



2024-2025 Rate Recommendations

Advisory Council Presentation
April 18, 2024



Acronyms

PMR....	Per Minute Rate
MRC....	Monthly Recurring Charge
ASR....	Automated Speech Recognition – Provisioning method for IP CTS
ECI....	Employment Cost Index
PY.....	Program Year – July to June
TY.....	Tariff Year – July to June
VTS...	Video – to –Text service – specialized form of VRS used to service Deafblind individuals
OM....	Operating Margin

Road Map



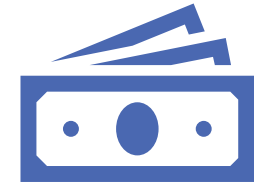
Analog TRS Services

Rate Development Process
Current vs Proposed Rates
Demand Trends



IP-Based TRS Services

Cost Trends
Demand Trends
Rate Proposals



Fund Requirement

Service Requirements
Budget Requirements
Contribution Factors

A stylized sun graphic consisting of a solid blue circle with three dashed blue lines above it, set against a green background that curves into a white semi-circle.

Analog Services

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MARS Rate Methodology

Unreasonable

- Manipulated by subcontractors
- Total intrastate minutes are declining significantly
- Migration from PMR contracts to MRCs
- No recognition of ASR usage for CTS
- Reduction in competitive marketplace for CTS

