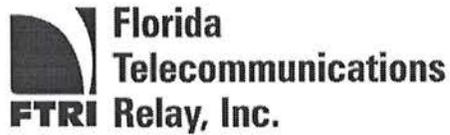


| REQUEST TO ESTABLISH DOCKET | | |
|---|---|--|
| (Please type or print. File original with CLK.) | | |
| Date: | 3/4/2021 | |
| 1. From Division / Staff: | IDM/Curtis Williams CH | |
| 2. OPR: | IDM | |
| 3. OCR: | GCL | |
| 4. Suggested Docket Title: | <u>Commission Approval of Florida Telecommunications Relay, Inc.'s Fiscal Year 2021/2022 Proposed Budget..</u> | |
| 5. Program/Module/Submodule Assignment: | A19, B11 | |
| 6. Suggested Docket Mailing List | | |
| a. Provide NAMES/ACRONYMS, if registered company | | <input checked="" type="checkbox"/> Provided as an Attachment |
| Company Code, if applicable: | Parties (include address, if different from MCD): | Representatives (name and address): |
| | Brett Bascom | |
| | Florida Telecommunications Relay, Inc. | |
| | 1820 East Park Avenue | |
| | Suite 101 | |
| | Tallahassee, FL 32301 | |
| b. Provide COMPLETE NAME AND ADDRESS for all others (match representatives to companies) | | |
| Company Code, if applicable: | Interested persons, if any, (include address, if different from MCD): | Representatives (name and address): |
| | Copy all interested persons from Docket No. 20200073-TP. Change Florida Telecommunications Relay, Inc. Attention: From Sean Bankston to Brett Bascom. | |
| | | |
| | | |
| | | |
| 7. Check one: | <input checked="" type="checkbox"/> Supporting documentation attached <input type="checkbox"/> To be provided with Recommendation | |
| Comments: | | |



February 26, 2021

Mr. Curtis Williams, Regulatory Analyst IV
Office of Industry Development & Market Analysis
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Approved FTRI FY 2022 Budget

Mr. Williams:

Pursuant to FS 427.704(4)(e), the FTRI FY 2022 budget as approved by the Board of Directors on February 18, 2021 is hereby provided in support of the Commission's annual review of the TASA surcharge.

As the administrator of the telecommunications access system which consists of the Florida Relay Service and the specialized equipment distribution program, FTRI continues to effectively manage reasonable administrative costs in the fulfillment of the duties defined in FS 427.705.

Thanks to the Commission, TASA Advisory Committee members, Regional Distribution Centers, and certifiers across the state for supporting the Telecommunications Access System Act, FS 427.

Regards,

A handwritten signature in blue ink that reads "Brett A. Bascom".

Brett A. Bascom
FTRI Business Manager

Enclosures

Florida Telecommunications Relay, Inc.
Fiscal Year 2021/2022 Budget @ .10 cents surcharge

