2018-2019
TRS Administration Presentation
- September 2018

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Public Utility and Telecommunications Consulting

Agenda

1. TRS Fund Finances
2. Demand Trends
3. What else are we working on?
   1. VRS User Registration Database
   2. Coordinating with the iTRS Number Administrator
   3. Improving D/R & Security
   4. Data Warehouse
   5. IP CTS NPRM & NOI

TRS Fund Finances

- Projected Fund Requirements = $1,671,087,417
- 2017-2018 end of year balance = $172,187,810
- Projected 2017-2018 Interest = $1,200,000
- Net Fund Requirements = $1,497,699,607
- Estimated Contribution Base = $53,467,000,000

- Contribution Rate = 0.02801

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Where Will It Go?

The Service Providers

- Traditional, STS & CTS $13.892 million
- IP Relay $ 8.056 million
- IP CTS $ 891.947 million
- VRS $ 495.022 million

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Where Will It Go?

Other

- NDBEDP $10.000 million
- Misc. $17.349 million
- Two Mo. Avg. Reserve $234.820 million

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What Is Misc.?

- Research $ 8.650 million
- National Outreach $ 2.000 million
- TRS Administration $ 2.400 million
- VRS URD $ 1.600 million
- Audits $ 1.000 million
- iTRS Number Administration $ 1.005 million
- IPERIA Plan & Testing $ 0.250 million
- Misc. Fees & Expenses $ 0.444 million
  - Subtotal: $17.349 million

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Summary
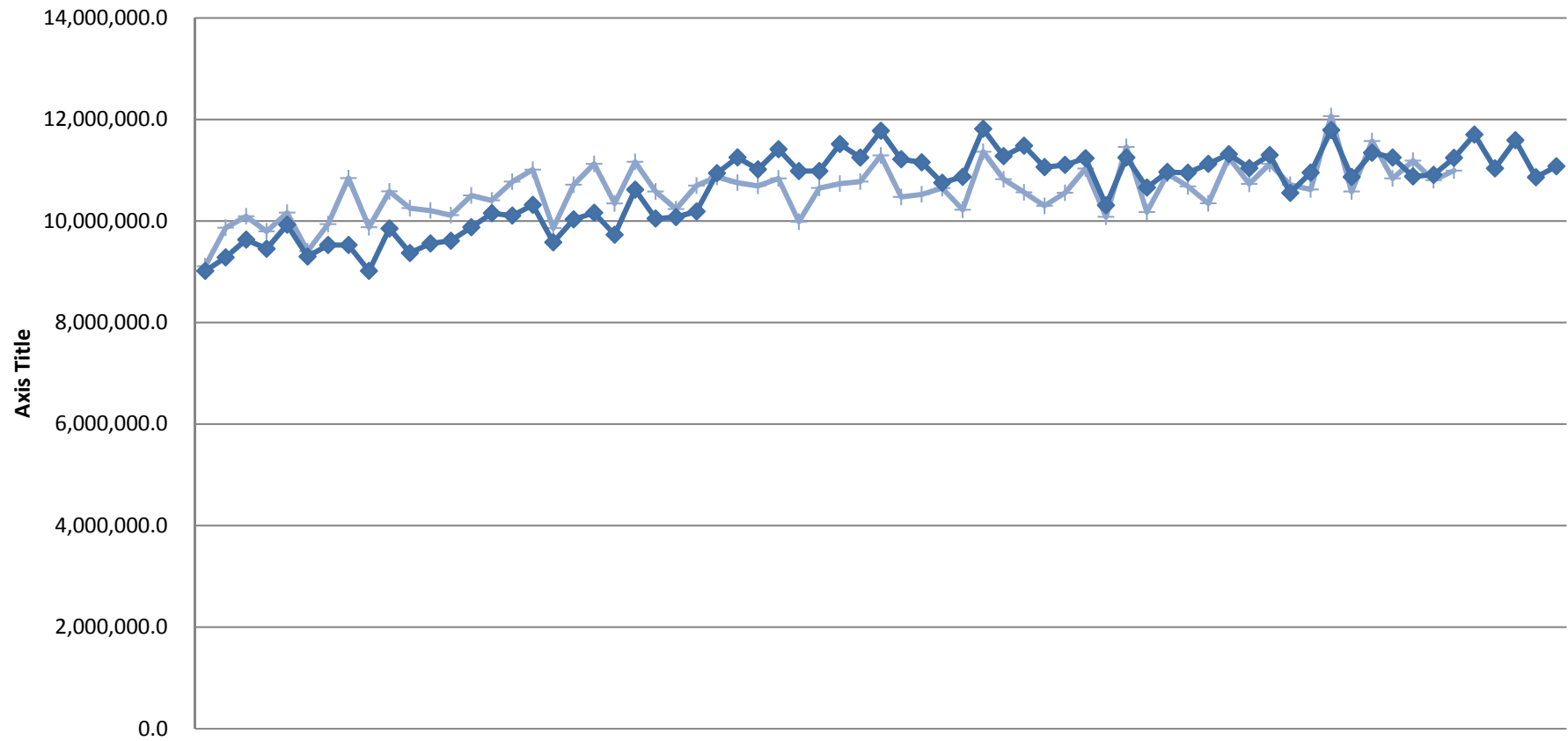
- Providers $1,408 million
- Reserve $235 million
- NDBEDP & Misc. $ 27 million
- Subtotal $ 1,671million
- Less Interest on Investments $1.2 million
- Less Cash on Hand at YE $172 million

