

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Telecommunications Relay Services and)	CG Docket No. 03-123
Speech-to-Speech Services for)	
Individuals with Hearing and Speech)	
Disabilities)	
)	
Structure and Practices of the Video Relay)	CG Docket No. 10-51
Service Program)	

**Interstate Telecommunications Relay Services Fund
Payment Formula and Fund Size Estimate
Supplemental Submission**

Rolka Loube Associates LLC
4423 North Front Street
Harrisburg, PA 17110
June 7, 2016

TABLE OF CONTENTS

I.	Introduction	3
VI.	Contribution Factor Calculation	8
	List of Revised Exhibits	8

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Telecommunications Relay Services and)	CG Docket No. 03-123
Speech-to-Speech Services for)	
Individuals with Hearing and Speech)	
Disabilities)	
)	
Structure and Practices of the Video Relay)	CG Docket No. 10-51
Service Program)	
)	
)	

**Payment Formula and Fund Size Estimate
Interstate Telecommunications Relay Services (TRS) Fund
For July 2016 through June 2017**

I. Introduction

Rolka Loube Associates LLC (RL), as Interstate Telecommunications Relay Services (TRS) Fund Administrator (the Administrator), herein submits supplemental information regarding the proposed carrier contribution factor for the period July 2016 through June 2017, in accordance with section 64.604 of the Federal Communications Commission's (FCC or Commission) rules.¹

The Administrator projects a revised net fund cash requirement for Fiscal Year 2016-2017 of \$1,143,562,791.

¹ 47 C.F.R. §64.604 (c)(5)(iii)(H).

Calendar year 2015 interstate and international end user revenues estimated by the Data Collection Agent (“DCA”) were still being gathered and compiled from reporting entities when the recommendation was prepared for submission and contained numerous estimates as placeholders for reports which are not deemed late until after the due date for this Annual Report. We recommended that the Commission use the current best available 499A information from the DCA to calculate the Assessment rate when it becomes available. This recommendation has been calculated using the latest information available at the time of this submission. The best available reported annual 2015 revenues are updated to be \$61,425,520,446 as a replacement for the originally estimated level of \$61,424,575,348. The contribution factor for the 2016-2017 Fund year, derived from the ratio of estimated fund size to prior calendar year revenues, is proposed to be unchanged at 0.01862

Upon approval by the Commission, the Fund Administrator will begin billing carriers for the 2016 – 2017 funding period in July 2016.

The Commission’s shared funding mechanism for the TRS Fund ensures that the costs of meeting relay service obligations are borne equitably. Interstate telecommunications common carriers contribute to the TRS Fund on the basis of their relative share of interstate and international end user revenues.² The TRS funding period commences on July 1 and ends June 30 of the following calendar year. For the July 2016

² See 47 C.F.R. §64.604(c)(5)(iii)(A)-(C). Every carrier providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service shall contribute to the TRS Fund on the basis of interstate end-user revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

to June 2017 fund year, the Administrator will use the carriers' 2015 interstate and international end user revenues³ as the basis for calculating carriers' contribution obligations. The contribution base has become smaller each year and the reductions to the contribution base are shown in the following table. The annual reductions have resulted in reported 2014 revenues used for the program year beginning in 2015 that were \$64.129 billion; approximately \$1.1 billion below the level reported at the beginning of the prior Fund year. The most recent information from the DCA regarding 2015 reported revenue which will be used for the program year beginning in 2016 is a further \$2.7 billion reduction to \$61,425 million.

Table 2 Revised DCA Reported Contribution Base

Program Year beginning	Contribution Base
2004	\$ 81,954,191,761
2005	\$ 80,666,621,324
2006	\$ 80,457,972,602
2007	\$ 77,898,078,806
2008	\$ 79,428,092,243
2009	\$ 78,895,806,171
2010	\$ 72,844,997,816
2011	\$ 69,450,220,823
2012	\$ 67,206,226,973
2013	\$ 67,278,109,560
2014	\$ 65,234,609,107
2015	\$ 64,129,341,109
2016	\$ 61,424,520,446

³ Revenues are reported on the Telecommunications Reporting Worksheet, FCC Form 499-A, on April 1, 2016, and provided to the Administrator by the Universal Service Administrative Company (USAC), the Revenue Data Collection Agent (DCA). At the time of preparation of this filing the information from the DCA is considered preliminary and updated data will be used for the calculation of carrier contributions.

