

Executive Director: Sherri L. Collins

JLBC Analyst: Nick Klingerman

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	14.0	15.0	15.0
Personal Services	587,600	736,500	766,500
Employee Related Expenditures	174,000	215,900	250,500
Professional and Outside Services	371,300	696,200	696,200
Travel - In State	17,300	19,300	19,300
Travel - Out of State	15,700	16,000	16,000
Other Operating Expenditures	2,844,100	2,812,500	2,812,500
Equipment	648,500	834,400	830,300
OPERATING SUBTOTAL	4,658,500	5,330,800	5,391,300^{1/}
SPECIAL LINE ITEMS			
Interpreter Training	125,800	0	0
AGENCY TOTAL	4,784,300	5,330,800	5,391,300^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Telecommunication Fund for the Deaf	4,784,300	5,330,800	5,391,300
SUBTOTAL - Other Appropriated Funds	4,784,300	5,330,800	5,391,300
SUBTOTAL - Appropriated Funds	4,784,300	5,330,800	5,391,300
Other Non-Appropriated Funds	10,000	21,800	0
TOTAL - ALL SOURCES	4,794,300	5,352,600	5,391,300

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	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	Approved
• Average number of days to issue a voucher	--	15	18	15
• Customer satisfaction rating with the voucher program (Scale 1-8)	7.2	7.9	7.8	7.8

This agency's budget was originally appropriated in Laws 2005, Chapter 286. For details on this agency's original FY 2007 budget, please see the *FY 2006 Appropriations Report*. Laws 2006, Chapter 344 made adjustments to the agency's FY 2007 budget as discussed below.

Operating Budget

The budget provides \$5,391,300 from the Telecommunication Fund for the Deaf for the operating budget in FY 2007. The amount includes an increase of \$96,200 from the Telecommunication Fund for the Deaf for statewide adjustments. (Please see the *Statewide Adjustments* section at the end of this *Appropriations Report* for details.)

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.
^{2/} 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)

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 2007. This amount is unchanged from FY 2006.

Laws 2004, Chapter 269 included a one-time, non-lapsing appropriation of \$750,000 from the Telecommunication Fund for the Deaf in FY 2005, and 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. Since the appropriation is non-lapsing, it can be spent over several years. The commission has expended \$125,800 of the total appropriation, and expects to expend \$295,700 in FY 2006 and \$212,100 in FY 2007.

Additional Legislation

The General Appropriation Act (Laws 2006, Chapter 344) deposits \$850,000 from the General Fund in the Telecommunication Fund for the Deaf in FY 2007 to backfill decreasing revenues in the Telecommunication Fund for the Deaf. The Commission for the Deaf and the Hard of Hearing is primarily funded from the Telecommunications Services Excise Tax. The 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 2006 gross receipts through May from the tax are (11.6)% lower than receipts in FY 2005 during the same time period. In addition, total collections in FY 2006 through May are (32.6)% lower than receipts from FY 2003 during the same time period. This decline in revenue would have caused a shortfall in the Telecommunication Fund for the Deaf.

During FY 2006, the Arizona State Schools for the Deaf and the Blind (ASDB), the Department of Health Services' Poison Control Program, and the University of Arizona Teratogen Information Program were also funded from the tax. The decline in revenues would have caused a reduction in the activities listed above, and if these agencies continued to receive funding from the tax, the shortfall in the Telecommunication Fund for the Deaf would have increased. To address this particular issue and an estimated revenue decline of (15)% in FY 2007, the General Revenues Budget Reconciliation Bill (Laws 2006, Chapter 351) redistributed ASDB's, Poison Control's, and the Teratogen Information Program's share of the tax to the Commission for the Deaf and the Hard of Hearing, leaving the commission with 100% of collections from the tax. General Fund monies were appropriated to ASDB, Poison Control, and the Teratogen Information Program to backfill their lost revenue from the tax.