

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0529H.01P  
Bill No.: Perfected HB 60  
Subject: Military Affairs; State Departments  
Type: Original  
Date: March 29, 2021

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Bill Summary: This proposal creates the State Department of Defense.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE, OTHER STATE FUNDS AND FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Department of Public Safety (transfer out)*	\$0 or \$22,408,295	\$0 or \$44,816,589	\$0 or \$44,816,589
Department of Defense (transfer in)	\$0 or (\$22,408,295, or could exceed \$22,608,295)	\$0 or (\$44,816,589, or could exceed \$45,016,589)	\$0 or (\$44,816,589, or could exceed \$45,016,589)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Could exceed \$200,000)</b>	<b>\$0 or (Could exceed \$200,000)</b>	<b>\$0 or (Could exceed \$200,000)</b>

\* The current appropriation for the Office of the Adjutant General is comprised of several state and federal funds (see page 4 for a breakout).

Oversight has ranged the fiscal impact of the transfer from \$0 (joint resolution is rejected by the voters) to the annual appropriation for the Department of Public Safety - Office of the Adjutant General being transferred to the new Department of Defense.

Oversight assumes if enough new FTE are needed for the new Department of Defense, the \$250,000 threshold could be met.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Department of Public Safety (transfer out)*	(469.05) FTE	(469.05) FTE	(469.05) FTE
Department of Defense (transfer in)*	469.05 FTE	469.05 FTE	469.05 FTE
Department of Defense (new)	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 2 FTE</b>	<b>Could exceed 2 FTE</b>	<b>Could exceed 2 FTE</b>

\*Reallocation of FTE nets to zero.

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Missouri National Guard (MNG)** believe there is a potential fiscal impact of \$150,000 - \$200,000 to their personal services. This potential impact would cause reorganizing into a department structure which would create Division Directors, a Deputy Director and Department Director. The unknown at this time is the MNG's ability to pay a percentage of certain employees with federal money depending on their funding source and involvement with military missions.

**Oversight** notes the Department of Public Safety - Office of the Director currently provides some services to the MNG that the Department of Defense would be required to perform as their own department (budget, general counsel, human resources, etc.). Therefore, Oversight will reflect a cost of \$0 or (Could exceed \$200,000) to the DOD's budget for other department-specific personnel that may be required by creating another department.

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 \$5,000. 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, they 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 their office can sustain with their core budget. Therefore, they 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.

**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 require additional resources.

In response to similar legislation from 2020 (HB 2209), officials from the **Governor's Office** stated this proposal creates the "Department of Defense" and grants authority to the Governor to appoint a director, by and with advice and consent of the senate. There should be no added cost to the Governor's Office as a result of this measure.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

Officials from the **Department of Public Safety - Office of the Director**, the **Missouri Senate**, and the **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

According to HB 8 (2020), the total amount appropriated to the Office of the Adjutant General for FY 2021, by fund is:

General Revenue	\$7,723,912
Missouri National Guard Trust Fund	\$5,269,233
Federal Drug Seizure Fund	\$240,622
Veterans' Commission Capital Improvement Trust Fund	\$637,166
Federal Funds	\$30,388,904
Adjutant General Revolving Fund	\$55,000
Missouri Military Family Relief Fund	\$150,000
National Guard Training Site Fund	\$351,752
<b>Total</b>	<b>\$44,816,589</b>

**Oversight** will range the fiscal impact of the transfer from \$0 (joint resolution is rejected by the voters) to the annual appropriation for the Department of Public Safety - Office of the Adjutant General being transferred out of the Department of Public Safety to the new department.

Since the transfer would be effective January 1, 2022, Oversight will reflect six months of impact in FY 2022.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
<b>DEPARTMENT OF PUBLIC SAFETY</b>			
<u>Reallocation –</u> Adjutant General funding and 469.05 FTE from DPS to the Department of Defense	<u>\$0 or \$22,408,295</u>	<u>\$0 or \$44,816,589</u>	<u>\$0 or \$44,816,589</u>
<b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF PUBLIC SAFETY (Across all funds)</b>	<b><u>\$0 or \$22,408,295</u></b>	<b><u>\$0 or \$44,816,589</u></b>	<b><u>\$0 or \$44,816,589</u></b>
<b>DEPARTMENT OF DEFENSE</b>			
<u>Reallocation -</u> Adjutant General funding and 469.05 FTE into the Department of Defense	<u>\$0 or (\$22,408,295)</u>	<u>\$0 or (\$44,816,589)</u>	<u>\$0 or (\$44,816,589)</u>
<u>Cost – MNG-DOD</u> Additional Personal Services expenses (could exceed 2 FTE)	<u>\$0 or (Could exceed \$200,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>
<b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF DEFENSE (Across all funds)</b>	<b><u>\$0 or (\$22,408,295, or could exceed \$22,608,295)</u></b>	<b><u>\$0 or (\$44,816,589, or could exceed \$45,016,589)</u></b>	<b><u>\$0 or (\$44,816,589, or could exceed \$45,016,589)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
	<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

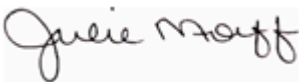
Beginning December 31, 2021, this bill creates a "Department of Defense" and transfers the powers, duties, and functions vested in the Office of Adjutant General, the state militia, and the Office of the State Judge Advocate from the Department of Public Safety, via Type I transfer.

This bill has an effective date contingent upon the passage and approval by the voters of an amendment to the Constitution creating a Department of Defense.

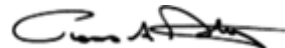
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Office of the Governor  
Missouri Senate  
Office of Administration  
Office of the Secretary of State



Julie Morff  
Director  
March 29, 2021



Ross Strobe  
Assistant Director  
March 29, 2021