The Data Collection Agent (“DCA”) also provides updates to the data reported by Carriers’ throughout the program year to reflect a variety of changed contributor circumstances such as out of business, no telecommunications revenues, bankruptcies, mergers and acquisitions. The contribution base changes from year to year and also changes over the course of the program year. Changes to the contribution base reported to the TRS Administrator by the DCA during the first nine months of the current year, when used for invoicing purposes, with the fixed contribution factor, have resulted in a reduced available funding level of approximately \$4.25 million.⁴ This erosion of funding is one of the factors considered when estimating the size of two month budgetary reserve allowance.

Carriers report their prior calendar year revenues annually on the FCC Form 499-A, Telecommunications Reporting Worksheet, due on April 1, to the Data Collection Agent (DCA). The DCA provides the Interstate TRS Fund Administrator with the carrier revenue information used to calculate the contribution factor and maintains the carrier database for all funds. Revisions to FCC Form 499-A revenue data are provided by the DCA to the TRS Fund and other program managers so that corrections may be made to carrier billing. Revisions may be telecommunications service provider initiated or may be the result of an audit. The first edition of the reported 2015 499A submissions is provided to the TRS Administrator on or about April 25th. Each subsequent month USAC will provide updated information, to include information received from contributors that did not file by April 1st. There are substantial adjustments to the contribution base derived from the first edition of the reported 2015 499A submissions

⁴ See Exhibit 4 for details regarding monthly erosion of the contribution base as reported throughout the program year by the DCA to the TRS Fund Administrator.

through the first several months of the program year followed by fewer and smaller adjustments as yearend approaches⁵. The TRS Fund Administrator indicated that it may submit a revised contribution factor to the Commission for consideration in response to the Public Notice regarding this submission. This submission provides the revised contribution base, noting that the changed contribution base does not result in a revised contribution factor.

Upon approval of the contribution factor by the Commission, the Administrator will promptly bill carriers for the 2016 – 2017 funding period which begins July 2016. Annual contributions will be due within 28 days after their July invoice date. Carriers, whose contributions are \$1,200 or more, will have the option to be invoiced in twelve equal monthly installments. Invoices will be due four weeks after the issue date of the monthly invoice. RLSA has assigned each monthly contributor to one of four monthly invoice cycles and issues approximately one quarter of the monthly invoices on the first four Fridays of each month.

Per minute compensation rates will also be effective for minutes of service beginning July 1st, assuming approval of the proposed rates by the Commission. Timely submitted provider requests for reimbursement must be processed within two months⁶ following the submission of the request for reimbursement. The Administrator has been able to reduce the processing time required for those submissions to less than 30 days as new systems are developed to perform validation testing prior to the release of payments. For example, minutes handled by providers in July 2016 are expected to be reported

⁵ See Exhibit 4.

⁶ See 47 C.F.R. 64.604(C)(5)(iii)(L)

between August 10 and 15, 2016, and providers will then receive compensation for those minutes at the new rates, on September 9, 2016.⁷

VI. Contribution Factor Calculation

The total projected net funding requirement for the 2016-2017 funding year is estimated to be \$1,143,562,791. The component parts of the projected funding requirement are displayed in Exhibit 2 Revised.

Based on the 2016-2017 demand projections and the proposed rates, coupled with the calendar year 2015 revenue base, the Administrator estimates that the contribution factor will need to be 0.01862. This is not a change of the contribution factor recommendation.

Exhibits:

Exhibit 2 Revised---- Displays the proposed Interstate TRS Fund Size and Contribution Factor for the July 2016 through June 2017 Fund Year.

⁷ See Exhibit 3 Anticipated Reporting and Disbursement Schedule. The reporting and disbursement schedule is subject to modification based on exogenous circumstances.

Interstate Telecommunications Relay Service Fund
Proposed Budget and Assessment Rate
for the period July 2015 - June 2016