Contract Type	Number of States
MRC	24
PMR	39

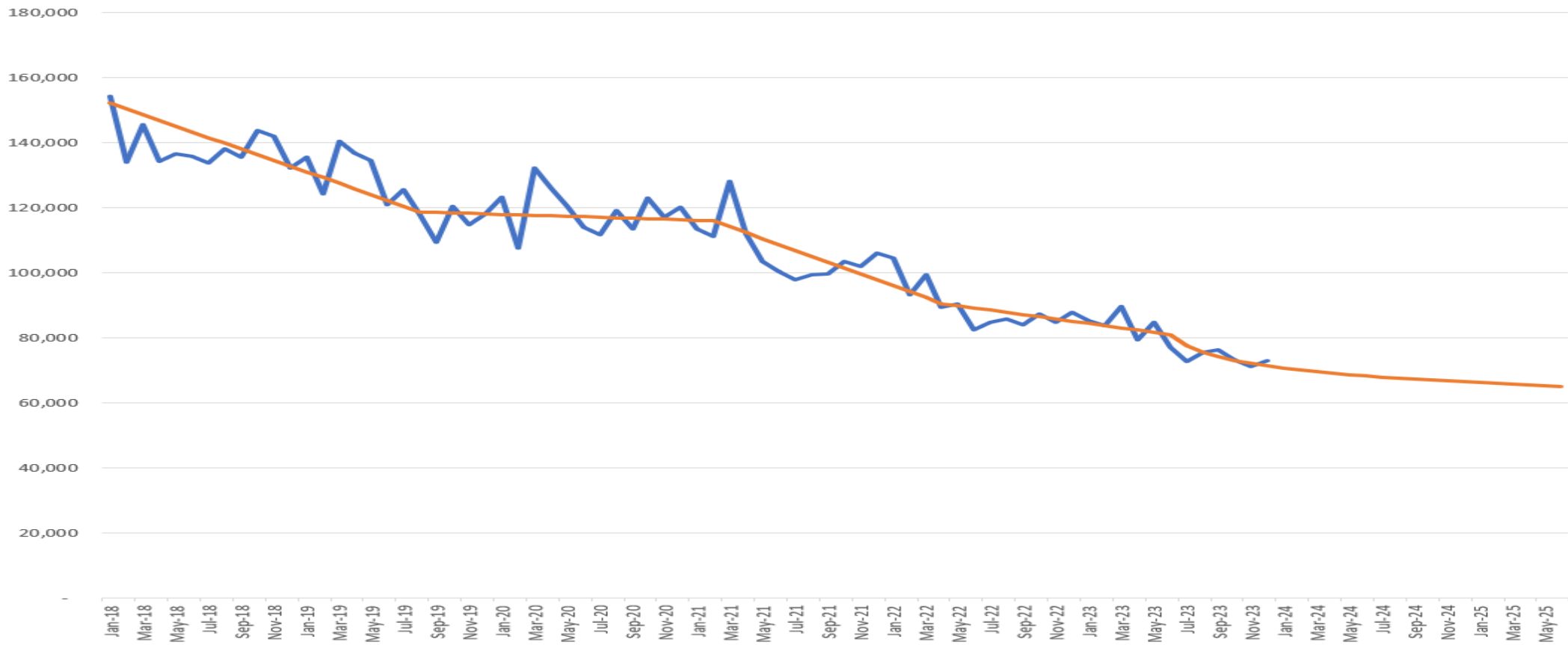
TTY & STS Rate Calculation

Intrastate Translation Service Payments	(\$14.9m)	\$13,520,054.76
Non-Translation Service Payments	(\$943k)	\$1,069,035.20
Intrastate Conversation Minutes	(2.8m)	2,356,450.3
Per Minute Rate for TTY	(\$5.7204)	\$6.1911
Per Minute STS Outreach Additive		\$1.131
Per Minute Rate for STS	(\$6.8514)	\$7.3221

CTS Rate Calculation

Intrastate Translation Service Payments	(\$10.9m)	\$7,752,093.59
Non-Translation Service Payments	(\$737k)	\$646,833.90
Intrastate Conversation Minutes	(5.0m)	3,013,895.4
Per Minute Rate for CTS	(\$2.6619)	\$2.7867

TTY Forecast



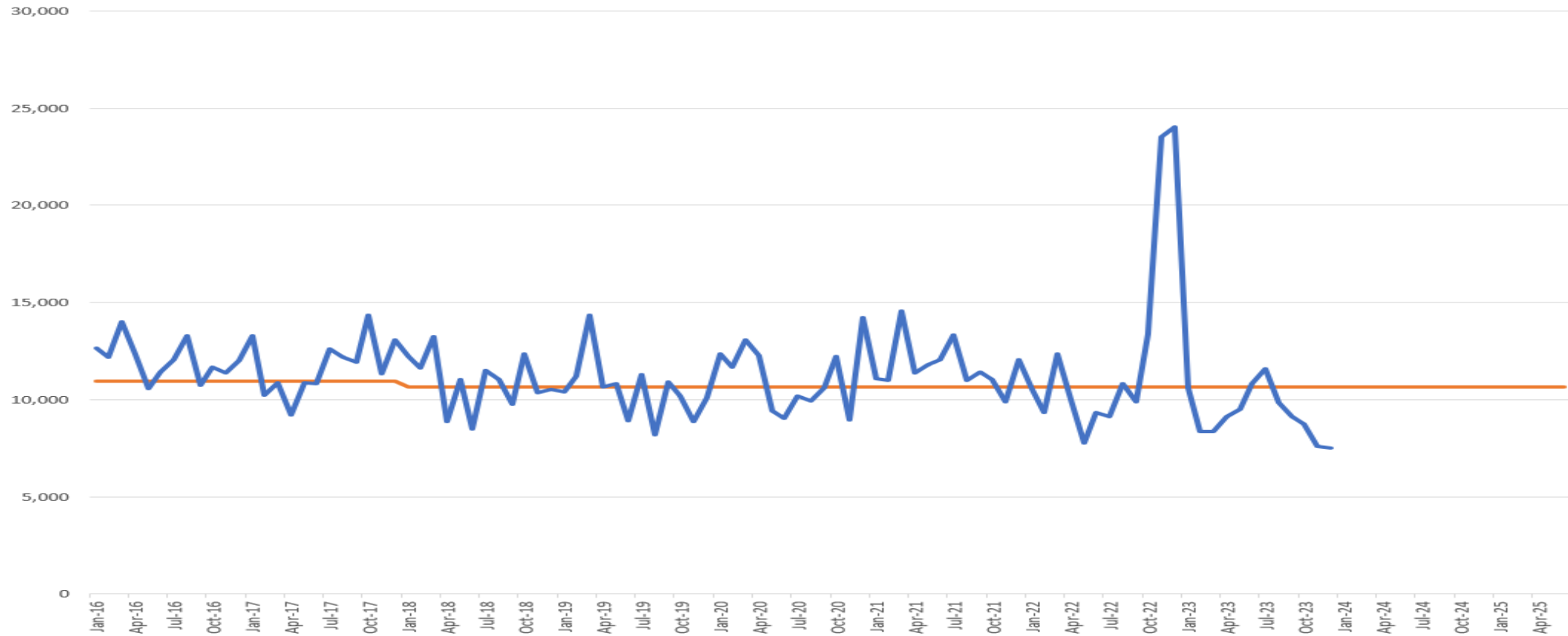
Actuals Forecast

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TTY Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 24	Jul 24 – Apr 25	May – Jun 25
Demand	136,883.2	665,544.1	130,202.5
Rate	\$5.7204	\$6.1911	
Revenue	\$783,027	\$4,120,450	\$806,097
Totals	\$4,903,477		\$806,097