- Net TRS Fund Requirements $1,498 million
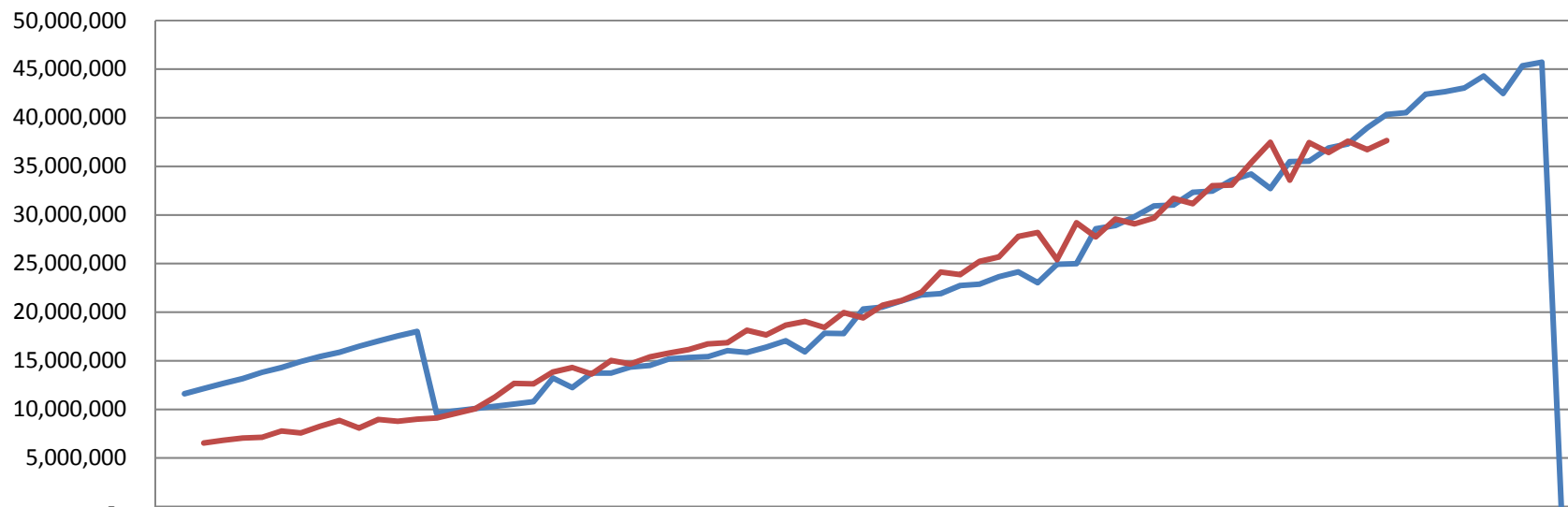
