

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0802-03  
Bill No.: Perfected SS for SB 219  
Subject: Veterans; Military Affairs.  
Type: Original  
Date: April 17, 2003

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Veterans' Commission Capital Improvement Trust Fund	(\$839,616)	(\$818,593)	\$0
<b>Total Estimated Net Effect on Other State Funds*</b>	<b>(\$839,616)</b>	<b>(\$818,593)</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Missouri Veterans Commission** and the **Office of the State Treasure** each assume this proposal would not fiscally impact their respective agencies.

In response to similar legislation from this year, officials from the **Office of Secretary of State (SOS)** assumed there would be costs due to additional publishing duties related to the Department of Public Safety's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 5 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 7.5 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$308, 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in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn.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.

ASSUMPTION (continued)

**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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** did not respond to Oversight's request for fiscal impact regarding the perfected version of this proposal within the necessary time needed to compete a fiscal note. However, in response to a previous version of this proposal, officials from OTAG stated it directs the Adjutant General to administer the Korean War Veteran Recognition program. Under the program, veterans of the Korean conflict residing in Missouri on August 28, 2003 and any spouse of a deceased Korean War veteran who died prior to making application are eligible to receive a medal/medallion and certificate from the State of Missouri.

The proposal would also establish the Korean War Veterans Recognition Fund and allow gifts and donations to support the program. OTAG stated that a similar fund was created for the W.W. II Veterans Award program and no donations were forthcoming, therefore, OTAG assumed that General Revenue or some other funding source would be required to fund this program.

OTAG stated that if this legislation is approved and becomes law, a legislative letter of intent to allow OTAG to expend existing appropriations and a supplemental appropriation for FY 2004 would be required. Also, to initiate the award application process a code of state regulations would need to be developed and approved to allow the program to be activated to receive applications starting January 1, 2004.

In discussion with the Missouri's Veterans Commission, it was estimated that 150,000 Missourians served in the Korean War. It was further estimated that 35,000 to 50,000 veterans and surviving spouses would apply for awards. OTAG's estimate assumes that children of deceased veterans would not be eligible to apply for awards.

OTAG's estimate also assumed that the period for applying for Korean War Awards will extend for a 12 month period ending on January 1, 2005. OTAG estimated the need for both temporary state employees and contract labor to be employed to administer the program. OTAG assumed that administration and the final distribution of medals would last not longer than June 30, 2005. OTAG also assumes that all awards are to be mailed to the veterans.

ASSUMPTION (continued)

RAS:LR:OD (12/02)

OTAG estimated the cost per award for medal, medallion package, including postage, to be \$9.67, which is the actual cost of the W.W. II veteran recognition awards. It is projected that the one-time

Korean Veteran Recognition Awards program will be completed by the end of FY 2005 (June 2005) and no further expenses would be incurred from the program.

OTAG assumed the personal service cost (including fringe benefits) of 4 new FTE; including a Veterans Service Supervisor (at \$36,012 annually), an Office Support Assistant (at \$21,192 annually), an Accountant I (at \$30,204 annually) and one Account Clerk II (at \$23,184 annually) would be \$132,694 for FY 2004 and \$163,213 for FY 2005. Other anticipated costs include six temporary staff, the costs of the awards, and other necessary supplies. The total costs estimated by OTAG to carry out this program (including awards) was \$340,894 in FY 2004 and \$687,827 in FY 2005.

This perfected version of the proposal goes beyond the original version of the bill by extending the service time for veterans that served during the Korean Conflict as well as allowing the eldest living survivor of the Korean veteran to apply for the award if both the veteran and their spouse are deceased. **Oversight** assumes, based on OTAG's response to a confidential version of the proposal, that the expansion of the service time would not result in additional veterans that would now be eligible to apply for the award. However, Oversight assumes the expansion of the application to surviving family members would increase the number of applications that OTAG will receive and need to process.

The application period as stated in the proposal is from January 1, 2004 to January 1, 2005, therefore, **Oversight** assumes this program will be completed in FY 2005. Oversight will increase OTAG's original estimate of 50,000 (33% of estimated 150,000 eligible Korean Conflict Veterans) veterans applying for the award to 60,000 (40% of estimated 150,000 eligible Korean Conflict Veterans) with the inclusion of surviving family members now being able to apply for the awards. As of December 31, 2002, roughly 31% of the estimated 125,000 eligible W.W.II veterans had applied for the award in that program. Oversight will also assume that one third of the awards would be processed in FY 2004 and two thirds of the awards would be processed in FY 2005. Oversight will also utilize a cost of \$10 per award. Therefore, Oversight assumes an award cost of \$200,000 (60,000 / 3 x \$10) in FY 2004 and \$400,000 (60,000 x 2/3 x \$10) in FY 2005.

Oversight also assumes that since OTAG was not allowed additional FTE in their budgets to administer the W.W. II recognition program, OTAG will administer this program with the temporary employees and necessary supplies estimated by OTAG. Oversight assumes an additional two temporary workers

ASSUMPTION (continued)

(for a total of eight) would be needed over an above what OTAG estimated for the previous version of this proposal. Oversight has also estimated the eight temporary personnel would only work six months in FY 2004 (January - June) since the application window opens on January 1, 2004.

