



2019-2020 Rates & Demand Forecasts

April 9, 2019



GSA Contract Holder
47QRAA18D00FA

Road Map

MARS-based Services

- Rate Development Process
- Current versus Proposed Rates/Demand Table
- Demand Trend Charts

IP CTS

- Cost Trends
- Demand Trend

IP Relay

- Rate Overview

Video Relay Service

- Cost Trends
- Demand Trend

Fund Requirements

MARS Based Rate Calculation

State	Rate per minute	Payment Basis	Intrastate Conversation Minutes	Intrastate Session Minutes	Total
A	\$1.26	CM	860,269	1,529,497	\$1,083,939
B	\$0.85	SM	141,312	189,595	\$161,156
C		-	57,071	85,455	
D	\$1.30	CM	926,051	1,466,050	\$1,203,860
Other costs					\$200,000
Total/Rate	\$1.33		1,984,703		\$2,648,955

MARS Based Rate Calculation I

Traditional TRS and Speech to Speech Done Together

Total Intrastate Payments per Minute Compensation	\$13,981,116.05
Other Costs Paid To Providers	\$2,570,264.66
Total Intrastate Conversation Minutes	5,322,088.67
Per Minute Rate for Traditional TRS	\$3.1099
Per Minute Speech to Speech Outreach Additive	\$1.131
Per Minute Rate for Speech to Speech	\$4.2409