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IP Relay Demand Trend
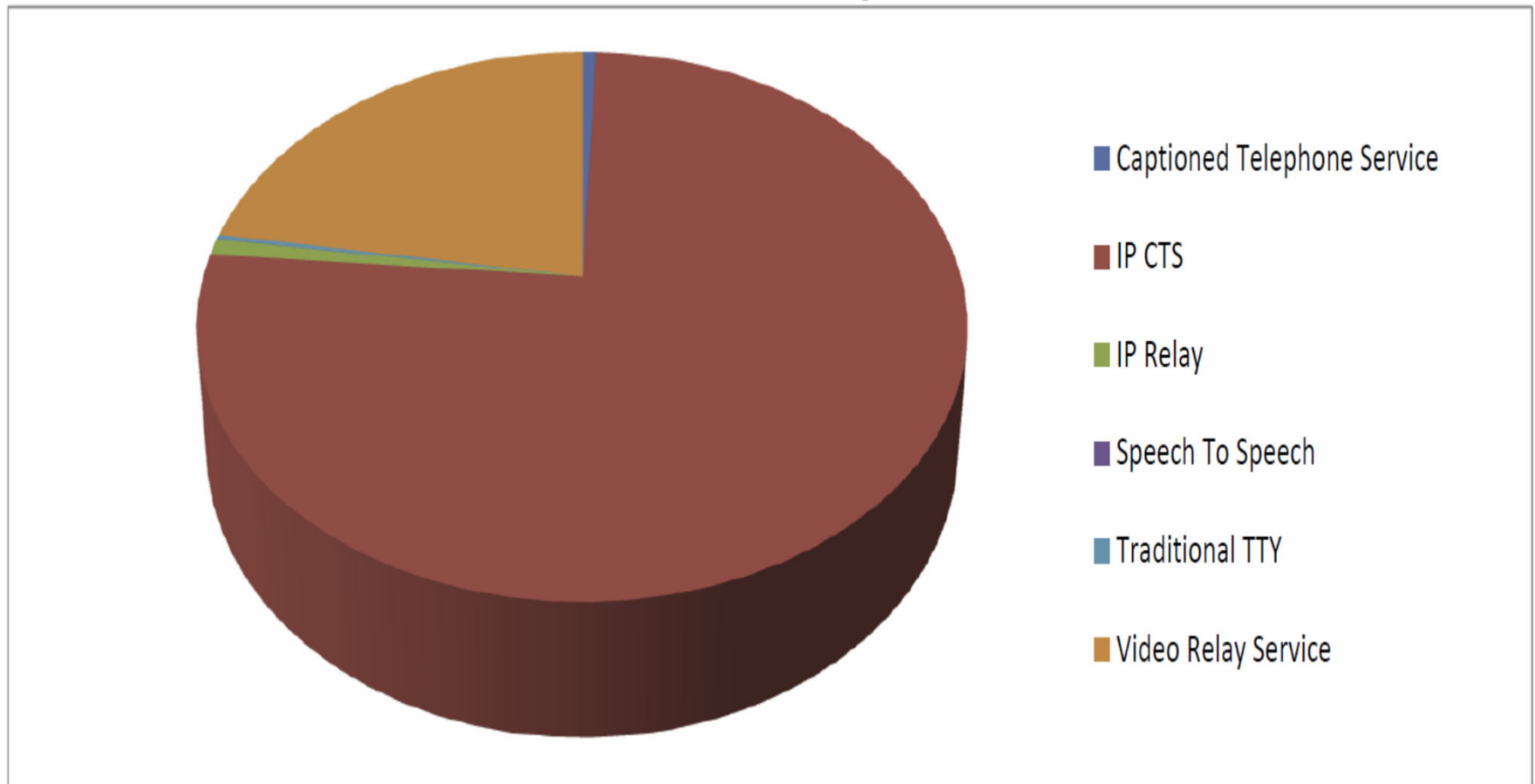

