

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3635-02
Bill No.: Truly Agreed to and Finally Passed HS for HB 1399
Subject: Veterans.
Type: Original
Date: May 20, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue *	(\$563,800)	(\$149,454)	\$0
World War II Veterans' Recognition Award	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds *	(\$563,800)	(\$149,454)	\$0

* Includes only surviving veterans. Subject to appropriations.

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	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal extends the application period to file for the W.W. II Veteran Recognition Awards by 18 months to July 1, 2003 and directs the Adjutant General to administer the program. Under this program, veterans of W.W. II residing in Missouri on August 28, 2001 are eligible to receive a medal/medallion and certificate from the State of Missouri as appreciation for their service. OTAG assumes this program will be completed by September 30, 2003.

OTAG states this proposal will extend the eligibility of approximately 100,000 World War II veterans residing in Missouri eligible to receive W.W. II Recognition Awards who had not applied for their award by January 1, 2002. OTAG based their fiscal note estimate on the assumption that survivors of deceased veterans who had not submitted applications prior to their death are not eligible for awards.

OTAG states their computations assume that all W.W. II veterans who currently reside in Missouri were residents of Missouri at time of entering service. Since the Office of the Adjutant General's military archives maintain only war records of veterans who initially entered service from Missouri, verification of service of W.W. II veterans who entered service from states other than Missouri but currently reside in Missouri will require additional research (time/effort).

OTAG assumes the administration and the final distribution of medals would last no longer than September 30, 2003 and that all awards will be mailed to awardees, or be presented by local veteran organizations.

Information received by the Office of the Adjutant General projects that 125,000 W.W. II veterans currently live in Missouri, of which only approximately 25,000 had applied for awards by January 1, 2002. OTAG assumes in this fiscal estimate that 50% of the remaining eligible will apply for the awards. Awards and postage is projected to cost \$10 per award. The actual number of applicants could be significantly higher or lower.

The Office of the Adjutant General assumes the need for four additional full-time temporary personnel (4 FTE) to administer the program. These additional staff would include one Veterans Benefit Program Administrator (at \$36,012), one Office Support Assistant (at \$21,192), one Accountant I (at \$30,204) and one Account Clerk II (at \$23,184). For FY 2003, OTAG estimated total expenses of \$110,592 for personal service for the four FTE, \$39,824 for fringe benefits, and \$148,800 in contract labor and supplies. OTAG assumes an additional 50,000 awards will be distributed at a revised cost estimate of \$7 per award, or \$340,000 in expense in FY 2003. OTAG assumes a total expense in FY 2003 for

ASSUMPTION (continued)

adding the additional 18 months to the application deadline will be \$639,216. OTAG also estimated three months of expenses in FY 2004 for personal service, fringe benefits and expense and equipment totaling \$83,298.

OTAG states that this proposal will require a FY 2003 regular or supplemental spending authority to fund the program through September 2003. OTAG states that under the appropriation for FY02, the World War II Veterans Program was authorized \$3,000,000 from the Veterans Commission Capitol Improvement Trust Fund. OTAG estimates that only about \$400,000 from this appropriation has been expended. OTAG states they have not requested an appropriation/spending authority for FY 2003 to continue the program since the original application deadline of January 1, 2002 would have allowed them to complete everything within FY 2002. If this law is passed, this spending authority will need to be reappropriated for FY 2003 and FY 2004. Based on cost experienced by OTAG to date, funding for this program is adequate from the original \$3,000,000 appropriated for FY 2002 and no additional funding will be needed.

Oversight assumes that since OTAG was not allowed additional FTE in their budgets to administer this program, OTAG will be able to continue the administration for an additional year with the current temporary employees and necessary supplies. An estimate of \$50 was used for the cost of the award in 2000, however, with experience OTAG estimates the cost of the awards to be \$7 each (\$10 if mailed). In a previous version of the proposal, OTAG estimated the cost of the awards to be \$7 with mail included. Oversight assumes that of the 50,000 awards estimated by OTAG to be given out, 40,000 will be purchased in FY 2003 at a cost of \$400,000 (40,000 x \$10 each) and the other 10,000 awards will be purchased in FY 2004 at a cost of \$100,000 (10,000 x \$10 each).

Oversight assumes the unutilized balance of the \$3,000,000 appropriation from FY 2002 would sufficiently cover the additional costs resulting from this proposal. However, making the FY 2002 surplus available to be used in FYs 2003 and 2004 would have to be executed through a reappropriation budget decision and Oversight has reflected the fiscal note as the actual anticipated costs of extending the program for 18 months.

Officials from the **Missouri Veterans' Commission (VET)** assume an additional cost to the Veterans' Commission Capital Improvements Trust Fund in FY 2003 and FY 2004 of \$15,000, or \$30,000 in total. Figures are based upon costs incurred from the initial onset of the program. The costs estimate includes additional postage, printing, etc. involved in the distribution and submission of applications as well as personnel to assist with the additional workload.

FISCAL IMPACT - State Government

FY 2003

FY 2004

FY 2005

GENERAL REVENUE FUND

RS:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
<u>Transfer Out</u> - to the World War II Veterans' Recognition Award Fund	<u>(\$563,800)</u>	<u>(\$149,454)</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND **	<u>(\$563,800)</u>	<u>(\$149,454)</u>	<u>\$0</u>
 WORLD WAR II VETERANS' RECOGNITION AWARD FUND			
<u>Transfer In</u> - from General Revenue	\$563,800	\$149,454	\$0
<u>Costs</u> - Adjutant General's Office Expense and Equipment	(\$148,800)	(\$34,454)	\$0
<u>Costs</u> - Veterans' Commission Expense	(\$15,000)	(\$15,000)	\$0
Medals, Medallions and Certificates *	<u>(\$400,000)</u>	<u>(\$100,000)</u>	<u>\$0</u>
Total Costs - Veterans' Commission	(\$415,000)	(\$115,000)	\$0
 ESTIMATED NET EFFECT TO THE WORLD WAR II VETERANS' RECOGNITION AWARD FUND **	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

* Includes only surviving veterans
 ** Subject to appropriation.

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
	<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

RS:LR:OD (12/01)

This proposal changes the deadline for filing applications for World War II medals from January 1, 2002, to July 1, 2003.

The proposal contains an emergency clause.

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 Adjutant General
Missouri Veterans' Commission



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Acting Director
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