

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2590-01
BILL NO.: HB 1157 with HCA 1
SUBJECT: Military Affairs
TYPE: Original
DATE: March 1, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$10,067,297)	(\$19,962,423)	(\$10,066,718)
Veterans Service Bonus	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds **	(\$10,067,297)	(\$19,962,423)	(\$10,066,718)

**** SUBJECT TO APPROPRIATION**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
 This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Adjutant General** assume this proposal would make eligible approximately 132,000 World War II veterans currently residing in Missouri. This projection does not include any veterans who were residents of Missouri at the time of entry in to the service and participated in World War II that are still alive, but no longer live in Missouri. This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments. Based on the payment at the maximum impact of \$300 per veteran and the eligibility of each veteran, the one-time cost to Missouri would equal \$39,600,000 (132,000 x \$300). It is assumed that the money would be appropriated from General Revenue to the Veterans Service Bonus fund and that approximately \$9,900,000 would be paid out in FY 01, \$19,800,000 in FY 02 and \$9,900,000 in FY 03.

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 \$34,992 annually), one Clerk Stenographer (at \$20,172 annually), one Accountant (at \$29,184 annually) and one Account Clerk II (at \$22,164 annually). Total administrative costs, including expense and equipment, is anticipated at approximately \$135,000 per year. Although the proposed legislation limits all applications for payment to be made within one year of the effective date of this bill, the Adjutant General personnel will be responsible for administrative functions of any appeal actions and therefore, will need the temporary personnel longer than one year.

Oversight assumes the need for 3 FTE (1 Benefit Program Administrator, 1 Clerk Stenographer and 1 Accountant) including necessary expense and equipment to administer the program. Costs are adjusted to reflect expenses associated with three additional FTE in the fiscal impact specifications below.

The legislation indicates that monies will need to be appropriated to the Veterans Service Bonus Fund.

Officials from the **Department of Public Safety - Missouri Veterans' Commission** assume the proposed legislation would result in additional expenses associated with additional reviews, research, and reporting on veterans' validity of claims. This would involve retrieving and researching veterans' records not already available to the Adjutant General. They have estimated annual costs at approximately \$30,000.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$482 for FY 01. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

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

Officials from the **Department of Social Services (DOS), Office of the State Treasurer (STO), Office of Administration - Administrative Hearing Commission (AHC), Office of Administration - Division of Accounting (COA)** and the **Department of Revenue (DOR)** stated that this proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Costs Appropriation to the Veterans Service Bonus Fund</u>	<u>(\$10,067,297)</u>	<u>(\$19,962,423)</u>	<u>(\$10,066,718)</u>
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-- SUBJECT TO APPROPRIATION --

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2001 (10 Mo.)	FY 2002	FY 2003
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VETERANS SERVICE BONUS FUND

<u>Income - Transfer from General Revenue</u>	\$10,067,297	\$19,962,423	\$10,066,718
<u>Costs - Adjutant General's Office</u>			
Personal Service (3 FTE)	(\$71,758)	(\$88,617)	(\$90,834)
Fringe Benefits	(22,066)	(27,250)	(27,931)
Expense and Equipment	(48,573)	(15,656)	(16,126)
Total <u>Costs</u> - Adjutant General's Office	(\$142,397)	(\$131,523)	(\$134,891)
<u>Costs - MO Veterans' Commission</u>			
Expense	(\$24,900)	(\$30,900)	(\$31,827)
<u>Costs - Bonus Payments to Veterans</u> ***	(\$9,900,000)	(\$19,800,000)	(\$9,900,000)

**ESTIMATED NET EFFECT TO
 VETERANS SERVICE BONUS FUND**

\$0 **\$0** **\$0**

-- SUBJECT TO APPROPRIATION --

*** INCLUDES ONLY SURVIVING VETERANS.

<u>FISCAL IMPACT - Local Government</u>	FY 2000	FY 2001	FY 2002
	(10 Mo.)		
	<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

L.R. NO. 2590-01
BILL NO. HB 1157 with HCA 1
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This bill requires the state to pay a \$300 bonus to all honorably discharged veterans or certain surviving family members of veterans who served during World War II who served for a period of at least 181 consecutive days. The Adjutant General is responsible for administering the bonus program. An appeals process is established to deal with the denial of a bonus. The bonus is to be paid from the Veterans Service Bonus Fund established by this bill. Anyone knowingly making a false statement related to the claim of a veteran's bonus is guilty of a class A misdemeanor.

If a person eligible for such bonus is a resident in a nursing facility, such person would receive the bonus directly and the nursing facility in which that person is a resident would have no legal claim to such bonus.

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

This proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Office of the Adjutant General
Department of Public Safety - Missouri Veterans' Commission
Office of the Secretary of State
Department of Social Services
Office of the State Treasurer
Office of Administration - Administrative Hearing Commission
Office of Administration - Division of Accounting
Department of Revenue



Jeanne Jarrett, CPA
Director
March 1, 2000