

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17492
September 17, 2015**

R E S O L U T I O N

**Resolution No. T-17492 To Establish the Deaf and Disabled
Telecommunications Equipment and Service Program Budget (Public
Utilities Code Section 2881 Et Seq) for the 2016-17 Fiscal Year Budget.**

SUMMARY

This resolution recommends a Fiscal Year (FY) 2016-17 annual budget of \$65.03 million for the Deaf and Disabled Telecommunications Equipment and Relay Service Program, pursuant to Public Utilities (PU) Code Section 2881, *et seq.* There is no change between this Proposed FY 2016-17 budget and the Enacted Budget for FY 2015-16.

BACKGROUND

The California Public Utilities Commission (CPUC) established a program to provide specialized equipment to the Deaf and hard of hearing through CPUC decisions issued in the 1980s.¹ Subsequently, the Legislature codified the program through passage of several provisions contained in Public Utilities Code (PU Code Sections 2881 et seq). To implement the three legislative mandates at that time, the CPUC created the Deaf and Disabled Telecommunications Program (DDTP) and its advisory committees.² The legislative mandates currently governing the DDTP are as follows: PU Code Section 2881(a) which authorized the provision of Teletypewriters (TTYs) to Deaf or Hard of Hearing individuals; PU Code Section 2881(b) which authorized third-party intervention, also known as the California Relay Service (CRS) to connect by telephone consumers who are Deaf, hard of hearing, or speech-impaired with other parties; and PU Code Section 2881(c) which authorized the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities. Assembly Bill 136 (Ch. 404, 2011) added Speech Language

¹ The statutory language uses the term "hearing impaired". The preferred term today is "hard of hearing", and that term is used in this resolution.

² The Commission currently is advised by the DDTP consumer advisory boards: the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), now codified in PU Code section 278, and the Equipment Program Advisory Committee (EPAC), a subcommittee.

Pathologists to the list of Program Certifying Agents. That legislation, along with CPUC Decision (D.) 13-12-054 (Rulemaking 13-03-008) implementing it, expanded the program to include assistance to individuals with speech disabilities for provision of speech generating devices (SGDs) and associated accessories, mounting systems, and specialized telecommunications equipment. Further, CD has begun discussions with the Department of Technology on contracting and procurement requirements for a statewide trial of SGDs that are supplemental telecommunications equipment (STE), e.g., tablets.

Senate Bill 669 (Ch. 677, 1999) created a special fund dedicated to the DDTP whose funds are maintained in the State Treasury. The DDTP is funded via a surcharge assessed against all charges for all intrastate services on end-user telephone bills in California.³ The current DDTP surcharge rate is 0.50%⁴.

Pursuant to statute, the CPUC administers and adopts policies that govern the DDTP. The CPUC has charged its Communications Division (CD) staff with the task of monitoring the administration of the DDTP. The CPUC's Primary Program and Contract Administrator for the DDTP (PPCA or DDTP Administrative Contractor) is the California Communications Access Foundation (CCAF), a private vendor. CCAF and all others providing equipment or services to the DDTP do so under contract to the State/CPUC, pursuant to state contracting and procurement rules.

In addition to the DDTP Administrative Contractor, the CPUC contracts with vendors for a number of other services including the following: sign language interpreters, foreign language translators, captioners, voicers, brailier, personal attendants, marketing vendor, equipment, contact center and warehouse operator, and relay providers.

Lastly, in addition to the SGD area, the DDTP anticipates continuing to move forward with targeted wireless program initiatives, including iPhone and Odin VI for low-vision and blind persons.

³ Participants in the CPUC's LifeLine program do not pay the DDTP surcharge.

⁴ 0.5% surcharge rate established by Resolution T-17458, dated December 18, 2014.

DISCUSSION

Budget Development Process

CD estimates a FY 2016-17 DDTP budget of \$65.03 million based on the following state budget categories for which appropriations will be established in the 2016 Budget Act:

1. 8660 State Operations and Local Assistance, which consists of Contracts and Personal Services; Rents and Leases; DDTP Equipment; CPUC Staff and Administrative Costs; Committees; and Telecommunications Carrier Claims.
2. 0840 State Controller;
3. 6120 California State Library; and
4. 8880 Financial Information System for California.

Appendix A to the Resolution shows a comparison of the FY 2015-16 DDTP budget as adopted by Resolution T-17451 in Column E, and CD's proposed FY 2016-17 DDTP budget in Column G.

