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TACIP

Telecommunications Access for Communication Impaired People

Fifth Annual Report

to the

Public Utilities Commission

December 31, 1991

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Telecommunications Access for Communication Impaired People. (TACIP) programs continue to excel in meeting the legislative mandate that established the services. Thus, the Board not only has developed the TACIP Message Relay Service and the TACIP Equipment Distribution Program, but it continues to adapt the program to meet the real and anticipated needs of its users and to respond to regulation on the federal level to bring its system into FCC compliance. These programs were developed with revenues generated by a ten cent per line per month surcharge. Programs will meet expected growth of use through the sunset date of TACIP if the surcharge remains constant at a ten cent per line per month level to that time. Appropriate response to ADA and FCC Regulations will be implemented prior to sunset. Specific recommendations for post-sunset needs of the communicatively impaired are currently in the development stage and will be included in the 1992 report to the Minnesota Public Utilities Commission.

1.000**INTRODUCTION**

The communicatively impaired have historically had difficulty accessing the telecommunications network. This difficulty has historically isolated them as a subpopulation within society. Various advocacy groups within the state also identified this need, bringing it to the legislature where enabling Minnesota legislation was enacted in 1987. In the process, needs of speech and language impaired people were incorporated into the legislation. But the problem of telephone access was increasingly noted nationally. Following the lead of Minnesota and other forward-looking states, the U.S. Congress enacted the Americans with Disabilities Act of 1990 (ADA). With recent Federal Communications Commission (FCC) Regulations [Federal Register 56:148:35729-35733], this clearly mandates services similar to those provided by TACIP.

1.100**TACIP Board.**

Minnesota public interest in the accessibility of the telecommunications network, i.e., the roots of what is TACIP, began twenty years ago. It took a decade and a half (1987) to reach the point where a Minnesota governor, Rudolph G. Perpich, signed the TACIP bill into law (Minn. Statutes 237.50-237.56). This legislation created the TACIP Board as a state agency with the task of directing and overseeing the improvement of access to telephone communication services for those with communication impairments.

The original TACIP legislation specified that the telephone company providing local exchange service to the largest number of persons in the state would handle the purchase and distribution of special telecommunication devices to individuals who met disability and income criteria. Practical modifications to the original legislation shifted responsibilities for purchase and distribution of special telecommunications from the telephone company to the Deaf Services Division of the Department of Human Services, principally because it already had a statewide network of regional service centers with ongoing working relationships with communication impaired individuals. This network enabled the development of swifter enactment of the equipment distribution of the TACIP legislation. In addition, the TACIP Board determined that authority to adopt rules was necessary to implement legislative intent. These legislative "housekeeping" amendments to the original law were proposed and approved by the legislature on April 25, 1988. They provided the Board with the authority to permit the Equipment Distribution Program portion of TACIP's responsibilities to be performed through an interagency agreement with the Minnesota Department of Human Services, and to adopt rules to implement the TACIP program.

1.110
Board Authority.

Essentially, the TACIP Board is responsible for making telephone services for communication impaired people as accessible to the communication impaired as they are to people without communication impairments, and for recommending appropriate telephone surcharges within legislative limitations for supporting these services. (The Minnesota Public Utilities Commission in turn is responsible for also reviewing and approving the surcharge.

1.120

**Board Make Up/
Membership Changes.**

TACIP legislation specified public and private membership on the TACIP Board, as well as a mechanism for appointing members to allow a regular and orderly transition of power as new Board members are appointed and Board members retire. The TACIP Board membership at the conclusion of 1991 consisted of:

Joann Anderson

representing interLATA interexchange companies.

Lillian Brion

representing the MN Department of Public Service.

Michael Cashman

communication impaired consumer.

Robert Cook

communication impaired consumer and the Chair of the TACIP Board.

Anyes Eames

communication impaired consumer.

Paul Hoff

representing the Minnesota Telephone Association.

Barbara Illsley

professional in the field of communication impairment.

Paula Mathews

communication impaired consumer.

Leslie Peterson

communication impaired consumer.

Mark Prowatzke

representing the Department of Human Services.

Barry Siebert

representing the provider of the message relay service.

Linda Wrzos

representing the largest telephone company providing local exchange service to the largest number of persons.

1.130 Administrative Changes.

From its first meeting, the TACIP Board identified the need for a program administrator to oversee TACIP operations between Board meetings. Herb Pickell served in this capacity from 1989 until September 15, 1991, when he formally resigned to take similar responsibilities in another state. Bill Lamson was appointed as interim administrator effective October 30, 1991. The program administrator oversees the two programs of TACIP and reports directly to the Board.

1.200 Purpose of Report and Role of the Commission.

The role of the Minnesota Public Utilities Commission has been summarized in several orders [Order Retaining Current Surcharge Level, Accepting Fourth Annual Report, Requiring Further Filings, and Closing Dockets P-3008/M-90-1188 and P-3008/NA-89-140]. The PUC responsibilities are:

1. To review and approve the Board's plans to initiate service.
2. To determine annually the amount of the surcharge.
3. To monitor the program and recommend necessary changes to the legislature.
4. To receive annual reports from the Board on the program's operation.
5. To make a final recommendation to the legislature on or before February 1, 1993, regarding what form the program should take in the future (the law will sunset June 30, 1993 without legislative intervention).

