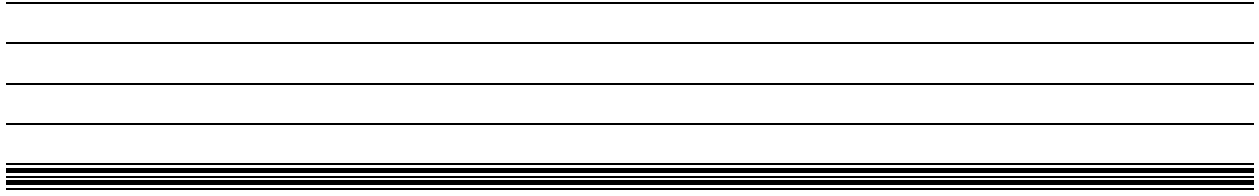


Oversight Division

Committee On Legislative Research

SUNSET REVIEW

Missouri Military Family Relief Fund Check-Off
Section 143.1004, RSMo



Sunset Review
Missouri Military Family Relief Fund Check-Off
Section 143.1004, RSMo

*Prepared for the Committee on Legislative Research
by the Oversight Division*

Mickey Wilson, CPA, Director

Review Team: Ross Strobe

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THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

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**COMMITTEE ON LEGISLATIVE RESEARCH
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Members of the General Assembly:

The Joint Committee on Legislative Research is required by Section 23.259 (1) (2) to conduct a performance evaluation of the Military Family Relief Check-Off to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The report includes Oversight's comments on (1) the sunset, continuation, or reorganization of the program, and on the need for the performance of the functions of the program; (2) the duplication of program functions; (3) the appropriation levels for each program for which sunset or reorganization is recommended; and (4) drafts of legislation necessary to carry out the committee's recommendations pursuant to (1) and (2) above.

We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may request a copy of the report from the Oversight Division by calling 751-4143.

Respectfully,

Senator Tom Dempsey
Chairman

EXECUTIVE SUMMARY

The Missouri Military Family Relief Program provides emergency financial relief of up to \$3,000 to support quality of life medical expenses of National Guard and Reserve soldiers and their families that have been called to duty as a result of the September 11, 2001 terrorist attacks. The program is partially funded by a check-off administered by the Department of Revenue that allows taxpayers to make donations to the program. The check-off portion of this program sunsets on August 28, 2011.

Since the inception of the check-off in the 2005 legislative session, taxpayers have donated over \$208,000 toward the program, averaging roughly \$42,000 in donations each year. The program also receives donations from other private sources, roughly \$365,000 over the past four years. The sunset clause regarding this program is contained within Section 143.1004, RSMo, which establishes the check-off. The Missouri Military Family Relief Program and fund are contained within Sections 41.216 and 41.218, RSMo.; therefore, Oversight assumes if the sunset is not renewed, the program will be able to continue; albeit without funding through the check-off.

As part of the review of the program, Oversight looked at a sampling of grants awarded as well as a sampling of grant applications that had been denied. Several instances in which additional controls were needed were pointed out to Oversight. Examples are discussed within the report. The Office of the Adjutant General administers the grant program, and has expressed an intention to increase the control measures regarding the program for future grant requests.

Oversight believes the Missouri Military Family Relief Program provides a very valuable resource to military families in need. The check-off program consists only of donated proceeds from Missouri taxpayers and has no costs to the state government. Oversight recommends the sunset provision for the check-off program be extended for an additional amount of time.

Chapter 1

Purpose/Objectives

The General Assembly has provided by law that the Joint Committee on Legislative Research will conduct a performance evaluation of a program subject to the Missouri Sunset Act. The committee shall consider the criteria as listed in Section 23.268, RSMo, in determining whether a public need exists for the continuation of a program, or for the performance of the functions of the program. A sunset review is the regular assessment of the continuing need for a state program to exist. A sunset review answers the basic questions of what has happened to this program since its inception, and does the State of Missouri continue to “need” the services provided by the program.

The Joint Committee on Legislative Research directed the Oversight Division to conduct a Sunset Review of the Missouri Military Family Relief Fund check-off program, Sec. 143.1004, RSMo. This report provides an update on the check-off program as created by SS for SCS for HCS for HB 437 in the 2005 legislative session and fulfills the requirement as established by Section 23.268, RSMo.

