

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0802-03
Bill No.: Truly Agreed to and Finally Passed SS for SB 219
Subject: Veterans; Military Affairs.
Type: Original
Date: May 20, 2003

FISCAL SUMMARY

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

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

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

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

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

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 estimated 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in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn.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)** state this proposal extends the W.W. II Veteran Recognition Program application period by 1 year from July 1, 2003 to July 1, 2004. It also authorizes the eldest living survivor of an eligible W.W. II Veteran to apply for medals. The proposal also directs the Adjutant General to administer the Korean Conflict Veteran Recognition program. Under this program, veterans of the Korean conflict residing in Missouri on August 28, 2003 and the spouse or eldest living survivor of a deceased Korean Conflict veteran may apply for awards.

OTAG states the proposal (in Section 42.206, RSMo.) authorizes the Korean Conflict Veterans Recognition Fund and allow gifts and donations to support the program. A similar fund was created for the W.W. II Veterans Award program and no donations were forthcoming. RSMo, 313.835 1(2) f, authorizes monies deposited in the Veterans Commission Capitol Improvement Trust Fund (VCCITF) to be used to support the W.W. II veterans Recognition Program and the new Korean Conflict Veteran Award Program. It is anticipated that the VCCITF will be the primary source of funding for the program.

OTAG states that a legislative letter of intent to allow the OTAG to expend existing W.W. II Veterans Recognition appropriations for FY 2004 will be required. Also, to initiate the award application process, a code of state regulations would need to be developed and approved to allow the Korean Conflict program to be activated to begin processing applications on January 1, 2004.

OTAG states by extending the W.W. II Veteran Recognition Program through July 1, 2004 and making eldest living survivors of deceased veterans eligible to apply for award, it is assumed that of Missouri's 435,000 W.W. II Veterans, 25% or 109,000 will apply. To date approximately 40,000 awards have been issued making 69,000 award yet to be issued.

In discussion with the Missouri's Veterans Commission, it was estimated that 150,000 Missourians served in the Korean War. It is further estimated that 37,500 (25%) Korean Conflict veterans and surviving spouses or eldest living survivors of deceased veterans would apply for awards.

ASSUMPTION (continued)

RAS:LR:OD (12/02)

OTAG, in this cost estimate, assumes both temporary state employees and contract labor will be employed to administer the program. OTAG also assumes that an Emergency CSR and a FY 2004 supplemental will be required to initiate the Korean Conflict application process beginning January 1, 2004 and that administration and the final distribution of medals would last no longer than June 30, 2005.

OTAG estimates 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 assumes 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 proposal (including awards) is \$824,047 in FY 2004 and \$912,052 in FY 2005.

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 (to a previous version of this proposal) 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 \times \10) in FY 2004 and \$400,000 ($60,000 \times 2/3 \times \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.

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.

Regarding the extension of the deadline to file an application back one year to July 1, 2004,

RAS:LR:OD (12/02)

Oversight assumes that the number of applications that will be received as estimated in previous Truly Agreed to

ASSUMPTION (continued)

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.

FISCAL IMPACT - State Government FY 2004 FY 2005 FY 2006

**VETERANS COMMISSION
 CAPITAL IMPROVEMENT TRUST
 FUND**

Costs - Adjutant General's Office for the
 Korean Conflict Medallion Program

Expense and Equipment -	(\$90,720)	(\$180,662)	\$0
Medals, Medallions and Certificates	<u>(\$200,000)</u>	<u>(\$400,000)</u>	<u>\$0</u>
<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>
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**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	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 allows the Missouri Veterans' Commission to expend funds from the Veterans Commission Capital Improvement Trust Fund in order to pay for the program.

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.

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
May 20, 2003