IP Relay Industry Reported v. Projected

VRS Demand Trend

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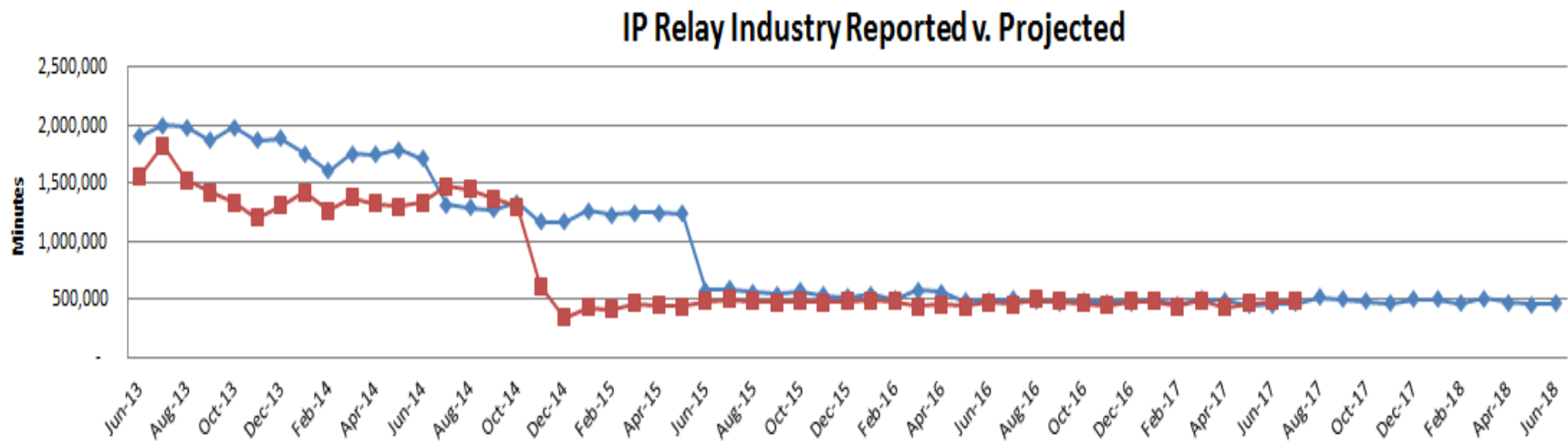
IP CTS Demand Trend

IP CTS Industry Projected v. Reported

Overall Demand Shares

Total Minutes Paid in July 2018

Legend:
- Captioned Telephone Service
- IP CTS
- IP Relay
- Speech To Speech
- Traditional TTY
- Video Relay Service

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TRS Projects

- VRS User Registration Database
- Coordination with iTRS Number Administrator
- Improving D/R & Data Security
- Data Warehouse
- IP CTS NOPR & NOI

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VRS User Registration Database

- The Registration Database for USERS opened at the beginning of the year.

- Approximately 93,000 users have been identified and approximately 290,000 TDNs registered.

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VRS User Registration Database

- We are registering TDNs for hearing users.

- We are processing Devices, and provider internal TDNs.

- RL is consulting the user registration data when processing reimbursement requests.

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Coordinate with the iTRS Number Admin.

- All of the numbers in the iTRS Number Administrator's database are also in the URD database.

- Earlier this year in cooperation with the iTRS Number Administrator the TDNs were synched and a purge of TDNs was implemented.

- Inconsistencies result in reimbursement challenges.

- Eventually they may lead to a denial of service.

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Improving D/R & Data Security

- FCC Annual Financial Audit by Kearney.

- Independent Financial Audit of the TRS Fund by Maher Duesel.

- Annual edition of the Improper Payments Elimination and Recovery Improvement Act (IPERIA).

- Annual edition of the internal controls audit addressing risk and fraud by McKonly & Asbury.

- Info security and vulnerability testing by 3rd party.

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Data Warehouse

- On a monthly basis, the providers of the three (3) IP based services support their requests for reimbursement with call detail records (CDRs).

- We have consolidated CDR data into a data warehouse that can be used in connection with the URD to provide greater insight into the program.

- We have added a CPA with fraud detection experience to our staff.

- We plan to incorporate the provider cost data as well.

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IP CTS NOPR & NOI

- Last year we focused on IP CTS pricing options and the FCC responded (see FCC 18-79) identifying:

  o A need for reform.

  o Abandoning MARS for IP CTS.

  o Establishing a reduced 2 year interim rate.

  o Sought comment on a new plan.

  o Directed the collection of additional cost info.

  o Identified ASR is a form eligible for compensation.