Oversight’s review addressed, but was not limited to the following:

1. Compiling all data related to the program since its inception
2. Analysis of the events and changes to the program since its inception in 2005.

Scope

The Oversight Division researched the laws and activity regarding the Missouri Military Family Relief Fund check-off program from 2005 through 2010. Analysis included a review of Department of Revenue (related to the check-off in Section 143.1004, RSMo) as well as the Office of the Adjutant General data related to the grant program (Sections 41.216 and 41.218, RSMo.)

Methodology

The Oversight Division obtained information on the program through review of statutes, letter correspondence with the Missouri Department of Revenue and Office of the Adjutant General, as well as interviews with staff who work directly with the program.

Background

House Bill 437 from the 2005 legislative session created the Missouri Military Family Relief Program and the Missouri Military Family Relief Fund. The program is partially funded by a tax return check-off which was also created in the bill. The check-off portion of the program automatically sunsets six years from its effective date and no changes have been made to this section of statute (143.1004, RSMo) after the initial legislation; therefore, with an effective date of August 28, 2005, the check-off program is set to expire August 28, 2011.

The program provides emergency financial relief to support quality of life and medical expenses of National Guard and Reserve soldiers and their families that have been called to active duty as a result of the September 11, 2001, terrorist attacks. The program is administered by the Office of the Adjutant General (OTAG), and from 2006 through 2010, 226 grants totaling \$457,780 were awarded to military families in need.

An application for a grant must be submitted to the Missouri Military Family Relief Fund (MMFRF) Coordinator - as appointed by the Adjutant General. Once an application and all supporting documentation is received verifying that the applicant is eligible, it is reviewed by a panel consisting of a Command Sergeants Major of the Missouri National Guard, a Command Sergeants Major of the reserves component, and a representative of the Missouri Veterans' Commission. An approving vote of two of the three Review Panel members is required for approval of the grant. The amount of the grant is not limited in statutes or in administrative rules; however, the standard operating procedures (SOP) utilized by the Office of the Adjutant General states that grants will be made up to \$1,000 and that a waiver can be granted to increase the grant amount up to, but not exceeding, \$3,000.

Table 1 below provides annual grant totals of the Missouri Military Family Relief Fund since its inception:

Table 1: Missouri Military Family Relief Fund grants;

Year	Number of grants	Total of grants awarded	Average grant awarded
2006	5	\$5,000	\$1,000
2007	23	\$23,500	\$1,022
2008	95	\$208,500	\$2,195
2009	69	\$141,440	\$2,050
2010	34	\$79,340	\$2,334
Totals	226	\$457,780	\$2,026

Source: Office of the Adjutant General

Table 2 below provides a break-out of the grant amounts through the Missouri Military Family Relief program since its inception.

Table 2: Missouri Military Family Relief grants grouped by amount;

Grant amount ranges	Number of grants in range	Total of grants in range
Less than \$1,000	4	\$2,685
\$1,000 to \$1,999	84	\$98,255
\$2,000 to \$2,999	65	\$137,840
\$3,000	73	\$219,000
Total	226	\$457,780

Source: Office of the Adjutant General

If a grant application does not meet all of the eligibility requirements, the application will be denied. The MMFRF Coordinator must send a letter to the applicant explaining the denial as well as potential other sources of available relief within 30 days. In some instances, the applicant has failed to provide information pertaining to the application, and once the information is provided,

the application is approved by the MMFRF Coordinator and forwarded on to the Review Panel for consideration. In other instances, the applicant is denied because they do not meet the criteria established for the grant, and the applicant does not reapply for assistance. According to the Office of the Adjutant General, the number of applications denied (and not later approved) since the beginning of the program has been 117 (4 in 2006, 9 in 2007, 32 in 2008, 35 in 2009, and 37 in 2010). Possible reasons for a denial include;

- Applicant was not called to active duty for thirty consecutive days or more;
- Applicant has been off active duty for more than 120 days (this can be waived and extended to 24 months upon recommendation of the Review Panel);
- Applicant does not present a pressing financial need;
- Applicant holds too high of a pay grade (must not be higher than an O-3 for a commissioned officer or a W-2 for a warrant officer);
- Applicant did not serve in qualifying operation (currently referred to as Operation Noble Eagle, Operation Iraqi Freedom or Operation Enduring Freedom).