In TADDAC's letter to CD's Director, Ryan Dulin, dated July 2, 2015, the DDTP committees (TADDAC and EPAC) identified a list of DDTP program priorities with budget implications for the FY 2016-17 DDTP budget, which assisted Commission staff in developing the Program budget. The CD proposed budget for DDTP of \$65.03 million as described below is sufficient to cover these FY 2016-2017 program priorities. Review, discussion, and approval of specific Committee proposals or initiatives (e.g., proposed policy changes, equipment pilots, and other proposals) will occur as part of ongoing TADDAC and EPAC meetings and discussion with CD during FY 2015-16 and 2016-17. Among TADDAC's recommendations are:

- Core DDTP Program Areas: need to ensure that relay (California Relay Service or CRS) and assistive telecommunications equipment (California Telephone Access Program or CTAP) are adequately funded and cover major program initiatives for FY2016-17;
- Landline: importance of maintaining and enhancing the DDTP user experience by continuing to research, test, and identify landline phones for all disability groups; consider the addition of VoIP and internet-capable devices to DDTP;
- Wireless: increase the funds allocated to provide wireless devices in anticipation of successful pilot programs leading to the inclusion of more wireless devices in the Program;
- Identify specific equipment that addresses the telecommunications accessibility needs of people who are deaf-blind

- Maintenance or support of other program initiatives, including Speech Generating Devices;
- Marketing and Outreach: expand to increase enrollment, continue targeting of unserved and underserved populations, and research changing demographics;
- Continue to focus on and monitor the quality of service of relay service providers including assuring funding for ongoing surveys and data collection;
- Research tablets and other devices that provide text, video phone capability, and email;
- Develop a Social Media presence for the DDTP (including CTAP and CRS).
- Continue to research, test and add telecommunications accessories to the program for all disabilities;
- Find a good voice activated phone for the mobility impaired - a phone with the ability to record a call or conversation or a phone with the ability to turn conversation into text;
- Provide accessible formats for documents that are sent out in English and Spanish to also be sent out on video for ASL users, in Audio format or Audio description, and in Braille, large print, and to be made accessible by screen-reading software for people who are visually impaired;
- Ensure funding which allows for follow-up calls to consumers who have recently received their equipment from the DDTP;
- Ensure adequate funding for at least 10 Committee meetings a year, including a Joint Committee meeting and an off-site meeting;
- Revisit policy on travel to allow Committee members to travel to and attend DDTP-related conferences;
- Work with Wireless Carriers and Emergency Services Departments in California to implement a solution for Text to 9-1-1;

Overall, CD is targeting the number of DDTP participants to grow by 5% as a result of the continued growth of the California population and the constituencies the DDTP serves, as well as increased marketing and outreach efforts. These marketing and outreach efforts include the tracking of barcoded certification forms distributed in response to new campaigns and outreach events, which enable the Commission and CD staff to better understand the effects of increased efforts to target potential DDTP users that are unserved or underserved. The barcoded certification forms allow the DDTP Primary Program and Contract Administrator (PPCA), the Equipment Processing Center (EPC), which includes the contact center and warehouse, and the Marketing Services Provider to better gauge and hone in on the effectiveness of ongoing marketing and outreach, campaigns, and events.

In determining the DDTP budget or projected FY 2016-17 expenses for each specific DDTP program area, CD reviewed actual expenses incurred for the previous four fiscal

years for which this data was available (i.e., FY 2011-12, 2012-13 2013-14, and 2014-15). For historical data, CD annualized the actual expenses based on the data available. For example, in FY 2014-15, because only ten to eleven months of actual expenses were available at the time CD was performing its budget forecasting, CD was required to extrapolate the available data for the remaining one to two months to derive annualized expenses for FY 2014-15.

After analyzing the annualized historical expense data for FY 2011-12 through FY 2014-15 at the program level, CD compared those figures to the adopted amounts budgeted for FY 2013-14 and FY 2014-15. These comparisons, in addition to other relevant factors, are used in the formulation of the budget in each particular expense area.

The breakdown of CD's proposed FY 2016-17 DDTP budget is as follows:

8660 STATE OPERATIONS (excluding Local Assistance)

CD proposes a budget of \$64.16 million for State Operations for FY 2016-17. This is the same as shown for State Operations in the Enacted Budget for FY 2015-16 (AB 93, 2015). While the total amount for State Operations remains the same, the amount allocated to specific line items may have increased or decreased.

Contracts and Personal Services

Primary Program and Contract Administrator (PPCA)

The DDTP Administrative Contractor or PPCA performs the day-to-day operations and management of the DDTP, including both program and contract management. The PPCA also implements CPUC policies and directives.

For the previous two fiscal years based on annualized data, actual contract expenses incurred annually decreased slightly from \$15,962,985 to \$15,766,136 for FY 2013-14 and 2014-15 respectively. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$17.09 million and was based on the yearly value of the current PPCA contract.