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IP CTS NOPR & NOI

- The Commission issued a Further Notice of Proposed Rulemaking (*FCC 18-79*) calling into question the appropriateness of continuing the use of MARS for IP CTS.

- The same FNPR sought comment on transferring some responsibilities for administering and overseeing IP CTS to state TRS programs, shifting registration, and certifying eligibility of new IP CTS users from providers to state relay programs.

IP CTS NOPR & NOI

- The FNPR also sought comment on ways to allocate compensation between intrastate and interstate.

- The FNPR also questioned the need for a mandate to offer IP CTS, the need for state legislation and how quickly states could take on expanded responsibilities.

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IP CTS NOPR & NOI

- Excerpts from the Fed. Reg. on IP CTS

  See Vol. 83 @ 33899

- Comments - FNOPR due Sept. 17, 2018 & Reply Comments due Oct. 16, 2018.

- Comments – NOI due Oct. 17, 2018 & Reply Comments due Nov. 15, 2018.

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IP CTS NOPR & NOI

- NOPR sections address:
  - IP CTS Compensation
  - Further Notice of Proposed Rulemaking
  - Restructuring the Funding of IP CTS
  - State Role in the Administration of IP CTS
  - Ensuring Independent Assessments
  - IP CTS Registration Renewal & Phone Reclamation
  - Requiring an Easy Way to Turn Captions On or Off
  - Additional Measures
  - Technological Advances
- NOI sections address:
  - Performance Goals
  - Performance Measures

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IP CTS NOPR & NOI

- Regarding the red text on the next slide RL has been studying available data and can share some of our findings.

- As I previously reported IP CTS calls are handled in a variety of ways. Some yield origin and termination info and others do not.

IP CTS NOPR & NOI

- Each providers traffic produces unique results.

- Studies based on the Number of Calls allow a study of 50% of the traffic.

- Studies based on the Number of Minutes allow a study of 45% of the traffic.

- The approach taken does impact the results of the study!

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IP CTS NOPR & NOI

- Based on studies of Calls (Millions):

	total Calls	%	minutes	%	minutes
		in state		between states	
		47.6%		52.4%	
	107.5 M		55 M		52.5 M
Max			5.5M		5.7M
Min		< 8,300		< 22,000	

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IP CTS NOPR & NOI

- Based on studies of Minutes (Millions):

total Minutes	%	minutes	%	Minutes	%	minutes	%	minutes
	Inbound		Outbound		in state		between states	
	46.1%		53.9%		45.2%		54.8%	
378		169		209		185		194
Max		15		21		17		22
Min	< 0.1		< 0.1		< 0.1		< 0.1	

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IP CTS NOPR & NOI

- Based on studies of Minutes:

	%	minutes	%	Minutes	%	minutes	%	minutes
	Inbound		Outbound		in state		between states	
Max	59.8%	ND	60.6%	NV	75.6%	No Match	74.4%	ND
Min	39.4%	NV	40.2%	ND	22.7%	DC	24.4%	No Match
Span:	20.4%		20.4%		52.8%		50.0%	

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Total Minutes by State Assigned to TRS Area Codes