1.210 Information Requested by the Commission.

The Minnesota Public Utilities Commission requested specific information from TACIP in its Order of March 1, 1991:

- ☐ Board analysis of whether future expenses can or should be reduced, whether future revenues can or should be increased, whether projected changes in usage levels of TACIP services will materially affect revenues or expenses, and whether any changes in the TACIP statute are necessary to ensure continued provision of adequate services.
- ☐ Board itemization of toll charges paid by TACIP attributable to completing calls which would have been toll calls had the calling party been able to contact the called party directly.

- ☐ Board description of current technical barriers to implementing a billing and collection system for the calls which would have been toll calls had the calling party been able to contact the called party directly.
- ☐ Board proposal for implementation of a billing and collection system, if feasible, for calls which would have been toll calls had the calling party been able to contact the called party directly.
- ☐ Board analysis of the volume of intrastate toll and incoming interstate toll calls which would be required for each billing and collection system considered by the Board to be cost-effective.
- ☐ Board analysis of the relative advantages of continuing to absorb intrastate and incoming interstate toll charges versus billing message relay service users.
- ☐ Board notification of the Commission the month following any absorption of intrastate and incoming interstate toll charges exceeding \$2500.

The report addresses these issues for Commission review.

2.000 TACIP OPERATIONS

The TACIP Board meets quarterly as a full Board to review program operations and respond to need for executive oversight. Its officers consist of a TACIP Chairperson, a TACIP Vice Chairperson, and TACIP Committee Chairpersons.

2.100 Structure of the Board and Responsibilities.

Between quarterly meetings, the activities of the Board are carried on by four committees: Message Relay Committee, Equipment Distribution Committee, Executive Committee, and Legislative Committee. The first two committees were formed during the first year of TACIP Board operation, the latter two in subsequent years.

**2.110
Message Relay
Committee.**

The original task of the Message Relay Committee was to develop what has become the Message Relay Service. Initially, it evaluated equipment necessary to operate a relay. It now monitors use of current equipment and determines efficacy of incorporating evolving technology into the Message Relay Service. The committee provides a vehicle for the Message Relay Contractor to interface with TACIP Board, since the Subcommittee studies specific issues related to Message Relay Service operations and makes specific managerial recommendations to the full TACIP Board as appropriate.

**2.120
Equipment
Distribution
Committee.**

Originally, the task of the Equipment Distribution Committee was to determine what equipment would be appropriate for distribution by what has become the Equipment Distribution Program administered by the Deaf Services Division of the Department of Human Services. Initially, it evaluated telecommunications equipment necessary to interface with the telephone network, and it now monitors use of current equipment and determines efficacy of providing evolving technology through the Equipment Distribution Program. It provides a vehicle for the Deaf Services Division to interface with TACIP Board; the committee studies specific issues related to Equipment Distribution Program operations and makes specific managerial recommendations to the full TACIP Board.

**2.130
Executive
Committee.**

It was apparent from the inception of TACIP that an executive committee was needed to provide oversight of day-to-day operations of the TACIP Board. The Executive Committee was defined by the Board as the Chairperson of TACIP and specific others. These others were available for consultation on short notice to determine appropriate responses or decisions between Board meetings. Various executive decisions on an ad hoc basis are typically delegated to the Executive Committee by the full Board during quarterly meetings.

**2.140
Legislative
Committee.**

The original tasks of the Legislative Committee were to monitor appropriate telecommunications-related activity in the legislature and to prepare TACIP comment when appropriate. As TACIP moves closer to the sunset date, the Legislative Committee is now addressing recommendations necessary for the continuation of a program like TACIP after the sunset date.

2.200 Program Components and Oversight.

The TACIP Board oversees two distinct programs, the Minnesota Relay Service and the Equipment Distribution Program. The original legislation did not authorize TACIP to provide services directly as discussed previously. It provides these services through contracts with the Deafness, Education and Advocacy Foundation, Inc. (DEAF) for the Message Relay Service and with Deaf Services Division of the Minnesota Department of Human Services for the Equipment Distribution Program.

2.300 Message Relay Service.

The TACIP Board determined early in 1988 that the expertise of a consultant was necessary during the initial planning of the message relay service. The consultant firm of McGladrey and Pullen of Chicago was selected. It conducted a needs analysis and made the following recommendations:

- ☐ the establishment of a single centralized message relay center
- ☐ use of a private branch exchange (PBX) telephone system with the optional feature of automatic call distribution (ACD)
- ☐ use of PBX equipment to switch incoming and outgoing calls with ACD software to route the incoming calls evenly to available operators
- ☐ utilization of TDD compatible terminals
- ☐ use of WATS and 800 lines to handle the projected volume for a centralized message relay center.

