

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1937-01
Bill No.: HB 892
Subject: Military Affairs
Type: Original
Date: February 27, 2007

Bill Summary: This proposal creates a medal of freedom for every veteran who has served on active military duty since 1990 during a declared war or conflict in the Middle East.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Up to \$588,820)	(Up to \$680,073)	(Up to \$700,477)
Total Estimated Net Effect on General Revenue Fund	(Up to \$588,820)	(Up to \$680,073)	(Up to \$700,477)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	Up to 6 FTE	Up to 6 FTE	Up to 6 FTE
Total Estimated Net Effect on FTE	Up to 6 FTE	Up to 6 FTE	Up to 6 FTE

☐ 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
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal creates the Medal of Freedom Medallion Program. This program is to be administered by OTAG with application period beginning January 1, 2008. Under this program veterans serving on active duty in the United States military service since 1990 during a declared war or conflict, residing in Missouri when they entered or were discharged from active service or the spouse or the eldest living survivor of a deceased active duty veteran may apply for awards. It is anticipated that General Revenue (#101) will be the primary funding source for the Medal of Freedom Program.

The Office of the Adjutant General does not have actual figures detailing the number of military personnel that have served on active duty in a war or conflict since 1990 (17 years) or the number that will serve and be eligible for award after this date.

Currently (December, 2006) approximately 38,000 Missourians are serving on National Guard/Reserve/or Active Military Duty. Since 9-11 approximately 7,500 members of the Missouri National Guard have served on Active Duty.

The Office of the Adjutant General estimates at this date for the sake of expensing this legislation that 10,000 veterans each year since 1990 will be eligible for award or 170,000 and 20% or 34,000 will apply in each of the first three years for Medal of Freedom awards. This cost projection will vary significantly based on the actual number of eligibles, the percent applying for awards, and number and scope of future conflicts and wars.

This fiscal estimate, assumes that the period for applying for Medal of Freedom Medallions will be permanent and extend many years beyond January 1, 2008.

This cost estimate projects that (6) full time state employees will be necessary to administer the program and that an Emergency CSR and a FY2008 supplemental appropriation will be required to initiate the application process beginning January 1, 2008.

War Recognition medals, packaging and postage are projected to cost \$11.07 per award. This is the approximate cost of the Vietnam medal plus 4% for inflation.

This fiscal note projects ten months expenditures for FY 2008 and General Revenue will be required to fund the program.

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ASSUMPTION (continued)

PERSONNEL COSTS:

The OTAG projects that six (6) additional full-time personnel with benefits will be required. Cost was established using the Uniform Pay Plan Ranges (mid step) 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.

TITLE	RANGE	FTE	ANNUAL
Medal of Freedom Veterans Service Supervisor	22	1.00	39,727.00
Office Support Assistant (Stenography)	10	1.00	23,378.00
Accountant I	18	1.00	33,320.00
Account Clerk II	12	3.00	76,728.00
Total FTE and Salary		6.00	\$173,153.00
FRINGES (44.06%):			\$ 76,291.00
Total Salary and Fringe Benefits:			\$249,444.00

Specific duties and responsibilities for new employees listed:

VETERANS SERVICE SUPERVISOR : A working supervisor primarily to be responsible for overall execution and administration of the Medal of Freedom Veterans Recognition Program. Duties to include: Budgeting, Code of State Regulation development, forecasting, administration, operating regulations, procedures, policies. planning, grievance management, appeal coordination, and public affairs. Maintains a liaison with veterans' organizations, veteran relations, and provides legislative and state government coordination.

OFFICE SUPPORT ASSISTANT (Stenography) : To be responsible for program clerical functions, correspondence, maintenance of program files, data entry, internal accounts, communications, record keeping. Performs various veteran support functions and other duties as necessary to support the program staff. Serves as secretary, maintaining minutes of the Medal of Freedom Veterans' Council and veterans grievance actions.

ASSUMPTION (continued)

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, mails and processes medallions, maintains inventory. Performs clerical activities and assists the program staff as necessary to ensure program sustainment and efficiency.

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 equipment will be used where possible, however office systems and computers will be required. Recurring expense items include office expenses, communications, travel, printing, file folders, mailing supplies, presentation packets, and public awareness media activities, and medallions.

The cost per award for medal, medallion package certificate and postage has been estimated to be \$11.07 per medallion. This is Vietnam Medallion Program, packaging and mailing cost plus 4% for the Medal of Freedom Recognition award. Actual program award costs will vary based on the number of applicants. Assuming 20% of the 170,000 estimated eligibles in each of the first three years of the program apply for awards the approximate total expense cost for the Medal of Freedom program would be \$437,580 per year.

Should participation levels deviate significantly up or down from the 20% applicant estimate actual program expenditures will vary significantly.

ESTIMATE EXPENSE COST 12 MONTHS

(140) Travel (Presentations, Veteran PA initiatives)	\$ 1,200
(190) Supplies (Envelopes, 34,000 medals, Packing)	376,380
(340) Communications (telephone, postage)	35,000
(400) Printing, Profession Services, Advertising)	25,000

Oversight has, for fiscal note purposes only, changed the starting salary for the OTAG positions to correspond to the second step above minimum for comparable positions in the state's merit

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ASSUMPTION (continued)

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.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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

Oversight assumes OTAG may be able to utilize some of the resources they are currently using to administer the World War II, Korean War and Vietnam Conflict medals and medallions programs. Therefore, Oversight assumes the estimate provided by OTAG may overestimate the funding required to administer this new program. Therefore, Oversight will assume a cost 'up to' the amounts estimated by OTAG (and adjusted by Oversight).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Costs - Office of the Adjutant General</u>			
Personal Service	(\$127,751)	(\$157,900)	(\$162,637)
Fringe Benefits	(\$57,820)	(\$71,466)	(\$73,610)
Expense and Equipment	(\$89,599)	(\$63,036)	(\$64,928)
Medals of Freedom (34,000 medals)	(\$313,650)	(\$387,671)	(\$399,302)
<u>Total Costs - OTAG</u>	(Up to \$588,820)	(Up to \$680,073)	(Up to \$700,477)
FTE Change - OTAG	Up to 6 FTE	Up to 6 FTE	Up to 6 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Up to \$588,820)</u>	<u>(Up to \$680,073)</u>	<u>(Up to \$700,477)</u>
Estimated Net FTE Change for the General Revenue Fund	Up to 6 FTE	Up to 6 FTE	Up to 6 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	<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 proposal creates the Medal of Freedom to be awarded to any veteran who honorably served in the armed forces at any time since 1990 if he or she is a legal resident of this state or was at the time of entering or being discharged from military service.

The Adjutant General is authorized to adopt rules necessary to issue the medal. The Missouri Veterans Commission may solicit medal designs from schools, veterans' groups, and civic organizations; approve the design of the medal; and forward the approved design to the Adjutant

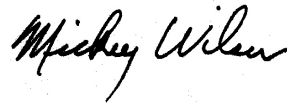
FISCAL DESCRIPTION (continued)

General for distribution.

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 Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 27, 2007