Total Minutes By State Assigned To TRS Area Code

Minutes
- 130,000 - 1,200,000
- 1,200,000 - 3,100,000
- 3,100,000 - 5,200,000
- 5,200,000 - 6,400,000
- 6,400,000 - 7,500,000
- 7,500,000 - 11,000,000
- 11,000,000 - 14,000,000
- 14,000,000 - 17,000,000
- 17,000,000 - 22,000,000
- 22,000,000 - 37,000,000
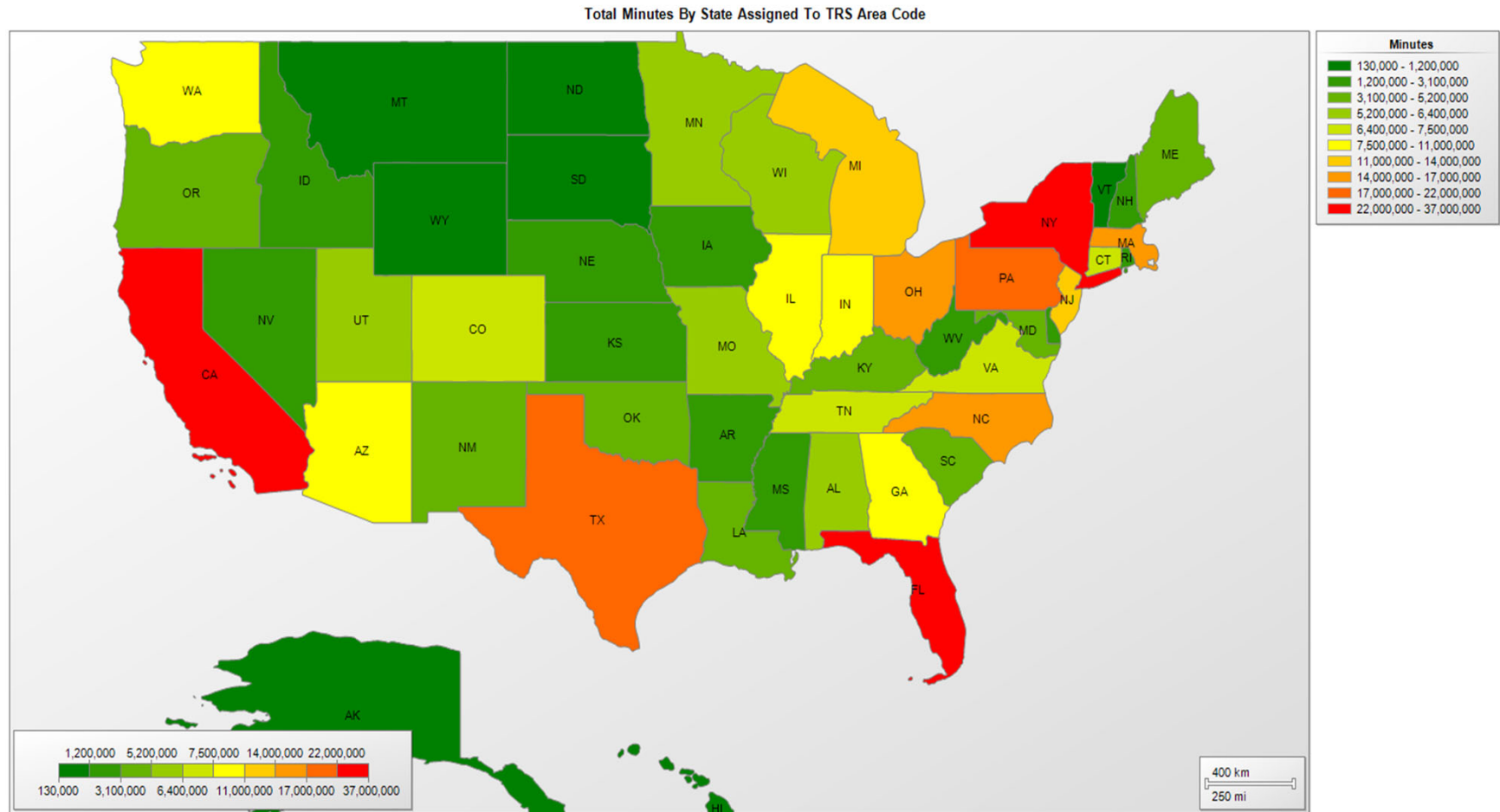
+/- 5% of Interstate average of 55%