Essentially, the resulting TACIP Message Relay Service operated by contractor DEAF is a PBX telephone system that distributes calls to operators who manage incoming and outgoing telephone lines. The PBX switches the incoming and the outgoing calls through the Message Relay Service center. Installation of the appropriate telephone system, telephone lines, modems, and computers was completed on February 15, 1989. More than 70 part-time operators were hired and trained. Full service commenced March 1, 1989. The relay system continues to be modified as needed. TACIP owns, maintains and updates the relay equipment as necessary.

**2.310
TACIP Relay Policy.**

The TACIP Board seeks to provide appropriate message relay services to the public without unduly compromising the communicative intent of its users. To assure the public of this intent, TACIP adopted explicit Message Relay Service policies in July of 1988. These policies were amended by subsequent Board action as necessary.

**2.320 Message Relay
Service Contract.**

TACIP enabling legislation required that the TACIP Board contract with a local consumer organization serving communication impaired persons for the operation of the Message Relay Service. DEAF has served as the Message Relay Service contractor since winning the first bidding process, and has a contract until June 30, 1992. Barry Siebert serves on the TACIP Board as a representative of this contractor by statute.

The contractor's main responsibility is to operate the Message Relay Service on a 24-hour, seven days per week basis by providing staff (including operators), an office location, an operations manual, local telephone lines, publicity, and other duties it deems necessary to carry out the contract within budgetary constraints, while exercising fiscal management of the funds made available through this contract. The contractor must:

- ☐ file an annual budget with the TACIP Board for approval
- ☐ file quarterly reports, including costs incurred during the quarter, usage of the service and other pertinent statistics with the TACIP Board for review, and
- ☐ secure TACIP Board approval prior to spending \$2,500 or more on non-budget items.

The TACIP Board continues to administer operation of the Message Relay Service.

**2.330
Statistical Information.**

Statistical information may be presented for a variety of Message Relay Service parameters.

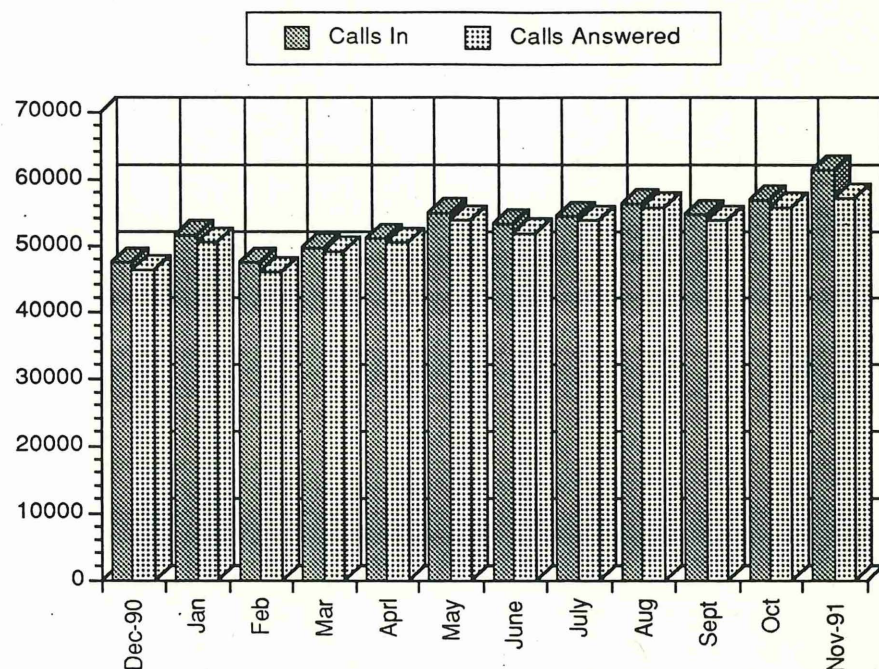
**2.331
Measurement
Parameters.**

This report presents data on the number of calls received in the past year and the efficiency of the relay in processing those calls.

There were 46,413 calls placed through the MRS during December 1990. This number reached a high of 57,096 in November 1991, for a grand total of 624,167 over the twelve-month period for which complete data exist. The average number of incoming calls per month was 52,013, significantly higher than 41,119 as reported for the previous twelve months of operation.

A representation of the monthly totals for the above period is as follows:

Figure 1: Message Relay Service by Month, 12/90-11/91



The FCC final Rule for message relay centers requires 85% of all calls into the center be answered within 10 seconds. During 1991, the TACIP relay service answered 94% of calls received within 10 seconds. A typical call to the Message Relay Service is initiated by a TDD caller (79%) from the seven county Metro area (83%). However, the number of calls originating from Greater Minnesota is increasing along with the number of calls initiated by non-TDD users.

**2.332
Presentations.**

A full-time public relations specialist position for the Message Relay Service was approved by the Board for fiscal years 1991 & 1992. Since January 1991, thirty-three presentations have been given. Twenty-seven were in the seven county Metro area and six in greater Minnesota. In total, over 420 people received training and information on the relay service at these presentations.

