

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4332-03
BILL NO.: HS For SB 961 With HSA 1 For HA 1, HSA 1 For HA 2, HA 3 and 4
SUBJECT: Education, Higher: National Guard
TYPE: Original
DATE: May 9, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$15,661,844 to \$17,311,844)	(\$30,037,346 to \$33,337,346)	(\$15,189,686 to \$16,839,686)
Veterans Service Bonus	\$0	\$0	\$0
World War II Veterans' Recognition Award	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$15,661,844 to \$17,311,844)	(\$30,037,346 to \$33,337,346)	(\$15,189,686 to \$16,839,686)

***Includes only surviving veterans. Subject to Appropriations.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

FISCAL ANALYSIS

ASSUMPTION

Educational Assistance Grants

Officials from the **Coordinating Board For Higher Education (CBHE)** assume there is no fiscal impact to the CBHE as this program is administered by the Missouri National Guard. Additionally, CBHE officials state this program is subject to appropriation, thus expanding the number of eligible institutions and requiring primacy of federal funds would not necessarily change the cost of the program.

Officials from the **Missouri National Guard** assume the proposal would result in no fiscal impact to the agency. They currently do not receive a significant amount of federal funding.

Military Bonuses

The following agency responses related to military bonuses were based on similar legislation (HB 1157):

Officials from the **Office of the Adjutant General** assume this proposal would make eligible approximately 132,000 World War II veterans currently residing in Missouri. This projection does not include any veterans who were residents of Missouri at the time of entry in to the service and participated in World War II that are still alive, but no longer live in Missouri. This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments. Based on the payment at the maximum impact of \$400 per veteran and the eligibility of each veteran, the one-time cost to Missouri would equal \$52,800,000 (132,000 x \$400). It is assumed that the money would be appropriated from General Revenue to the Veterans Service Bonus Fund and that approximately \$13,200,000 would be paid out in FY 01, \$26,400,000 in FY 02 and \$13,200,000 in FY 03.

The Office of the Adjutant General assumes the need for four additional full-time temporary personnel (4 FTE) to administer the program. These additional staff would include one Veterans Benefit Program Administrator (at \$34,992 annually), one Clerk Stenographer (at \$20,172 annually), one Accountant (at \$29,184 annually) and one Account Clerk II (at \$22,164 annually). Total administrative costs, including expense and equipment, is anticipated at approximately \$135,000 per year. Although the proposed legislation limits all applications for payment to be made within one year of the effective date of this bill, the Adjutant General personnel will be responsible for administrative functions of any appeal actions and therefore, will need the temporary personnel longer than one year.

ASSUMPTION (continued)

Oversight assumes the need for 3 FTE (1 Benefit Program Administrator, 1 Clerk Stenographer and 1 Accountant) including necessary expense and equipment to administer the program. Costs are adjusted to reflect expenses associated with three additional FTE in the fiscal impact specifications below.

The legislation indicates that monies will need to be appropriated to the Veterans Service Bonus Fund.

Officials from the **Department of Public Safety - Missouri Veterans' Commission** assume the proposed legislation would result in additional expenses associated with additional reviews, research, and reporting on veterans' validity of claims. This would involve retrieving and researching veterans' records not already available to the Adjutant General. They have estimated annual costs at approximately \$30,000.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$482 for FY 01. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

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 request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Administration - Division of Accounting (COA)** and the **Department of Revenue (DOR)** stated that this proposal would have no fiscal impact on their agencies.

Officials from the **Office of the State Treasurer (STO)** did not respond to our fiscal note request. However, Oversight assumes the STO would not incur additional costs related to this proposal.

ASSUMPTION (continued)

Veterans' Medallions, Medals and Certificates of Appreciation

Officials from the **Office of the Adjutant General** assume this proposal would make eligible approximately 132,500 World War II veterans currently residing in Missouri. This projection does not include any veterans who were residents of Missouri at the time of entry in to the service and participated in World War II that are still alive, but no longer live in Missouri. This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments. Based on an estimated cost of \$50 for the medal and certificate and the potential for all eligible veterans to apply, the one-time cost to Missouri would equal \$6,625,000 (132,500 x \$50). It is assumed that approximately \$1,656,250 would be paid out in FY 01, \$3,312,500 in FY 02 and \$1,656,250 in FY 03.