| | 2020/2021 APPROVED BUDGET | 2020/2021 ESTIMATED REV & EXPEND | 2021/2022 BUDGET | Estimated to Budget VARIANCE 2020/2021 2021/2022 | Budget to Budget VARIANCE 2020/2021 2021/2022 |
|---|---------------------------------|--|---------------------|---|--|
| OPERATING REVENUE | | | | | |
| 1 Surcharges | 4,792,249 | 4,653,281 | 4,374,084 | (279,197) | (418,165) |
| 2 Interest Income | 114,589 | 20,604 | 22,843 | 2,239 | (91,746) |
| TOTAL OPERATING REV | 4,906,838 | 4,673,885 | 4,396,927 | (276,958) | (509,911) |
| OTHER REVENUE/FUNDS | | | | | |
| 3 Surplus Account | 16,957,128 | 17,800,593 | 18,286,093 | 485,500 | 1,328,965 |
| TOTAL REVENUE | 21,863,966 | 22,474,478 | 22,683,020 | 208,542 | 819,054 |
| OPERATING EXPENSES | | | | | |
| CATEGORY I - RELAY SERVICES | | | | | |
| 4 DPR Provider | 2,254,960 | 2,254,960 | 1,647,753 | (607,207) | (607,207) |
| SUBTOTAL-CATEGORY I | 2,254,960 | 2,254,960 | 1,647,753 | (607,207) | (607,207) |
| CATEGORY II - EQUIPMENT & REPAIRS | | | | | |
| 5 TTY/TDD | 0 | 0 | 0 | 0 | 0 |
| 6 CapTel Phone Equipment | 0 | 0 | 0 | 0 | 0 |
| 7 VCP Hearing Impaired | 577,203 | 278,296 | 577,203 | 298,907 | 0 |
| 8 VCP Speech Impaired | 0 | 0 | 0 | 0 | 0 |
| 9 TeliTalk Speech Aid | 32,760 | 32,250 | 32,760 | 510 | 0 |
| 10 In-Line Amplifier | 34,950 | 103,170 | 34,950 | (68,220) | 0 |
| 11 ARS Signaling Equip | 2,592 | 0 | 2,592 | 2,592 | 0 |
| 12 VRS Signaling Equip | 16,400 | 8,200 | 16,400 | 8,200 | 0 |
| 13 Accessories & Supplies | 518 | 50 | 518 | 468 | 0 |
| 14 Telecomm Equip Repair | 108,812 | 30,192 | 108,812 | 78,620 | 0 |
| SUBTOTAL-CATEGORY II | 773,235 | 452,158 | 773,235 | 321,077 | 0 |
| CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING | | | | | |
| 15 Freight-Telecomm Equip | 30,862 | 20,595 | 30,862 | 10,267 | 0 |
| 16 Regional Distr Centers | 535,647 | 161,812 | 531,618 | 369,806 | (4,029) |
| 17 Training Expense | 468 | 468 | 468 | 0 | 0 |
| SUBTOTAL-CATEGORY III | 566,977 | 182,875 | 562,948 | 380,073 | (4,029) |

Florida Telecommunications Relay, Inc.
Fiscal Year 2021/2022 Budget @ .10 cents surcharge

| | 2020/2021 APPROVED BUDGET | 2020/2021 ESTIMATED REV & EXPEND | 2021/2022 BUDGET | Estimated to Budget | Budget to Budget | | |
|--|---------------------------------|--|---------------------|------------------------------------|------------------------------------|------------------|----------------|
| | | | | VARIANCE 2020/2021 2021/2022 | VARIANCE 2020/2021 2021/2022 | | |
| CATEGORY IV - OUTREACH | | | | | | | |
| 18 Outreach Expense | 535,650 | 433,143 | 535,650 | 102,507 | | 0 | |
| SUBTOTAL-CATEGORY IV | 535,650 | 433,143 | 535,650 | 102,507 | | 0 | |
| CATEGORY V - GENERAL & ADMINISTRATIVE | | | | | | | |
| 19 Advertising | 0 | 0 | 0 | 0 | | 0 | |
| 20 Accounting/Auditing | 20,823 | 21,146 | 21,624 | 478 | | 801 | |
| 21 Legal | 28,776 | 11,022 | 12,281 | 1,259 | | (16,495) | |
| 22 Computer Consultation | 5,020 | 6,431 | 5,460 | (971) | | 440 | |
| 23 Dues & Subscriptions | 2,482 | 1,230 | 1,380 | 150 | | (1,102) | |
| 24 Office Equipment Purchase | 7,131 | 7,730 | 7,711 | (19) | | 580 | |
| 25 Office Equipment Lease | 1,751 | 1,778 | 1,778 | 0 | | 27 | |
| 26 Insurance-Hlth/Life/Dsblty | 181,893 | 149,461 | 172,997 | 23,536 | | (8,896) | |
| 27 Insurance-Other | 9,741 | 10,253 | 9,741 | (512) | | 0 | |
| 28 Office Expense | 12,248 | 10,466 | 10,477 | 11 | | (1,771) | |
| 29 Postage | 4,139 | 3,025 | 3,025 | 0 | | (1,114) | |
| 30 Printing | 1,323 | 704 | 1,177 | 473 | | (146) | |
| 31 Rent | 91,715 | 91,304 | 91,304 | 0 | | (411) | |
| 32 Utilities | 5,408 | 4,971 | 4,945 | (26) | | (463) | |
| 33 Retirement | 77,030 | 67,828 | 78,849 | 11,021 | | 1,819 | |
| 34 Employee Compensation | 431,510 | 422,417 | 443,590 | 21,173 | | 12,080 | |
| 35 Taxes - Payroll | 31,979 | 30,840 | 30,977 | 137 | | (1,002) | |
| 36 Taxes - Unemplmt Comp | 56 | 2,957 | 2,957 | 0 | | 2,901 | |
| 37 Taxes - Licenses | 61 | 61 | 61 | 0 | | 0 | |
| 38 Telephone | 17,030 | 16,997 | 19,940 | 2,943 | | 2,910 | |
| 39 Travel & Business | 8,111 | 1,000 | 8,111 | 7,111 | | 0 | |
| 40 Equipment Maint. | 855 | 598 | 611 | 13 | | (244) | |
| 41 Employee Training/Dev | 2,145 | 3,030 | 2,145 | (885) | | 0 | |
| SUBTOTAL-CATEGORY V | 941,227 | 865,249 | 931,141 | 65,892 | | (10,086) | |
| TOTAL EXPENSES | 5,072,049 | 4,188,385 | 4,450,727 | 262,342 | | (621,322) | -12.25% |
| REVENUE LESS EXPENSES | 16,791,917 | 18,286,093 | 18,232,293 | (53,800) | | 1,440,376 | |
| | | | | -53,800 | | | |