**2.340
Evolution of Service.**

The number of workstations was expanded from thirty-six to forty-six during 1991, and the number of full and part time operators to staff the service was expanded to 165.

**2.350
Authority to Resell
Long Distance Service.**

The Message Relay Service is located in St. Paul with all of Minnesota served through this one center. People seeking relay service may call in from any state site and call to any other site. Non-relay users would normally incur long distance charges for equivalent calls. Because the TACIP Message Relay Service was not a telephone company serving specific users, it had limited ability to determine appropriate long distance charges for Message Relay Service users.

The only viable option was to charge the user for the call through the relay service center when a toll charge would have ordinarily been applied. The most logical solution was to have either the Minnesota Relay Service or the TACIP Board charge rates to cover long distance costs from an interexchange carrier based on usage rather than distance. An ever-changing extended area service (local free calling areas) and the introduction of equal access to competitive long distance rates have further complicated the implementation of a billing system.

On March 8, 1989, the TACIP Board filed a request with the Minnesota Public Utilities Commission for a certificate of authority to resell long distance service within the state of Minnesota. The Commission approved the request.

The proposed rates did not cover the billing costs as such information was not available at the time. The TACIP Board has been developing a formal proposal to handle the billing of long distance calls made through the Message Relay Service center. There have been a variety of difficulties because none of the options available appear cost-effective given the costs of equipment, software, staff time, and small number of potential users. The Board continues to evaluate potentially cost-effective pro-

least expensive of which is from Enhanced Technologies Inc. Their estimated cost for long distance billing services, data processing, system administration, and account receivable services was \$43,000 per year. This price did not include the cost of one full time employee to administer and continually update the data base and the \$4,125 start up costs. The estimated cost per year was approximately \$60,000. This was significantly more than the initial estimate received from another vendor of \$30,000 used as a bench mark by the PUC to determine the economic feasibility of implementing a billing system for the relay service (That vendor decided not to pursue development of the billing system for TACIP).

**2.360
Proposed
Cost-Effective Billing
and Collection System.**

The Minnesota Public Utilities Commission has requested that TACIP provide a detailed description of current technical barriers to implementing a billing and collection system for the calls that would have been toll calls had the calling party been able to contact the called party directly; a plan for implementation of a billing and collection system, if feasible; an analysis of the volume of intrastate toll and incoming interstate toll calls that would be required for each billing and collection system considered by the Board to be cost-effective; and comment on appropriate relative advantages of continuing to absorb intrastate and incoming interstate toll charges versus billing message relay service users. In addition, the PUC has directed TACIP to advise the PUC of charges absorbed in excess of \$2,500 for any month for intrastate long distance charges. (Based on the discussion above, the break-even point for a billing collection system for the Message Relay service is now estimated to be \$5,000 per month.)

The Board has sought to provide the information requested. Technology limitations and cost efficacy precluded development of appropriate information. Indeed, TACIP's technical support was unable to use available technology (reel-to-reel magnetic tape) to address existing records according to TACIP's InterTech consultant (Minnesota Department of Administration). The TACIP Board has initiated purchase of Station Message Detail Recording (SMDR) hardware and software to collect this information. The Board hopes to have a detailed breakdown of billable calls by May, 1992.

**2.400
Equipment
Distribution Program.**

At the time of TACIP start-up, communication-impaired persons seeking to access their respective telephone networks needed to spend \$200 to \$600 (in 1988 dollars) to obtain special telecommunications equipment. Purchase of equipment would permit communication with other such devices. The TACIP programs changed this communication limitation by allowing those with and without telecommunications connection equipment to access all other telephone lines, whether the lines were answered by voice or telecommunications devices for the deaf (TDDs).

The strategy for developing the TACIP program was two-faceted, the one being provision of consumer premise equipment for the communication impaired and the other being the relay system for allowing those communication impaired to communicate with others in the state.

The TACIP Equipment Distribution Program and the TACIP Message Relay Service provide equal access to the telephone network for the communication impaired community and all other users of the telecommunications network.

**2.410
Authority to Provide
Equipment.**

Subdivision 5 (3) of Statute 237.51 provided the TACIP Board with the authority to establish specifications for special communication devices to be purchased under Section 237.53, subdivision 3. This authorized the Board to evaluate and purchase any communication device that may be beneficial to eligible persons under its Equipment Distribution Program.

**2.420
Policy and Adoption of
Administrative Rules.**

At TACIP start-up, it was apparent that there was a dramatic need to provide appropriate telephone access equipment to the communicatively impaired in Minnesota. The TACIP Equipment Distribution Committee worked with a number of individuals and organizations to determine the potential communication impaired users of equipment, the kind of equipment needed, and the eligibility criteria for equipment distribution. Terms such as "severely hearing impaired", "residency" and "appeal process" had to be defined. Committee recommendations on these issues were brought to the full TACIP Board and incorporated into administrative rules or policy.