Mars Based Rate Calculation II

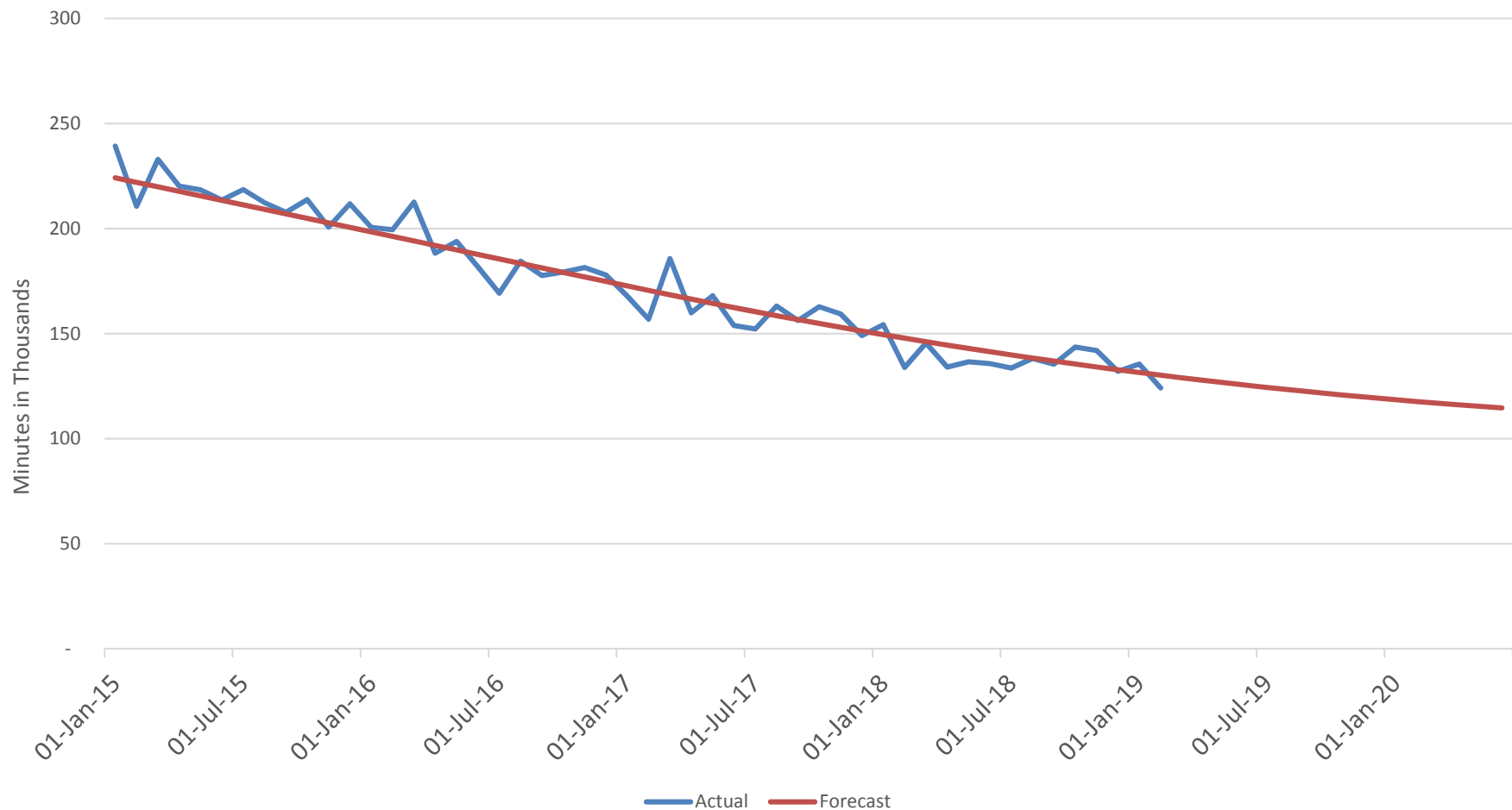
Caption Telephone

Total Intrastate Payments per Minute Compensation	\$25,264,759.03
Other Costs Paid To Providers	\$3,003,361.56
