certification in 2011, the Board directed that participation in the FCC program not take away from our focus on TASA, which is our statutory charge, or result in use of surcharge revenues to support the federal program. While we have followed that guidance, it is now our view that may become more challenging. A review of the revenues and expenses associated with the NDBEDP for the past two quarters (Attached) reflect that expenses are beginning to exceed revenues, confirming our concerns which prompted the discussion you had with our counsel several months ago. We believe future activities may yield more of a burden due to the 15% administrative cap. The nature of reimbursable expenses is shifting to lower cost equipment, as well as maintenance and repair issues, all of which take considerable more administrative time than a new client, and yield a lower administrative reimbursement using the 15% cap.

The NDBEDP is not as large a program as TASA compared to clients served because of the specialized nature of the equipment and the FCC guidelines, and does not lend itself to using existing distribution arrangements. As a result, the administrative portion of the NDBEDP is

handled by the main office personnel, all of whom have duties with TASA. FTRI uses independent contractors for assessment and training services, but because the equipment distributed is specialized, the nature of serving the Deaf-Blind community varies due to a wide array of needs, i.e. severity of deafness or blindness, onset of disabilities, technological skill level, communication challenges, all of which contributes to additional time demands on staff.

While we recognize the benefits of the NDBEDP, we are mindful that our purpose is to be the administrator of TASA as outlined in Chapter 427, Florida Statutes, and when all things are considered, we believe that it is in the best interest of TASA for FTRI to decertify with the NDBEDP as other states have done, and we plan to advise the FCC of this action.

Sincerely,



James Forstall
Executive Director

Attachment

CC: FTRI Board of Directors

Florida National Deaf Blind Equipment Distribution Program
Administered by FTPI

2015-2016	QTR1	QTR 2	QTR3	QTR4	Total
Revenue	43014.86	23133.78			66148.64
					0.00
Expenses-Pgrm	32521.73	18322.58			50844.31
Expenses-Admin	5047.68	5200.28			10247.96
audit	5000.00				5000.00
Expenses-staff	<u>4618.80</u>	<u>5990.63</u>		<u>0.00</u>	<u>10609.43</u>
Net	-4173.35	-6379.71	0.00	0.00	-10553.06
					-10553.06

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.

FTRI Budget Options

		2015/2016 APPROVED BUDGET	2016/2017 PROPOSED BUDGET	OPTION 1	OPTION 2	OPTION 3
REVENUE				@ \$0.11 ¹⁴	@ \$0.12	@ \$0.12
1	Surcharge	8,249,890	7,762,706	7,297,393	7,762,706	7,762,706
2	Interest	33,941	34,188	34,188	34,188	34,188
3	NDBEDP	468,749				-
	TOTAL OPERATING REV.	8,752,580	7,796,894	7,331,581	7,796,894	7,796,894
4	Surplus Account	15,722,595	15,983,096			
	TOTAL REVENUE	24,475,175	23,779,990			

OPERATING EXPENSES

CATEGORY I - RELAY SERVICES

5	DPR Provider	3,971,499	3,192,039	3,192,039	3,192,039	3,192,039
	SUBTOTAL CATEGORY I	3,971,499	3,192,039	3,192,039	3,192,039	3,192,039

CATEGORY II - EQUIPMENT & REPAIRS

6	TDD Equipment	-	-	-	-	-
7	Large Print TDD	-	568	568	-	568
8	VCO/HCO-TDD	720	1,150	1,150	1,533	1,150
9	VCO-Telephone	-	-	-	-	-
10	Dual Sensory Equipment	5,000	5,000	5,000	-	5,000
11	CapTel Phone Equipment	-	-	-	-	-
12	VCP Hearing Impaired	1,440,645	1,434,745	1,291,270	1,415,745	1,434,745
13	VCP Speech Impaired	1,386	693	693	689	693
14	TeliTalk Speech Aid	18,000	15,000	10,000	7,200	15,000
15	Jupiter Speaker phone	-	-	-	-	-
16	In Line Amplifier	-	-	-	-	-
17	ARS-Signaling Equipment	6,501	5,418	5,418	1,589	5,418
18	VRS-Signaling Equipment	16,080	15,246	10,000	6,968	15,246
19	Accessories & Supplies	2,980	1,886	900	481	1,886
20	Telecom Equipment Repair	199,074	141,772	141,772	89,829	141,772
	SUBTOTAL CAT II	1,690,386	1,621,478	1,466,771	1,524,034	1,621,478

¹⁴ \$0.11 was used for ten months and \$0.12 was used for two months

CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING

21	Freight - Telecomm Equipment	74,314	47,325	47,325	43,225	47,325
22	Regional Distribution Centers	978,423	901,078	810,970	981,481	901,078
23	Workshop Expense	-	-	-	-	-
24	Training Expense for RDCs	2,000	2,000	1,200	624	2,000
	SUBTOTAL CAT III	1,054,737	950,403	859,495	1,025,330	950,403

CATEGORY IV - OUTREACH

25	Outreach Expense	574,626	728,300	500,000	574,626	728,300
	SUBTOTAL CAT IV	574,626	728,300	500,000	574,626	728,300

CATEGORY V - GENERAL AND ADMINISTRATIVE

26	Advertising	2,641	2,633	1,320	1,340	2,633
27	Accounting/Audit	24,896	22,300	22,300	26,140	22,300
28	Legal	72,000	72,000	36,000	71,400	72,000
29	Consultation-Computer	23,970	15,980	8,100	7,187	15,980
30	Dues/Subscriptions	3,034	2,798	2,798	3,439	2,798
31	Office Furniture	250	250	250	-	250
32	Office Equipment Purchase	12,500	9,990	9,990	4,507	9,990
33	Office Equipment Lease	1,886	1,876	1,876	1,695	1,876
34	Insurance - Health/Life/Disability	158,262	165,735	131,649	114,077	165,735
35	Insurance-Other	8,897	9,844	9,844	10,748	9,844
36	Office Expense	16,524	17,496	17,496	14,197	17,496
37	Postage	9,917	8,124	8,124	4,489	8,124
38	Printing	1,537	1,295	1,295	719	1,295
39	Rent	91,280	93,419	93,419	93,921	93,419
40	Utilities	5,808	5,281	5,281	5,065	5,281
41	Retirement	58,575	59,694	45,462	59,101	59,694
42	Employee Compensation	408,471	430,264	417,611	393,852	430,264
43	Temporary Employment	8,000	10,400	1,000	9,640	10,400
44	Taxes - Payroll	32,507	32,916	31,957	29,669	32,916
45	Taxes - Unemployment Comp	1,863	1,663	1,663	2,012	1,663
46	Taxes - Licenses	65	65	65	-	65
47	Telephone	18,670	16,708	16,708	15,595	16,708
48	Travel & Business Expense	16,296	18,700	10,000	9,755	18,700
49	Equipment Maintenance	1,353	1,287	1,287	937	1,287
50	Employee Training	7,000	5,300	3,200	567	5,300
51	Meeting Expense	5,733	6,871	6,871	3,641	6,871
52	Miscellaneous	-	-	-	-	-
	SUBTOTAL CAT V	991,935	1,012,889	885,566	883,693	1,012,889

CATEGORY VI

53	NDBEDP	468,749	-	-	-	-
	SUBTOTAL CAT VI	468,749	-	-	-	-

TOTAL EXPENSES	8,751,932	7,505,109	6,903,871	7,199,422	7,505,109
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REVENUES LESS EXPENSES	648	291,785	427,710	597,172	291,785
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