



## Fiscal Note

### Legislative Council Staff

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## HB 25-1154: COMM SERVICES PEOPLE WITH DISABILITIES ENTERPRISE

**Prime Sponsors:**

Rep. Brown; Froelich

**Fiscal Analyst:**

Shukria Maktabi, 303-866-4720

shukria.maktabi@coleg.gov

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**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill creates the Communication Services for People with Disabilities Enterprise in the Department of Human Services, consolidates existing programs within the enterprise, and allows the use of the Telephone Users with Disabilities Fund.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds

**Appropriations.** No appropriation is required. Funds are continuously appropriated to the Department of Human Services. See State Appropriations section.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	-\$179,281	-219,386
Transferred Funds	\$3,444,653	\$3,444,653
Change in TABOR Refunds	-\$3,444,653	-\$3,444,653
Change in State FTE	1.3 FTE	1.1 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	-\$353,214	-\$353,214
Cash Funds	\$154,134	\$114,029
Federal Funds	\$0	\$0
Centrally Appropriated	\$19,799	\$19,799
<b>Total Expenditures</b>	<b>-\$179,281</b>	<b>-\$219,386</b>
<b>Total FTE</b>	<b>1.3 FTE</b>	<b>1.1 FTE</b>

**Table 1B  
State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Telephone Users with Disabilities Fund	(\$3,444,653)	(\$3,444,653)
Communication Enterprise Cash Funds	\$2,584,653	\$2,584,653
Reading Services Enterprise Cash Funds	\$860,000	\$860,000
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

## Summary of Legislation

The bill creates the Communication Services for People with Disabilities Enterprise (enterprise) in the Department of Human Services (CDHS) to provide services and resources for individuals who are blind, print-disabled, deaf, hard of hearing, or deafblind. The bill moves programs and services currently managed by the State Librarian in the Department of Education (CDE) and the Colorado Commission for the Deaf, Hard of Hearing, and Deafblind (commission) in CDHS to the enterprise. Specifically, CDE's Reading Services for the Blind program and all of the commission's programs and services are transferred to the enterprise.

The enterprise is governed by a Board of Directors appointed by the Governor by June 1, 2025. It is designated as an enterprise for the purposes of TABOR and any fee revenue collected is required to be less than \$100 million over its first five years of operation, which means voter approval is not required.

**Fees.** The enterprise's administrative and program costs are funded by the Telephone Users with Disabilities Fund (TUDF), a fund that collects monthly surcharge fee revenue from wireline voice service providers. Specifically, 77 percent of the surcharge revenue in the TUDF will be transferred to and continuously appropriated to two dedicated cash funds created by the bill for the enterprise (the Communication Services for People with Hearing Disabilities Enterprise Cash Fund and the Reading Services for the Blind Enterprise Cash Fund). The enterprise and the Public

Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) can adjust surcharge fees as necessary to ensure sufficient funding is available for its operations.

## **Background**

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### **Telephone Users with Disabilities Fund**

The TUDF supports telephone relay services, which allow persons with hearing or speech disabilities to place and receive telephone calls for free. To fund this service, the PUC imposes a monthly surcharge on all residential and business telephone access lines. Voice service providers remit surcharges to the PUC and the funds are deposited in the TUDF. The surcharge is currently set at \$0.03 per telephone line, with a statutory cap of \$0.15 per line.

In addition to funding telephone relay services, the TUDF also supports the commission in CDHS, as well as CDE's Talking Book Library and Reading Services for the Blind programs. The remaining funding for these programs comes from the General Fund and federal funds in the case of the Talking Book Library.

### **General Fund Impact**

By consolidating the commission's services and the CDE's Reading Services for the Blind program into the new enterprise and allowing the enterprise to use TUDF funds to cover the full costs of these services, the portion of General Funds allocated for these programs will no longer be required. This relieves approximately \$353,214 in General Funds (\$103,214 for the commission in CDHS and \$250,000 for Reading Services for the Blind in CDE).

## **State Revenue**

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To the extent that the enterprise and the PUC adjust the surcharge in future fiscal years to cover the costs of covering enterprise service and operation costs, state cash fund revenue to the TUDF will increase or decrease, depending on the surcharge adjustment.