Access Line History Analysis

| Actual FYE 2016 | Actual FYE 2017 | Actual FYE 2018 | Actual FYE 2019 | Actual FYE 2020 | Updated: 1/22/2021 Actual/Estimates FYE 2021 | Budgeted Estimates FYE 2022 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--|-----------------------------------|
| 5,663,980 | 5,434,653 | 5,106,749 | 4,692,126 | 4,302,014 | 4,004,571 | 3,764,297 |
| 5,763,787 | 5,382,161 | 5,198,631 | 4,647,590 | 4,410,702 | 3,989,160 | 3,749,810 |
| 5,677,509 | 5,483,982 | 4,652,845 | 4,625,981 | 3,126,101 | 3,948,914 | 3,711,979 |
| 5,669,304 | 5,451,714 | 5,119,770 | 4,599,385 | 4,316,876 | 3,921,177 | 3,685,906 |
| 5,582,548 | 5,382,897 | 5,066,772 | 4,554,597 | 5,417,185 | 3,879,471 | 3,646,703 |
| 5,626,389 | 5,411,053 | 5,026,677 | 4,603,406 | 4,224,918 | 3,971,423 | 3,733,138 |
| 5,680,962 | 5,333,032 | 5,021,265 | 4,724,755 | 4,181,940 | 3,931,024 | 3,695,162 |
| 5,683,945 | 5,358,156 | 4,978,308 | 4,545,659 | 4,192,897 | 3,941,323 | 3,704,844 |
| 5,640,987 | 5,267,429 | 4,968,714 | 4,464,100 | 4,150,942 | 3,901,885 | 3,667,772 |
| 5,623,961 | 5,469,947 | 4,907,157 | 4,308,972 | 4,108,643 | 3,862,124 | 3,630,397 |
| 5,598,573 | 5,203,327 | 4,807,765 | 4,379,513 | 4,075,376 | 3,830,853 | 3,601,002 |
| 5,512,584 | 5,156,204 | 4,725,778 | 4,352,451 | 4,064,799 | 3,820,911 | 3,591,656 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 67,724,529 | 64,334,555 | 59,580,431 | 54,498,535 | 50,572,393 | 47,002,837 | 44,182,667 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 5,643,711 | 5,361,213 | 4,965,036 | 4,541,545 | 4,214,366 | 3,916,903 | 3,681,889 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 67,724,529 | 64,334,555 | 59,580,431 | 54,498,535 | 50,572,393 | 47,002,837 | 44,182,667 |
| -5.24% | -5.01% | -7.39% | -8.53% | -7.20% | -7.06% | -6.00% |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| -5.24% | -5.01% | -7.39% | -8.53% | -7.20% | -7.06% | -6.00% |
| \$8,045,674.05 | \$7,006,033.04 | \$5,898,462.67 | \$5,395,354.97 | \$5,006,666.91 | \$4,653,280.87 | \$4,374,084.02 |
| 12 cents | 11 cents | 10 cents | 10 cents | 10 cents | 10 cents | 10 cents |
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |

| Access Lines | Revenue | |
|---|--|-----------|
| Estimates FYE 2022 w/ 6% decrease | FYE 2022 estimate @ .10 w/ 6% decrease | |
| ----- | ----- | ----- |
| 3,764,297 | \$372,665 | July |
| 3,749,810 | \$371,231 | August |
| 3,711,979 | \$367,486 | September |
| 3,685,906 | \$364,905 | October |
| 3,646,703 | \$361,024 | November |
| 3,733,138 | \$369,581 | December |
| 3,695,162 | \$365,821 | January |
| 3,704,844 | \$366,780 | February |
| 3,667,772 | \$363,109 | March |
| 3,630,397 | \$359,409 | April |
| 3,601,002 | \$356,499 | May |
| 3,591,656 | \$355,574 | June |
| ----- | ----- | ----- |
| 44,182,667 | \$4,374,084 | |
| ----- | ----- | ----- |
| FYE 2022 Lines | FYE 2022 Revenue | |