The current PPCA contract scope of work is from July 01, 2013 through June 30, 2016. CD intends to release a Request for Proposal (RFP) to procure a new PPCA vendor and the new PPCA contract is expected to be in place by the beginning of FY 2016-17. The PPCA contract reflects mostly labor costs, which have increased since the current contract was bid. To account for the increasing labor costs and to allow for changes to the SOW, CD projects an estimated budget for the PPCA of \$56.4 million for three years.

Therefore, CD recommends a budget of \$18.8 million for PPCA expenses for FY 2016-17. This is an increase of 10% compared to the budget in Resolution T-17451 for FY 2015-16.

Equipment Processing Center (EPC)

The EPC contractor is responsible for providing contact center and warehouse services, and an inventory and customer tracking system, all of which support the operations of the DDTP equipment distribution. The current contract scope of work is July 01, 2015 to June 30, 2018, with the option of two one-year extensions.

For the previous two fiscal years based on annualized data, the actual EPC contract expenses incurred annually, based primarily on contact center and warehouse volumes, decreased slightly from \$5,327,537 in FY 2013-14 to \$5,296,335 in FY 2014-15. The amount included in the DDTP budget for EPC in FY 2015-16 in Resolution T-17451 was \$8.66 million, and was based on projections of contract expenditures and program growth at that time.

The current EPC contract value is \$7,724,933 per year, based on projected volumes. Therefore, CD recommends a budget of \$7.72 million for EPC expenses for FY 2016-2017. This is a decrease of 11% compared to the budget in Resolution T-17451 for FY 2015-16.

Marketing

The Marketing Services Provider (MSP) is charged with producing marketing campaigns that increase awareness of, and participation in, the DDTP. The current MSP contract was awarded, via a competitive bidding process, for an amount not to exceed \$6,051,575, and has a contract term that is from March 15, 2013 to April 14, 2016.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually increased from \$2,530,160 in FY 2013-14 to \$2,989,051 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$3.11 million, and was based on projections of contract expenditures at that time.

The CPUC anticipates releasing an RFP to procure a new MSP vendor and a new contract is expected to be in place by the beginning of FY 2016-17. The current MSP contract does not require or allocate funds toward the production of new creatives. To allow for the production of creatives in the new contract, CD's budget projection relies on marketing costs from FY 2011-12 and 2012-13 when the contract required the production of new creatives. CD has projected that FY 2016-17 MSP costs will not exceed the average of FY 2011-12 and 2012-13 expenses by more than 15%. Thus, CD

recommends a budget of \$4.25 million for MSP expenses in FY 2016-17. This is an increase of 37% compared to the budget in Resolution T-17451 for FY 2015-16.

California Relay Service (CRS)

CRS provides specially trained relay operators to relay conversations between people who are Deaf, hard of hearing, or speech-disabled with those they communicate with by telephone. CRS includes landline TTY, HCO (Hearing Carry Over), VCO (Voice Carry Over), STS (Speech-to-Speech), and Captioned Telephone, each in English and Spanish. Prior to June 1, 2015, two relay providers, Hamilton Relay and AT&T Relay, provided CRS under contract. After June 1, 2015, Hamilton Relay became the sole relay provider under a bridge contract to end December 2015. At that time, a new contract under CRS 4 will be in place. Verizon provides network services.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually for CRS contracts decreased from \$9,313,119 in FY 2013-14 to \$7,952,167 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$11 million and was based on projections of contract expenditures at that time.

CD projects an estimated budget for CRS of \$32,101,200 for three years (through 2018) given the higher rates (but declining call volumes) for CRS reflected in the new contract. Thus, CD recommends a budget of \$10.7 million for CRS expenses for FY 2016-17, which is a 3% decrease compared to the budget in Resolution T-17451 for FY 2015-16.

Technical Consultant

Historically, the technical consultant contract provides technical consulting services for the more complex technical aspects of the telecommunications-related public programs, including the DDTP. These services include providing support for strategic planning, as well as technical aspects of program design and contract administration.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually have declined from \$ 175,110 in FY 13/14 to \$163,330 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$250,000, and was based on projections of contract expenditures at that time.

Based on annualized data for FY 2012-13, 2013-14, and 2014-15, the average annual technical consultant expense is \$198,169 (ranging from about \$160,000 to \$260,000). Thus, CD recommends a budget of \$200,000 for technical consultant expenses for FY 2016-17. This is a decrease of 20% (\$50,000) compared to the budget in Resolution T-17451 for FY 2015-16.