Total Intrastate Conversation Minutes	12,414,889.13
Per Minute Rate for Caption Telephone Services	\$2.2770

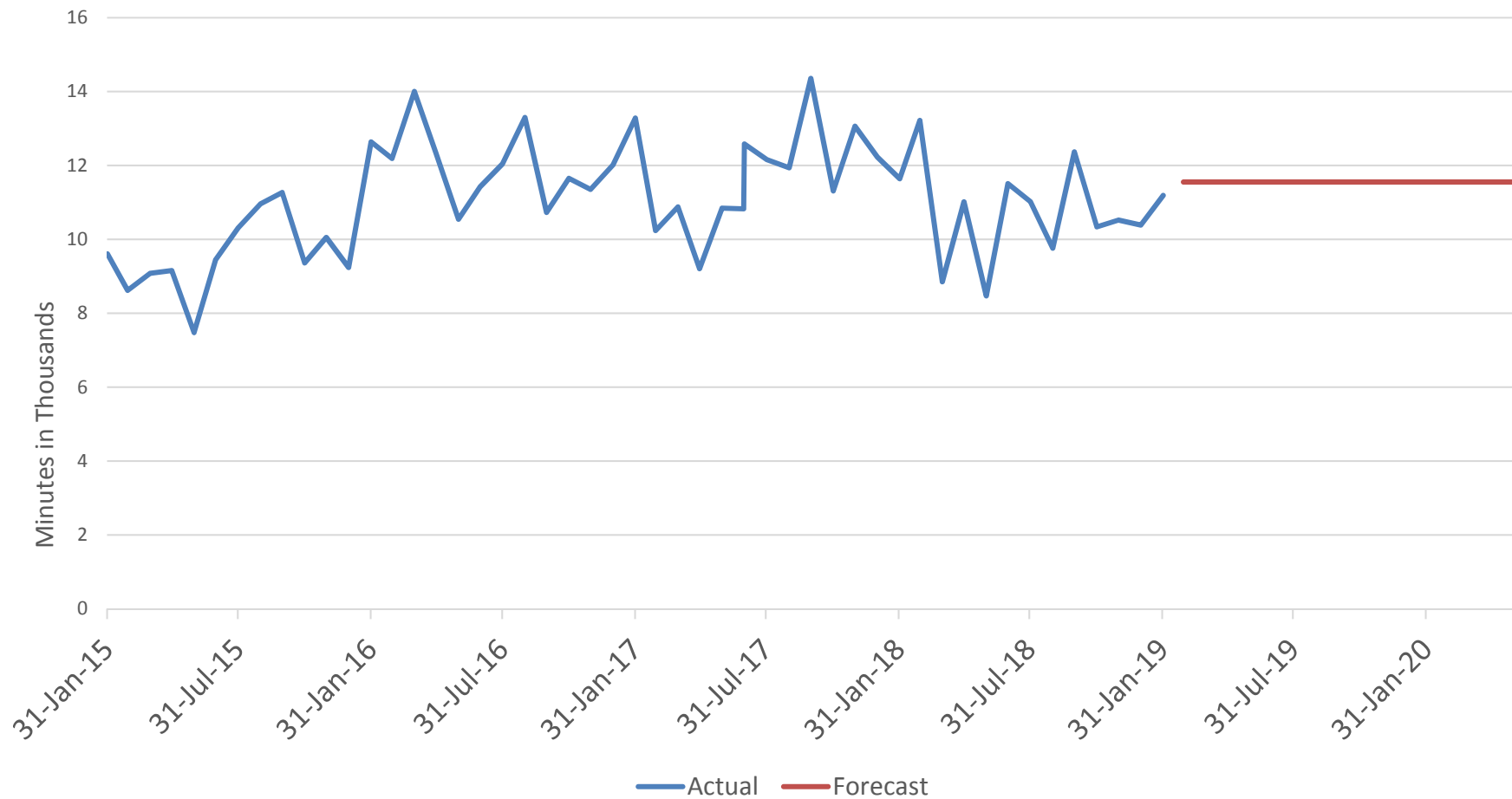
MARS Based Services Tariff Year Fund Requirement