-6.00%

\$4,653,280.87 FYE 2021 Budget rev
 \$4,374,084.02 FYE 2022 est. rev
 \$279,196.85

-6.00% % Change

\$437,408.40 Revenue loss from
1 cent of surcharge

Florida Relay Traffic Forecast

July 1, 2021- June 30, 2022

| Florida TRS | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Total |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Forecast Minutes of Use | 73,786 | 75,273 | 72,237 | 76,200 | 72,022 | 75,377 | 79,559 | 79,224 | 76,035 | 69,979 | 71,284 | 69,492 | 890,468 |
| Actual Minutes of Use | | | | | | | | | | | | | - |
| Forecast Cost of Service (\$1.35 per Session Minute) | \$ 99,611 | \$ 101,619 | \$ 97,520 | \$ 102,870 | \$ 97,230 | \$ 101,759 | \$ 107,405 | \$ 106,952 | \$ 102,647 | \$ 94,472 | \$ 96,233 | \$ 93,814 | \$ 1,202,132 |
| | | | | | | | | | | | | | |
| Florida CapTel | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Total |
| Forecast Minutes of Use | 22,755 | 22,697 | 21,651 | 22,141 | 21,958 | 22,856 | 22,361 | 20,241 | 23,259 | 21,648 | 21,824 | 20,290 | 263,681 |
| Actual Minute of Use | | | | | | | | | | | | | - |
| Forecast Cost of Service (\$1.69 per Session Minute) | \$ 38,456 | \$ 38,358 | \$ 36,590 | \$ 37,418 | \$ 37,109 | \$ 38,627 | \$ 37,790 | \$ 34,207 | \$ 39,308 | \$ 36,585 | \$ 36,883 | \$ 34,290 | \$ 445,621 |
| | | | | | | | | | | | | | |
| Forecast Grand Total | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Total |
| | \$ 138,067 | \$ 139,976 | \$ 134,110 | \$ 140,288 | \$ 134,339 | \$ 140,386 | \$ 145,195 | \$ 141,160 | \$ 141,955 | \$ 131,057 | \$ 133,116 | \$ 128,104 | \$ 1,647,753 |

Line Item Information
FTRI FY 2021/2022 Board Approved Budget
Submitted to the FPSC Staff on Friday, February 26, 2021

Definitions:

YE Estimate:

FTRI projects the YE (Year End) Estimate based on Year-to-Date December of the current fiscal year plus calculated projections based on historical data available. Note, due to COVID-19 and limited distribution by Regional Distribution Centers, estimated future distribution would most likely resemble a pre-COVID business environment. FTRI recommends using the FYE 2021 approved budgeted amounts for these items unless there is information that would indicate a more appropriate budget estimate.

Budget to Actual:

FTRI understands, based on previous communications with the PSC staff, identifying this as the budgeted amount for a line item that should be no more than the YE estimated amount for the current fiscal year.

Common Industry Acronyms Used:

DPR – Dual Party Relay

AIMS – Automated Information Management System-FTRI uses this computer software to maintain information for the Equipment Distribution System.

TRS – Telecommunications Relay Service

FPSC – Florida Public Service Commission

FTRI – Florida Telecommunications Relay, Inc.

IP-CTS – Internet Protocol Captioned Telecommunications Service

CTS – Captioned Telecommunications Service

TDD – Texting Device for the Deaf, also known as a TTY

TTY – Text Telephone, also known as a TDD

VCO – Voice Carry-Over phone

HCO – Hearing Carry-Over phone

VCO/HCO – A Combined Voice Carry-Over and Hearing Carry-Over phone.

NDBEDP – National Deaf Blind Equipment Distribution Program.