World War II Veterans Recognition Award Program;

**Oversight** assumes the changes to the World War II Veterans Recognition Award Program consists of extending the application deadline by one year as well as allowing a family member (beyond spouses) of deceased veterans to apply on behalf of the veteran for the award. Since OTAG did not respond to the perfected version of this proposal, Oversight utilized responses to a version of proposal from the 2002 session that dealt with the program.

In response to Truly Agreed to and Finally Passed HCS for HB 1398 from the 2002 session, OTAG stated that of the 435,000 estimated World War II veterans from Missouri, roughly 125,000 are still living (310,000 are deceased). HB 1398 allowed the posthumous application of the awards to spouses of Veterans and in that fiscal note estimate, **Oversight** assumed that widows of an additional 39,000 of the estimated 310,000 deceased veterans will apply for the award. According to the Statistical Abstract of the United States, 44.9 percent of the females aged 65 and older are considered "widowed". Assuming this same percentage applies to the 310,000 deceased Missouri W.W.II veterans, Oversight assumed there were 139,190 ( $310,000 \times 44.9\%$ ) Missouri W.W.II veterans' widows living in Missouri. Applying the same percentage (28%, or  $35,000/125,000$ ) of eligible veterans that applied for the award in the original window, results in an estimate of roughly 39,000 ( $139,190 \times 28\%$ ) widows applying for awards for their deceased veteran husbands.

This proposal opens the posthumous application of the award to the "eldest living survivor." **Oversight** will assume that the same percentage (28%) of families of deceased veterans will apply for the awards in the original application window. Therefore, 86,800 ( $28\% \times 310,000$ ) awards will be awarded for the 310,000 deceased veterans. Oversight has already accounted for 39,000 of these with the fiscal note for 2002's HB 1398, therefore, Oversight will assume an additional 47,800 ( $86,800 - 39,000$ ) awards will be applied for and awarded to the eldest living survivors of a veteran. Oversight will assume that two thirds of the awards would be processed in FY 2004 and one third of the awards would be processed in FY 2005. Therefore, Oversight assumes an award cost of \$319,000 ( $47,800 \times 2/3 \times \$10$ ) in FY 2004 and \$159,000 ( $47,800 / 3 \times \$10$ ) in FY 2005.

ASSUMPTION (continued)

Regarding the extension of the deadline to file an application back one year to July 1, 2004, **Oversight** assumes that the number of applications that will be received as estimated in previous Truly Agreed to and Finally Passed bills will not change, just that OTAG will incur the expense of the contract labor and other office expenses for an additional time period. Oversight will assume the cost for administering the program and applications for the newly eligible survivor will not result in the need for additional temporary staff for OTAG. Oversight will utilize the estimated expenses provided by OTAG to be incurred that were used in the fiscal note for TAFP HB 1398 from last year as continuing for an additional twelve months (9 months in FY 2004 and 3 months in FY 2005).

**Oversight** assumes the unutilized balance of the \$3,000,000 appropriation from FY 2002 (estimated by OTAG to be \$1.5 million by the end of FY 2003) could cover at least some of the additional costs resulting from this proposal. However, making the FY 2002 surplus available to be used in FY 2004 and FY 2005 would have to be executed through reappropriation budget decisions and Oversight has reflected the fiscal impact to the Veterans Capital Improvement Trust Fund as the actual anticipated cost of extending the World War II program for 12 months and increasing the eligible recipients to the eldest survivor of deceased eligible veterans as well as the new Korean Conflict Medallion Program.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>VETERANS COMMISSION</b>			
<b>CAPITAL IMPROVEMENT TRUST</b>			
<b>FUND</b>			
<u>Costs - Adjutant General's Office for the</u>			
<u>Korean Conflict Medallion Program</u>			
Expense and Equipment -	(\$90,720)	(\$180,662)	\$0
Medals, Medallions and Certificates	(\$200,000)	(\$400,000)	\$0
<u>Total Costs - Adjutant General's Office</u>	<u>(\$290,720)</u>	<u>(\$580,662)</u>	<u>\$0</u>

Costs - Adjutant General's Office for changes to the W.W.II Medallion Program

Expense and Equipment	(\$229,896)	(\$78,931)	\$0
Medals, Medallions and Certificates	<u>(\$319,000)</u>	<u>(\$159,000)</u>	<u>\$0</u>
<u>Total Costs - Adjutant General's Office</u>	<u>(\$548,896)</u>	<u>(\$237,931)</u>	<u>\$0</u>

**ESTIMATED NET EFFECT TO THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND**

<u>(\$839,616)</u>	<u>(\$818,593)</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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 entitles any Korean Conflict veteran (military service beginning June 27, 1950 and ending January 31, 1955) who was honorably discharged and resides in Missouri to receive a medallion, medal and a certificate of appreciation. The Adjutant General shall determine those persons who are eligible for the award. Applications may be filed during calendar year 2004.

The "Korean Conflict Veterans' Recognition Award Fund" is created and shall be used to fund the design, manufacture and distribution of the medallions, medals and certificates.

The proposal also extends the filing deadline for the World War II medals and medallions program by one year to July 1, 2004. The proposal also allows the oldest living survivor of a veteran, if said veteran and spouse are deceased, to apply for the award.

DESCRIPTION (continued)

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



Mickey Wilson, CPA  
Director  
April 17, 2003