

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3153-01
Bill No.: HB 978
Subject: Military Affairs; Veterans
Type: Original
Date: January 26, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Veterans Commission Capital Improvement Trust	(\$488,660)	(\$555,494)	(\$565,669)
Vietnam War Veterans' Recognition Award*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$488,660)	(\$555,494)	(\$565,669)

* Transfer In and Expenses net to \$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer**, and the **Department of Public Safety - Director's Office** and the **Missouri Veterans' Commission** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Adjutant General's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 6 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 9 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$1,687, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal 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 appropriation process.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal creates the Vietnam Veteran War Medallion Program, to be administered by OTAG with an application period beginning January 1, 2007. Under this program, veterans of the Vietnam War residing in Missouri when they entered or were discharged from active service or the spouse or the eldest living survivor of a deceased Vietnam War Veteran may apply for awards. In the legislation proposed, RSMo 42.228 creates the Vietnam War Veterans Recognition Fund and authorizes the receipt of gifts and donations to support the program. A similar fund was created for the W.W.II and Korean Veterans Award programs, however no donations were forthcoming. As a result, a funding source for the program is needed and it is anticipated that the Veterans Commission Capitol Improvement Trust Fund will be the primary funding source for this program as it was to fund the WWII and Korean Medal Program.

If this legislation is approved and becomes law, a legislative letter of intent and a supplemental appropriation for FY 2007 will be required to initiate the award application process, to develop a Code of State Regulations and to activate the Vietnam Medal Program beginning January 1, 2007.

By creating the Vietnam War Medallion Veteran Recognition Program, OTAG assumes that 57,500 (25% of the 230,000 Missouri Vietnam Veterans as estimated by the U.S. Department of Veterans Affairs) or their surviving spouses or eldest living survivors will apply for awards.

This fiscal estimate, assumes that the period for applying for Vietnam War Medallions will extend several years beyond January 1, 2007. This is consistent to the extensions currently authorized in RSMo. 42 for WW II and Korean War Veterans.

OTAG, in this cost estimate, assumes both temporary state employees and contract labor will be necessary to administer the program and that an Emergency CSR and a FY2007 supplemental appropriation will be required to initiate the Vietnam War Veteran application process beginning January 1, 2007. The Vietnam War Recognition medals, packaging and postage are projected to cost \$10.64 per award. This is the approximate cost of the Korean medal plus 10%. Assuming 25% of the 230,000 estimated eligibles apply, the approximate total cost for the awards would be \$611,800 (\$10.64 x 57,500). OTAG has spread the expense of the medals over the three fiscal years in the fiscal note.

This fiscal note projects nine months expenditures for FY '07. Also, since the WW II and Korean Veteran Recognition Programs were funded from the Veterans Commission Capitol Improvements Trust Fund, OTAG anticipates the same fund will be used for this program as well.

ASSUMPTION (continued)

OTAG's PERSONNEL COSTS:

The OTAG projects that four (4) additional full-time temporary personnel with benefits will be required to administer the program plus 10 contract FTE. CURRENTLY INCLUDED IN THE OTAG'S FY 06 AND FY07 OPERATION BUDGETS, TWO (2) FTE ARE FUNDED IN SUPPORT OF THE WW II AND KOREAN VETERAN RECOGNITION PROGRAMS. AS A RESULT, THIS FISCAL NOTE HAS BEEN REDUCED BY TWO (2) FTE. The cost for the remaining two (2) full time temporary FTE are included in this note. Cost was established using the Uniform Pay Plan 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. The estimated cost for the expense and equipment and professional services/contract labor is based on the current cost plus 10%.

TITLE	RANGE	FTE	ANNUAL
Veterans Service Supervisor	22	1.00	37,835.00 (included in budget already)
Office Support Asst. (Stenography)	10	1.00	22,265.00 (included in budget already)
Accountant I	18	1.00	31,733.00 *
Account Clerk II	12	1.00	24,358.00 *
Total new FTE and Salary *		2.00	\$56,091.00
FRINGES (44.06%):			\$24,713.00
Total Salary and Fringe Benefits:			\$80,804.00

Specific duties and responsibilities for new employees listed:

VETERANS SERVICE SUPERVISOR (currently funded in OTAG 06 Appropriation): A working supervisor primarily to be responsible for overall execution and administration of the W.W.II Veteran, State Korean Conflict and Vietnam Veterans Recognition Programs. Duties to include: Budgeting, Code of State Regulation development, forecasting, administration, regulations, procedures, policies. planning, grievance management, appeal coordination, and public affairs. Maintains a liaison with veterans' organizations, veteran relations, and legislative and state government coordination.

OFFICE SUPPORT ASSISTANT (Stenography) (currently funded in OTAG's FY 06 Appropriation): To be responsible for program clerical functions, correspondence, maintenance of program files, data entry, internal accounts, communications, record keeping. Performs

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ASSUMPTION (continued)

various veteran support functions and other duties as necessary to support the program staff. Serves as secretary, maintaining minutes of the WW II Veteran, Korean Conflict, Vietnam Veteran and the Veterans' Council and grievance actions.