STS Forecast



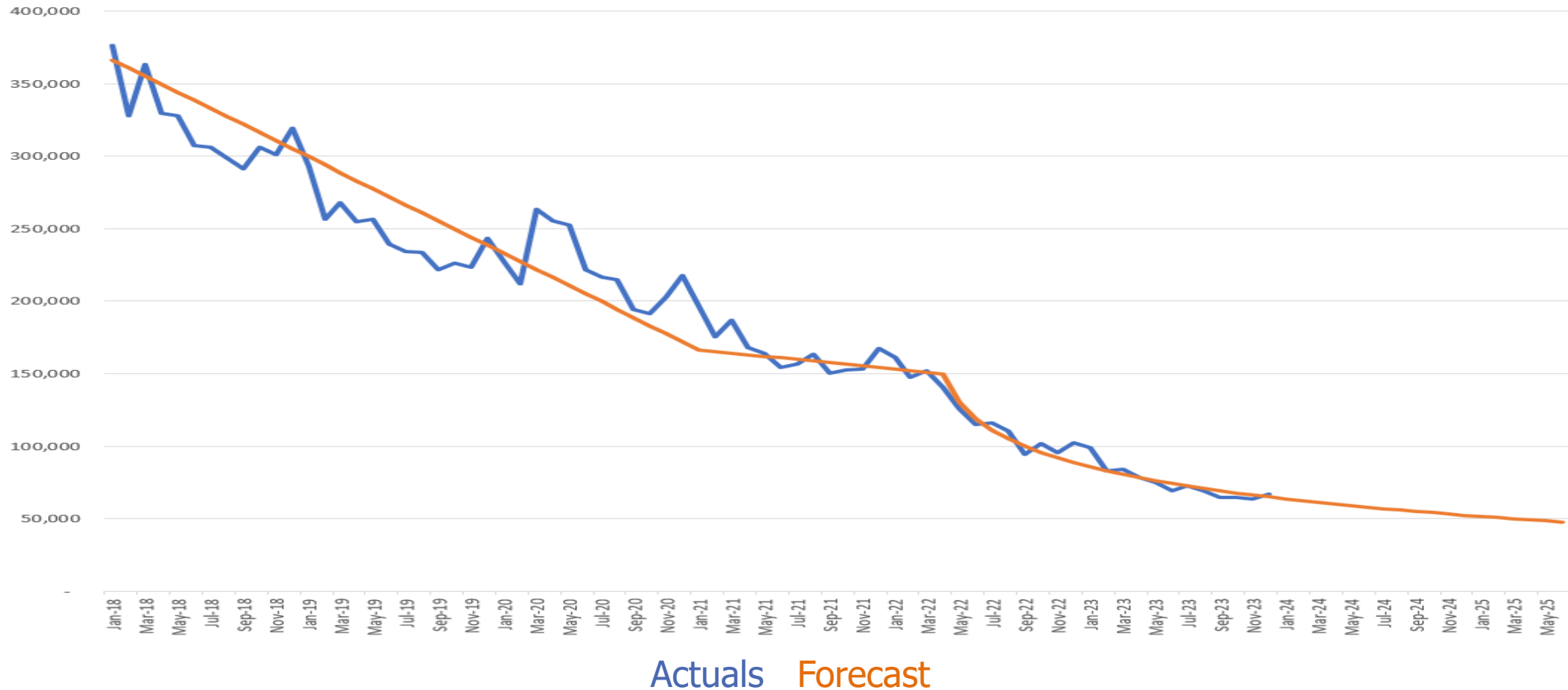
Actuals Forecast

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STS Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 24	Jul 24 – Apr 25	May – June 25
Demand	21,276	106,378	21,276
Rate	\$6.8514	\$7.3221	
Revenue	\$145,768	\$778,912	\$155,782
Totals	\$924,680		\$155,782