The sunset clause on the Missouri Military Family Relief Fund is within Section 143.1004, RSMo, which establishes the check-off program through the Department of Revenue. Oversight believes the Missouri Military Family Relief Program (in Section 41.216, RSMo) and the Missouri Military Family Relief Fund (in Section 41.218, RSMo) are not subject to the sunset clause. Therefore, Oversight believes if the check-off were allowed to sunset, the program would continue; albeit without funding from the check-off.

The Missouri Department of Revenue provided annual donation totals for the check-off program. Currently, there are twenty check-off programs, with sixteen of these becoming effective since January 2004. Table 3 below is the activity for the Missouri Military Family Relief check off since inception.

Table 3: Missouri Military Family check-off donations;

Fiscal Year	Number of check-off donations	Total proceeds from MMFRF check-offs	Average of check-off donation
FY 2006	618	\$11,570	\$19
FY 2007	3,823	\$49,394	\$13
FY 2008	3,671	\$51,234	\$14
FY 2009	3,274	\$49,657	\$15
FY 2010	2,834	\$46,305	\$16
TOTAL	14,220	\$208,160	\$15

Source: Department of Revenue

The amount of grants awarded over the past four years (\$457,780) has exceeded the proceeds from check-offs (\$208,160). The Missouri Military Family Relief Fund also accepts private donations as well as proceeds from various fundraising events. According to the Office of the Adjutant General, the proceeds from sources other than the check-off into the fund for the past four years have totaled roughly \$365,250. Therefore, over the past four years there has been roughly \$208,160 in check-off donations, \$365,250 in other donations, and \$457,780 in grants paid from the fund. The ending balance of the Missouri Military Family Relief Fund on June 30, 2010 was \$102,731. Roughly one to two percent of the proceeds into the fund have been retained by either the Department of Public Safety or the Office of Administration for operating expenses of the program or annual cost allocations.

Table 4 below provides a comparison of all twenty check-off programs administered by the Department of Revenue and their collections for the past five years. Of the twenty programs, only three have sunset clauses (Military Family Relief (8/28/2011), After School Retreat (8/28/2013), and Breast Cancer Awareness (8/28/14)), and one, the Cervical Cancer Prevention, expired on January 31, 2010. The Department of Health and Senior Services must make a determination whether sufficient funds have been collected from this check-off (Cervical Cancer Prevention) to continue (Section 143.1007).

Table 4: Department of Revenue check-off programs activity from FY 2005 - FY 2010;

	Check-off program	Beginning year for program	Number of Donors FY 2005 - FY 2010	Amount Donated FY 2005 - FY 2010
1	Children's Trust	1983	42,150	\$686,891
2	Veterans	1990	27,657	\$373,344
3	Home meals	1993	29,698	\$423,048
4	National Guard	1999	14,895	\$167,010
5	Workers Memorial	2004	5,874	\$36,743
6	General Revenue	2004	2,457	\$24,413
7	Am. Cancer Society	2004	3,187	\$52,256
8	Am. Diabetes	2004	1,778	\$26,426
9	Am. Heart Association	2004	1,294	\$20,811
10	Am. Lung Association	2004	560	\$7,849
11	ALS Lou Gehrig's Disease	2004	682	\$20,772

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12	Muscular Dystrophy	2004	462	\$8,282
13	March of Dimes	2004	1,048	\$17,266
14	Arthritis Foundation	2004	548	\$6,934
15	Multiple Sclerosis	2004	1,020	\$22,960
16	Childhood Lead Testing	2005	7,650	\$61,913
17	Military Family Relief	2005	14,220	\$208,160
18	Cervical Cancer	2006	473	\$6,149
19	After School Retreat	2008	2,376	\$22,513
20	Breast Cancer	2008	415	\$6,340
	TOTAL		158,444	\$2,200,080