ACCOUNTANT 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.

ACCOUNT CLERK II: Performs general accounting functions, voucher processing, verification of applications, maintenance of award rosters and data entry. Performs clerical activities and assists the program staff as necessary to ensure program sustainment.

OTAG'S 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 WW II and Korean War Medal Program equipment will be used, however recurring expense items for office expenses, communications, travel, printing, file folders, mailing supplies, presentation packets, and public awareness media activities, award and contract labor.

Should participation levels deviate significantly up or down from the 25% applicant estimate actual program expenditures will vary significantly.

ESTIMATE E/E COST 12 MONTHS

(140) Travel (Presentations, Veteran PA initiatives)	\$ 1,200
(190) Supplies (Envelopes, 20,000 medals, Packing)	197,000
(340) Communications (telephone, postage)	35,000
(400) Printing, Profession Services, Advertising)	25,000
(400) Profession Services (Contract labor	
10 FTE x \$10.00 per hour and 2,080 hours per year)	\$ 208,000

In total, OTAG assumes a cost to the Veterans' Commission Capital Improvement Trust Fund of \$457,521 in FY 2007, \$565,082 in FY 2008 and \$581,610 in FY 2009.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the Accountant and the Account Clerk 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 assume OTAG will purchase 1/3 of the awards in each of the three fiscal years of the fiscal note for an annual expense of \$203,933 ($57,500 / 3 \times \10.64). Oversight will assume the Office of the Adjutant General is correct in its assumptions of resources needed to implement this program. OTAG should have sufficient history with the WWII and the Korean awards programs to accurately predict anticipated expenditures. Therefore, Oversight has utilized OTAG's estimate for contract labor as well as expense and equipment costs.

According to the Department of Public Safety's budget books, the veterans recognition programs had expenditures of \$627,994 in FY 2002, \$304,632 in FY 2003, \$339,387 in FY 2004 and \$199,226 in FY 2005. The total awards issued since the inception through FY 2005 has been 43,205 for WWII and 13,483 for Korea. The number of Missouri Residents by conflict, according to DPS is: WWII - 132,500, Korean Conflict - 94,000; Vietnam Conflict - 179,000. Therefore, **Oversight** assumes this program could be as large or larger than the WWII program.

Oversight assumes the Vietnam War Veterans' Recognition Award Fund will receive its funding from the Veterans Commission Capital Improvement Trust Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST			
<u>Transfer Out - to the Vietnam War Veterans' Recognition Award Fund</u>	<u>(\$488,660)</u>	<u>(\$555,494)</u>	<u>(\$565,669)</u>
ESTIMATED NET EFFECT TO THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST	<u>(\$488,660)</u>	<u>(\$555,494)</u>	<u>(\$565,669)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**VIETNAM WAR VETERANS'
 RECOGNITION AWARD FUND**

<u>Transfer In</u> - from Veterans Commission Capital Improvement Trust Fund	\$488,660	\$555,494	\$565,669
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<u>Cost - OTAG</u>			
Personal Service (2 FTE)	(\$41,923)	(\$51,565)	(\$52,854)
Fringe Benefits	(\$18,471)	(\$22,720)	(\$23,287)
Expense and Equipment	(\$51,000)	(\$63,036)	(\$64,928)
Contract Labor	(\$173,333)	(\$214,240)	(\$220,667)
Medals	(\$203,933)	(\$203,933)	(\$203,933)
<u>Total Costs - OTAG</u>	<u>(\$488,660)</u>	<u>(\$555,494)</u>	<u>(\$565,669)</u>

ESTIMATED NET EFFECT TO THE VIETNAM WAR VETERANS' RECOGNITION AWARD FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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.

DESCRIPTION

This proposal establishes the Vietnam War Medallion Program. Every veteran who honorably served during this war is entitled to receive a Vietnam War medallion, medal, and a certificate of appreciation as long as the veteran is or was a legal resident of Missouri when he or she entered or was discharged from military service or at the time of his or her death. Any spouse or eldest

DESCRIPTION (continued)

living survivor of a deceased veteran who is entitled to the medallion may receive it on behalf of the deceased veteran.

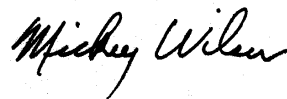
The Adjutant General will administer the program. Applications for the medallion can be filed with the Office of the Adjutant General at any time after January 1, 2006. Medallions will be awarded until the supply is exhausted. The Adjutant General must notify the General Assembly when the supply of medallions is less than 100.

The bill creates the Vietnam War Veterans' Recognition and Award Fund which will be administered by the Adjutant General and consist of all gifts and donations given to the fund. It is to be used to solicit designs and to manufacture and distribute the medallions.

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
Missouri Veterans' Commission
Office of the Adjutant General
Office of the Secretary of State
Office of the State Treasurer



Mickey Wilson, CPA
Director
January 26, 2006