**2.430
Equipment
Distribution Program
Contract.**

Early in the development of the TACIP programs, it became apparent that the multitude of telephone companies in Minnesota, many of them very small, precluded an efficient and cost-effective equipment distribution system through the state's primary telephone network provider, U S West Communications, Inc. The enabling statute was modified in subsequent legislation to permit interagency contracting between the TACIP Board and the Department of Human Services' Deaf Services Division. This gave TACIP access to Deaf Services Division Regional Service Centers.

The TACIP Equipment Distribution Committee developed equipment specifications and a provision contract in consultation with the Deaf Services Division. The TACIP Board incorporated the TACIP Equipment Distribution Committee work into an interagency agreement. The purpose was to develop procedures and methods for the distribution of telecommunication devices to eligible persons; maintenance of such devices; outreach to communication impaired persons to inform them of devices available through the program; and orderly reporting, billing, and payment between the parties. The end result of this agreement continues to be the provision of high quality, efficient delivery of TACIP services. The agreement was initiated for fiscal year 1989 and continues at present.

**2.431
Interagency Contract.**

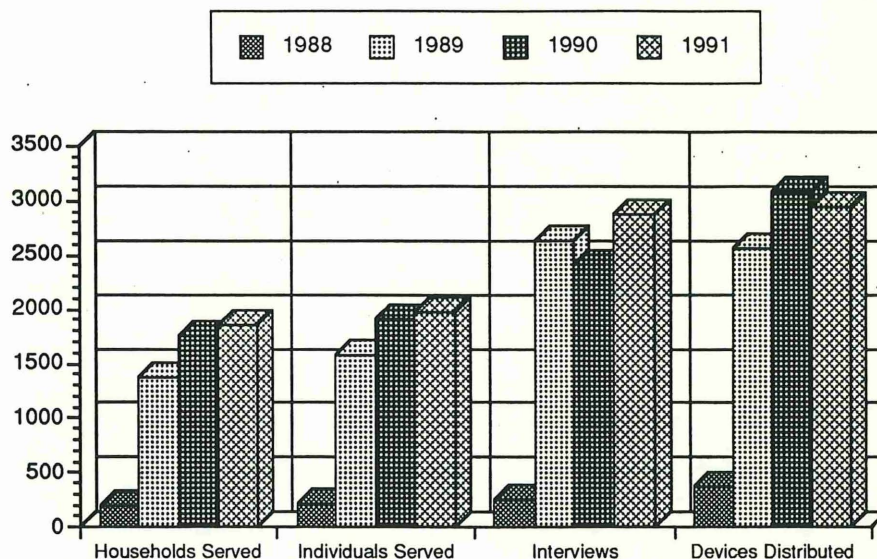
The TACIP Equipment Distribution Program began serving the southeastern region of the State with a pilot project in Rochester the week of August 29, 1988. The purpose of this project was to test the procedures as presented in the preliminary distribution plan, and to identify problem areas before making appropriate modifications. All members of the TACIP Equipment Distribution Program staff were hired by December of 1988. Program Specialists were assigned to the Regional Service Centers for Hearing Impaired People. They were located in Duluth, Fergus Falls, Mankato, Metro (St. Paul), Rochester and St. Cloud, with the Pilot Program being expanded to serve all of Minnesota by the end of 1988.

**2.440
Statistical Information.**

Since Equipment Distribution Program start-up, statistical information has been provided to the TACIP Board on a monthly basis. The outreach activities, the number of interviews held with prospective applicants, the number of households receiving equipment, and the kinds of equipment delivered have been fully logged. Distribution data from the beginning of the program

in October 1988 through the month of December 1990 is presented in the following figure.

Figure 2: Equipment Distribution Service by Year, 1988-1991*



*Includes Estimates for December 1991.

2.441 Presentations.

Since the program began, the TACIP Board has had the task of outreach to the communication impaired, and has utilized the Deaf Services Division Interagency Agreement for this purpose. Presentations by the Equipment Distribution Program staff promote the program, outline the eligibility requirements, describe the types of equipment that are currently available, explain the availability of statewide Message Relay Service, and provide other pertinent information. The following table shows the number of presentations and the number of participants by year:

Table 1:	1988	1989	1990	1991*
Number of Presentations	55	418	300	275
Number of Participants	1,163	7,503	7,444	7,439