CTS Forecast



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CTS Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 24	Jul 24 – Apr 25	May – June 25
Demand	117,081.5	529,626.6	96,276.8
Rate	\$2.6619	\$2.7867	
Revenue	\$311,659	\$1,475,910	\$268,294
Totals	\$1,787,570		\$268,294



IP-Based Services

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Internet Protocol Relay Service

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IP Relay Rates

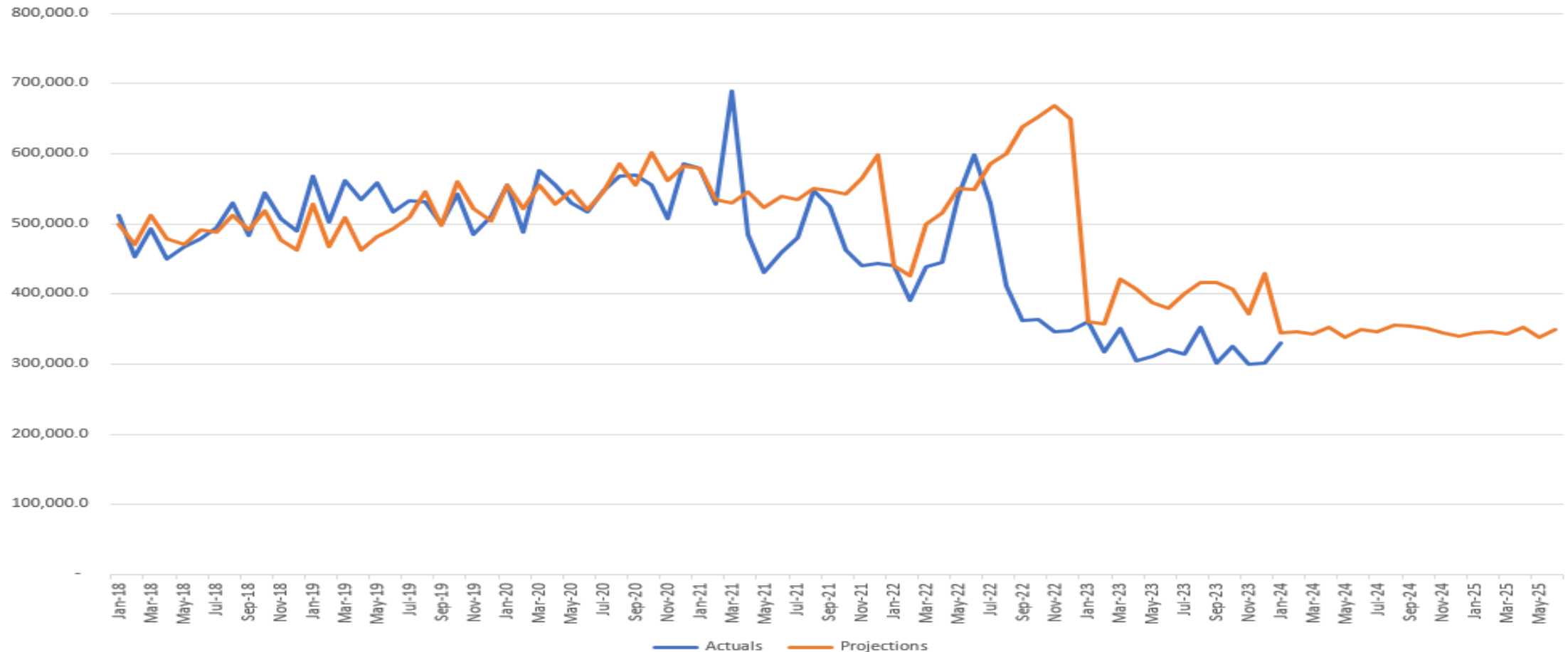
Methodology

- Based on DOL's ECI for Professional, Scientific, and Technical services
- Adjustment factor calculated as rate of change between the ECIs of '22 Q4 & '23 Q4
- Adjustment factor applied to prior program year rate
- Applicable through 25-26 PY

