

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING TABLED ITEMS
AND COMEBACKS**

DEPARTMENT OF REGULATORY AGENICES

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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March 18, 2016**

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Tabled Items

➔ (7) Disabled Telephone User Fund Payments

Why Tabled: This line was tabled by the Committee during the figure setting presentation on February 11, 2016 because the Committee wanted additional information regarding the fees on land lines that fund the Disabled Telephone Users Fund created in Section 40-17-104 (1), C.R.S.

Request: The Department requests a continuation appropriation of \$1,900,542 cash funds from the Colorado Disabled Telephone User Fund.

Recommendation: **Staff recommends approval of the request.** Pursuant to Section 40-17-104 (1), C.R.S., this money is continuously appropriated.

Analysis/New Information: The Colorado Disabled Telephone Users Fund (Fund), created in Section 40-17-104 (1), C.R.S., funds the Public Utilities Commission’s efforts to provide telecommunication services to Coloradans who are deaf, hard of hearing, speech impaired, deaf-blind, and those with central nervous system disabilities. The Fund also provides funding for similar programs in the Department of Education and the Department of Human Services. The Fund receives revenue from a surcharge on landlines, which is currently set at \$0.05 per line per month. This surcharge generates about \$936,500 and is well below the Fund’s annual expenditures of approximately \$2.9 million. The surcharge is set by the Public Utilities Commission and the surcharge level is set to generate enough revenue to meet the General Assembly’s appropriations for the relevant programs.

Disabled Telephone User Fund Revenue & Expenditures				
	Revenue Total*	Expenditures		
		DORA	Other Depts.	Total
FY 2013-14	\$3,342,488	\$1,667,501	\$1,364,780	\$3,032,281
FY 2014-15	996,831	1,446,350	1,462,305	2,908,655
FY 2015-16	996,831	1,453,701	1,462,305	2,916,006
FY 2016-17	\$996,831	\$1,447,397	\$1,462,305	\$2,909,702
Current DTUF surcharge	\$0.05 per line per month			

* Total revenue includes surcharge, fines, and interest.

The surcharge has been set artificially low to shrink the Fund’s balance because beginning July 1, 2017, the Fund will be subject to excess uncommitted reserve requirements. (Section 24-75-402 (5) (s), C.R.S.) At the time the surcharge was set at \$0.05 on January 1, 2014, the Fund had a reserve balance of 100% of program expenditures. The current surcharge level has been effective at bringing the Fund’s reserve balance down to a level that would meet the excess uncommitted reserve requirements. The table below outlines the surcharge’s history since 1989.

Disabled Telephone User Fund Surcharge History	
1989-2003	\$0.10
November 1, 2003	0.06
July 1, 2006	0.10
July 1, 2007	0.07
March 1, 2009	0.12
October 1, 2010	0.20
January 1, 2014	\$0.05

Applying the Fund Surcharge to Wireless Lines

Wireless lines are not currently regulated by the State of Colorado. As a result, the figures used in the following discussion are estimates, given the best information available. The Pew Research Center reports that 90.0 percent of adults in the United States have a cell phone.¹ Applying this proportion to Colorado’s 18 years and older population², there are roughly 3.7 million wireless lines in the state. This represents a conservative estimate, as people younger than 18 years old have cell phones and people can own more than one cell phone.

A more aggressive estimate of the number of wireless lines in Colorado can be extrapolated from data collected by the CITA – The Wireless Association, which is an international non-profit membership organization that represents the wireless communications industry. Their data show that the number of active wireless devices, which includes cell phones, smartphones, tablets, and other devices, is 110.0 percent of the United States population.³ Applying this proportion to Colorado’s population⁴, there are roughly 5.9 million wireless lines.

The estimated number of landlines was calculated using the current Fund surcharge and Fund revenue generated from the surcharge. The actual number of landline in Colorado fluctuates on a monthly basis, as lines are added and removed.