NDBEDP is also known as iCanConnect

VCP or VCPH – Volume Control Phone

VCPS – Volume Control Phone for Speech Impaired

GEWA – brand name of the Jupiter Speaker Phone

ARS – Audible Ring Signaling device

TRS – when used to describe equipment- Tactile Ring Signaling Device

TRS can also be used to describe Telecommunications Relay Service

VRS – when used to describe equipment – Visual Ring Signaling Device

VRS can also be used to describe Video Relay Service

RDC – Regional Distribution Center (contracted with FTRI)

Line Item Notes:

1. GL# 3050 Surcharge Revenue

FTRI is showing a decrease of \$297,197 in surcharges from FY 2020/2021 Estimated Revenue. As we do each year, actual access lines reported to us by the telephone companies are logged into a spreadsheet (Attachment A). For the months remaining in the current fiscal year-end, an estimate is made on expected access lines to be reported using a conservative estimate based on previous years. FTRI has conservatively selected a decrease of 6 percent for this estimate, although historically over the past 5 years the decrease has been more than 6 percent. Additionally, FTRI applies the conservative estimated decrease of 6 percent to actual to date and year end estimated access lines to calculate the budget year estimated access lines. FTRI applies the current surcharge rate to those estimated access lines for the budget year and the corresponding administrative allowance of 1 percent. FTRI is recommending that we maintain the surcharge at 10 cents per access line.

2. GL#3450 Interest Income.

Interest Income is estimated to increase \$2,239 from FY 2020/2021 Estimated Revenue. FTRI earns interest from Regions Bank Non-Profit Public Funds Money Market account. Our Regions Bank Public Funds checking is not an interest-bearing account and requires maintaining a \$500,000 minimum balance. Interest rate from July 2020 to September 2020 was 0.15% and is currently 0.15% as of January 2021.

4. GL# 5110 Dual Party Relay Provider

The DPR Provider account year end estimate is the same as budgeted for 2020/2021. No year-end estimate was provided by SPRINT. March 1, 2018 began a new contract with SPRINT and the FPSC with higher rates. Traditional TRS minutes are billed at \$1.35 per minute. while CapTel minutes are billed at \$1.69 per minute. Each year FTRI receives a budget estimate from the DPR provider. Attachment B is the spreadsheet provided by Sprint.

EQUIPMENT – CAT II

NOTE: Due to COVID-19 and related shutdown, FTRI has experienced a significant change in numbers of clients served and equipment distributed. The distribution of vaccine and CDC recommended steps citizens are taking to limit the virus spread may be sufficient for services to return to a more normal (pre-COVID 19) level. Therefore, FTRI is budgeting equipment at the same level as the 2020/2021 approved budget levels.

5. GL# 5210 TTY/TDD Equipment.

Telecommunications Devices for the Deaf have traditionally been TTY (text telephones for the Deaf). Over the past decade or more, these units have become less preferred by Deaf consumers and replaced by newer technology. FTRI provides refurbished units to clients, as requested. No new units are budgeted.

6. GL# 5226 CapTel Equipment.

The CapTel Equipment, 840 Plus is budgeted at \$0. FTRI has enough inventory on hand and is refurbishing returned units.

7. GL# 5240 (corded) and 5241 (cordless) VCP Hearing Impaired

The VCP Hearing Impaired line item shows a \$298,907 decrease from FY 2020/2021 Estimated Expenditures. The trailing 12-month data at the time of budget preparation, January 2020 to December 2020 units purchased, was during COVID-19 pandemic and the number of equipment distributed is not indicative of normal operations. FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

8. GL# 5250 VCP Speech Impaired

FTRI is budgeting to the approved budget amount of \$0. The PSC reduced this line item in last year's budget as the newer technology equipment FTRI was interested in distributing as a pilot program was not approved by the PSC. Over the past decade or more, new technology has become available to assist speech impaired to connect with the communications systems everyone uses. Smart Phones, Tablets, Captioning services are some of the new technology.