Stat	Value
22 Q4 ECI	156.3
23 Q4 ECI	162.2
Delta (162.2-156.3)	5.9
Rate of Change (5.9/156.3)	3.77%
23-24 PY IP Relay Rate	\$2.0480
+ Adjustment (2.0480 * 0.0377)	\$0.0772
24-25 PY IP Relay Rate	\$2.1252

IP Relay Demand Trends

IP Relay Actuals vs Provider Projections



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IP Relay Budget Requirement

	May – Jun 24	Jul 24 – Apr 25	May – Jun 25
Demand	687,727	3,478,243	687,727
Rate	\$2.0480	\$2.1252	
Revenue	\$1,408,465	\$7,391,962	\$1,461,557
Totals	\$8,800,426.92		\$1,461,557.42



Video Relay Service

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VRS Rates

Rate Structure

- Adopted in FCC 23-78
- Applicable through 27-28 PY
- Emergent rate established for providers generating less than 1 million minutes
- Tiered structure for providers generating more than 1 million minutes
- Adjustment factor of 3.77% applied to prior year rates following similar IP Relay adjustment methodology
- Additive applied for calls providing VTS

VRS Rates

Rate Category	23-24 PY PMR	24-25 PY PMR
Emergent Provider	\$7.77	\$8.06
Tier I – first 1 million minutes	\$6.27	\$6.51
Tier 2 – over 1 million minutes	\$3.92	\$4.07
VTS additive	\$0.19	\$0.20

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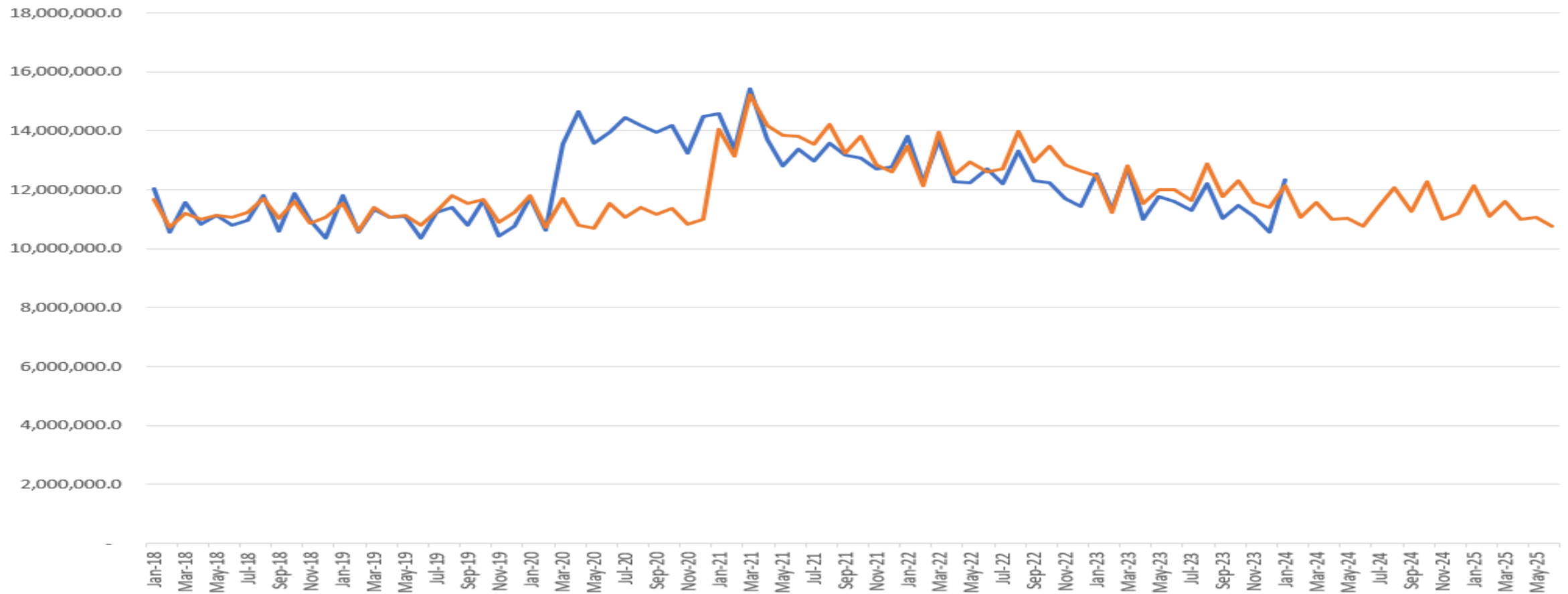
VRS Operating Margins with CA Cost and R&D/Engineering