	April 2018 Presentation			April 2019 Presentation		
<u>Service</u>	<u>Demand Forecast</u>	<u>MARS Rate</u>	<u>Fund Requirement</u>	<u>Demand Forecast</u>	<u>MARS Rate</u>	<u>Fund Requirement</u>
Traditional TRS	1,671,046	\$3.2592	\$5.5m	1,430,227	\$3.1099	\$4.4m
Speech to Speech	166,850	\$4.3902	\$732,503	138,615	\$4.2409	\$587,855
Caption Telephone	3,822,058	\$2.0007	\$7.6m	2,865,905	\$2.2770	\$6.5m
Total			\$14.5m			\$11.5m

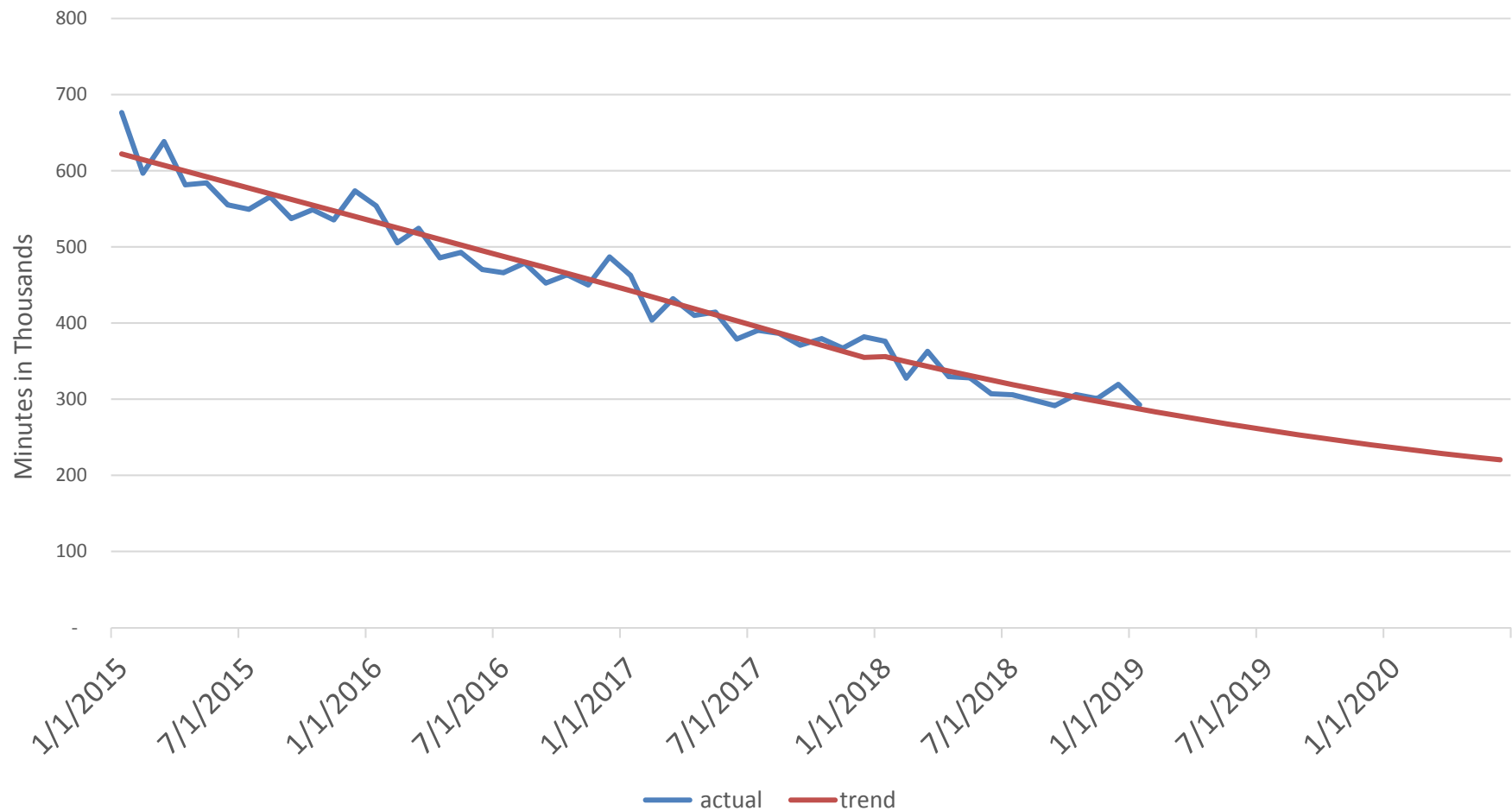
TRS Forecast



STS Forecast



CTS Forecast



IP CTS Cost By Category

Category	2017	2018	2019	2020	19-20 Avg
Facilities	0.0253	0.0230	0.0220	0.0219	0.0220
CA related	0.2773	0.2725	0.3000	0.3199	0.3100
Non-CA Relay Center	0.0500	0.0516	0.0515	0.0515	0.0515
Indirect	0.1478	0.1812	0.1945	0.1872	0.1909
Depreciation	0.0254	0.0253	0.0253	0.0269	0.0261