Audits

The CPUC requires that all public purpose programs be audited for surcharge remittances and the DDTP will share in a proportion of those costs. For DDTP, FY 2016-17 allocated audit costs for the audit of 46 carriers are projected to be \$48,063. Thus, CD recommends a budget of \$50,000 for audit expenses for 2016-17. This is a decrease of 38% compared to \$80,000 allocated for audit costs in Resolution T-17451 for FY 2015-16.

Accommodations (excluding accommodations for DDTP Consumer Advisory Board members)

This category consists of American Sign Language (ASL) Interpreting, an Americans with Disabilities Act (ADA)-mandated accommodation), and foreign language translating. These services are provided to support DDTP outreach and other meetings, including meetings involving DDTP contractors and the CPUC. An example would be an ASL interpreter translating in real-time a presentation/meeting from an equipment manufacturer, DDTP contractors, and the CPUC.

In previous DDTP budget resolutions, accommodation expenses included all types of accommodations for the DDTP. However, beginning with Resolution T-17451 for FY 15-16, accommodation costs for DDTP Consumer Advisory Board members are included with the overall committee expenses discussed later in this resolution.

For the previous two fiscal years based on annualized data, the actual expenses for all accommodations incurred annually, including for committee members, decreased from \$157,333 in FY 2013-14 to \$149,281 in FY 2014-15 (\$69,919 + \$79,363 for committee member accommodations). The amount budgeted for FY 2015-16 in Resolution T-17451 (which does not include committee member accommodations) was \$80,000, and was based on projections of accommodation expenditures at that time.

Although the actual expenses for FY 2013-14 and FY 2014-15 show a decline in annual accommodation expenses for this period, this number is very sensitive to the number of events that require accommodations. It is difficult to predict the number of outreach events or meetings where a DDTP Administrative contractor staff requiring accommodations meets with CPUC staff. ASL Interpreting and foreign language translation services are procured through several competitively bid contracts, all of which expire and will be rebid before the beginning of FY 2016-17. The marketplace for these services is dynamic and can be affected by a number of factors. There has been significant historical variation in the bids that the CPUC has received. CD has

accounted for this variation and projected that accommodation expenditures will increase due to new contracts in FY 2016-17.

Given the nature of the program, the need for accommodations, increase in outreach activities, and the sensitivity of these projections to a variety of factors, CD recommends a budget of \$330,000. This is an increase of 313% (\$250,000) compared to Resolution T-17451 for the FY 2015-16 budget.

Rents and Leases

The DDTP has lease agreements to rent various facilities required for DDTP operations. These include the DDTP headquarters, seven service centers, and six satellite offices throughout the state.

For the previous two fiscal years based on annualized data, the actual leases expenses incurred annually have increased from \$1,466,143 in FY 2013-14 to \$1,504,735 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$1.52 million and was based on projections of lease expenditures at that time.

The lease agreements contain standard State terms and conditions, including a starting base rent and annual escalators unless otherwise indicated. The total rent, including escalators, for all DDTP lease agreements in FY 2016-17 is projected to be \$1.54 million. This is an increase of 1% compared to Resolution T-17451 for the FY 2015-16 budget.

Equipment Purchases

Equipment

This "Equipment" subcategory under "Equipment Purchases" includes all DDTP program equipment with the exception of Speech Generating Devices (SGDs) and wireless devices, which are separately discussed below. Examples of DDTP equipment include amplified phones, speakerphones, captioned telephones, and TTYs or teletypewriters.

For the previous two fiscal years based on annualized data, the equipment expenses incurred in this area decreased from \$6,924,788 in FY 2013-14 to \$4,577,059 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$7.63 million, and was based on projections of equipment expenditures at that time.

CD notes that equipment expenses are difficult to project. One reason for this is that equipment is typically purchased in bulk, and purchases are made when inventory

levels need replenishment based on consumer needs in response to increased marketing and outreach (i.e., greater awareness of the DDTP/CTAP), equipment models are discontinued, or when new product lines responsive to consumer needs are introduced, which may not necessarily coincide with a particular fiscal year. For example, if a large order is placed on June 15 of any given year, the DDTP may receive the shipment prior to June 30 (i.e., the end of the fiscal year) or after, but may not be invoiced for the purchase until the subsequent fiscal year. Thus, it is difficult to develop or identify historical baseline data.

Given the challenges of predicting equipment expenses in this area, CD believes that it would be reasonable to maintain a budget amount that is equal to the annualized actuals for FY 2014-15 plus 5% growth for each of two years. Thus, CD recommends a budget of \$5.05 million for equipment expenses for FY 2016-17. This is a decrease of 34% compared to Resolution T-17451 for the FY 2015-16 budget.