9. GL# 5253 TeliTalk Speech Aid

The TeliTalk Speech Aid line item shows a \$510 increase from FY 2020/2021 estimated expenditures. Budget is determined by using the TTM (trailing twelve month) historical consumer demand. During COVID-19 pandemic, the number of equipment distributed is not indicative of normal operations. FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

10. GL# 5255 In-Line Amplifier

The In-Line Amplifier YE estimate is based on recent demand and higher than last year's budgeted amount due to inclusion of new technology (SA-40 bluetooth unit and the XLC-GO bluetooth unit). The XLC-GO is a new item and has been requested often as it works with the XLC8 volume control phone and it's base. During COVID-19 pandemic, the number of equipment distributed is not indicative of normal operations. FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

11. GL#5261 ARS Signaling Equipment (Audible Ring Signaling)

The ARS Signaling Equip line item shows a \$2,592 increase from FY 2020/2021 Estimated Expenditures. Specifically, the CR200 signaling device that is both audible and visual (flashing light) and the audible SR200 device have been included in this line item. COVID-19 pandemic also impacting this line item, FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

12. GL# 5262 VRS Signaling Equipment (Visual Ring Signaling)

The VRS Signaling Equip line item shows a \$8,200 increase from FY 2020/2021 Estimated Expenditures. The Bellman-Symfon Visual flashing unit and the Sonic Alert TR-75 are budgeted. FTRI expects to distribute 50 of the Bellman-Symfon units by June 2021 instead of the 100 units budgeted for FYE 2021, due to the COVID-19 pandemic.

13. GL# 5265 Accessories & Supplies

The Accessories & Supplies line includes specific purchases for line filters and dual line adapters. This item shows a \$468.00 increase from FY 2020/2021 Estimated Expenditures. COVID-19 pandemic also impacting this line item, FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

14. GL#5270-5274 Telecom Equipment Repair

The Telecom Equip Repair line item shows a \$78,620 increase from FY 2020/2021 Estimated Expenditures. COVID-19 pandemic also impacting this line item, FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

15. GL# 5310 Freight-Telecom Equipment

The Freight-Telecomm Equip line item shows a \$10,267 increase from FY 2020/2021 Estimated Expenditures. As XLC7-BT, XLC-3.4, BT-914,CL-60, Alto, Alto-Plus units warranty expire these units are shipped back for repair. New units are shipped to RDCs and various clients as ordered. The trailing 12-month average is used in projecting the budget, however COVID-19 has greatly reduced equipment distribution. FTRI recommends using the same budget as FYE 2021.

16. GL# 5320-5327 Regional Distribution Centers

The Regional Distribution Centers line item shows a \$369,806 increase from FY 2020/2021 Estimated Expenditures. The data at the time of budget preparation occurred during COVID-19 pandemic, the number of services is not indicative of normal operations. FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

Additionally, FTRI was asked to provide a financial break-even analysis of the RDC fee structure and present it along with the budget. The information collected by the Executive Director, is attached. Only three RDCs responded, although many more were

asked to provide the information. FTRI does not believe the information received from RDCs is sufficient to provide a meaningful analysis. Additionally, the situation with COVID makes it difficult to determine what an RDCs break-even may be for the program. FTRI has attached a funding model from Executive Director Bankston. FTRI would like to request a postponement of this analysis until an Executive Director is hired and the COVID situation allows for a more normal business environment.

The below breakdown shows the costs included in this line item. These include air card connectivity and laptops for access to FTRI's client database and maintenance and modifications to AIMS. All costs are specifically related to RDC fulfillment of the agreement to provide FTRI services.

| | FY 2020-2021 (estimated) | FY 2021-2022 (proposed) |
|-------------------------------|-----------------------------|----------------------------|
| RDC contracts | \$ 133,670 | \$ 471,451 |
| AIMS air card \$675 per month | \$ 7,071 | \$ 6,929 |
| RDC AIMS Hardware | \$ 720 | \$ 720 |
| AIMS Project for RDC | \$ 20,351 | \$ 49,090 |
| Auditing | \$ <u>0</u> | \$ <u>3,429</u> |
| | \$ 161,812 | \$ 531,619 |

17. GL# 5340 Training Expense

The Training Expense line item shows a \$0 increase from FY 2020/2021 Estimated Expenditures. FTRI plans to hold smaller regional trainings via webinars and, when possible face-to-face meetings when in area for audits or other purposes, to enhance the FTRI program and its relationship with RDCs. Cost budgeted is for Go-To-Meeting web access.

18. GL# 5410-5417 Outreach Expense

The Outreach Expense account shows a \$102,507 increase from FY 2020/2021 Estimated Expenditures due to no travel and very limited RDC outreach activity. FTRI plans to continue advertising the program using newspaper insert ad (FSI) and Social Media. During the COVID-19 pandemic the number of RDC services and outreach activities is not indicative of normal operations. FTRI is recommending to budget at the same level as the FY 2021 approved budget amount.

