Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Sub. S.B. 289** DATE: **April 16, 2008**

STATUS: **As Reported by Senate Finance and Financial Institutions** SPONSOR: **Sen. Spada**

LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**

CONTENTS: **To create the Department of Veterans Services**

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund and other State Funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase or decrease	Potential increase or decrease	Potential increase or decrease

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- The bill creates a new cabinet level Ohio Department of Veterans Services, which would assume the responsibilities of the existing Governor's Office of Veterans Affairs, and incorporates the Ohio Veterans Home and the Ohio War Orphans Scholarship into the new department. This could result in either an increase or decrease in personnel and other costs in accordance with any staffing or other proposed organizational changes. This would affect the GRF and other various funds.

- Though the impact on overall operating costs of the merged agency would depend on a number of factors, the total amount currently appropriated for these offices and programs is $61.8 million in FY 2008 and $63.9 million in FY 2009.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2009	FY 2010	FUTURE YEARS
Counties, municipalities, and townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase	Potential increase	Potential increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill gives the Ohio Department of Veterans Services increased oversight responsibilities concerning the 88 county veterans service commissions. One new task is to encourage local offices to develop operating efficiencies in the services they provide veterans. This may reduce local costs, but could also lead to greater demand for services, thereby increasing expenses.

- The bill requires local government agencies, such as police departments, mental health boards, and so forth to determine the veterans status of any person with whom they interact or for whom they provide service.

These local agencies are to report these interactions with veterans service commissions. There will be some new administrative costs to these local agencies for doing so.

Detailed Fiscal Analysis

Scope of current services

The bill creates a new Ohio Department of Veterans Services (ODVS). It transfers all functions of the existing Governor's Office of Veterans Affairs (GOVA) to the new department and integrates the Ohio Veterans Home (OVH) and the Ohio War Orphans Scholarship Board (OWOSB), currently within the Board of Regents, into the new department. The table below shows the amounts appropriated for these programs in the FY 2008 - FY 2009 operating budget.

FY 2008 – FY 2009 Budget for Veterans Programs Merged into Department of Veterans Affairs		
Agency	**FY 2008**	**FY 2009**
Ohio Veterans Home Agency	$56,689,632	$58,751,474
Board of Regents	$4,812,321	$4,812,321
Governor's Office of Veterans Affairs	$287,000	$287,000
Total	**$61,788,953**	**$63,861,795**

Currently, GOVA oversees $2.7 billion of federal funds[1] that are distributed through various benefits to 1.1 million veterans in the state of Ohio and their 500,000 dependents.

Reorganization

The cost incurred by incorporating the Ohio Veterans Home and the Ohio War Orphans Scholarship Board into the new cabinet level ODVS depends upon the extent to which these entities would be reorganized, if at all. Other than functioning under the new department, LSC assumes that OVH and OWOSB operations will remain largely unchanged; however, there could be some administrative changes to reflect the merged department's service goals.

Veterans Home

OVH employs approximately 805 people and has facilities in both Sandusky and Georgetown for the care of veterans. Currently, OVH is governed by a board of trustees, which oversees its general operation and organization. The bill would dissolve this board and give the director of ODVS governance over OVH. Appropriations for OVH totaled $56.7 million in FY 2008 and $58.8 million in FY 2009.

[1] Department of Veterans Affairs, *Ohio and the U.S. Department of Veterans Affairs*, December 2007, http://www1.va.gov/OPA/fact/statesum/docs/ohss.doc (March 10, 2008).

Veterans Hall of Fame

The bill makes ODVS the administrative agent for the Veterans Hall of Fame program, which recognizes the post-military achievements of veterans in the civilian workplace. OVH received a GRF appropriation of $125,000 in both FY 2008 and FY 2009 to administer this program.

Ohio War Orphans Scholarship Fund

Currently under the administrative control of the Board of Regents (BOR), the Ohio War Orphans Scholarship Fund is appropriated approximately $4.8 million in both FY 2008 and FY 2009. These funds are awarded to the children of war veterans who are either deceased or severely disabled. In CY 2007, 790 students were awarded the scholarship. A board of seven members governs the disbursement of these funds. The bill would add the director of ODVS to the board and make the board a part of ODVS. LSC assumes that the money appropriated for the scholarships would continue to be administered by BOR. This assumption is based upon the current arrangement between the Adjutant General (ADJ) and BOR regarding the distribution of National Guard scholarship moneys, under which ADJ determines to whom the scholarships are awarded and BOR distributes the funds.

ODVS's new responsibilities

The bill also creates new responsibilities for ODVS, three of which might increase costs. These new responsibilities are:

- creating an information portal, such as a web page or telephone hotline;
- reaching veterans through outreach events, such as conferences or fairs;
- reaching veterans through advertising in print, radio, television, or the web.

The current GOVA operates a toll-free number and a web page, and so it can be assumed that costs created by new versions of these portals will be minimal—mostly created by the reorganization/redesign of the web page. In contrast, there is currently no allocation in GOVA's budget for advertising or outreach. The cost of advertising and outreach would ultimately depend upon the goals and aims of ODVS. In addition to the immediate costs of advertising, another factor to consider is that, depending on its effectiveness, the demand for veterans services might increase over time. If so, this could lead to increased costs in future years.

The remainder of ODVS's new responsibilities would be administrative adjustments requiring little to no new expenditures, as they revolve around increased accountability for local, and better communication with federal, veterans organizations. To help accomplish this, the bill requires ODVS to establish advisory committees in addition to the primary advisory committee.

County veterans service commissions

All currently existing functions of GOVA with regard to local veterans service commissions will be transferred to the new ODVS. Local services include rental assistance, transportation services, and emergency food allowances, among others. Currently, GOVA oversees all of these offices and enforces the policies in place concerning their certification,

distribution of benefits, and so forth. The bill does, however, provide for increased state oversight for county veterans service commissions as it gives the director of ODVS the power to revoke the certification of and remove any veterans service officers found to be improperly discharging their duties. Any additional oversight responsibilities that ODVS bears as a result might slightly increase the new agency's operating costs.

Other veterans organizations

There are several veterans organizations (such as the Jewish War Veterans and the Catholic War Veterans) that receive state funding, but are independent of GOVA. These organizations assist veterans of certain demographic groups in acquiring state and federal benefits. Each organization receives a separate appropriation in the state budget. The bill requires the organizations to make annual reports to the director of ODVS. Depending upon its extent and specifications, there could be minimal administrative costs associated with producing these reports.

Local responsibilities

The bill requires state agencies (such as law enforcement, health departments, mental health boards, etc.) to inquire whether the individuals with whom they interact are veterans or veterans' dependents. If so, the bill requires these local entities to obtain the contact information and submit this information to the local veterans service commission along with a short description of the individual's interaction with the agency. There could be some new costs involved for police, health, and other public service agencies to submit this information to local veterans service commissions. Presumably, costs will be greater in areas with greater numbers of veterans.

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