Wireless

The Commission made wireless equipment a permanent part of the DDTP in 2010 (CPUC Decision 10-11-033). This change has presented numerous challenges pertaining to incorporating and expanding distribution of wireless equipment into the DDTP, and primarily with contracting and procurement. The wireless industry commonly bundles phones and service plans into a single purchase, which allows them to offer phones at a substantial discount to consumers. By statute, the DDTP can only provide wireless equipment (not service). Thus, recipients of the DDTP/CTAP wireless equipment must pay their own monthly service charge, which is often a large barrier to maintaining wireless service. Additionally, the dynamic nature of the wireless industry in which providers frequently change models does not readily sync up with the state-required contracting and procurement processes.

As a result, actual wireless expenses have lagged behind previously projected expenditures. There were limited expenditures in FY 2012-13, FY 2013-14, and FY 2014-15 at \$12,744, \$57,891 (adjusted to include iPhone expense), and \$31,205 respectively. The aforementioned figures were considerably less than the projected \$2 million budgeted in Resolution T-17323 for FY 2012-13, Resolution T-17372 for FY 2013-14, and Resolution T-17405 for FY 2014-15. Resolution T-17451 budgeted \$1 million for wireless in FY 2015-16.

When CD budgeted \$2 million in Resolution T-17372 for wireless expenses in FY 2013-14, staff expected that the wireless program would be fully implemented during that fiscal year. However, CD has encountered a number of challenges with implementing the wireless program. After completing the procurement process with a wireless

provider to distribute one of their devices, the wireless provider informed CD that they would be discontinuing the device approximately three months after the contract start date. This required CD to assess alternative devices, but when one was identified, the wireless carrier indicated that the supply of the devices would not be sufficient. Another example involves smart phones with physical keyboards where the cost of the service plan is a barrier for some DDTP users. CD has been working with wireless providers on the service plan cost issue. Additionally, during FY 2014-15 the DDTP decided to stop distributing a wireless device that had been part of the Program since 2012 because the low distribution numbers indicated that it was not meeting the needs of DDTP constituents. Consequently, the challenges described above delayed full implementation of the wireless program in FY 2014-15. CD continued to experience challenges with wireless equipment rollout in FY 2014-15. During FY 2014-15, DDTP began a pilot of an iPhone targeted to the low-vision and blind⁵. Additionally, the DDTP began planning for a pilot of the Odin VI, a basic cellphone targeted to the low-vision and blind that also includes features for the hard-of-hearing. Pending successful completion of these pilots, larger scale distribution of these devices in FY 2016-17 would result in expenses above those in FY 2014-15. Hence, to continue to serve DDTP users, CD recommends a \$ 1.5 million budget for FY 2016-17, which is a 50% (\$0.50 million) increase compared to the budgeted amount in Resolution T-17451 for FY 2015-16.

Speech Generating Devices (SGDs)

Per Assembly Bill 136 (AB136) (Ch. 404, 2011) and Decision (D.) 13-12-054 implementing that legislation, the Commission expanded the DDTP to include SGDs as well as to add speech language pathologists (SLPs) as certifying agents. In D.13-12-054, the Commission implemented AB 136 by adopting rules for distributing SGDs. In developing the rules, the Commission solicited input through comment in the formal proceeding as well as from the SGD working groups. The Commission requested and received an additional \$11.60 million of budget authority through a prior Budget Change Proposal (BCP) reflecting additional funding and staff needed to support this new program. The Enacted Budget for FY 2015-16 reflects this amount. Of the total amount, \$11 million is for SGD equipment that is durable medical equipment or DME (including device, accessories, mounting system, and telecommunications component) and non-DME SGD tablet pilot (aka Supplemental Telecommunications Equipment).

FY 2014-15 was the first full year of this program and distribution of SGDs that are durable medical equipment (DME) began in February 2014. However, SGD distribution/funding remains less than projected as SLPs and others continue to learn

⁵ Equipment for this pilot was purchased in FY 13/14

about the availability of DDTP SGD funding and process. Additionally, in FY 2014-15 initial applications were impacted by Medicare changes in April 2014 requiring that Medicare-reimbursed SGD devices be reimbursed on a rental basis necessitating changes in SGD vendor agreements and administrative rules.

The CPUC worked with the California Department of Technology to add new SGD vendors based on the recommendation of Speech Language Pathologists, address changes in Medicare rules, and continue to work on a longer-term procurement vehicle.

Lastly, CD continues to work with the California Department of Technology on a procurement vehicle that will establish a trial of non-DME supplemental telecommunications equipment (i.e., tablets) in 2015. Staff projects that the trial will continue in FY 2016-17 as part of the DDTP SGD efforts.

