

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4866-01  
Bill No.: SB 896  
Subject: Military Affairs; National Guard; Department of Public Safety; State Departments  
Type: Original  
Date: February 28, 2020

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Bill Summary: This proposal creates the state Department of Military Forces.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE, OTHER STATE FUNDS AND FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Department of Public Safety*	\$0 or \$22,485,373	\$0 or \$44,970,747	\$0 or \$44,970,747
Department of Military Forces	\$0 or could exceed (\$22,685,373)	\$0 or could exceed (\$45,170,747)	\$0 or could exceed (\$45,170,747)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or Could exceed (\$200,000)</b>	<b>\$0 or Could exceed (\$200,000)</b>	<b>\$0 or Could exceed (\$200,000)</b>

\* The current appropriation for the Office of the Adjutant General is out of several state and federal funds (see page 5 for a breakout).

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Department of Public Safety*	-469.05 FTE	-469.05 FTE	-469.05 FTE
Department of Military Forces*	469.05 FTE	469.05 FTE	469.05 FTE
Department of Military Forces (new)	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 2 FTE</b>	<b>Could exceed 2 FTE</b>	<b>Could exceed 2 FTE</b>

\* Reallocation of FTE nets to zero.

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Missouri National Guard (MNG)** believe there is a potential fiscal impact of \$150,000 - \$200,000 to our personal services. This potential impact would cause reorganizing into a department structure which would create Division Directors, a Deputy Director and Department Director. The unknown at this time is our ability to pay a percentage of certain employees with federal money depending on their funding source and involvement with military missions.

**Oversight** notes the concerns of the MNG and realizes with a restructure new duties and pay ranges may be established or affected. Therefore, Oversight will reflect a cost of \$0 or Could exceed (\$200,000) to the Department of Military Forces' budget for additional salaries (including fringe benefits) as well as other department-specific personnel that may be required (budget, general counsel, etc.) by creating another department.

Officials from the **Office of Administration - General Services (OA/GS)** state if the creation of a Department of Military Forces and the other changes are interpreted to increase the number of people covered by state workers' compensation benefits and the Legal Expense Fund, then there could be an increase in costs to the state for workers' compensation benefits and costs to the LEF, if claims are successfully brought.

The number of potential claims, the severity of those claims, and the ultimate costs associated with any settlement or judgment resulting from those claims cannot be forecasted with any degree of assurance to their accuracy.

The state self-assumes its own liability for workers' compensation benefits and under the state Legal Expense Fund, Section 105.711, RSMo. The LEF is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified and individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

**Oversight** assumes the new personnel caused by creating a new department would not materially change the number of people covered by state workers' compensation benefits and would have no fiscal impact upon the OA/GS and will reflect a zero impact for fiscal note purposes.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

**Oversight** notes the **Department of Public Safety - Office of the Director** and the **Governor's Office** have each stated the proposal would not have a direct fiscal impact on their respective organizations.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

ASSUMPTION (continued)

According to HB 8 (2019), the total amount appropriated to the Office of the Adjutant General for FY 2020, by fund is:

General Revenue	\$7,904,523
Missouri National Guard Trust Fund	\$5,275,256
Federal Drug Seizure Fund	\$240,000
Veterans' Commission Capital Improvement Trust Fund	\$635,628
Federal Funds	\$30,388,904
Adjutant General Revolving Fund	\$25,000
Missouri Military Family Relief Fund	\$150,000
National Guard Training Site Fund	\$351,436
<b>Total</b>	<b>\$44,970,747</b>

**Oversight** notes the provisions of this act are contingent upon the passage of a constitutional amendment that provides for the establishment of the Department of Military Forces. Oversight assumes the constitutional amendment will be presented at the next general election in November 2020. Therefore, Oversight will range the fiscal impact of the transfer from \$0 (joint resolution is rejected by the voters) or to the annual appropriation for the Department of Public Safety - Office of the Adjutant General. Oversight will assume 6 months of impact (starting January 2021 after approval in November 2020) in FY 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
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**DEPARTMENT OF PUBLIC SAFETY**

<u>Reallocation</u> - Adjutant General funding and 469.05 FTE from DPS to the Department of Military Forces	\$0 or <u>\$22,485,373</u>	\$0 or <u>\$44,970,747</u>	\$0 or <u>\$44,970,747</u>
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<b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF PUBLIC SAFETY (Across all funds)</b>	<b>\$0 or <u>\$22,485,373</u></b>	<b>\$0 or <u>\$44,970,747</u></b>	<b>\$0 or <u>\$44,970,747</u></b>
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<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
<b>DEPARTMENT OF MILITARY FORCES</b>			
<u>Reallocation</u> - Adjutant General funding and 469.05 FTE into the Department of Military Forces	\$0 or (\$22,485,373)	\$0 or (\$44,970,747)	\$0 or (\$44,970,747)
<u>Cost</u> - MNG-DOMF Additional Personal Services expenses (could exceed 2 FTE)	<u>\$0 or (Could exceed \$200,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>
<b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF MILITARY FORCES (Across all funds)</b>	<b><u>\$0 or (\$22,485,373, or could exceed \$22,685,373)</u></b>	<b><u>\$0 or (\$44,970,747, or could exceed \$45,170,747)</u></b>	<b><u>\$0 or (\$44,970,747, or could exceed \$45,170,747)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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 act creates the Department of Military Forces which shall be headed by the Adjutant General and shall administer the militia and programs of the state relating to military forces. The office of Adjutant General and the militia are transferred from the Department of Public Safety to the Department of Military Forces.

The provisions of this act are contingent upon the passage of a constitutional amendment that provides for the establishment of the Department of Military Forces.

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 Director  
Missouri National Guard  
Governor's Office  
Joint Committee on Administrative Rules  
Office of Administration  
Office of Secretary of State



Julie Morff  
Director  
February 28, 2020



Ross Strobe  
Assistant Director  
February 28, 2020