19. GL# 5501 Advertising

Line item shows a \$0 increase from FY 2020/2021 Estimated Expenditures. FTRI budgeted to actual for advertising of possible open positions due to staff turnover. FTRI advertises using low cost employment ads, usually Craigslist at \$15 per placement, or free ad placements such as INDEED on-line service.

20. GL# 5504 Accounting

The Accounting/Auditing line item shows a \$478 increase from FY 2020/2021 Estimated Expenditures. FTRI's CPA firm provided a quote for our annual audit of the 2020/2021 fiscal year at \$17,000 in line with last year. This line item also includes expenses for payroll processing and payroll tax reporting. FTRI is budgeting 8 employees for payroll expenses.

21. GL# 5507 Legal

The Legal account shows a \$1,259 increase from FY 2020/2021 Estimated Expenditures. FTRI is billed for legal services monthly at \$250 per hour for the first 12 hours of service per month with hours over 12 billed at \$225 per hour.

22. GL# 5510 Computer Consultation

The Computer Consultation line item shows a decrease of \$971 for the budget year end 2022. YE estimate for FY ending 2021 is the average of the first six months and extrapolated for the full 12 months. FTRI was quoted 48 hours of technical support, network administration, and desktop troubleshooting.

23. GL# 5519 Dues & Subscriptions

The Dues & Subscriptions expense account shows a \$150 increase from FY 2020/2021 Estimated Expenditures. Dues and subscriptions to organizations that we partner with and are directly involved in the communities we serve allowing staff and management to be informed about those communities.

24. GL# 5530-5531 Office Equipment and Computer Software

The Office Equipment Purchase line item shows a \$19 decrease from FY 2020/2021 Estimated Expenditures. FTRI expects replacement of two (2) workstations. Purchase of Office 365 software, renewing Firewall support, antivirus software is also budgeted.

25. GL# 5541 Office Equipment Lease

Office Equipment Lease shows an increase of \$0 from FY 2020/2021 estimated expenditures. FTRI leases a copier and the Pitney Bowes postage equipment.

26. GL# 5544 Insurance-Hlth/Life/Dsblty

The amount budgeted for 2021/2022 Insurance-Hlth/Life/Dsblty account shows a \$23,536 increase from FY 2020/2021 estimated expenditures. A portion of this increase is attributed to Executive Director position being unfilled for a portion of the year. FTRI estimated a 10% increase in premium based on response from our insurance agency. Employees contribute 5% of the premium for single coverage and 10% of the difference between single and dependent coverage. During the budget year 2021/2022 FTRI anticipates staff of 8 employees. FTRI has an insurance renewal date of June 1.

27. GL# 5547 Insurance-Other

The Insurance-Other line item shows a \$512 decrease from FY 2020/2021 Estimated Expenditures due to a slight increase in premium. FTRI estimates that insurance will remain close to the actual 2020/2021 estimated amount for the budget year 2021/2022.

28. GL# 5551 Office Expense

The Office Expense line item shows an \$11 increase from FY 2020/2021 estimated expenditures. This line item includes office supplies, paper, office cleaning, pest control, security system service, shredding services.

29. GL# 5554 Postage Expense

The Postage line item shows no change from FY 2020/2021 estimated expenditures. Application request mailings in addition to business reply mail permit fees and postage deposits \$500 each and supplies for the meter.

30. GL# 5557 Printing expense

The Printing line item shows \$473 increase from FY 2020/2021 estimated expenditures. This line item includes printing of FTRI's annual report, business cards, letterhead, envelopes.

31. GL# 5560 Rent expense

The Rent line item shows a \$0 increase from FY 2020/2021 estimated expenditures. FTRI renewed its lease in 2017 at the same rate as the previous lease. This rate has remained steady for the past 5 years and is not expected to increase. The slight increase is due to FTRI's offsite storage facility, Secure Records Solutions.

32. GL# 5561 Utility expense

The Utilities line item shows \$26 decrease from FY 2020/2021 estimated expenditures.

33. GL# 5563 Retirement

The Retirement line item shows a \$11,021 increase from FY 2020/2021 estimated expenditures. FY 2020/2021 estimate is lower than anticipated due to employee turnover. Sean Bankston resigned in December 2020. Retirement is based on salary, budgeted salary increases, and related pension costs for administration of the program through FTRI's plan administrator NTCA. FY 2021/2022 budget includes 8 employees' projected salary.

