

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2403-02
Bill No.: SCS for SB 599
Subject: Military Affairs; Veterans
Type: Original
Date: March 29, 2007

Bill Summary: This proposal creates a medal of freedom, medallion, and certificate program for every veteran who served on active duty status during a declared war or conflict from August 2, 1990 to January 1, 2015.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$0	(\$308,957)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(\$308,957)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	0 FTE	0 FTE	3 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	3 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this substitute bill modifies the Medal of Freedom Medallion Program. As modified the program is to be administered by the Adjutant General with application period beginning January 1, 2010 through January 1, 2015. This modification allows time for the OTAG to comply with the provisions of RSMO 536.010 Code of State Regulations and time for OTAG to seek funding authority in the FY 2010 budget cycle without the need for an emergency appropriation. It authorizes Freedom awards to be issued to veterans serving on active duty in the United States military service since August 2, 1990 during a declared war or conflict and residing in Missouri when they entered or were discharged from active service to apply for awards. The spouse or the eldest living survivor of a deceased active duty veteran may also apply for awards. A fund source for the program is needed and OTAG will need adequate appropriation and spending authority to execute the program.

Long range implications impacting the OTAG, and the Medal of Freedom Veterans Recognition Program are anticipated. Long range implications beyond 2011 are not included in the fiscal note estimate, due to the potential impact of any new wars and conflicts that may occur through 2015.

The OTAG does not have actual figures detailing the number of Missouri military personnel that have served on active duty in a war or conflict since August 2, 1990 (17 years) or the number that will serve and be eligible for award through 1 January 2015. Fiscal estimate could vary significantly up or down from actual funding requirements

Currently (January, 2007) approximately 38,000 Missourians are serving on National Guard/Reserve/or Active Military Duty. Since 911 approximately 7,500 members of the Missouri National Guard have served on Active Duty.

OTAG estimates at this date for the sake of expensing this legislation that 10,000 veterans each year since 1990 will be eligible (new recruits, retirements, Active Duty rotations, etc.) for award or 170,000 and 10% or 17,000 will apply in each of the first three years for Medal of Freedom awards FY 2010, 2011, 2012. This cost projection will vary significantly based on the actual number of eligibles, the percent applying for awards, and number and scope of future conflicts and wars.

This fiscal estimate, assumes that the period for applying for Medal of Freedom Medallions will begin January 1, 2010 and extend through January 1, 2015.

RS:LR:OD (12/02)

ASSUMPTION (continued)

This cost estimate projects that (3) full time state employees will be necessary to comply with RSMo 536 and administer the program. This note projects that the 3 FTE recommended in the FY 2008 OTAG budget for the Vietnam Recognition Program will be retained to support the program.

At this date, Vietnam War Recognition medals, packaging and postage are projected to cost \$12 per award.

PERSONNEL COSTS:

The OTAG projects that three (3) full-time personnel (included in the FY '08 Vet. Rec Program Core) with benefits will be required.

Cost was established using the Uniform Pay Plan Ranges (mid step) proposed for the Office of the Adjutant General and comparing the duties for new personnel to those of existing employees with comparable duties in the plan.

TITLE	RANGE	FTE	FY 10 ANNUAL
Medal of Freedom Veterans Service Supervisor	22	1.00	44,947.00
Office Support Assistant (Stenography)	10	1.00	26,451.00
Accountant I	18	1.00	37,699.00
Total FTE and Salary		3.00	\$109,097.00
FRINGES (44.06%):			\$ 48,068.00
Total Salary and Fringe Benefits:			\$157,165.00

Specific duties and responsibilities for new employees listed:

VETERANS SERVICE SUPERVISOR : A working supervisor primarily to be responsible for overall execution and administration of the Medal of Freedom Veterans Recognition Program. Duties to include: Budgeting, Code of State Regulation development, forecasting, administration, operating regulations, procedures, policies. planning, grievance management, appeal coordination, and public affairs. Maintains a liaison with veterans' organizations, veteran relations, and provides legislative and state government coordination.

ASSUMPTION (continued)

OFFICE SUPPORT ASSISTANT (Stenography) : To be responsible for program clerical functions, correspondence, maintenance of program files, data entry, internal accounts, communications, record keeping. Performs various veteran support functions and other duties as necessary to support the program staff. Serves as secretary, maintaining minutes of the Medal of Freedom Veterans' Council and veterans grievance actions.