Demand 2023	Demand 24-25 PY	OM 2023 Calendar Year	OM 24-25 PY
138,622,566	136,891,222	19%	38%

Category	2022	2023	2024	2025	Per FCC
CA Cost	1.5585	1.6142	1.8485	2.0093	2.2211
Research and Development/Engineering	0.1985	0.2567	0.3465	0.3874	0.3662

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VRS Demand Trends



Actuals Projections

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VRS Budget Requirement

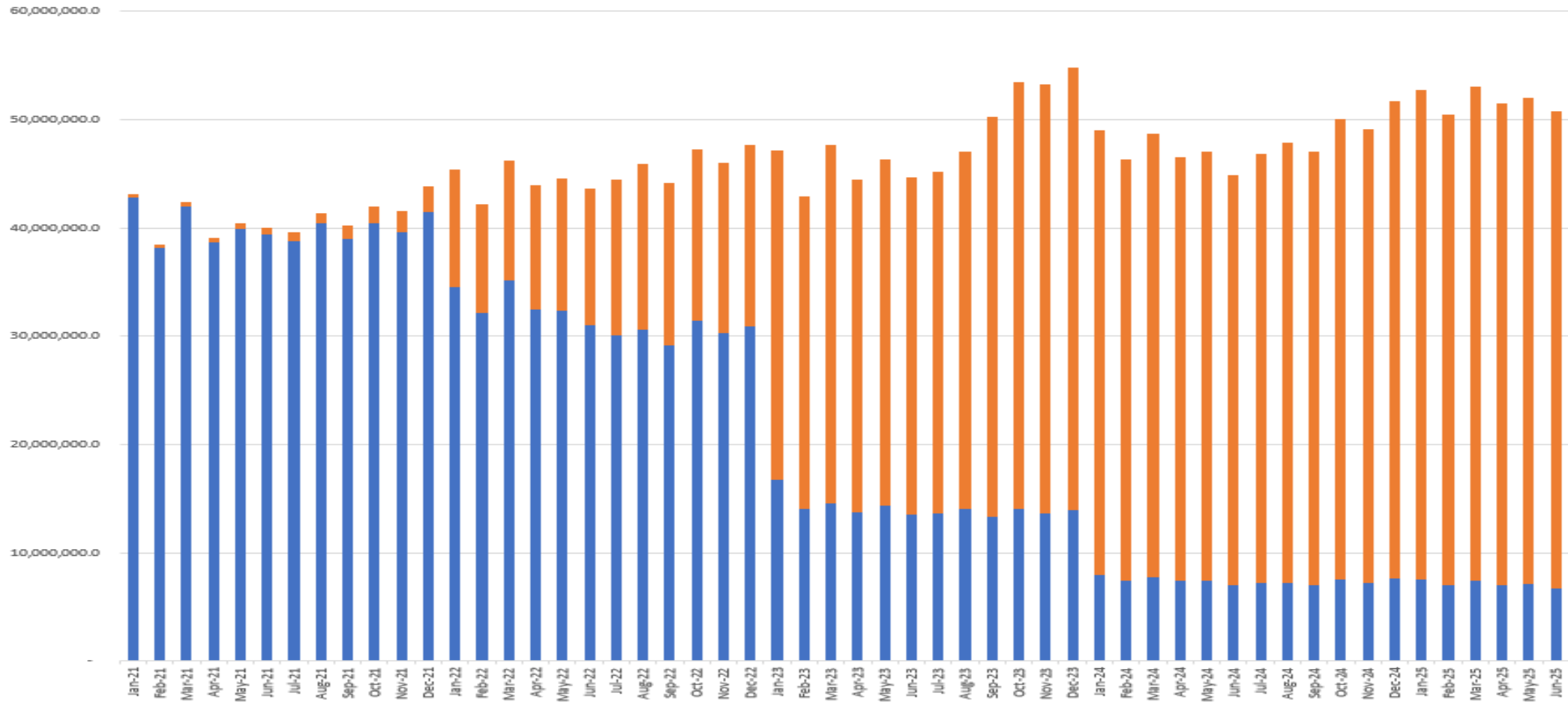
		May – Jun 24	Jul 24 – Apr 25	May – Jun 25
Emergent	Demand	663,866	3,435,423	738,398
	Rate	\$7.77	\$8.06	
	Revenue	\$32,847,744		\$5,951,488
Tier I	Demand	4,000,000	20,000,000	4,000,000
	Rate	\$6.27	\$6.51	
	Revenue	\$155,280,000		\$26,040,000
Tier II	Demand	17,122,397	91,818,005	17,122,397
	Rate	\$3.92	\$4.07	
	Revenue	\$440,819,076		\$69,688,156
Totals		\$628,946,820		\$101,679,643

