

Commission for the Deaf and the Hard of Hearing

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 OSPB: Monica Seymour

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	14.0	14.0	14.0	14.0
Personal Services	515,300	565,100	565,100	565,100
Employee Related Expenditures	143,600	150,800	170,100	170,100
Professional and Outside Services	194,400	588,600	588,600	588,600
Travel - In State	17,600	25,800	25,800	25,800
Travel - Out of State	9,800	9,800	9,800	9,800
Other Operating Expenditures	3,400,700	3,064,000	3,066,900	3,066,900
Equipment	575,600	797,500	797,500	797,500
OPERATING SUBTOTAL	4,857,000	5,201,600	5,223,800	5,223,800
SPECIAL LINE ITEMS				
Interpreter Training	0	750,000	0	0
AGENCY TOTAL	4,857,000	5,951,600	5,223,800	5,223,800

FUND SOURCES

<i>Other Appropriated Funds</i>				
Telecommunication Fund for the Deaf	4,857,000	5,951,600	5,223,800	5,223,800
SUBTOTAL - Other Appropriated Funds	4,857,000	5,951,600	5,223,800	5,223,800
SUBTOTAL - Appropriated Funds	4,857,000	5,951,600	5,223,800	5,223,800
<i>Other Non-Appropriated Funds</i>				
Federal Funds	11,700	27,200	27,200	27,200
	0	59,700	59,700	59,700
TOTAL - ALL SOURCES	4,868,700	6,038,500	5,310,700	5,310,700

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	(727,800)	(12.2%)	(727,800)	(12.2%)
Total Appropriated Funds	(727,800)	(12.2%)	(727,800)	(12.2%)
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	(727,800)	(12.1%)	(727,800)	(12.1%)

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 TDD Fund, 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 2005 Estimate	FY 2006 JLBC
• Average number of days to issue a voucher (NEW)	--	15	--	15
• Number of qualified interpreters	32	32	37	--
• Cost per minute of the Telecommunications Relay Services program	\$1.24	\$1.24	\$1.24	--
• Administration as a % of total cost	1.5	1.5	1.5	--
• Customer satisfaction rating	NA	NA	6.1	--
• Customer satisfaction rating with the voucher program (Scale 1-8) (NEW)	7.2	7.9	--	7.8

Comments: The agency did not submit information for any measure labeled as "NA."

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$5,223,800 from the Telecommunication Fund for the Deaf for the operating budget in FY 2006 and FY 2007. These amounts would fund the following adjustments:

		<u>FY 2006</u>	<u>FY 2007</u>
Standard Changes	OF	\$22,200	\$22,200

The JLBC recommends an increase of \$22,200 from the Telecommunication Fund for the Deaf in FY 2006 and FY 2007 for standard changes.

Special Line Items

Interpreter Training

The JLBC recommends no funding from the Telecommunication Fund for the Deaf for the Interpreter Training Special Line Item in FY 2006 and FY 2007. These amounts would fund the following adjustments:

Eliminate One-Time Funding	OF	(750,000)	(750,000)
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The JLBC recommends 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.

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JLBC RECOMMENDED FORMAT — Lump Sum by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Fund Balance

The Commission for the Deaf and the Hard of Hearing is primarily funded from the Telecommunications Services Excise 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 November from the total amount of the telecommunications services excise tax are 14% lower than receipts in FY 2004 for the same period. If revenues continue to decline at a 10% rate each year, the fund will have a negative balance in FY 2007. During prior fiscal years, revenues from the excise tax have been volatile. Given the volatility of the tax collections, the revenues received from the tax will need to be monitored to confirm the existence of a shortfall. The agency has requested additional funding in FY 2006 and FY 2007; however, revenues from the telecommunications services excise tax cannot support an increase in expenditures. If revenues do not materialize, the commission will have to limit expenditures in FY 2006 and FY 2007. (Please see Table 1 for more information on the fund balance.)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Fund Balance			
Beginning of Year	\$4,119,400	\$2,558,400	\$1,286,100
Revenue ^{1/}	4,390,600	3,951,500	3,556,400
Expenditures ^{2/}	<u>(5,951,600)</u>	<u>(5,223,800)</u>	<u>(5,223,800)</u>
Balance End of Year	\$2,558,400	\$1,286,100	\$ (381,300)

^{1/} Assumes a 10% decrease from the prior year.
^{2/} JLBC budget recommendation for FY 2006 and FY 2007.

The excise tax is divided among 4 different programs. (Please see Table 2.)

	<u>FY 2006</u>	<u>FY 2007</u>
Commission for the Deaf and the Hard of Hearing		
Allocation	0.68%	0.68%
Revenue ^{1/}	\$3,951,500	\$3,556,400
Poison Control		
Allocation	0.18%	0.18%
Revenue ^{1/}	\$1,046,000	\$941,400
Arizona Schools for the Deaf and the Blind		
Allocation	0.23%	0.23%
Revenue ^{1/}	\$1,336,500	\$1,202,900
Teratogen Information Program		
Allocation	0.01%	0.01%
Revenue ^{1/}	\$58,100	\$52,300
Total		
Telecommunications Services		
Excise Tax Rate	1.1%	1.1%
Revenue ^{1/}	\$6,392,100	\$5,753,000

^{1/} Assumes a 10% decrease from the prior year.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Federal Grants (DFA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: An AmeriCorps grant.		
Purpose of Fund: To upgrade the skills of sign language interpreters, to conduct educational workshops, and to provide outreach, training, and general technical assistance for the placement of people with special needs into national service and volunteer positions throughout Arizona.		
Funds Expended	0	59,700
Year-End Fund Balance	59,700	0
Private Grants (DFA2423/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grant from St. Luke's Health Initiatives and grants from the Arizona Community Foundation.		
Purpose of Fund: To develop an action plan for a mental health services network for the hearing impaired. The grant from the Arizona Community Foundation is used to research and review a state model to provide hearing aids to state residents. The grant is also to be used to study the needs of Native Americans who are deaf, hard of hearing, blind, or speech impaired.		
Funds Expended	11,700	27,200
Year-End Fund Balance	15,500	0
Telecommunication Fund for the Deaf (DFA2047/A.R.S. § 36-1947)		Appropriated
Source of Revenue: Revenues from the Telecommunications Services Excise Tax, which is a 1.1% surcharge on local telephone bills. The fund receives revenues from this tax equal to .68% of local telephone bills. The remainder of the surcharge, equal to .42% of the local telephone bills, is allocated to other state agencies.		
Purpose of Fund: To operate the Arizona Relay System, support community outreach and education, purchase, repair, and distribute telecommunication devices for the deaf, hard of hearing, blind, and speech impaired, and operating costs of the commission.		
Funds Expended	4,857,000	5,951,600
Year-End Fund Balance	4,119,400	2,558,400

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