

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1741-04  
Bill No.: HCS for HB 717  
Subject: Gambling; Veterans  
Type: Original  
Date: March 16, 2007

---

Bill Summary: This proposal revises distribution of funds in the Gaming Commission Fund.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Veterans Commission Capital Improvement Trust	\$5,000,000	\$10,000,000	\$15,000,000
College Guarantee	(\$500,000)	(\$500,000)	(\$500,000)
National Guard Trust	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Early Childhood Development, Education and Care	(\$3,500,000)	(\$8,500,000)	(\$13,500,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Gaming Commission** assume the proposal would not impact their agency, but would, however, totally change the formula on transfers to other agencies from the Missouri Gaming Commission Fund.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the bill proposes that the BAP would perform the transfers from the Gaming Commission Fund. These transfers are currently performed by the Missouri Gaming Commission and would create additional duties for the Division of Budget and Planning. The Division could accomplish these increased duties with existing staff; therefore there should be no added cost to the Office of Administration/Budget and Planning as a result of this bill.

BAP defers to the Missouri Gaming Commission for estimates of how this bill affects the transfers from the Gaming Commission Fund.

Officials from the **Missouri Veterans' Commission** assume the proposal would result in additional funds to the Veterans Commission Capital Improvement Trust Fund of \$5 million in FY 2008, \$10 million in FY 2009 and \$15 million in FY 2010

Officials from the **Office of the Adjutant General (OTAG)** state currently, they receive \$4 million per fiscal year from the Gaming proceeds. OTAG assumes they would only be impacted should the annual gaming proceeds drop below the \$45.5 million dollar level. Should that occur, OTAG, being the final agency to share in the gaming distribution, would lose all or a portion of the last \$1 million dollars to be transferred to the National Guard Trust fund.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the proposal would change the amount of funding which normally flows from the Gaming Commission Fund to the Veterans' Commission Capital Improvement Trust Fund, the Missouri National Guard Trust Fund, the Missouri College Guarantee Fund, and the Early Childhood Development, Education and Care Fund (ECDEC).

During FY 2006, the following amounts were received into the following funds:

Veterans' Commission Capital Improvement Trust Fund (VCCIT)	\$ 6,000,000
Missouri National Guard Trust Fund (MNGT)	\$ 4,000,000
Missouri College Guarantee Fund (MCG)	\$ 5,000,000
Early Childhood Development, Education and Care Fund (ECDEC)	<u>\$31,446,560</u>
	\$46,446,560

ASSUMPTION (continued)

Under terms of this proposal, the distribution would have been as follows:

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
VCCIT	\$11,000,000	\$16,000,000	\$21,000,000
MNGT	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
MCG	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
ECDEC	\$27,946,560	\$22,946,560	\$17,946,560
	\$46,446,560	\$46,446,560	\$46,446,560

The difference between what was received into the funds during FY 2006 and what would have been received had this proposal been law is summarized below:

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
VCCIT	\$ 5,000,000	\$10,000,000	\$15,000,000
MNGT	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
MCG	(\$ 500,000)	(\$ 500,000)	(\$ 500,000)
ECDEC	(\$3,500,000)	(\$8,500,000)	(\$13,500,000)
	\$0	\$0	\$0

Monies deposited into the ECDEC fund are appropriated to the DOSS and DESE. Of the first 60% appropriation, 20% goes to DOSS and 80% goes to DESE. DESE uses the ECDEC monies to fund First Steps and the Missouri Preschool Program (MPP). The result of this proposal is a diversion of \$3,500,000 during FY 2008; \$8,500,000 during FY 2009; and \$12,500,000 during FY 2010 away from First Steps and the Missouri Preschool Program to the Veteran's Commission Capital Improvement Trust Fund (VCCIT).

In FY 2006, the MPP allocation was \$14,750,000. The diversion of funds from ECDEC to VCCIT amounts to a 24% cut in FY 2008, a 58% cut in FY 2009, a 92% cut in FY 2010, and will result in the elimination of MPP.

**Oversight** agrees with DESE's calculations. If the amount of proceeds in the Gaming Commission Fund to distribute remain stable at \$46.5 million, the proceeds remaining after the \$4.5 million transfer to the Missouri College Guarantee Fund and the after the \$11 million transfer to the Veterans Commission Capital Improvement Trust Fund and after the \$3 million to the Missouri National Guard Trust Fund would be roughly \$27.9 million. The next distribution level (in subparagraph l) states that if the remaining proceeds are over \$28 million, then an additional \$500,000 shall be transferred to the College Guarantee Fund and an additional \$1 million shall be transferred to the National Guard Trust Fund. However, since the remaining net

ASSUMPTION (continued)

proceeds of \$27.9 million is under the \$28 million threshold, these additional distributions would not occur. Obviously, in later years when the VCCITF receives \$16 million and \$21 million, the second level of disbursements to the College Guarantee Fund and the National Guard Trust Fund would not occur.

Officials from the **Department of Higher Education** state this bill could impact funding for the Missouri College Guarantee Program. This scholarship is based on financial need as well as high school and college academic achievement. The Missouri College Guarantee Fund currently receives \$5 million from the Gaming Commission Fund. The proposed changes in the distribution method will negatively impact the amount of funds transferred for the operation of the scholarship program.

In response to a previous version of this proposal, officials from the **Department of Social Services (DOSS)** stated this bill eliminates funding for the Early Childhood Development Education and Care Fund, i.e. all early childhood programs currently funded under this statute.