A stylized sun icon consisting of a solid blue circle with several short, dashed blue lines radiating from its top edge, set against a green background.

Internet Protocol Captioned Telephone Service

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IP CTS Changes to Provisioning Based on Demand Projections



CA ASR

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IP CTS Cost Per Minute Trends

Category	2022	2023	2024	2025	24-25 TY
Facilities	0.0335	0.0290	0.0270	0.0264	0.0266
CA Related	0.1296	0.0469	0.0483	0.0489	0.0482
Non-CA Relay Center	0.0299	0.0267	0.0310	0.0352	0.0330
Engineering	0.0387	0.0453	0.0642	0.0675	0.0661
Research & Development	0.0169	0.0204	0.0234	0.0237	0.0237
Indirect	0.1484	0.1250	0.1675	0.1707	0.1694
Depreciation	0.0220	0.0163	0.0121	0.0097	0.0110
Marketing	0.0703	0.0903	0.1114	0.1291	0.1208
Outreach	0.0002	0.0002	0.0000	0.0000	0.0000
Subcontractor	0.3287	0.2779	0.2402	0.2078	0.2220
Other	0.0104	0.0178	0.0181	0.0189	0.0184
Total Cost Per Minute*	0.9114	0.7655	0.8167	0.8117	0.8132

*Includes 10% OM

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IP CTS Operating Margins

Rate Retention

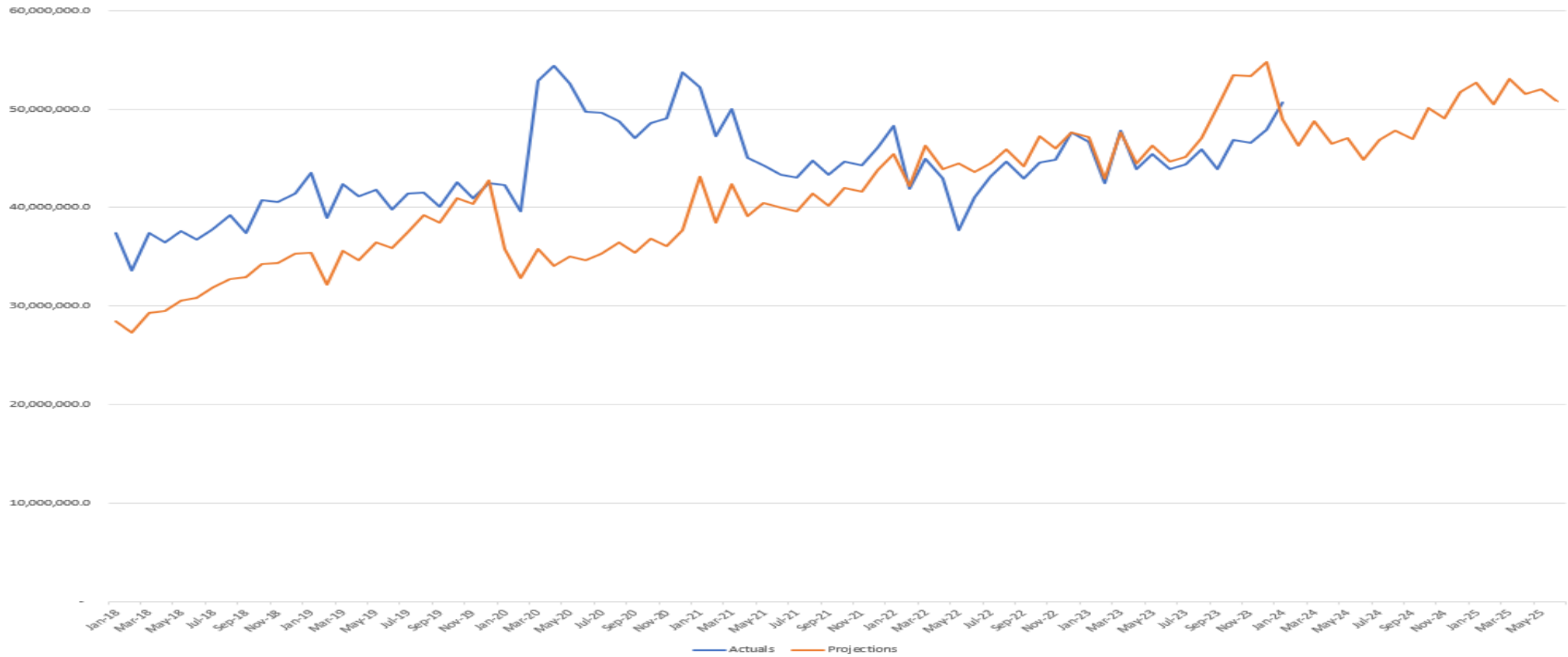
- All IP CTS minutes paid at \$1.30
- 24-25 Budget Requirement would be \$769,752,037
- Two Month Reserve of \$133,671,929
- Total Requirement of \$903,423,965