Source: Department of Revenue

Chapter 2

Comments

As part of the sunset review of the MMFRF check-off program, Oversight reviewed the grant program as administered by the Office of the Adjutant General. Oversight selected a sample of awarded grants as well as a sample of denied grant applications to review to determine if the program has operated openly and as prescribed by statutes. Of the 226 grants awarded and the 117 grant applications denied since the inception of the program, Oversight reviewed 15 awards and 10 denials respectively. Several potential problems due to a lack of control measures were pointed out to Oversight during this review. Some examples include;

- A lack of required signatures by the Review Panel members existed. Once the application and all supporting documentation are attained and the applicant is determined to meet all of the eligibility requirements by the MMFRF Coordinator, the packet is forwarded to the Review Panel for consideration. Two of the three panel members must approve the grant with a signature or initials. Once approved, the MMFRF Coordinator will prepare a memorandum for grant payment request for the State Fiscal Resource Office within OTAG. On several approved applications, a signature or initials are only attained by one panel member, on some approved applications, the panel member's approve was denoted as having been sent in via electronic mail (although a copy of the e-mail was not included in the file) or by a telephone conversation. On a few grants, no approvals from any review panel members were present.
- From some applications, it could not be readily determined that the applicant had spent 30 consecutive days or more on active duty as a result of the September 11, 2001 terrorist attacks. In order to qualify for the grant, the applicant must have been deployed for 30 consecutive days, usually on foreign soil, such as Iraq, Afghanistan, etc. However, on some applications, one could not determine if the applicant met this criteria. One applicant appeared to have been deployed to Kosovo which would not meet the eligibility requirement.
- On most approvals, Oversight could not determine how the amount of the grant was determined. The applicant must list their monthly civilian salary, monthly military salary, monthly salary of a spouse, any other income, as well as expenses. However, Oversight could not determine how the amount of the grant was decided upon by the Review Panel.
- Applicants must apply for the grant within 120 days after coming off active duty. Upon recommendation of the Review Panel, the Adjutant General is authorized to waive this 120 day limitation, up to 24 months. Some of the grant applications were dated more than 120 days after the applicant was released from active duty; however, there was not documentation in the file reflecting an extension approval by the Adjutant General.

- Minutes of the Review Panel meetings could not be obtained for Oversight prior to August, 2009. Oversight recommends future Review Panel meeting minutes be prepared and retained for future reference.

Oversight believes the Missouri Military Family Relief Fund program provides a very valuable resource to military families in need. The check-off program that partially funds the program provides an average of roughly \$50,000 per year to the program, and with the average grant provided through the program of \$2,026, this equates to over 24 grants each year.

The check-off program consists only of donated proceeds from Missouri taxpayers and has no costs to the state government. Oversight recommends that the sunset provision on the check-off program be extended for an additional amount of time. Subsection 143.1004.7(2) states “If such program is reauthorized, the program authorized under this section shall automatically sunset twelve years after the effective date of the reauthorization of this section”. Oversight suggests the check-off program be extended for the additional six years.

However, Oversight also recommends that certain changes be made in the grants program to provide additional accountability. The current MMFRF Coordinator states that he is taking steps to increase the control measures within the grants process. Oversight recommends the additional measures include:

- An itemized check-list to be utilized by the MMFRF Coordinator and the Review Panel to ensure that each grant application has been verified to meet all of the criteria established in statutes, administrative rules, and the standard operating procedures.
- A completed signature sheet be kept with the file. Approvals from other sources (electronic mail and phone calls) would not be acceptable. Signature sheets showing approval of the grant by at least two Review Panel members should also accompany the request for disbursement sent to the State Fiscal Resources Office.
- A calculation sheet should be utilized in determining the amount of the grant and should be retained in the file. This could be initialed by the agreeing panel members.
- The check-list mentioned above should have a place on it to record the date that the applicant was called to active duty, the date the applicant was released from active duty (needs to be at least 30 consecutive days), and the place of deployment. This information should be easily traced to official documentation supplied by the applicant.

- Also on the check-list, the MMFRF Coordinator should have to verify that the applicant has filed the application for a grant within 120 days of being released from active duty. If the application was submitted beyond the 120 day window, a waiver letter should be supplied by the Adjutant General and kept within the file.
- Future Review Panel meeting minutes should be retained.