## **State Transfers**

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In FY 2025-26, the bill transfers 61 percent of funds in the TUDF to the Communication Services for People with Hearing Disabilities Enterprise Cash Fund and 16 percent from the TUDF to the Reading Services for the Blind Enterprise Cash Fund, amounting to approximately \$2.5 million and \$860,000 respectively, based on current TUDF fee structures. These funds are continuously appropriated to the enterprise, with actual amounts subject to change based on surcharge adjustments and enterprise funding needs.

## State Expenditures

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The bill increases state expenditures in the Department of Human Services by \$170,000 in FY 2025-26, and \$134,000 in ongoing years. These costs are paid from the Communication Services for People with Hearing Disabilities Enterprise Cash Fund and the Reading Services for the Blind Enterprise Cash Fund and are summarized in Table 2 and discussed below. The bill also decreases General Fund expenditures in CDHS and CDE by \$353,214 beginning in FY 2025-26. The bill also minimally affects workload in the Governor’s Office and the PUC in DORA.

**Table 2**  
**State Expenditures**  
**All Departments**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Department of Human Services—Enterprise	\$173,933	\$133,828
Department of Human Services—Commission	-\$103,214	-\$103,214
Department of Education	-\$250,000	-\$250,000
<b>Total Costs</b>	<b>-\$179,281</b>	<b>-\$219,386</b>

### Department of Human Services

Beginning in FY 2025-26, expenditures in CDHS will increase for new staff and legal services to support establishment of the new enterprise and oversee the shift in programs, as shown in Table 2A below. These costs are funded by enterprise cash funds from the TUDF, and include:

- 1.0 FTE to support the enterprise, including providing administrative and fiscal support and program oversight; and
- 500 hours of legal services initially in FY 2025-26 and 250 hours in ongoing years to support the enterprise in initial rulemaking and for ongoing legal support around enterprise fees. Legal services will be provided by the Department of Law at a rate of \$133.74 per hour.

General Fund expenditures in CDHS will decrease by \$103,214, as the portion of commission expenditures that are paid currently from General Fund to CDHS will be replaced in the same proportion with enterprise cash funds. The overall costs to shift programs and services of the commission to the new enterprise are assumed to be neutral.

**Table 2A  
State Expenditures  
Department of Human Services**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$79,314	\$79,314
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	\$0
Legal Services	\$66,870	\$33,435
Centrally Appropriated Costs	\$19,799	\$19,799
FTE – Personal Services	1.0 FTE	1.0 FTE
FTE – Legal Services	0.3 FTE	0.1 FTE
<b>Total Costs</b>	<b>\$173,933</b>	<b>\$133,828</b>
<b>Total FTE</b>	<b>1.3 FTE</b>	<b>1.1 FTE</b>

### Department of Education

Beginning in FY 2025-26, General Fund expenditures in the CDE will decrease by \$250,000 from the transfer of the Reading Services for the Blind Program to the enterprise, as described in the Background section.

### Governor’s Office

Workload will minimally increase in the current FY 2024-25 for the Governor’s Office to appoint board members to the enterprise. This is expected to be minimal and can be absorbed within existing resources.

### Public Utilities Commission — Department of Regulatory Agencies

The bill may increase workload for the PUC to update TUDF rules and make any adjustment of the surcharge. This workload increase can be accomplished within existing resources.

### Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

### TABOR Refunds

The bill transfers existing fee revenue to support a new enterprise. Since the fee level is the same, there is no net impact on state revenue. However, because the fee is now not subject to TABOR, the bill reduces TABOR refund obligations by the amounts transferred, as shown in

Table 1. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

## Effective Date

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

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No appropriation is required. Funds are continuously appropriated to the Department of Human Services.

The bill requires a reduction in appropriations for agencies whose programs are moving to the enterprise. For FY 2025-26, this includes:

- \$104,214 from the Department of Human Services of money reappropriated from the Telephone Users with Disabilities Fund; and
- \$250,000 from the Department of Education from the General Fund.

## Technical Note

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The Reading Services for the Blind program in CDE currently receives federal grant funding of approximately \$260,000. This federal funding may be lost if the program is moved from CDE to the CDHS.

## State and Local Government Contacts

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Education	Law
Governor	Regulatory Agencies
Human Services	Treasury
Judicial	