	2023 CY	24-25 PY
Industry	86.81%	75.86%

*Includes 10% OM

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IP CTS Demand Trends



Actuals Projections

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IP CTS Budget Requirement

Rate Structure

- All IP CTS demand paid at \$1.30

	May-Jun 24	Jul 24-Apr 25	May-Jun 25
Demand	91,841,855	500,275,097	102,824,560
Revenue	119,394,411	650,357,626	133,671,928
Totals		\$769,752,037	\$133,671,928

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24-25 Budget Requirements

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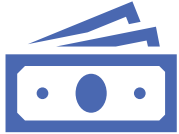
Analog Budget Requirement

TTY	<i>\$4,834,817</i>	\$4,903,477
STS	<i>\$891,072</i>	\$924,681
CTS	<i>\$2,662,270</i>	\$1,787,570
Total	<i>\$8,388,159</i>	\$7,615,728
Two-Month Reserve	<i>\$1,394,012[†]</i>	\$1,230,174
Administrative Costs*	<i>\$160,269[†]</i>	\$193,729
24-25 Fund Requirement	<i>\$9,942,440</i>	\$9,039,630

*Allocation based on portion of total three-month reserve

[†]Based on a three-month reserve per FCC direction

Analog Contribution Factor



Analog 23-24 Total Fund Estimate

\$9,942,440
\$9,039,630



Analog Allocated Estimated Year End Balance

\$1,336,497
\$1,033,572



Analog 23-24 Net Fund Requirement

\$8,605,943
\$8,006,058



Interstate Contribution Base

\$34,816,842,912
\$32,031,495,479



Analog Contribution Factor

0.00025
0.00025

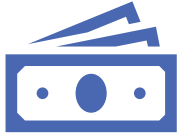
IP-Based Budget Requirement

IP Relay	<i>\$9,557,254</i>	\$8,800,427
VRS	<i>\$486,502,237</i>	\$628,946,821
IP CTS	<i>\$734,843,826</i>	\$769,752,037
Total	<i>\$1,230,903,317</i>	\$1,407,499,285
Two-Month Reserve	<i>\$305,535,526⁺</i>	\$236,813,129
Administrative Costs*	<i>\$35,127,246⁺</i>	\$37,293,495
24-25 Fund Requirement	<i>\$1,571,566,089</i>	\$1,681,605,909

*Allocation based on portion of total three-month reserve

⁺Based on a three-month reserve per FCC direction

IP-Based Contribution Factor



IP-Based 23-24 Total Fund Estimate

\$1,571,566,089

\$1,681,605,909



IP-Based Allocated Estimated Year End Balance

\$292,929,503

\$198,966,428



IP-Based 23-24 Net Fund Requirement

\$1,278,636,585

\$1,482,639,481



Intrastate & Interstate Contribution Base

\$79,173,554,097

\$74,423,140,851



IP-Based Contribution Factor

0.01615

0.01992