<u>Minutes</u>
California Teleconnect Fund Administrative Committee Meeting
CPUC Courtyard Room
January 11, 2013 (9:37am–12 noon, 12:45–2:00 pm)

Chairman Selken called the meeting to order at 9:37 am.

Members present: Russ A. Selken, Richard Matthews and Captioner Jennifer Rodrigues, Calvin Chang, Linda Crowe until 12 noon, Alik Lee, Jeff Mondon, Ana Montes

Public participants: Christopher Frost (Alternative Technologies)
Staff present: Jonathan Lakritz until 12 noon, Faline Fua, Adam Clark, Larry Hirsch, Karo Serlé, Lauren Saine, Kim Hua, Ling Mu, Michaela Pangilinan for RHA presentation, Fe Lazaro until 10 am, Laura Gasser until 10 am

RHA staff: Julie Weigand, Kristen Henson, Vanessa Anderson

1. Introductions of all present

2. Public comments – Christopher Frost commented on the RHA Outreach Report. (See Item 7 below.)

3. Approval of minutes - The minutes were approved unanimously as amended, upon motion of Richard Matthews and second by Jeff Mondon.

4. Staff reports
a. Applications Status - Karo Serlé (See Appendix A)

Russ Selken asked how many open applications we have; Jonathan said we are seeing more applications because of our outreach. Richard Matthews requested a list of entities approved; Jonathan referred him to the CTF website (http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/CTF/Eligibility.htm). He said some who have been approved choose not to participate. Jeff Mondon inquired as to what usually holds up approvals; Karo reported that for CBO's, common reasons are that the addresses on the IRS Form 990 and the 501c3 letter don't match and that the organization's brochure is not included.

b. Claims Status - Adam Clark (See Appendix B)

Calvin Chang asked why the funds came down and what the time period is when carriers can submit their claims; Adam said it depends on carrier claims and the claims "window" of 1 year and 45 days. That explains in part, the large remaining balance for this fiscal year. Calvin Chang asked if it was typical for the claims to spike in April, May, and June; Adam said yes and reported that we continue to pay claims for 3 years.   Linda Crowe asked what happens when Fiscal Year 2010-11 goes offboard after the current fiscal year; Adam advised that there is a process to pay those claims out of the current fiscal year appropriation. Jonathan advised that many of our rules are related to E-rate adjustments.

Russ Selken asked for a report on the total amount of funds spent each year, so that the committee can see the trend.

Richard Matthews commended and thanked Adam for his professionalism and responsiveness. He said the committee is most appreciative and wishes Adam the best of success.

5. Budget Resolutions - Adam Clark

The loan from the CTF to the state General Fund is almost completely repaid, and the program will now rely on revenue from surcharges. Jonathan reported that AB 1477 reduced the CTF appropriation for FY 2012-13 to $77M, and that we expect expenses to be approximately $92M. Staff will work with the Department of Finance (DOF) to seek supplemental budget authority. The CPUC budget process has changed, driven by a DOF audit prompted by the state parks issue. The DOF was instructed to audit every agency with special funds. The CPUC Budget Process Performance Audit was posted January 10 on the DOF website; it recommends changes to the CPUC budget process.

6. CTF Order Instituting Rulemaking (OIR) update – Fay Fua

In 1996 we started the program with very broad guidelines, and we've seen many technological changes since then, including that we can now support participants using internet service providers in partnership with CPUC-approved carriers. We have had a double digit increase in program participants, and now is the time to assess the program and determine if this where we want to be and what our goal is. The OIR will look at the eligibility of participants, providers, and services. We expect it to be on the Commission meeting agenda this month. Richard Matthews stated that we started at $17M, and our growth since 1996 has been positive and constructive in how we have helped institutions, and he expressed hope that this report emphasizes what we have accomplished.

Russ Selken would like to have this committee give an informal response to the OIR.

7. RHA Outreach Report

The primary deliverable was to create a list of potential participants (PPL). The information for that list was purchased from the National Center for Charitable Statistics. RHA also developed a revised application form.

Richard Matthews asked what the database cost, and was informed it was about $150. Russ Selken asked if RHA tracks marketing costs per application received, and was informed they do not. He asked if it was helpful to have a pre-filled form, and what the obstacles are as to why some entities are not turning in their applications. RHA staff stated that they often don't have time, that the application itself is easy but the documents are hard to get together; RHA asks them to bring the required documents to their meetings but often that doesn't happen. Russ Selken commented that an organization has to look at the telecommunications bill and the discount and decide whether the discount is worth it. Jonathan mentioned that for smaller organizations it may not always be worth it to prepare an application, especially if they do not have an IT manager; larger organizations may be more likely to apply.