State Population and Telephone Subscriber Assumptions	
CO population	
Total	5,355,866
18 years and over	4,107,949
Estimated number of subscribers	
Landlines	1,560,775
Conservative - wireless lines ⁵	3,697,154

¹ “Cell Owners in 2014, Cell Phone and Smartphone Ownership Demographics.” Pew Research Center Internet Project Survey, January 9-12, 2014. <http://www.pewinternet.org/data-trend/mobile/cell-phone-and-smartphone-ownership-demographics/>

² “State & County Quickfacts: Colorado.” U.S. Census Bureau: State and County Quickfacts, December 1, 2015. <http://quickfacts.census.gov/qfd/states/08000.html>

³ “Year-End U.S. Figures from CTIA’s Annual Survey Report, Annual Wireless Industry Survey.” CTIA - The Wireless Association, June 2015. <http://www.ctia.org/your-wireless-life/how-wireless-works/annual-wireless-industry-survey>

⁴ U.S. Census Bureau, December 1, 2015.

⁵ Uses Pew Research Center’s estimated proportion of population with cell phones.

State Population and Telephone Subscriber Assumptions	
Aggressive - wireless lines ⁶	5,891,453

Using these estimated figures for wireless lines, staff was able to approximate a revenue range that would be generated if the surcharge were to be applied to wireless lines. If the current surcharge of \$0.05 were applied to landlines and wireless lines in Colorado, the Fund would receive approximately \$2.2 million-\$3.5 million in revenue. Without wireless lines, the surcharge will have to be set at \$0.16 to meet planned Fund expenditures. The table below details the revenue range of the Fund at different surcharge levels with both landlines and wireless lines being subject to the surcharge.

⁶ Uses CTIA's estimated proportion of population with wireless lines.

Annual Fund Revenue Generated from Surcharge, Estimated Number of Landlines and Wireless Lines										
DTUF surcharge	\$0.01	\$0.02	\$0.03	\$0.04	\$0.05	\$0.06	\$0.10	\$0.15	\$0.16	\$0.20
From landlines	\$187,293	\$374,586	\$561,879	\$749,172	\$936,465	\$1,123,758	\$1,872,930	\$2,809,395	\$2,996,688	\$3,745,860
Conservative - wireless lines ¹	443,659	887,317	1,330,976	1,774,634	2,218,293	2,661,951	4,436,585	6,654,878	7,098,536	8,873,170
Aggressive - wireless lines ³	\$706,974	\$1,413,949	\$2,120,923	\$2,827,897	\$3,534,872	\$4,241,846	\$7,069,743	\$10,604,615	\$11,311,589	\$14,139,486
Landlines + Wireless Revenue										
Conservative - combined revenue ¹	\$630,952	\$1,261,903	\$1,892,855	\$2,523,806	\$3,154,758	\$3,785,709	\$6,309,515	\$9,464,273	\$10,095,224	\$12,619,030
Aggressive - combined revenue ³	\$894,267	\$1,788,535	\$2,682,802	\$3,577,069	\$4,471,337	\$5,365,604	\$8,942,673	\$13,414,010	\$14,308,277	\$17,885,346

➔ (7) Transfers to Reading Services for the Blind Cash Fund

Why Tabled: This line was tabled by the Committee during the figure setting presentation on February 11, 2016 because the Committee wanted additional information regarding the fees on land lines that fund the Disabled Telephone Users Fund created in Section 40-17-104 (1), C.R.S.

Request: The Department requests a continuation appropriation of \$360,000 cash funds from the Colorado Disabled Telephone User Fund.

Recommendation: **Staff recommends approval of the request.**

Analysis/New Information: Please see analysis for the Disabled Telephone User Fund Payments line item.

➔ (7) Commission for the Deaf and Hard of Hearing

Why Tabled: This line was tabled by the Committee during the figure setting presentation on February 11, 2016 because the Committee wanted additional information regarding the fees on land lines that fund the Disabled Telephone Users Fund created in Section 40-17-104 (1), C.R.S.

Request: The Department requests a continuation appropriation of \$1,012,818 cash funds from the Colorado Disabled Telephone User Fund.

Recommendation: **Staff recommends approval of the request.**

Analysis/New Information: Please see analysis for the Disabled Telephone User Fund Payments line item.