The Office of the Adjutant General assumes the need for four additional full-time temporary personnel (4 FTE) to administer the program. These additional staff would include one Veterans Benefit Program Administrator (at \$34,992 annually), one Clerk Stenographer (at \$20,172 annually), one Accountant (at \$29,184 annually) and one Account Clerk II (at \$22,164 annually). Total administrative costs, including expense and equipment, is anticipated at approximately \$135,000 per year. Although the proposed legislation limits all applications for payment to be made within a one year time period, the Adjutant General personnel will be responsible for administrative functions of any appeal actions and therefore, will need the temporary personnel longer than one year. However, it is assumed all medallions and certificates would be awarded by the end of FY 03, and no further expenses would be needed.

Oversight assumes the need for 3 FTE (1 Benefit Program Administrator, 1 Clerk Stenographer and 1 Accountant) including necessary expense and equipment to administer the program. Costs are adjusted to reflect expenses associated with three additional FTE in the fiscal impact specifications below.

The legislation indicates the proposal would be funded by gifts, donations and bequests, as well as money appropriated to the World War II Veterans' Recognition Award Fund.

Officials from the **Department of Public Safety - Missouri Veterans' Commission** assume the proposed legislation would result in additional expenses associated with additional reviews, research, and reporting on veterans' validity of claims. This would involve retrieving and researching veterans' records not already available to the Adjutant General. They have estimated annual costs at approximately \$30,000. Also, they would incur approximately \$5,000 in FY 01 for costs associated with solicitation for the design of the medal and certificate.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$482 for FY 01. Additionally, future costs

are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

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 request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Administration, Department of Revenue (DOR)** and the **Office of the State Treasurer (STO)** assume this proposal would have no fiscal impact on their agencies.

World War II Memorial

Officials from the **Office of Administration (COA), House Appropriations (MHA), Missouri House of Representatives (MHR), Senate Appropriations (SAP), Office of the Secretary of State (SOS), Office of the State Treasurer (STO)** and the **Department of Public Safety - Missouri Veterans' Commission (VET)** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Missouri Senate (SEN)** did not respond to our fiscal impact request; however, Oversight assumes this proposal would have no fiscal impact on their agency.

Based on data from the National Center for Veteran Analysis and Statistics, per the Office of Administration, 438,000 Missourians served in the U.S. Armed Forces during WW II.

Oversight assumes this proposal would result in a one-time fiscal impact of \$438,000.

Display of Flags

Officials from the **Office of Administration - Division of Design and Construction (COA), Office of the Secretary of State (SOS)** and the **Department of Natural Resources (DNR)**
ASSUMPTION (continued)

assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of Administration - Division of Facilities Management (COA)** assume the proposed legislation would require the purchase of POW/MIA flags for all state buildings. COA assumes they would need to purchase 23 flags at \$100 each for a total of \$2,300

for FY 01, and this cost is not included in their current budget request. However, **Oversight** assumes the language is permissive and would not require the purchase of flags. Therefore, such costs are not included in the fiscal impact specifications below.

Jubilee of Liberty Medal

Officials from the **Veterans' Commission** state there are 132,000 WWII veterans. They have no data regarding the number of those veterans who participated in the June 6, 1944, invasion of Europe. They assume each medal would cost approximately \$50. Therefore, **Oversight** assumes the fiscal impact would be a one-time cost and range from zero to \$6,600,000 (\$50 x 132,000). It is assumed that approximately \$1,650,000 would be paid out in FY 01, \$3,300,000 in FY 02 and \$1,650,000 in FY 03.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost-General Revenue Fund</u>			
Appropriation to Veterans Service Bonus Fund**	(\$13,367,297)	(\$26,562,423)	(\$13,366,718)
Appropriation to World War II Veteran's Recognition Award Fund**	(\$1,856,547)	(\$3,474,923)	(\$1,822,968)
National Guard WWII Memorial**	(\$438,000)		
Jubilee of Liberty Medal	(\$0 to \$1,650,000)	(\$0 to \$3,300,000)	(\$0 to \$1,650,000)
Total <u>Cost-General Revenue Fund</u>	<u>(\$15,661,844 to \$17,311,844)</u>	<u>(\$30,037,346 to \$33,337,346)</u>	<u>(\$15,189,686 to \$16,839,686)</u>