DOSS currently receives funding through appropriation to operate 4 grant programs, based on the statute language impacted by this legislation. These four grant programs are:

1. Early Head Start (a comprehensive early childhood program including child care services for families with children ages birth to 3 years of age);
2. Start Up and/or Expansion grants for child care programs serving children birth to 3 years of age;
3. Child Care Provider Accreditation (child care subsidy enhancement and assistance to child care providers with the cost of becoming an accredited child care program); and
4. Stay at Home Parent (a program that assists low income families with children birth to age three in accessing early childhood supports and resources that will ultimately assist in preparing their children for school).

The current language allocates funding to the Early Childhood Development Education and Care Fund (EDECF) which is jointly administered by DOSS and DESE, Veteran's Commission Capital Improvement Trust Fund, the Missouri College Guarantee Fund, and the National Guard Trust Fund based on various percentages/amounts spelled out in statute.

ASSUMPTION (continued)

After an initial allocation of \$500,000 to "Cities and Communities for homes and gang-related violence and crimes", currently the appropriations from a portion of gambling boat admission fees are distributed in the amounts and in the order as follows:

Amount	Allocated To
\$4,500,000	Missouri College Guarantee Fund
\$3,000,000	Veterans' Commission Capital Improvement Fund
\$3,000,000	Missouri National Guard Trust Fund
\$28,000,000	Early Childhood Development Education & Care Fund
\$500,000	Missouri College Guarantee Fund
\$3,000,000	Veterans' Commission Capital Improvement Fund
\$1,000,000	Missouri National Guard Trust Fund
Remaining net proceeds	Early Childhood Development Education and Care Fund

Currently the Early Childhood Development Education and Care Fund (ECDECF) is distributed as follows:

Start Up/Expansion	60% (80% of the 60% to DESE, 20% of the 60% to DSS)
Early Head Start	10% to DSS
Accreditation	10% to DSS
Stay at Home Parent	10% to DSS
Undesignated	10% to OA (OA appropriates to a variety of EC programs)

In SFY 2007 of the total ECDECF, DOSS received was:

Start Up/Expansion	\$3,689,400
Early Head Start	\$3,074,500 (plus an additional \$1,548,152 from the undesignated pot administered by OA)
Accreditation	\$3,074,500
Stay at Home Parent	<u>\$3,074,500</u>
Total	\$14,461,052

Thus the total amount in the ECDECF for SFY 2007 was:

Start Up/Expansion	\$18,447,000 (\$14,757,600 to DESE, \$3,689,400 to DSS)
Early Head Start	\$3,074,500 to DSS
Accreditation	\$3,074,500 to DSS
Stay at Home	\$3,074,500 to DSS
Undesignated	<u>\$3,074,500 to OA</u>
Total Received FY07	\$30,745,000 to ECDECF

ASSUMPTION (continued)

DOS states that General Revenue would have to replace these funds for the program to continue. If GR is not received, these programs and their benefits would be eliminated.

**Oversight** will assume the loss of funding to the ECDEC Fund from this proposal will not be replaced with a General Revenue appropriation. The reduction of funding to the ECDEC Fund will result in a corresponding reduction of funding to local school districts; however for purposes of this fiscal note, Oversight will show the reduced funding only at the state level.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND</b>			
<u>Revenue - Veterans' Commission</u> Changes to the distribution of the Gaming Commission Fund	<u>\$5,000,000</u>	<u>\$10,000,000</u>	<u>\$15,000,000</u>
<b>ESTIMATED NET EFFECT TO THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND</b>	<b><u>\$5,000,000</u></b>	<b><u>\$10,000,000</u></b>	<b><u>\$15,000,000</u></b>
 <b>EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND</b>			
<u>Loss - DOSS and DESE</u> Changes to the distribution of the Gaming Commission Fund	<u>(\$3,500,000)</u>	<u>(\$8,500,000)</u>	<u>(\$13,500,000)</u>
<b>ESTIMATED NET EFFECT TO THE EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND</b>	<b><u>(\$26,250,000)</u></b>	<b><u>(\$31,500,000)</u></b>	<b><u>(\$31,500,000)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
--	---------------------	---------	---------

**MISSOURI COLLEGE GUARANTEE**

Loss - Department of Higher Education Changes to the distribution of the Gaming Commission Fund	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>
---	--------------------	--------------------	--------------------

<b>ESTIMATED NET EFFECT TO THE MISSOURI COLLEGE GUARANTEE</b>	<b><u>(\$500,000)</u></b>	<b><u>(\$500,000)</u></b>	<b><u>(\$500,000)</u></b>
---	---------------------------	---------------------------	---------------------------

**NATIONAL GUARD TRUST**

<u>Loss - Office of the Adjutant General</u> Changes to the distribution of the Gaming Commission Fund	<u>(\$1,000,000)</u>	<u>(\$1,000,000)</u>	<u>(\$1,000,000)</u>
--	----------------------	----------------------	----------------------

<b>ESTIMATED NET EFFECT TO THE NATIONAL GUARD TRUST</b>	<b><u>(\$1,000,000)</u></b>	<b><u>(\$1,000,000)</u></b>	<b><u>(\$1,000,000)</u></b>
---	-----------------------------	-----------------------------	-----------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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



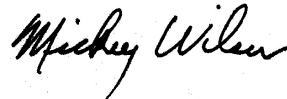
### FISCAL DESCRIPTION

This proposal changes the distribution of money in the Gaming Commission Fund. In its main provisions, the bill increases the distribution to the Veterans Commission Capital Improvement Trust Fund from a total of \$6 million per year to \$11 million in FY 2008, \$16 million in FY 2009 and \$21 million in FY 2010.

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 Elementary and Secondary Education  
Department of Social Services  
Office of Administration  
Department of Higher Education  
Missouri Veterans Commission  
Office of the Adjutant General



Mickey Wilson, CPA  
Director  
March 16, 2007