

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3202-01
Bill No.: SB 676
Subject: Gambling; Veterans.
Type: Original
Date: January 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Veterans' Capital Improvement Trust	\$14,130,000	\$14,130,000	\$14,130,000
Gaming Commission	\$0	\$0	\$0
Early Childhood Development, Education and Care	(\$9,160,000)	(\$9,160,000)	(\$9,160,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$4,970,000	\$4,970,000	\$4,970,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(\$4,970,000)	(\$4,970,000)	(\$4,970,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission (GAM)** state this proposal would redirect net proceeds from the Gaming Commission Fund and would have no effect on the operations of the Gaming Commission. GAM states that the new proceeds for the past three years have averaged approximately \$31.7 million annually. This bill would redirect one half (\$15.85 million) from the Early Childhood Development, Education and Care Fund to the Veterans' Commission Capital Improvements Trust Fund.

Officials from the **Department of Social Services - Division of Family Services (DFS)** assume this proposal would significantly reduce the funds available for Early Childhood Development, Education and Care Initiatives. DFS defers to the Office of Administration Budget and Planning Unit for the amount of reduction in revenue costs.

Officials from the **Office of Administration - Budget and Planning** did not respond to our request for fiscal impact.

Officials from the **Department of Elementary and Secondary Education (DES)** state this proposal would change the stream of funding which normally flows from the Gaming Commission Fund to the Veterans' Commission Capital Improvement Trust Fund and the Early Childhood Development, Education and Care Fund (ECDEC). Twenty percent of the monies deposited into the ECDEC fund go to the Department of Social Services; the other eighty percent is appropriated annually to DESE and is used to fund First Steps, Parents as Teachers, and DESE school linked programs.

The FY 2002 appropriation for the ECDEC fund is \$31,260,000. The effect of section 313.835.1(3)(c) would have reduced that appropriation by 75%, or \$23,445,000. The removal of section 313.835.1(3)(a) would deprive the Veterans' Commission Capital Improvement Trust Fund of \$3.0 million and award 25% of that \$3.0 million (\$750,000) to the ECDEC fund. However, the overall effect on the ECDEC fund would be a shortfall of approximately \$23.0 million since the ECDEC would now only receive one half of the remaining net proceeds remaining in the Gaming Commission Fund after the new allotment to the Veterans' Commission Capital Improvement Trust Fund.

DES also states that the FY 2002 portion allotted to DESE school linked programs is \$15,136,800. Approximately 73% (\$11.0 million) of that allotment goes directly to local school districts. The effect of this proposal on the ECDEC fund would filter down to the local districts in the form of a 75% decrease (approx. \$8.25 million) in funding.

ASSUMPTION (continued)

Oversight assumes one could interpret the proposal and the intent of the proposal is for the Veterans' Commission Capital Improvement Trust Fund (VCCITF) and the Early Childhood Development, Education and Care Fund (ECDEC) to evenly split the remaining proceeds of the Gaming Commission Fund after the \$3 million transfer to the Missouri College Guarantee Fund. Oversight assumes the fiscal impact of the proposal is to combine the current \$3 million allotment for the VCCITF with the allotment that goes to the ECDEC (budgeted for \$31.26 million in FY 2002), and then divide that total equally among the two funds, or \$17.13 million to each. This would result in a net increase to the Veterans' Commission Capital Improvement Trust Fund of \$14.13 million per year (-\$3 million + \$17.13 million) and a net decrease to the Early Childhood Development, Education and Care Fund of \$14.13 million (-\$31.26 million + \$17.13 million).

Oversight assumes the 45 percent (\$14.13 million / \$31.26 million) reduction in funding to the Early Childhood Development, Education and Care Fund will result in a \$4.97 million (\$11 million current allotment x 45%) reduction in funding to the local school districts.

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal would not impact their agency as the deadline for W.W. II Veterans/survivors to apply for award is "before January 1, 2002." Should this section of the proposed legislation be changed, this law will significantly impact the MNG.

Officials from the **Missouri Veterans' Commission (VET)** state this bill expands the eligibility but not the deadline for applications received. If the application deadline remains the same (January 1, 2002), no significant impact is expected. However, if the deadline is extended, the VET estimates over 300,000 applications are possible and estimates the cost to be \$100,000, for mailing of application forms, printing costs, assistance to Veterans seeking copies of discharge and the contract workers to handle the increased mail and inquiries.

Oversight assumes the application deadline remained at January 1, 2002, and therefore has not shown additional costs to the Missouri Veterans' Commission nor the Missouri National Guard. Oversight does not have an estimate of additional expense if the deadline were to be changed to January 1, 2003.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND			
<u>Revenue</u> - VCCITF receives one-half of remaining proceeds in Gaming Commission Fund	\$17,130,000	\$17,130,000	\$17,130,000
<u>Loss</u> - Annual transfer from Gaming Commission Fund deleted	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
ESTIMATED NET EFFECT ON THE VETERANS' COMMISSION IMPROVEMENT TRUST FUND	<u>\$14,130,000</u>	<u>\$14,130,000</u>	<u>\$14,130,000</u>
 GAMING COMMISSION FUND			
<u>Savings</u> - Annual transfer to Veterans' Commission Capital Improvement Trust Fund deleted	\$3,000,000	\$3,000,000	\$3,000,000
<u>Savings</u> - Reduction of annual transfer to the Early Childhood Development, Education and Care Fund	\$14,130,000	\$14,130,000	\$14,130,000
<u>Costs</u> - New annual transfer to the Veterans' Commission Capital Improvement Trust Fund	<u>(\$17,130,000)</u>	<u>(\$17,130,000)</u>	<u>(\$17,130,000)</u>
ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND			

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Savings</u> - Reduced transfer to local school districts	\$4,970,000	\$4,970,000	\$4,970,000
<u>Loss</u> - Reduction of annual transfer from the Gaming Commission Fund	(<u>\$14,130,000</u>)	(<u>\$14,130,000</u>)	(<u>\$14,130,000</u>)
ESTIMATED NET EFFECT TO THE EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND	<u>(\$9,160,000)</u>	<u>(\$9,160,000)</u>	<u>(\$9,160,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
SCHOOL DISTRICTS			
<u>Loss</u> - Reduction of annual transfer from the Early Childhood Development, Education and Care Fund	<u>(\$4,970,000)</u>	<u>(\$4,970,000)</u>	<u>(\$4,970,000)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal modifies the World War II medallion program. It expands the program to all who served in World War II and not just those veterans still living.

DESCRIPTION (continued)

This proposal also revises transfers made to the Veterans' Commission Capital Improvement Trust Fund. The Veteran's Commission Capital Improvement Trust Fund will split the remaining proceeds of casino entrance fees with the Early Childhood Development, Education

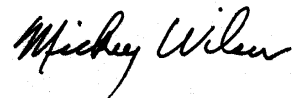
and Care Fund. The Veterans' Commission Capital Improvement Trust Fund is currently capped at \$3 million.

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 Gaming Commission
Department of Public Safety
 Missouri Veterans' Commission
 Office of the Adjutant General
Department of Elementary and Secondary Education
Department of Social Services - Division of Family Services

NOT RESPONDING: Office of Administration - Budget and Planning



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January 18, 2002