

Executive Director: Sherri L. Collins

JLBC Analyst: Nick Klingerman

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved	FY 2007 Approved
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	14.0	14.0	15.0	15.0
Personal Services	515,300	565,100	610,200	600,600
Employee Related Expenditures	143,600	150,800	203,500	181,500
Professional and Outside Services	194,400	588,600	588,600	588,600
Travel - In State	17,600	25,800	27,800	27,800
Travel - Out of State	9,800	9,800	9,800	9,800
Other Operating Expenditures	3,400,700	3,064,000	3,073,900	3,073,900
Equipment	575,600	797,500	801,600	797,500
<b>OPERATING SUBTOTAL</b>	<b>4,857,000</b>	<b>5,201,600</b>	<b>5,315,400<sup>1/</sup></b>	<b>5,279,700<sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>				
Interpreter Training	0	750,000	0	0
<b>AGENCY TOTAL</b>	<b>4,857,000</b>	<b>5,951,600</b>	<b>5,315,400<sup>2/3/</sup></b>	<b>5,279,700<sup>2/3/</sup></b>

**FUND SOURCES**

Other Appropriated Funds

Telecommunication Fund for the Deaf	4,857,000	5,951,600	5,315,400	5,279,700
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>4,857,000</b>	<b>5,951,600</b>	<b>5,315,400</b>	<b>5,279,700</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>4,857,000</b>	<b>5,951,600</b>	<b>5,315,400</b>	<b>5,279,700</b>
Other Non-Appropriated Funds	11,700	27,200	27,200	27,200
Federal Funds	0	59,700	59,700	59,700
<b>TOTAL - ALL SOURCES</b>	<b>4,868,700</b>	<b>6,038,500</b>	<b>5,402,300</b>	<b>5,366,600</b>

**AGENCY DESCRIPTION** — The agency acts as an information and referral resource for the deaf and the hard of hearing and provides educational materials to the general public. The agency also administers a statewide telephone access program, the Telecommunication Devices for the Deaf (TDD) Relay Program. The agency is supported by the Telecommunication Fund for the Deaf, which derives monies from the Telecommunication Services Excise Tax. Laws 2000, Chapter 98 requires the agency to license interpreters of the Deaf and the Hard of Hearing beginning in 2007.

**PERFORMANCE MEASURES**

	FY 2003 Actual	FY 2004 Actual	FY 2006 Approved
• Average number of days to issue a voucher	--	15	15
• Customer satisfaction rating with the voucher program (Scale 1-8)	7.2	7.9	7.8

**Operating Budget**

The budget provides \$5,315,400 from the Telecommunication Fund for the Deaf for the operating budget in FY 2006 and \$5,279,700 in FY 2007.

The approved amount includes an increase of \$53,800 from the Telecommunication Fund for the Deaf in FY 2006 and an increase of \$22,200 in FY 2007 for statewide adjustments. (Please see the *Statewide Adjustments* section at the end of this *Appropriations Report* for details.)

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

<sup>2/</sup> Before the execution of any contract for telecommunication relay services, the Commission for the Deaf and the Hard of Hearing shall present the proposed contract to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote)

<sup>3/</sup> The Commission for the Deaf and the Hard of Hearing, with the assistance of the Department of Revenue, shall report to the Joint Legislative Budget Committee by November 30, 2005 on the anticipated level of telecommunications services excise tax collections in FY 2006 and FY 2007. (General Appropriation Act footnote)

*Training Coordinator*

The approved amount includes an increase of \$60,000 and 1 FTE Position from the Telecommunication Fund for the Deaf in FY 2006 and an increase of \$55,900 and 1 FTE Position in FY 2007 for a sign language training coordinator. The approved amount in FY 2006 includes \$4,100 for one-time equipment. The sign language training coordinator will be responsible for conducting Sign Language Proficiency Interviews and coordinating training and degree programs with colleges and universities.

**Special Line Items**

*Interpreter Training*

The budget provides no new funding from the Telecommunication Fund for the Deaf for the Interpreter Training Special Line Item in FY 2006 and FY 2007.

The approved amount includes a decrease of \$(750,000) from the Telecommunication Fund for the Deaf in FY 2006 and FY 2007 to eliminate one-time funding. Laws 2004, Chapter 269 included a one-time, non-lapsing appropriation of \$750,000 from the Telecommunication Fund for the Deaf in FY 2005. Since the appropriation is non-lapsing, it will be spent over several years. The legislation directed the commission to use the appropriated amount to contract with colleges and universities in the state to provide training and degree programs for interpreters and support service providers.

**Other Issues**

*Telecommunications Services Excise Tax*

The Commission for the Deaf and the Hard of Hearing is primarily funded from the Telecommunications Services Excise Tax. The Arizona State Schools for the Deaf and the Blind (ASDB) and the Department of Health Services' Poison Control Program are also funded from the tax. The Telecommunications Services Excise Tax is a 1.1% surcharge on gross proceeds from land line telephone bills. Since FY 2003, revenue from this tax has been decreasing. This is most likely due to the increase in cellular telephone users, who do not pay the excise tax. FY 2005 gross receipts through April from the total amount of the telecommunications services excise tax are (16)% lower than receipts in FY 2004 for the same period. This decline in revenue would have caused a reduction in Poison Control activities. To address this particular issue and an estimated revenue decline of (10)% in FY 2006, the Health and Welfare Budget Reconciliation Bill (Laws 2005, Chapter 328) increased the Poison Control's portion of the 1.1% tax by 0.07% from 0.18% in FY 2005 to 0.25% in FY 2006, and lowered ASDB's portion of the 1.1% tax by (0.07)% from 0.23% in FY 2005 to 0.16% in FY 2006. This will result in a shift of \$400,000 from ASDB's share of the tax revenues in FY 2006 to Poison Control. ASDB's budget was backfilled with \$400,000 from the

General Fund in FY 2006 to replace the \$(400,000) decrease in funding from the Telecommunications Services Excise Tax. (Please see Table 1 for more information on the estimated allocations from the tax.)

	<b>FY 2005</b>	<b>FY 2006</b>
<b>Commission for the Deaf and the Hard of Hearing</b>		
Allocation	0.68%	0.68%
Revenue <sup>1/</sup>	\$4,390,600	\$3,951,500
<b>Poison Control</b>		
Allocation	0.18%	0.25%
Revenue	\$1,162,200	\$1,452,800
<b>Arizona Schools for the Deaf and the Blind</b>		
Allocation	0.23%	0.16%
Revenue	\$1,485,000	\$929,800
<b>Teratogen Information Program</b>		
Allocation	0.01%	0.01%
Revenue <sup>1/</sup>	\$64,600	\$58,100
<b>Total</b>		
Telecommunications Services		
Excise Tax Rate	1.1%	1.1%
Revenue <sup>1/</sup>	\$7,102,400	\$6,392,200

<sup>1/</sup> Assumes a 10% decrease from the prior year.