Because of the expansion of the DME distribution, upcoming pilot of non-DME supplemental telecommunications equipment, and an increasing awareness of DDTP funding for SGDs in the larger community, CD anticipates a significant increase in SGD expenses. Thus, CD is recommending a budget of \$11.6 million for SGD expenses for FY 2016-17. There is no change when compared to the budgeted amount in Resolution T-17451 for FY 2015-16.

CPUC Staff and Administrative Costs

These expenses consist of Direct Program Charges, Cost Allocation, and Interagency Fee. The total for these expenses is \$2.07 million for FY2016-17, the details of which follow. This is an increase of 3% compared to the budget in Resolution T-17451 for FY 2015-16.

Direct Program Charges

Direct Program Charges include the salaries, wages, and benefits of CD staff that work on the DDTP, and CD recommends a budget of \$830,000 for these expenses.

Cost Allocation

Beginning July 1, 2014, CPUC implemented a new costs allocation plan that directs how CPUC's administrative charges will be allocated to the sixteen special funds the agency administers, as well as expenses charged to grants. Cost allocation expenditures (sometimes referred to as indirect charges) include Administrative Services salaries and operating expenses (CPUC Accounting and Budget Offices, Business Services, Contracts, HR and IT), facilities operations (rent, security and utility expenses), as well

as Executive Division, Administrative Law Judge, and a portion of shared legal expenses.

Using the new cost allocation plan methodology, administrative expenses are allocated to funds primarily on a Personnel Year (PY) basis; funds that support more staff proportionally have more CPUC indirect charges. The CPUC initiated development of a new cost allocation plan as a corrective action in response to a 2013 Department of Finance audit that highlighted the agency's lack of an updated, comprehensive, and methodologically consistent plan for allocating indirect charges to special funds and grants.

As a result of implementing the new plan, some CPUC special funds received higher proportions of costs allocation than had been allocated in previous years due to the changes in methodology related to defining administrative cost "pools" and PY analysis. Indirect charges will be built in as line items into all funds as part of FY 2016-17 budget proposals.

Interagency Fee

Interagency fee includes costs from state administrative services that are allocated to the various state departments and agencies, and CD recommends a budget of \$390,000 for these expenses.

Committees (including accommodations, per diem, and travel)

The DDTP consumer advisory committees described earlier (i.e., TADDAC and EPAC) provide recommendations to the Commission with regard to the DDTP. The committees typically meet monthly at the DDTP headquarters in Oakland, and occasionally hold offsite meetings. Committee expenses include both accommodations for committee members and general committee costs (including per diem and travel).

For the previous two fiscal years based on annualized data, the committee expenses (excluding accommodations) incurred decreased from \$67,316 in FY 2013-14 to \$53,792 in FY 2014-15. The amount budgeted for FY 2015-16 in Resolution T-17451 was \$75,000, excluding accommodations for DDTP committee members, and was based on projections of committee expenditures at that time.

CD anticipates that annual committee expenses will to grow due to overall increase in travel costs, including the need for periodic subcommittee or other meetings and additional travel costs for any offsite meetings. Additionally, changes in the composition of the DDTP Advisory Boards can cause significant variation in

accommodation costs. Thus, CD recommends maintaining a budget of \$75,000 for committee expenses, excluding accommodations, for FY 2016-17. There is no change in the proposed budget for committee expenses, excluding accommodations, compared to the budget in Resolution T-17451 for FY 2015-16.

In previous DDTP budget resolutions, accommodation expenses included all types of accommodations for the DDTP; however, beginning with Resolution T-17451 for FY 2015-16 accommodation costs for DDTP Consumer Advisory Board members were combined with the overall committee expenses. Approximately 54% of all projected accommodation costs for FY 16/17 are for committee members, while the remaining 46% are for other DDTP accommodations. Accommodations for committee members include providing ASL Interpreting, Braille, Captioning, and Attendants.

Based on annualized data, in FY 2014-15, the first year that accommodations for committee members were included in committee costs, expenses incurred for committee member accommodations were \$79,363. The amount budgeted for committee member accommodations in FY 2015-16 in Resolution T-17451 was \$85,725 and was based on projections of accommodation expenditures at that time.

Committee accommodations are procured through several competitively bid contracts, all of which expire and will be rebid prior to the beginning of FY 2016-17. For the Braille and Captioning contracts, CD projects that expenses will not exceed 15% above current contract values. CD projects that Attendant costs in FY 2016-17 will be equal to current contract values. As ASL Interpreting costs are also included in the general accommodations category, a portion of the total projection for FY 2016-17 ASL Interpreting costs are being allocated to committee accommodations. This was determined to be 36% because that is the percentage of ASL Interpreters expenses in FY 2014-15 that were used for committee members. Additionally, changes in the composition of the DDTP Advisory Boards can cause significant variation in committee accommodation costs due to the specific needs of committee members. Therefore, CD accounted for this variation and projected that accommodation costs for the committees will increase. Thus, CD recommends a budget of \$279,000 for committee accommodations in FY 2016-17. This is an increase of 225% for committee member accommodations compared to Resolution T-17451 for FY 2015-16.