34. GL# 5566 Employee Compensation

Employee Compensation line item shows a \$21,173 increase from FY 2020/2021 estimated expenditures. FY 2020/2021 estimate is lower than anticipated due to

employee turnover. FTRI started July 2017 with 10 employees out of 15 authorized positions and cut back to 9 positions during 2018. Eight (8) employees are budgeted for FY 2021/2022 with an estimated 3% merit increase pool.

35. GL # 5572 Taxes-Payroll

The Taxes-Payroll line item shows a \$137 increase from FY 2020/2021 estimated expenditures. Taxes are budgeted at 7.65% of payroll expense. FTRI has pre-tax section 125 benefits that lower taxable income for employees paying Health Premiums as well as our 403b fully employee funded retirement program that is pre-tax. Eight (8) employees are budgeted for 2021/2022 budget year.

36. GL# 5575 Taxes-Unemployment Compensation

The Taxes-Unemployment Compensation line item shows a \$0 decrease from FY 2020/2021 estimated expenditures. Taxes Unemployment Compensation is budgeted close to the year-end estimate. The tax is on the first \$7,000 of income for each employee, therefore the more turnover the higher the cost both in annual rate and number of employee accounts charged. Currently FTRI has been assigned a new rate that is effective January 1, 2021 of .0528.

37. GL# 5578 Taxes-Licenses

The Taxes-Licenses line item shows \$0 increase from FY 2020/2021 YE estimated. Taxes-Licenses fee is for FTRI's annual report to the department of state corporate filing.

38. GL# 5581 Telephone Expense

The Telephone line item shows a \$2,943 increase from FY 2020/2021 estimated expenditures.

39. GL# 5584 Travel & Business Expense

The Travel & Business line item shows a \$7,111 increase from FY 2020/2021 estimated expenditures. Travel is based on six trips for staff or managers to meet with RDCs and/or vendors and one trip to TEDPA (For the Telecommunications Equipment Distribution Program Association) annual conference. Due to COVID-19 there was very limited travel in the current fiscal year ending June 2021.

40. GL# 5591 Equipment Maintenance

Equipment Maintenance line item shows a \$13 increase from FY 2020/2021 estimated expenditures. FTRI budgeted close to the estimated YE 2020/2021 amount.

41. GL# 5592 Employee Training

The Employee Training/Dev line item shows a \$885 decrease from FY 2020/2021 estimated expenditures. FTRI budgeted for two staff retreats that may be held off-site. FTRI included for 2 staff to attend training sessions as they become available as needed. Professional development training through the LinkedIn program is included for all staff.

Last revised 2.11.2021

Florida Telecommunications Relay, Inc.
RDC Funding Model -Break Even and Analysis
Supplement to Budget Notes
2021/2022 Budget Year

FTRI was asked to provide a financial break-even analysis of the RDC fee structure and present it along with the budget. The information collected by the Executive Director, is attached. Only three RDCs responded, although many more were asked to provide the information. FTRI does not believe the information received from RDCs is sufficient to provide a meaningful analysis.

FTRI has attached a funding model from Executive Director Bankston.

FTRI would like to request a postponement of this analysis until an Executive Director is hired and the COVID situation allows for a more normal business environment.



**Florida
Telecommunications
FTRI Relay, Inc.**

| | Annual Cost | Allocation Rate | Allocated Cost | Monthly Base Funding |
|-------------------------------------|-------------|-----------------|----------------|----------------------|
| FTE w/ benefits | \$ 39,000 | 0.2 | \$ 7,800 | \$ 650 |
| Space (300 sq ft @ \$13 sq ft/year) | \$ 3,900 | 0.2 | \$ 780 | \$ 65 |
| Utilities | \$ 780 | 0.2 | \$ 156 | \$ 13 |
| Overhead @ 7% | \$ 3,058 | 0.2 | \$ 612 | \$ 51 |
| Total Monthly Base Funding | | | | \$ 779 |

Base Funding Model Planning Assumptions

- a. \$20 / New, Modified, Exchange service rate
- b. \$15 / Follow-up service rate
- c. \$10 / Return service rate
- d. 80% of total costs covered via service rates, 20% covered through base funding allocation
- e. Base funding + new rate structure equates to 34% average funding increase for RDCs using FY20 service levels