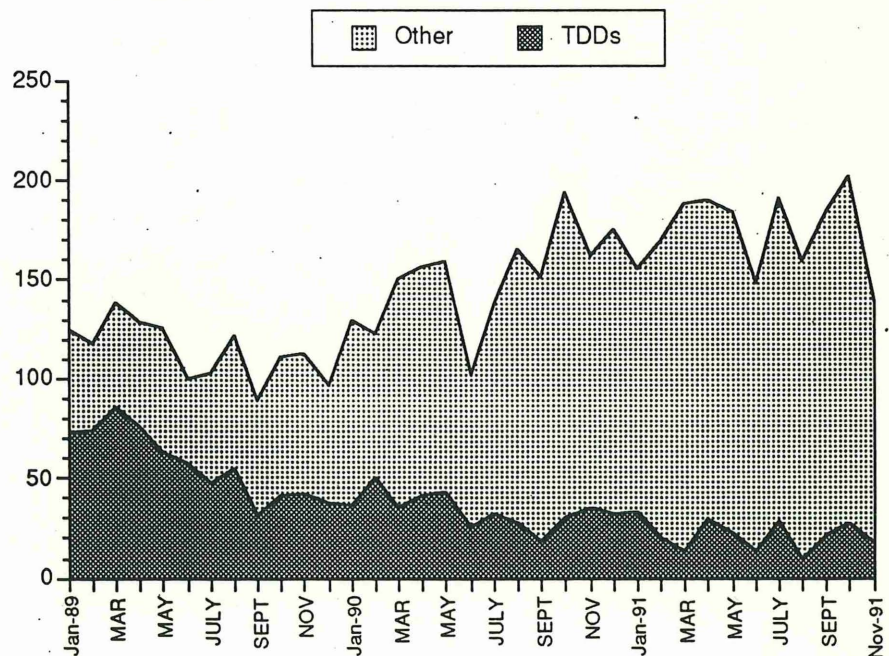
*Includes Estimates for December 1991.

2.450 Evolution of Service.

The TACIP Equipment Distribution Program prioritized the equipment user population. Initially, it primarily served deaf people, then later, those with a need for different types of equipment. The following graph shows the number of TDDs and other types of special telephone equipment distributed each month since the inception of the program. The graph shows a shift away from TDDs and toward other equipment such as telephone amplifiers for speech and hearing impaired, telebraille for deaf/blind, and other adaptive equipment for qualified applicants who cannot use "standard" EDP telephone equipment. This indicates that an increasing number of hard of hearing and speech impaired people are being served as a result of special efforts to reach out to these individuals. This includes senior citizens who experience gradual loss of hearing as part of the aging process. Several different amplifier products are currently available to meet individual needs.

Those identified as part of the "Deaf Community" who meet the program eligibility criteria are reaching the fully served status, while those with other types of telecommunication needs resulting from their communication impairment remain as the larger underserved population for equipment.

Figure 3: Equipment Distribution By Type, 1988-1991



2.451 Services for Special Needs Recipients.

People with deaf-blindness and those who are speech and hearing impaired with severe physical impairments are an underserved population. The TACIP Equipment Distribution Committee and the Equipment Distribution Program staff have sought appropriate telecommunication devices for these applicants. Equipment for deaf-blind applicants has been especially difficult to obtain. The only manufacturer of this equipment discontinued production over three years ago, leaving no possibility of adequate EDP service to deaf-blind applicants. Recently, two new braille devices have come to the market which now provide EDP staff with some flexibility when trying to meet the needs of individual applicants.

Equipment for speech and hearing impaired people who also have a severe physical impairment is also being provided on a case by case basis. These cases are very time-intensive, often requiring an applicant to be evaluated by a speech and language pathologist or rehabilitation engineer to determine which device will be most appropriate to meet his/her telecommunication needs along with intensive training on the operation of the device. As the demand for these services increase, more staff will be necessary to serve "special needs" clients.

3.000 TACIP FUNDING MECHANISM

All funding for the TACIP program is derived from a surcharge to all telephone subscribers in Minnesota.

3.100 Revenues.

Minnesota Statute 237.52, subdivision 2 (1987) requires that the TACIP Board recommend annually to the Public Utilities Commission the surcharge level needed to fund the TACIP programs. The maximum allowable surcharge under the TACIP Act is ten cents per local access telephone line per month. The TACIP Board recommended that the Commission establish a 10 cent per line per month surcharge, effective March 1, 1988. The Board determined that this surcharge level was appropriate to generate the amount of revenue required for the program budget through the fiscal year 1993. The Board projected that monthly revenues would initially exceed monthly expenses with a ten cent surcharge, but that monthly expenses would exceed monthly revenues early in 1990. **(Built up revenue reserves would permit operation of the program at the ten cent surcharge through the projected sunset of TACIP.)**

The TACIP Act requires that every telephone company providing local service in the state collect the surcharge and remit it to the Department of Administration.

**3.200
Past and Projected
Revenues & Expenses.**

Past and projected revenues from the surcharge (projected access line growth of 2% per year) are described in the following table:

FY 1988 (July 1, 1987 - June 30, 1988)

Revenues

Income from Surcharge =	\$ 586,405
Income from Investments =	1,459

Total Revenues	\$ 587,864
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Expenses

TACIP Administration	\$ 61,469
Equipment Distribution Program	0
Message Relay Service	8,340

Total Expenses	\$ 70,921
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Balance Forward	\$ 516,943
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FY 1989 (July 1, 1988 - June 30, 1989)

Revenues:

Income from Surcharge =	\$2,467,257
Balance Forward =	516,943
Income from Investments =	82,900

Total Revenues	\$3,067,100
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Expenses:

TACIP Administration	\$ 93,069
Equipment Distribution Program	983,907
Message Relay Service	686,042

Total Expenses	\$1,866,616
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Balance Forward	\$1,200,484
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FY 1990 (July 1, 1989 - June 30, 1990)**Revenues:**