Therefore, CD recommends a total budget of \$350,000 ($\$75,000 + \$279,000 = \$354,000$) for committee costs FY 2016-17. This is an increase of 119% for all committee expenses, including accommodations, compared to Resolution T-17451 for the FY 2015-16 budget.

8660 LOCAL ASSISTANCE

CD proposes a budget of \$210,000 for Local Assistance for FY 2016-17. There is no change from amount in the Enacted Budget for FY 2015-16 (AB 93).

Claims

Claims are DDTP expenses incurred by landline carriers to accommodate specific services for the Deaf and the disabled. Examples include three-way calling and speed dialing. The amounts spent in FYs 2013-14 and 2014-15 were \$173,670 and \$146,799 respectively. The amount budgeted for FY 2015-16 in the governor's budget was \$210,000, and CD anticipates that the FY 2015-16 budget will be adequate for FY 2016-17 claims expenses. Thus, CD recommends a budget of \$210,000 for claims expenses for FY 2016-17. There is no change compared to what was budgeted in Resolution T-17451 for FY 2015-16.

0840 STATE CONTROLLER

This item reflects funds identified for the State Controller's Office (SCO) in the Governor's Budget. It should be noted that forecasted SCO costs are less than \$1,000 and are not reflected in the governor's budget due to the de minimis impact. CD's proposed budget for FY 2016-17 shows \$0 for this line item. This expenditure remains unchanged compared to Resolution T-17451 for FY 2015-16.

6120 CALIFORNIA STATE LIBRARY

The California State Library is the state's information hub, preserving California's cultural heritage and connecting people, libraries and government to the resources and tools they need to succeed and to build a strong California. For many years, the DDTP has provided funds for a program at the State Library that allows blind participants to hear news read to them over the phone. This item reflects funds for the California State Library and has remained steady at \$552,000 during fiscal years 2013-14 and 2014-15. CD's proposed budget for FY 2016-17 shows \$552,000 for this line item. This expenditure remains unchanged compared to the budget in Resolution T-17451 for FY 2015-16.

8880 FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

This item reflects funds for the Financial Information System for California (Fi\$Cal). Fi\$Cal is an information technology (IT) project managed by a partnership of Department of Finance, the State Treasurer's Office, the State Controller's Office, and

the Department of General Services. The purpose of this project is to create and implement a new statewide financial system. Fi\$Cal expenses were \$349,000 in FY 2013-14 and \$52,000 in FY 2014-15 per the Governor's Budget. The Governor's Budget shows \$112,000 for FY 2015-16 vs. the DDTP budget resolution (T-17451) amount of \$50,000. CD's proposed budget for FY 2016-17 shows \$112,000 for this line item. This is an increase of 120% compared to the budget in Resolution T-17451 for FY 2015-16.

Safety Issues

The DDTP provides specialized telecommunications equipment and relay services through the California Telephone Access Program (CTAP) and California Relay Service (CRS). Persons who are challenged using a standard telephone because of difficulty seeing, hearing, speaking, moving, or remembering can obtain specialized devices through CTAP.

Access to CTAP equipment provides persons with disabilities access to 911 and emergency services in the event of an emergency. Without these specialized devices, these individuals may have no other means to access 911 and emergency services, or to make medical and other safety-impacting calls, since they are unable to use a standard telephone. Additionally, CRS provides access to the relay service for persons who are Deaf, hearing impaired, or speech-disabled to enable them to make medical and other safety-impacting calls, and to stay connected to family and friends.

Total DDTP FY 2016-17 DDTP Budget

CD's proposed FY 2016-17 DDTP budget of \$65.03 million is reasonable and CD recommends adoption of this resolution. This amount is equal to the amount in the Enacted Budget for FY 2015-16 (AB 93).

COMMENTS

In compliance with PU Code § 311 (g), copies of the notice letter for the draft Resolution were e-mailed on August 18, 2015 to all telecommunications carriers, the parties of record to Rulemaking (R.) 13-03-008 for whom e-mail was available, as well as members of the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) and members of the Equipment Program Advisory Committee (EPAC). The notice informed these parties that this draft Resolution is available at the CPUC's website: www.cpuc.ca.gov and is available for public comment. In addition, CD informed these parties of the availability of the conformed resolution at the same website.