Russ Selken asked when staff will refresh the list of eligible organizations, and Jonathan reported that we could choose to do that in another contract, and that RHA has an option for a one-year extension.

Ana Montes commented that she liked the way RHA showed funding by category, which gives us another way to determine who the targeted groups should be. Many may not apply because the monthly savings are not great, but that is changing because the cost of telecommunications services is increasing so rapidly. She recommended that we sign on partners or use testimonials, because when RHA calls, some applicants think they are telemarketing. Russ Selken said he likes the idea of having other nonprofits help and that they have volunteers who would have immediate trust.

Ana Montes commented that a problem with rural areas is that those organizations are often connected with government, so may not be eligible. She would like to look at the categories of who has received the discount. Richard Matthews commented that he has been one of the harshest critics of funding this type of research, but that this is a remarkable report and shows where we've been and where we want to be.

Ana Montes inquired if any of the materials are in-language, and that especially in the Central Valley that is important, and also in San Francisco. Michaela advised that we do have an in-language option in the contract but did not exercise it in year one; we would like to get feedback on the presentations. RHA staff reported that their help desk and some field reps speak Spanish. They believe that, even though those preparing the application may speak other languages with their constituency, language is not a barrier when filling out an application.

Christopher Frost commented that some organizations must pass the application by their board and asked why some organizations decide not to participate. Russ Selken commented that they may review it to make sure there are no strings attached.

Calvin Chang commented that RHA has done a phenomenal job with first time metrics on what works and what does not; it is the first time we have feedback on our target populations. He suggested having a Spanish portion of the website. Jonathan said our concern is that CPUC staff is not bilingual, and there are different levels to make the application process bilingual. We want to make sure we don't move the hurdle down the path.

Russ Selken asked how many calls RHA receives from non-contacted segments. RHA reported that they are getting calls from schools. He commented that there are many questions about wireless services, and that minutes aren't covered but data plans might be. Calvin Chang asked how a typical call goes. RHA reported that they say they are part of a CPUC program and use a script. They get better response from voicemail, because if in person, that person often doesn't have time to take the call.

8. Surcharge Rate – Staff reported that the CTF surcharge rate increased from 0.079% to 0.59% as of December 1, 2012.

9. Potential expansion of services – Calvin Chang

Calvin Chang said our purpose has always been to provide services to the underserved and bridge the digital divide. New technologies have the potential to overrun the fund. Wireless service could

supersede the entire fund. We need to think about our population and purpose and how we get funds to the right populations. It is timely to look at the fund as whole, but we should defer discussion until the OIR comes out. We need to address what we can do as a committee to modernize this fund.

Russ Selken said we should parallel E-rate and first deal with waste, fraud, and abuse; we should check organizations' eligibility since there is a payback. The other question is: do we want 21st century technology? do we want to pay the price? Sen. Rockefeller's view was that if we need another million dollars we need it, be careful about cutting because you won't achieve your goals.

Ana Montes said the issue is who will pay for it. A surcharge increase will be difficult. Russ Selken said we will hit $100M and will need to show it's well spent. Richard Matthews said he didn't believe the addition of smartphones affects the program except that it is a new technology. Calvin Chang said in most countries their smartphones supersede other things; here we have only seen the tip of the iceberg once we explain that that service is eligible. Russ Selken said it would be interesting to see the cost implications of marketing the smartphone data plans, since some school districts are aiming for a one-to-one student-to-computer ratio. He offered to research which districts might be using the data plans, in order to help project fund growth in fund.

10. Analysis of CTF funds by county - Richard Matthews

Richard Matthews requested that staff provide a report of funds expended by county and moved that the committee do a county-by-county analysis of where CTF funding goes. The analysis would use the population of the state and what percentage of that state population each county represents, then compare the percentage of population to the percentage of CTF funding by county, in order to learn whether funding is funding proportional to population.