Income from Surcharge =	\$2,517,350
Balance Forward =	1,200,489
Income from Investments =	137,861
Total Revenues	\$3,855,695

Expenses:

TACIP Administration	\$ 69,847
Equipment Distribution Program	619,235
Message Relay Service	1,320,363
Total Expenses	\$2,073,554
Balance Forward	\$1,782,141

FY 1991 (July 1, 1990 - June 30, 1991)**Revenues:**

Income from Surcharge =	\$2,547,517
Balance Forward =	1,782,141
Income from Investments =	148,988
Total Revenues	\$4,478,646

Expenses (estimated):

TACIP Administration	\$ 75,402
Equipment Distribution Program	726,702
Message Relay Service	1,978,709
Total Expenses	\$2,814,627
Balance Forward	\$1,664,019

FY 1992 (July 1, 1991 - June 30, 1992)**Revenues (estimated):**

Income from Surcharge =	\$2,600,000
Balance Forward =	1,664,019
Estimated Income from Investments =	125,000

Total Revenues \$4,389,019**Expenses (estimated):**

TACIP Administration	\$ 115,000
Equipment Distribution Program	850,000
Message Relay Service	2,311,311

Total Expenses \$3,276,311**Balance Forward \$1,112,708**

FY 1993 (July 1, 1992 - June 30, 1993)**Revenues (estimated):**

Income from Surcharge =	\$2,639,000
Balance Forward =	1,112,708
Estimated Income from Investments =	60,000

Total Revenues \$3,811,708**Expenses (estimated):**

TACIP Administration	\$ 128,900
Equipment Distribution Program	850,000
Message Relay Service	2,659,000

Total Expenses \$3,637,900**Balance Forward \$ 173,808**

**3.210
Legislative Auditor's
Report.**

The Office of the Legislative Auditor [Public Release No. 91-75, 18 October 1991] completed a financial audit of TACIP operations for the three years ending June 30, 1990. The objectives were: 1) to evaluate the internal control structure of TACIP with special regard to professional and technical services, purchased services, and Board and employee travel and subsistence and 2) to test the compliance of TACIP with certain finance-related legal provisions.

The Office of the Legislative Auditor did not express an opinion on the internal control structure due to the limited TACIP staff size. It did note that the Board had not complied with finance-related legal provisions in that the Board had improperly advanced funds to a vendor, i.e., DEAF, which operates the TACIP Message Relay Service.

Briefly, TACIP was mandated by enabling legislation to utilize a non-profit organization serving the communicatively impaired to operate a message relay. DEAF was the only identifiable organization at TACIP start-up which met the statute definitions for relay operations. As a non-profit, it had little operating revenue and advised the Board that it would have difficulty developing the TACIP Message Relay Service without an advance of funds for salaries.

The Board was faced with not being able to initiate its legislatively mandated program without some kind of funding mechanism to permit DEAF to proceed with hiring and training employees for the TACIP Message Relay Service. The method chosen, with advice from the Attorney General's Office and concurrence of the Department of Finance, was a grant agreement to provide funds for "start-up" expenses for DEAF. Built into the grant was the stipulation that the funds would be returned to TACIP at the expiration of the grant agreement. In addition, DEAF was to advise TACIP on a quarterly basis on the status of these funds. The Board did not foresee future requests by DEAF for similar funds, but such funds were requested and granted in subsequent years.

The Office of the Legislative Auditor advised the Board that these funds are not grants, but are contract advances for services and are precluded by Minnesota Statute [Section 16A.065]. The Office of the Legislative Auditor recommended that the Board discontinue advancing funds and enforce provisions of its contract, i.e., submission of quarterly reports by DEAF.

In response, TACIP has notified DEAF that it will discontinue advancing funds to DEAF, cancel the existing grant agreement, and require the return of all funds provided to DEAF under this and past grant agreements. Furthermore, the Board will require quarterly reports from DEAF as required by contract.

3.300
Expectations Without
Program Modification.

The Minnesota Public Utilities Commission specifically requested a Board analysis of whether future TACIP expenses can or should be reduced, whether future revenues can or should be increased, whether projected changes in usage levels of TACIP services will materially affect revenues or expenses, and whether any changes in the TACIP statute are necessary to ensure continued provision of adequate services. If the TACIP program is to continue as currently structured, the TACIP Board believes that present resources are sufficient to ensure continued provision of adequate services to sunset, and is in the process of developing a plan to ensure continuation of service beyond sunset of the program. The specific recommendations are in the developmental stage at this point.

4.000
TACIP ANALYSIS

The current funding level will allow the TACIP Board to continue to meet expected expenses as it refines programs for communication impaired persons. Reserves carried over from previous years will be used to cover expenses exceeding revenues from current year surcharges. Reserves will be fully depleted by sunset of TACIP enabling legislation.

Demand for the TACIP Message Relay Service has continued to grow at a rate faster than projected by TACIP's consulting firm at start-up. The vast majority of calls (about 85%) are from the Metro area. Program usage by greater Minnesota residents has increased, and the impact on the use of toll-free lines and the number of long-distance calls required to complete relay requests to local calling areas has mounted. TACIP has met expanded usage with appropriate service, well within the guidelines recently written into the Americans with Disabilities Act (discussed in more detail later) regulations promulgated by the FCC.