The Commission received no public comments.

FINDINGS

1. The California Public Utilities Commission (CPUC) established a program to provide specialized equipment to the Deaf and hard of hearing through CPUC decisions issued in the 1980s.
2. The Legislature codified the program through passage of several statutory provisions contained in PU Code Sections 2881 *et seq.*
3. PU Code Section 2881(a) authorizes the provision of TTYs to Deaf or hard of hearing individuals.
4. PU Code Section 2881(b) authorizes the use of third-party intervention, also known as the California Relay Service (CRS) to connect by telephone consumers who are Deaf, hard of hearing, or speech-impaired with other parties.
5. PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities.
6. Assembly Bill 136 (Ch. 404, 2011) adds Speech Language Pathologists to the list of Certifying Agents and expands the program to include assistance to individuals with speech disabilities for provision of speech-generating devices and associated accessories, mounting systems, and specialized telecommunications equipment.
7. Commission Decision 13-12-054 implemented AB 136 (Ch. 404, 2011) and put in place legislatively-required rules for those Speech Generating Devices (SGDs) which are durable medical equipment as well as non-DME SGDs (aka Supplemental Telecommunications Equipment).
8. Commission Decision 10-11-033 directs that wireless equipment become a permanent part of the Deaf and Disabled Telecommunications Program.
9. The Communications Division's (CD) estimate of \$65.03 million for the Fiscal Year (FY) 2016-17 DDTP budget, as set forth in Column G of Appendix A, is reasonable for the DDTP and should be adopted.
10. Copies of the notice letter for the draft Resolution were emailed on August 18, 2015, to all telecommunications carriers, the parties of record to Rulemaking (R.) 13-03-

008, members of the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), and members of the Equipment Program Advisory Committee (EPAC).

11. The Commission received no public comments.

THEREFORE, IT IS ORDERED that:

1. The Fiscal Year 2016-17 budget for the Deaf and Disabled Telecommunications Program of \$65.03 million, comprised of \$64.16 million for State Operations; \$0.21 million for Local Assistance; \$0.55 million for the California State Library; and \$0.11 million for Fi\$Cal, (as set forth in Column G of Appendix A of this resolution) is adopted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission (CPUC) at its regular meeting on September 17, 2015. The following Commissioners adopted it:

/s/ Timothy J. Sullivan
TIMOTHY J. SULLIVAN
Executive Director

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

APPENDIX A

Budget for Equipment and Services Provided to the
Deaf and Disabled Telecommunications Program
Fiscal Year 2016-17

	A	B	C	D	E	F	G
	Budget Categories Under Governor's Budget	Summary Categories Under DDTP Resolution T-17492	Breakdown of Summary Categories Under DDTP Resolution T-17492	Annualized Actuals for FY 14/15 (\$ Dollars)	Amount Budgeted under DDTP Resolution T-17451 for FY 15-16 (\$ in millions)	Enacted Budget for FY 15/16 (\$ in millions)	CD Proposed Amount Budgeted for DDTP Resolution T-17492 for FY 16-17 (\$ in millions)
1	8660 State Operations	Contracts and Personal Services	PPCA	15,766,136	17.09	64.164	18.80
2			EPC	5,296,335	8.66		7.72
3			Marketing	2,989,051	3.11		4.25
4			California Relay Service	7,952,167	11.00		10.70
5			Technical Consultant	163,330	0.25		0.20
6			Audits	3,574	0.08		0.05
7			Accommodations (1 of 2)	69,919	0.08		0.33
8			Rents & Leases	Rents & Leases	1,504,735		1.52
9		Equipment Purchases	Equipment	4,577,059	7.63		5.05
10			Wireless	31,205	1.00		1.50
11			SGDs	319,805	11.60		11.60
12		CPUC Staff and Administrative Costs	Direct Program Charges (inc. staffing and payphone staffing)	832,475	2.01		2.07
13			Cost Allocation (Indirect) - inc. IT Budget	785,360			
14			Interagency Fee	393,118			
15		Intervenor Compensation	Intervenor Compensation	56,248			0
16		Committees	TADDAC	53,792	0.16		0.35
17			EPAC				
18			TPIC				
19			Accommodations (2 of 2)				
20	Subtotal - 8660 State Operations			40,873,668	64.19	64.164	64.16
21	8660 Local Assistance	Claims		146,799	0.21	0.210	0.21
22	0840 State Controller			0	0.00	0.000	0.00
23	6120 California State Library			552,000	0.55	0.552	0.55
24	8880 Financial Information System for California (Fi\$Cal)			52,000	0.05	0.112	0.11
25	Total Program Expenditures:			41,624,467	65.00	65.038	65.03