Exhibit 2 REVISED

Service	Methodology	Prior Year Demand balance (May & June)	Prior year Rate	Projected Demand	Projected Rate	Projected Requirement	Fund Requirement
Traditional TRS	MARS	402,507	\$ 2.2904	1,930,710	\$ 2.6245	\$ 5,989,052	
Speech to Speech	MARS	21,324	\$ 2.2904	111,389	\$ 2.6245	\$ 341,183	
STS outreach		21,324	\$ 1.1310	111,389	\$ 1.1310	\$ 150,099	
Caption Telephone	MARS	1,020,221	\$ 1.8895	4,671,658	\$ 1.9058	\$ 10,830,953	
IP Caption Telephone	MARS	41,465,634	\$ 1.8895	232,555,978	\$ 1.9058	\$ 521,554,496	
Subtotal MARS:							\$ 538,865,784
IP Relay 5/2016 & 6/2016		979,113	\$ 1.3700				
IP Relay 7/2016 to 4/2017				4,852,050	\$ 1.2122	\$ 7,223,039	
Subtotal Price Cap:		<u>979,112.56</u>		<u>4,852,050.12</u>			\$ 7,223,039
Tier 1 [May & June 2016]	FCC 13-82	3,000,000	\$ 4.8200			\$ 14,460,000	
Tier I July - Dec 2016	FCC 13-82			9,000,000	\$4.44	\$ 39,960,000	
Tier I small Companies [May -June 2016]	FCC 16-25	563,543	\$ 5.2900			\$ 2,981,142	
Tier I small Companies [July - Oct 2016]	FCC 16-25			1,197,620	\$5.29	\$ 6,335,410	
Tier I small companies [Nov -Dec 2016]	FCC 16-25			635,665	\$5.06	\$ 3,216,465	
Tier 2 [May & June 2016]	FCC 13-82	2,894,939	\$ 4.8200			\$ 13,953,606	
Tier 2 [July - Dec 2016]	FCC 13-82			8,997,767	\$4.44	\$ 39,950,085	
Tier 3 [May & June 2016]	FCC 13-82	15,399,095	\$ 3.8700			\$ 59,594,497	
Tier 3 [July - Dec 2016]	FCC 13-82			47,776,541	\$3.68	\$ 175,817,671	
Tier 1 [Jan - April 2017]	FCC 13-82			6,000,000	\$4.06	\$ 24,360,000	
Tier I small Companies [Jan - April 2017]	FCC 16-25			1,305,249	\$5.06	\$ 6,604,560	
Tier 2 [Jan - April 2017]	FCC 13-82			5,997,902	\$4.06	\$ 24,351,480	
Tier 3 [Jan - April 2017]	FCC 13-82			32,641,848	\$3.49	\$ 113,920,051	
Subtotal VRS:		<u>21,857,576.88</u>		<u>113,552,592.01</u>			\$ 525,504,968
Projected Provider Payments				135,410,168.89			\$ 1,071,593,791
Deaf Blind Equipment Distribution Program							\$ 10,000,000
VRS Reform Implementation (Platform)							
TRS Market Research (MITRE)							
iTRS National Outreach Program							\$ 20,000,000
URD implementation							
Service Provider Audits							\$ 1,000,000
**TRS Fund Administration							\$ 1,350,000
iTRS Number Administration							\$ 540,000
Investment Fees							\$ 190,000
Data Collection Agent							\$ 60,000
independent financial audit							\$ 60,000
Bankruptcy / legal representation							\$ 50,000
Council Meeting Expenses							\$ 45,000
IPERA testing							\$ 225,000
Two Average month provider Payment Reserve							\$178,599,000.00
Non-Provider Subtotal:							<u>\$ 212,119,000</u>
Grand Total Requirements:							\$ 1,283,712,791
estimated fund balance at 6/30/2015							\$ (140,000,000)
estimated interest on fund investments							\$ (150,000)
Net Fund Requirements:							<u>\$ 1,143,562,791</u>
*Estimated Contribution Basis:							\$ 61,425,520,446
Assessment Rate:							0.01862

* based on data reported by USAC updated through 5/2016
 TRS Admin Based on Contract Option IV level
 demand included data for May & June 2016; and the first 10 months of 2016-2017 demand.

qry-Show-Base-Revenue-Figures-Contributions		
Year	Base	
2004	\$81,954,191,760.72	
2005	\$80,666,621,323.77	
2006	\$80,457,972,601.73	
2007	\$77,898,078,806.14	
2008	\$79,428,092,243.17	
2009	\$78,895,806,171.06	
2010	\$72,844,997,815.67	
2011	\$69,450,220,823.19	
2012	\$67,206,226,972.74	
2013	\$67,278,109,559.79	
2014	\$65,075,748,784.94	
2015	\$64,112,423,529.73	
2016	\$61,424,575,347.80	estimated \$2,687,848,181.93
2016	\$61,425,520,446.06	Updated 5/25/2016
	62,741,042,120.79	estimated
	62,744,738,665.18	Updated 5/25/2016