The TACIP Board will continue to assume the cost of intra-state long-distance calls for the Message Relay Service until a billing system becomes feasible. TACIP does not consider revenues from any billing system for long-distance calls to have major implications for its budget as presented.

Demand for the TACIP Equipment Distribution Services has also continued to grow, but the kind of equipment now provided has been less costly. This means that Equipment Distribution Program costs to TACIP are not growing as fast as its Message Relay costs. There are no substantive changes in the program being suggested.

4.100 Impact of ADA and FCC Final Rule.

The regulations promulgated by the FCC appeared in the Federal Register, August 1, 1991 (Volume 56:148:36729-36733). Essentially, the regulation required that TACIP as the "delegated executive office empowered to provide [a Message Relay Service]... not later than October 1, 1992., in narrative form,... clearly describe the state program for implementing intrastate TRS [Message Relay Service], and the procedures and remedies for enforcing any requirements imposed by the state program." The [FCC]...will file public notice in the Federal Register.

"Any State desiring to establish a State program under [the regulation must comply with stated provisions relating to]...intrastate telecommunications relay services and procedures and remedies available for enforcing any requirements imposed by the State program." The FCC must review the application and documentation and shall certify that the applicant program "meets or exceeds all operational, technical, and functional minimum standards contained in Regulation 63.604 [relating to operator training, confidentiality, prohibition of refusal of calls, technical transmission standards, speed of answer, equal access, 24 hour operations, and technology limitations],...makes available adequate procedures and remedies for enforcing the requirements of the state program [TACIP policies, and] in no way conflicts with federal law.

TACIP plans to file appropriate documentation in 1992 with the FCC so that the TACIP program shall be federally-certified, and the documentation will include information to show that "the program makes available to hearing-impaired and speech-impaired individuals, either directly, through designees, through a competitively selected vendor, or through regulation of intrastate common carriers, intrastate telecommunications relay services in such state in a manner that meets or exceeds the regulations prescribed by the [FCC and]...makes available adequate procedures and remedies for enforcing the requirements of the State program."

To be fully compliant with FCC regulation, TACIP is currently evaluating such things as voice pass-through technology, electrical back-up for its Message Relay Service, etc. It will determine appropriate changes in service in coming months, will initiate direct changes as financially responsible, and develop appropriate recommendations for the PUC for submission to the 1993 Legislature.

4.200 Determination of Necessary Statutory Changes

The TACIP Board has been evaluating long term telecommunications access needs of the communicatively impaired in Minnesota in respect to its two programs. The Board has taken no position on issues like permanent status for the TACIP Board or its programs, on long-term permanent funding mechanism for any program continuing after TACIP sunset, on compatibility with federal ADA legislation and regulation, etc. These and other issues are under study. Formal recommendations will be presented in next year's report. The TACIP Board looks forward to Minnesota Public Utilities Commission input as it works through its recommendation process. The Board does not feel that legislation to change any of the TACIP programs is needed at this time with the possible exception of authority to advance funds to its vendors.

5.000 CONCLUSION.

Since 1987, TACIP has administered a successful integrated program for communicatively impaired people. Its programs have been used as a model by other states. TACIP programs have a positive record of excellence with recognition coming from a variety of sources.

The Minnesota Relay Service received much initial publicity through newspapers, and radio, and television. Tours of the relay center have been given to interested individuals, including representatives from the Minnesota State Legislature, the Federal Relay Center and visitors from Germany, Japan, and Malaysia. The Message Relay Service's contractor (executive director) was recognized by the Minnesota Association of Deaf Citizens for implementation of the Minnesota Relay Service. TACIP's Minnesota Relay Service was nominated by the Assistant Commissioner of InterTech Group of the Minnesota Department of Administration to the Council of State Governments for the "Charles McCarthy Award for Outstanding Information Product, Program or Service".

The TACIP Equipment Distribution Program has similarly re-

ceived recognition on state, national, and international levels. Several TV news broadcasts and public service announcements regarding Equipment Distribution Program have been aired. There were also numerous newspaper and newsletter articles about the program. The results of these promotional activities account for the strong demand for both TACIP Board-funded programs. Testimonials from satisfied recipients continue to be received, now numbering in the hundreds.

TACIP programs continue to excel in meeting the legislative mandate that established the services. Thus, the Board not only has developed the TACIP Message Relay Service and the TACIP Equipment Distribution Program, but continues to adapt the program to meet real and anticipated needs of its users and to respond to regulation on the federal level to bring its system into FCC compliance. These programs were developed with revenues generated by a ten cents per line per month surcharge. The programs will meet expected growth of use through the sunset date of TACIP if the surcharge remains constant to that time. Specific recommendations for post-sunset needs of communicatively impaired consumers are currently in the development stage and will be in the 1992 report to the Minnesota Public Utilities Commission.