Calvin Chang asked what the goal of the analysis would be. Richard Matthews stated that the purpose is to get a better idea factually on where the money is going proportionally. Right now we don't know. The goal is not to distribute the funds proportionally. Calvin Chang said not every county has great access to telecommunications and broadband so it would be hard to compare. Russ Selken said those statistics can mislead because costs vary; we need information on who needs the service. He would be wary of asking for statistics that won't help the committee do its work. Alik Lee stated that the applicant addresses don't always match where the money is going. Fay said we receive the data from carriers by carrier customers, and it would be a Herculean task to get that information. Russ Selken said for the OIR he would rather know how much funding is going by segment, so that we know, for example, if we take this segment off the eligible list what damage it would do. Ana Montes said she would be interested in doing an analysis of the budget like RHA did by segment.

Richard Matthews requested making an agenda item for next meeting on the results of that investigation.

11. Replacing AC Members – This item was discussed together with Item 13.

[break 12 noon to 12:45pm]

12. Announcements

Russ Selken announced that library member Linda Crowe nominated Donna Truong as her replacement. There were no comments or objections, and so he will send the nomination to the Communications Division Director with a committee recommendation to approve.

He asked that members bring their alternate to at least one meeting so they become familiar with the committee.

13. Annual Report 2011-12 – Discussion of draft

Ana Montes recommended including a statement that ratepayer funding is being used as it should be, and state its impact on the state, how it is beneficial in bridging the digital divide, and why we are giving money to CBO's, schools, and libraries who have their own budgets, and how given the lack of funding from the state budget the program is making significant inroads in bringing telecommunications services to those who need it most. The CTF was designed to provide funding to underserved communities, and our goal is to make sure money reaches these groups. Richard Matthews stated that it is important to say why this program was created and that we are sticking to our agenda. He suggested including a graph showing the increase in funding.

Russ Selken requested staff to send meeting minutes from the previous fiscal year as a basis for revising the Annual Report. He suggested that the committee consider using a flat rate rather than a percentage discount, because it is so complex for schools to figure, since the federal funding timeline is different. Jeff Mondon recommended leaving in the E-rate language, because now there are CBO's with Head Start that are eligible for the E-rate. Ana Montes suggested setting meetings in other locations in order to increase public awareness.

14. Future meeting date and time – will be determined so that the committee will be able to submit comments on the OIR.

The meeting was adjourned at 2 pm.

California Teleconnect Fund Application Count
November 2012

		CBO	Schools and Libraries	Government-Owned Hospitals/Clinics	CCC	Grand Total
	Ending Balance on 10/31/12					
A	Number of Unprocessed Applications	72	23	0	0	95
B	Awaiting additional information/disposition	23	10	0	0	33
C	Plus Incoming Applications	167	17	1	0	185
	(From 11/1/12 TO 11/30/12					
D	Total Applications (Ln A + Ln B + Ln C)	262	50	1	0	313
E	Less Total Number of Applications					
	(Processed from 11/1/12 TO 11/30/12)					
F	Processed as approved	150	10	0	0	160
G	Processed as duplicate	1	3	0	0	4
H	Processed as rejected	8	0	0	0	8
I	Processed - Reviewed awaiting additional information/ final disposition/subject to rejection	60	26	0	0	86
J	Total Number of Processed Applications	219	39	0	0	258
	(As of 11/30/12 Ln F + G + H + I)					
K	Unprocessed Applications Ending Balance	43	11	1	0	55
	(On 11/30/12 Ln D - Ln J)					
L	Total Number of Applications Cleared	159	13	0	0	172
	(From 11/1/12 TO 11/30/12 Ln F + Ln G + Ln H)					

Appendix B:
CTF Finance Report, presented January 2013

California Teleconnect Fund				
Fund Status Report				
Dollars in millions				
As of December 31, 2012				
Cash Balance = $14.588				
-	-	-	-	-
CTF Appropriations		**FY 10/11**	**FY 11/12**	**FY12/13**
Claims Paid in FY 12/13		$0.71	$29.24	$4.61
Appropriation Balances		$6.89	$14.33	$72.63
Claims Pending		$1.45	$5.47	$4.83
Appropriation After Pending		$5.44	$8.86	$67.79
Community College Claims & Cap		**FY 10/11**	**FY 11/12**	**FY12/13**
Community College Cap		$ 10.39	$ 10.60	$ 10.87
Claims Paid for Community College Discounts		$ 9.00	$ 8.91	$ 1.56
Funds Remaining for Community College Discounts		$ 1.39	$ 1.69	$ 9.30
Sources: SCO Agency Report, Fund Reconciliation Report, & CTF Claims Database				