Marketing	0.0863	0.0808	0.0791	0.0746	0.0768
Outreach	0.0465	0.0339	0.0409	0.0371	0.0390
Other	0.5730	0.5437	0.5388	0.5523	0.5455
10% Operating Margin	0.1232	0.1212	0.1252	0.1271	0.1262
Total Cost	1.3548	1.3332	1.3772	1.3985	1.3879

Current 2019-2020 PY Rate - \$1.58

Budget Year 2019-2020 Profit and Operating Margins

Based on Order Rate of **\$1.58**

Provider	Demand	Revenue	Revenue Requirement	Profit	Expenses	Operating Margin
Total	568,474,075	\$898,189,039	\$762,638,018	\$135,551,021	\$693,307,289	29.55%

Based on Rate Freeze of **\$1.75**

Provider	Demand	Revenue	Revenue Requirement	Profit	Expenses	Operating Margin
Total	568,474,075	\$994,829,632	\$762,638,018	\$232,191,614	\$693,307,289	43.49%

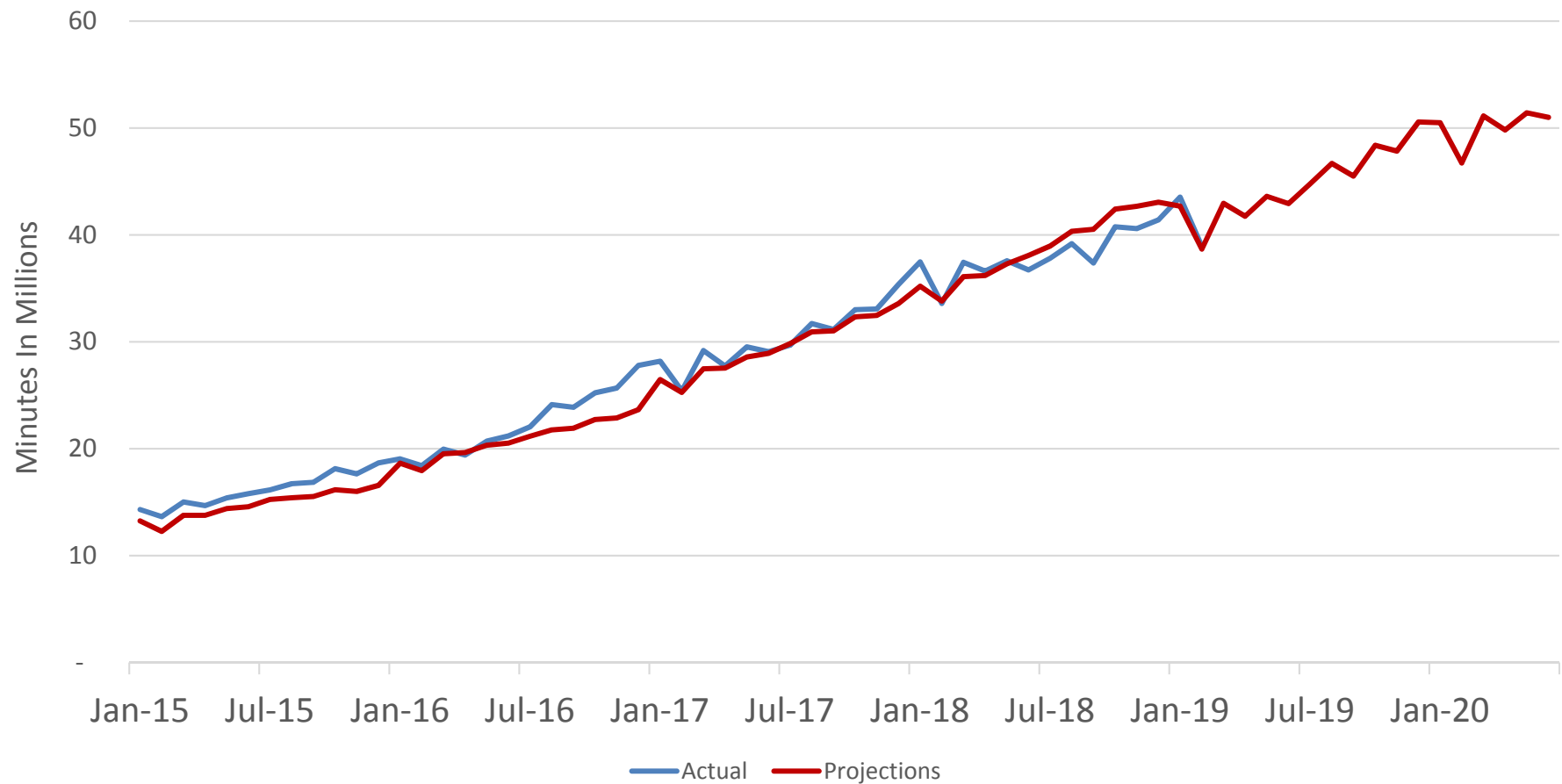
Changed due to rate decrease of **\$0.17**