VETERANS SERVICE BONUS FUND

<u>Income-Appropriation from General Revenue Fund</u>	\$13,367,297	\$26,562,423	\$13,366,718
<u>Cost-Adjutant General's Office</u>			
Personal Service (3 FTE)	(\$71,758)	(\$88,617)	(\$90,834)
Fringe Benefits	(\$22,066)	(\$27,250)	(\$27,931)

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Expense and Equipment	<u>(\$48,573)</u>	<u>(\$15,656)</u>	<u>(\$16,126)</u>
Total <u>Cost-Adjutant General's Office</u>	(\$142,397)	(\$131,523)	(\$134,891)
<u>Cost-Veteran's Commission</u>			
Veterans' Claims Expenses	(\$24,900)	(\$30,900)	(\$31,827)
Cost-Bonus Payments to Veterans*	(\$13,200,000)	(\$26,400,000)	(\$13,200,000)
ESTIMATED NET EFFECT ON VETERANS SERVICE BONUS FUND**	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**WORLD WAR II VETERANS'
RECOGNITION AWARD FUND**

<u>Income-Transfer from General Revenue</u>			
Appropriation from General Revenue	\$1,856,547	\$3,474,923	\$1,822,968
<u>Cost-Adjutant General's Office</u>			
Personal Service (3 FTE)	(\$71,758)	(\$88,617)	(\$90,834)
Fringe Benefits	(\$22,066)	(\$27,250)	(\$27,931)
Expense and Equipment	<u>(\$76,573)</u>	<u>(\$15,656)</u>	<u>(\$16,126)</u>
Total <u>Cost-Adjutant General's Office</u>	(\$170,397)	(\$131,523)	(\$134,891)
<u>Cost-Veterans' Commission</u>			
Expense	(\$29,900)	(\$30,900)	(\$31,827)
Medallions and Certificates*	(\$1,656,250)	(\$3,312,500)	(\$1,656,250)
ESTIMATED NET EFFECT ON WORLD WAR II VETERANS' RECOGNITION AWARD FUND**	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*Includes only surviving veterans.
 **Subject to Appropriations

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

Education Assistance Grants

The proposal would allow National Guard educational assistance grants to be awarded to any member attending an approved public or private institution as defined in section 173.778. The grants would be used only after all available federal Department of Defense educational funds have been expended.

Military Bonuses

This bill requires the state to pay a \$400 bonus to all honorably discharged veterans or certain surviving family members of veterans who served during World War II who served for a period of at least 181 consecutive days. The Adjutant General is responsible for administering the bonus program. An appeals process is established to deal with the denial of a bonus. The bonus is to be paid from the Veterans Service Bonus Fund established by this bill. Anyone knowingly making a false statement related to the claim of a veteran's bonus is guilty of a class A misdemeanor.

DESCRIPTION (Continued)

Veterans' Medallions, Medals and Certificates of Appreciation

This bill would require the state to award a medallion, medal and certificate of recognition for every honorably discharged veteran or certain surviving family member of veterans who served any time from December 7, 1941, to September 30, 1945. The Adjutant General would be responsible for administering the program. Applications for the medal and certificate would be filed for a one year time period, beginning January 1, 2001. An appeals process would be established to deal with the disallowance of a claim.

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The claim would be paid from the World War II Veterans' Recognition Award Fund established by this bill. The fund would consist of gifts, donations and bequests, as well as moneys appropriated.

The Veterans' Commission would be responsible for designing the form of the medallion, medal and certificate and forward the approved design to the Office of the Adjutant General.

World War II Memorial

The proposed legislation requires the state to appropriate \$438,000 for the National World War II Memorial located on the National Mall in Washington, D.C.

Display of Flags

The proposed legislation would extend the authority to display the flag of the United States and the flag of this state with the display of the POW/MIA flag to all state buildings, rather than only the state capitol.

Jubilee of Liberty Medal

The General Assembly would appropriate money to cover the cost of providing every eligible World War II veteran of the June 6, 1944, "D-Day" invasion of Europe with a replica of the fiftieth anniversary "Jubilee of Liberty" medal issued by France in 1994.

DESCRIPTION (Continued)

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

Missouri National Guard
Coordinating Board For Higher Education
Department of Public Safety
Secretary of State's Office
Office of Administration

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State Treasurer's Office
Department of Revenue
Department of Natural Resources
House of Representatives
Senate



Jeanne Jarrett, CPA
Director
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