ACCOUNT I: Serves as Deputy Program Director responsible for design, processing, and maintaining all financial processes and systems necessary to support program and validate award claims, claims investigation research, to include budget development, internal controls , and the conduct of internal and external compliance audits. Supervises the Account Clerk and represents the Program Manager as necessary. Performs all (senior/mid/entry) levels of financial actions as necessary to support the program. Responsible for contract personnel supervision.

EXPENSES & EQUIPMENT COSTS:

Expense and equipment costs were projected using budget instructions as a guide in determining the estimated cost for the Recognition Programs. It is projected that existing equipment will be used where possible, however office systems and computers will be required. Recurring expense items include office expenses, communications, travel, printing, file folders, mailing supplies, presentation packets, and public awareness media activities, and medallions.

The FY 2010 cost per award for medal, medallion package certificate and postage has been estimated to be \$11.97 per medallion. This is Vietnam Medallion Program, packaging and mailing cost plus 4% annually for the Medal of Freedom Recognition award. Actual program award costs will be greater or lesser should participation levels deviate significantly up or down from the 10% applicant estimate actual program expenditures will vary significantly.

ESTIMATE EXPENSE COST 12 MONTHS

(140) Travel (Presentations, Veteran PA initiatives)	\$ 1,273
(190) Supplies (Envelopes, 34,000 medals, Packing)	216,424
(340) Communications (telephone, postage)	13,261
(400) Printing, Profession Services, Advertising)	10,609
Total	\$241,567

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the OTAG positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight will also assume that since the application start date for this benefit will begin January 1, 2010, that OTAG will employ the required FTE for only six months in FY 2010.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Public Safety - Missouri Veterans Commission** assume the proposal would not fiscally impact their agency.

Oversight will utilize the estimates provided by OTAG. In response to a previous version of this proposal, OTAG assumed 20% of those eligible will apply for the award. In response to this version, 10% of those eligible are assumed to apply for the award..

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Costs - Office of the Adjutant General</u>			
Personal Service	\$0	\$0	(\$44,754)
Fringe Benefits	\$0	\$0	(\$20,256)
Expense and Equipment	\$0	\$0	(\$27,523)
Medals, supplies, etc. (17,000 medals)	<u>\$0</u>	<u>\$0</u>	<u>(\$216,424)</u>
<u>Total Costs - OTAG</u>	\$0	\$0	(\$308,957)
FTE Change - OTAG	0 FTE	0 FTE	3 FTE
 ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	 <u>\$0</u>	 <u>\$0</u>	 <u>(\$308,957)</u>
 Estimated Net FTE Change for the General Revenue Fund	 0 FTE	 0 FTE	 3 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal provides that every veteran who can supply proof of Title 10 active duty service in support of a declared war or conflict since August 2, 1990 and ending January 1, 2015, and not in a training-only status, shall be entitled to receive a medal of freedom, medallion, and certificate. Such veteran must be a legal resident of the state, or was a legal resident of the state at the time he or she entered or was discharged from military service or at the time of his or her death, and if such veteran was honorably discharged, or was in active service in honorable status at the time of his or her death.

FISCAL DESCRIPTION (continued)

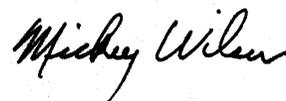
The Adjutant General shall administer the provisions of this act, and shall adopt all rules necessary to do so. The adjutant general shall determine who is entitled to the medal, and shall distribute such medals to eligible persons. Applications for such medals shall be filed with the adjutant general's office at any time after January 1, 2010, on forms prescribed and furnished by the office. Applications for such medals, medallions and certificates may also be made by a spouse or the eldest living survivor of eligible deceased veterans, who shall be entitled to receive such medal on behalf of the deceased veteran.

The Veterans' Commission shall design the form of the medal, medallion and certificate and may solicit potential designs from elementary and secondary schools, veterans' groups, civic organizations or any other interested party. The commission shall forward approved designs to the adjutant general for distribution.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Office of the Secretary of State



Mickey Wilson, CPA
Director
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