+/- 5% Of InterState Average: 55%

Percent Out of State Minutes
- 0.00 - 0.50
- 0.50 - 0.60
- 0.60 - 1.00
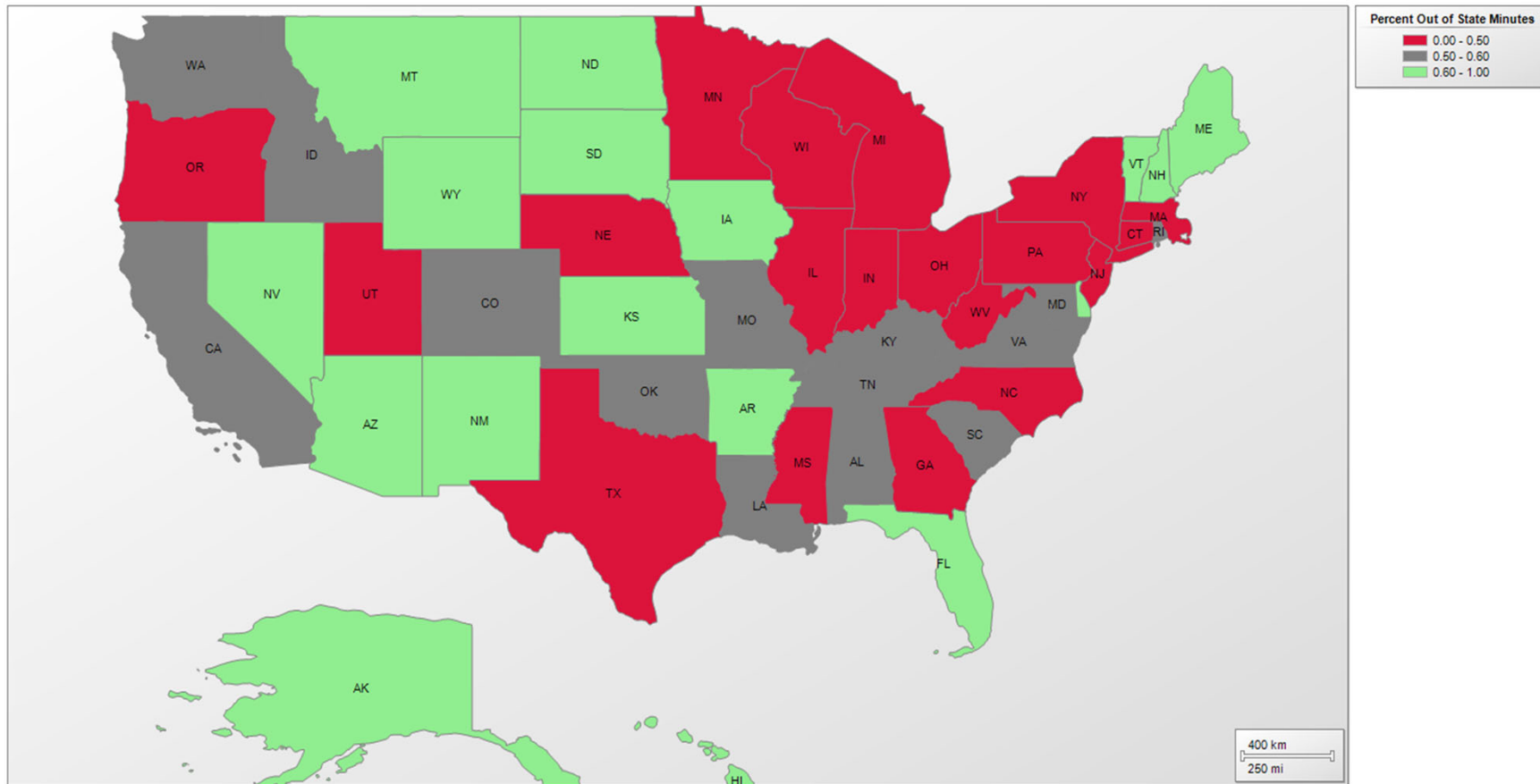
Planning for the Next Budget Cycle

- The TRS Advisory Council established a subcommittee to evaluate and consider making IP CTS rate recommendations.

- The subcommittee is seeking the agreement of providers to gain access to the confidential provider cost submissions, and we thank the providers that have so far agreed.

- The subcommittee also has plans to examine compensation plans and I expect allocation proposals.

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Planning for the Next Budget Cycle

- January 2019 - distribute the MARS data collection forms to each State program and Cost collection forms to each IP provider – expanded to collect subcontractor cost and license data.

- February 2019 - collect the completed data and begin analysis for recommendations to the FCC

- April 9, 2018 - Advisory Council Meeting in D.C.

- May 1, 2018 - Recommendation to the FCC

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Thank You

- Thank you for once again allowing me time to provide a TRS Fund overview and update.

- I would be glad to take questions.

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