Provider	Revenue Change	Percent <u>Decrease</u> of Operating Margin
Total	(\$96,640,593)	(32.05 %)

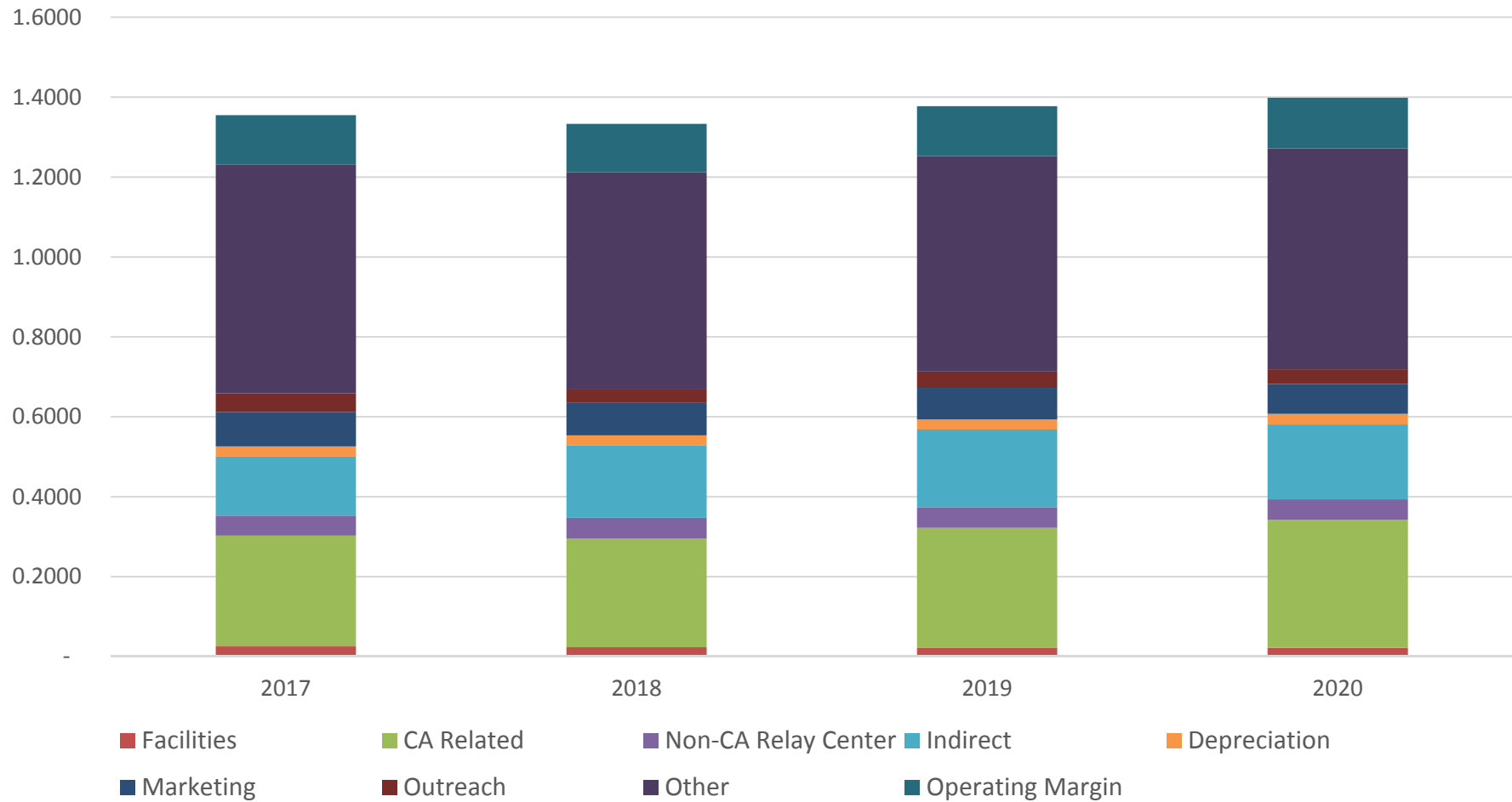
IP CTS History of Demand



IP CTS Providers' Forecast



IP CTS Costs By Category 2017–2020



IP Relay Cost Data

Sprint is the sole provider

All cost data submitted is confidential

The current rate is \$1.40 (DA-18-680)

Sprint is requesting \$1.85 (DA 19-223)

Video Relay Service: Current Tiers and Rates

Tier	2019-2020 rate year (per minute rate)
Emergent: less than 500,000 per month*	\$5.29
I: 0-1 million minutes per month	\$4.82
II: 1-2.5 million minutes per month	\$3.97
III: more than 2.5 million minutes per month	\$2.63

*For any emergent provider that exceeds 500,000 minutes, the excess minutes are reimbursed at the Tier I rate (FCC 17-86).

VRS Cost per Minute Data

RSDR Filings

Category	2017	2018	2019	2020	19-20 Avg
Facilities	0.1913	0.1800	0.1915	0.2008	0.1962
CA Related	1.3833	1.3910	1.5007	1.5252	1.5130
Non-CA Relay Center	0.3434	0.3088	0.3242	0.3304	0.3273
Indirect	0.5529	0.5397	0.5791	0.6017	0.5904
Depreciation	0.0826	0.0910	0.0763	0.0769	0.0766
Marketing	0.1168	0.0940	0.1161	0.1298	0.1229
Other	0.0	0.0	0.0	0.0	0.0
Operating Margin	0.2670	0.2604	0.2788	0.2865	0.2826
Total	2.9374	2.8648	3.0668	3.1513	3.1091

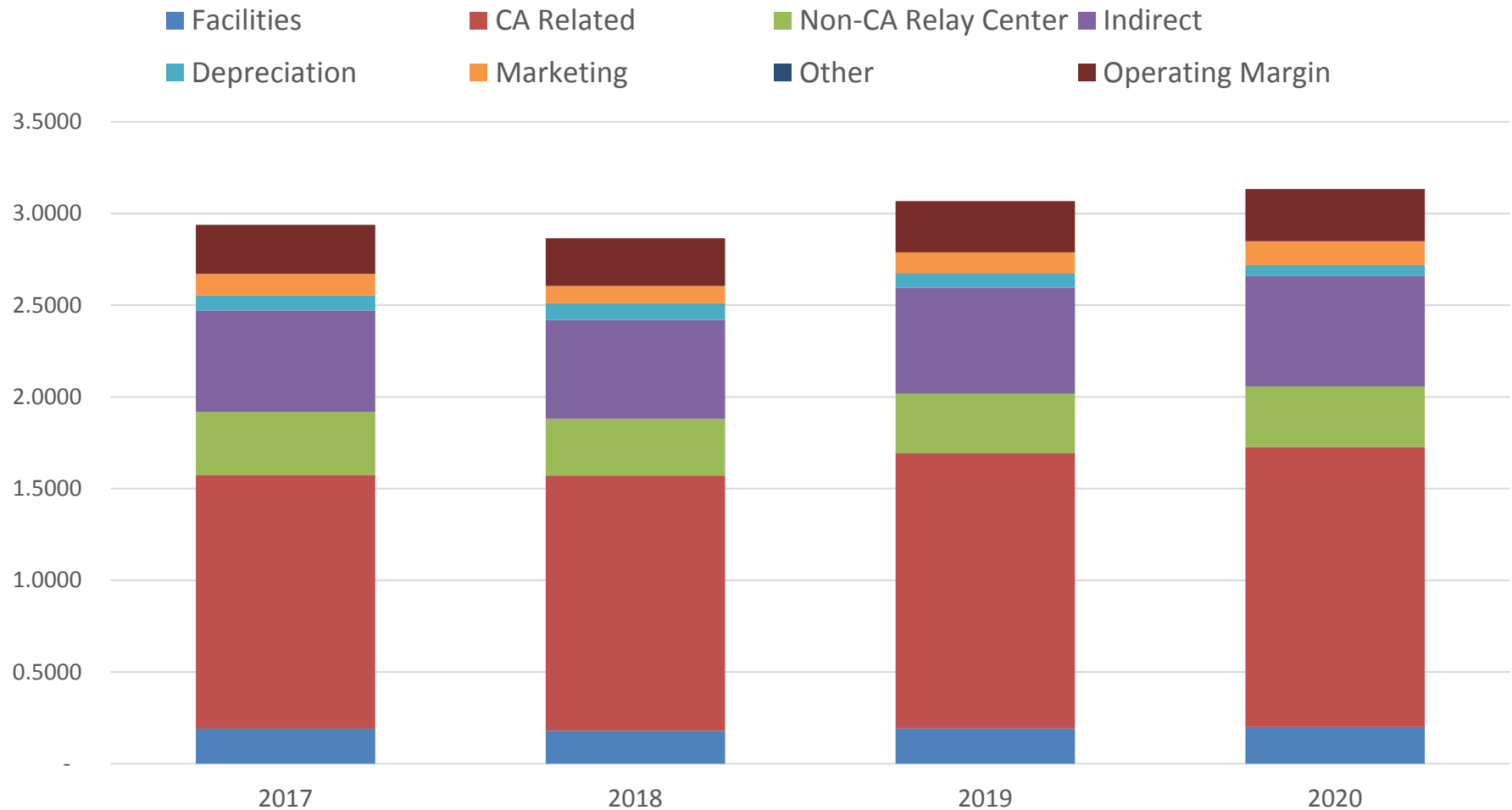
VRS Cost per Minute Data

Post CSDVRS – Purple Merger

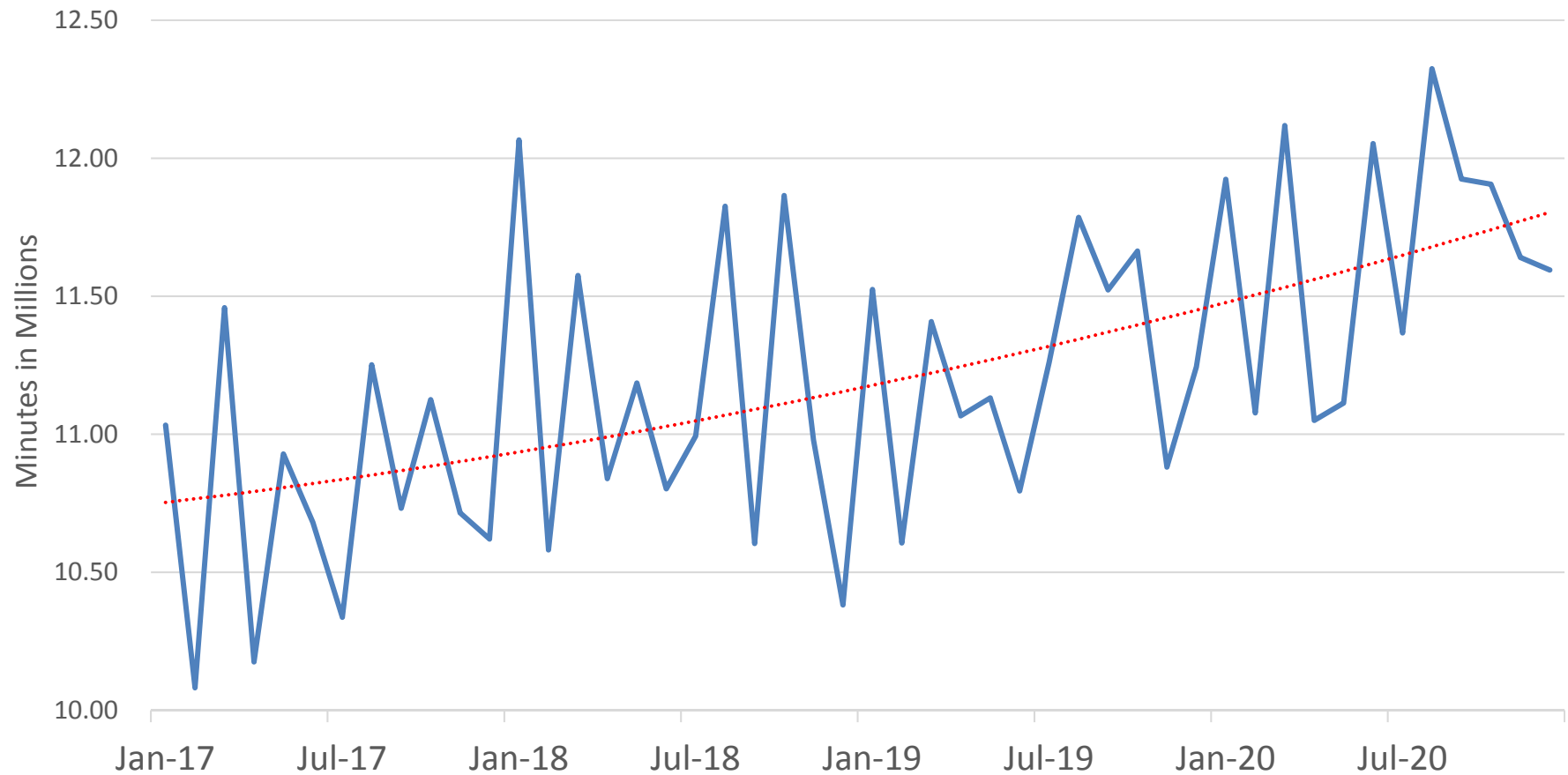
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Indirect	0.5529	0.5397	0.5791	0.6017	0.5904
Depreciation	0.0826	0.0910	0.0763	0.0602	0.0682
Marketing	0.1168	0.0940	0.1161	0.1298	0.1229
Other	0.0	0.0	0.0	0.0	0.0
Operating Margin	0.2670	0.2604	0.2788	0.2848	0.2818
Total	2.9374	2.8648	3.0668	3.1330	3.0999

VRS Cost per Minute

Post CSDVRS-Purple Merger



VRS Forecast



VRS Budget Year 2019-2020

Profits and Operating Margin

Provider	Revenue	Revenue Requirement	Profit	Expenses	Operating Margin
Total	481,730,233	413,000,436	68,729,797	375,454,942	28.31%

VRS Budget Year Revenue

Tier	May 2019 – June 2019		July 2019 – April 2020	
	Demand	Revenue	Demand	Revenue
Total	21,926,010	\$79,435,636	114,527,466	\$402,294,596
Total \$481,730,233				

TRS Budget Year Fund Requirement

MARS Based Services	((\$13.89m)	\$11,548,331
IP CTS @ 1.58	((\$998.37m)	\$912,900,123
IP Relay @ 1.40	((\$8.02m)	\$8,598,739
VRS	((\$495.02m)	\$481,730,233
Other Admin.	((\$27.94m)	\$29,515,800
Other 2 Month reserve	((\$252.55m)	\$245,619,681
2019-2020 Total Fund Estimate		\$1,689,912,906

TRS Budget Year Fund Requirement

2019-2020 Total Fund Estimate		\$1,689,912,906
Less Estimated Year End Balance		\$271,736,000
Less Investment Income		\$700,000
2019-20 Net Fund Requirement		\$1,417,476,906
Contribution Base	(\$53,467,309,359)	\$49,189,924,610
Contribution Factor	(0.02801)	0.02882

TRS Budget Year Fund Requirement

19-20 Fund Requirement	\$1,417,476,906	0.02882
<u>Adjustment</u>	<u>Fund Requirement</u>	<u>Assessment Rate</u>
IP CTS Rate Freeze @ 1.75	<u>+99,342,469</u>	<u>+0.00202</u>
	\$1,516,819,375	0.03084
 Sprint Requested IP Relay Rate @ 1.85	 <u>+2,777,047</u>	 <u>+0.00005</u>
	\$1,420,253,953	0.02887