



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 449 of the 128th G.A.

Date: June 3, 2010

Status: As Reported by Senate State & Local Government & Veterans Affairs

Sponsor: Rep. Ujvagi

Local Impact Statement Procedure Required: No — No local cost in the "As Introduced" version; substitute version cost likely exceeds minimal in certain jurisdictions

Contents: Makes various changes to the law regarding the Adjutant General's Department and the Department of Veterans Services

State Fiscal Highlights

STATE FUND

FY 2011 – FUTURE YEARS

Adjutant General's Department GRF and Federal Funds

Revenues - 0 -

Expenditures Potential annual increase of up to \$160,000 or more for military leave pay

Department of Veterans Services

Revenues - 0 -

Expenditures Potential decrease from operational efficiencies

Note: The state fiscal year is July 1 through June 30. For example, FY 2011 is July 1, 2010 – June 30, 2011.

- **Adjutant General's Department.** The Adjutant General's Department, the only state agency that employs firefighters, could incur additional payroll costs for the additional military leave benefit. During FY 2009, the Department employed 35 firefighters that were also members of a military reserve unit. If the benefit for these 35 eligible employees had been in place during FY 2009, the additional payroll cost, borne by a mix of GRF and federal funds, would have been approximately \$160,000. Other changes made by the bill largely codify current practices and procedures.
- **Department of Veterans Services.** The bill makes changes to some of the operational procedures governing the administration of the Department of Veterans Services. These changes are largely technical and may result in creating efficiencies and subsequent cost savings.

Local Fiscal Highlights

LOCAL GOVERNMENT

FY 2010 – FUTURE YEARS

Counties, Municipalities, and Townships

Revenues

- 0 -

Expenditures

Potential annual increase for military leave pay, likely exceeding minimal in certain jurisdictions

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

- The added military leave would increase payroll costs for political subdivisions that provide firefighter or emergency medical services. In certain jurisdictions, depending on the number of eligible employees, the additional military leave benefit could cost anywhere from \$20,000 to in excess of \$100,000 annually.
- Current records indicate that approximately 963 locally employed firefighters and EMTs in Ohio would qualify for the bill's additional military leave benefit.

Detailed Fiscal Analysis

Adjutant General's Department

DD Form 98

By codifying that the DD Form 98 is sufficient to constitute a written declaration, the bill may decrease the likelihood that a local Ohio court would have to adjudicate a dispute over who has the authority to direct the disposition of a deceased member's remains. Such disputes have occurred recently in other states and may have resulted in the filing of a civil action. Since no such disputes appear to have occurred in Ohio, these provisions will likely have no direct fiscal effect on the state's political subdivisions.

According to the Adjutant General's Department and the United States Office of the Deputy Undersecretary of Defense, all members of the military are required to complete the DD Form 98 and update that form prior to deployment. The form requires each member to designate a person authorized for direct disposition (PADD) to make decisions regarding the member's remains should the member die while on active duty. The intent of the bill is to ensure that the DD Form 98 is recognized as the instrument by which a member designates a PADD. It does not take the place of a will and is null and void upon a member's retirement or separation from the armed forces.

Compensation and leave

The bill specifies how the Adjutant General, Assistant Adjutant General for the Army, Assistant Adjutant General for Air, and Assistant Quartermaster General may accrue leave and receive compensation while performing uniformed service. Currently, those officials receive federal pay based on the number of days they are on federal duty and a state salary for their full-time jobs; the bill simply codifies this practice. The

modifications in leave accrual also appear to codify current procedure and are not expected to have an immediate direct fiscal effect on the Department.

Military leave for firefighters and emergency medical technicians

The bill requires the state and its political subdivisions to allow publicly employed firefighters and emergency medical technicians (EMTs) who work nontraditional schedules to use up to 408 hours of compensated leave for the fulfillment of military reserve requirements. This includes yearly training and monthly weekend duty for members of the Ohio National Guard. Overall, the bill would likely result in payroll cost increases for the Adjutant General's Department and political subdivisions that operate fire departments or emergency medical response services. According to the Department, there are approximately 998 individuals in state and local government that would qualify for the increased leave benefit. Under current law, publicly employed firefighters and EMTs who work nontraditional schedules are allowed to use up to 176 hours of compensated leave for the fulfillment of military reserve requirements.

For employees that qualify, the bill allows for up to 408 hours of military leave compared to the 176 hours provided under current law, a difference of 232 hours. The 176 hours allotted for military reserve leave corresponds to National Guard requirements for employees who work a standard shift of eight hours: two weeks of annual training (80 hours) combined with weekend duty once a month during the year (96 hours). Expanding the leave to 408 hours would cover the five shifts that public employees who work a 24-hour shift miss as a result of their two-week training (120 hours) and the one shift for the 12 days of annual weekend duty (288 hours).

Adjutant General's Department

Currently, the Adjutant General's Department employs 95 firefighters to protect National Guard armories and compounds from fire. The state does not employ any EMTs. During FY 2009, 35 of those 95 state firefighters were active military reserve members. The pay range for state-employed firefighters is currently between \$16.09 and \$23.76 per hour. The bill would increase the number of hours of compensated leave for eligible employees by 232, thus increasing payroll costs by between \$3,733 and \$5,512 to cover each eligible employee if all additional hours are taken. Had the bill been in effect during FY 2009, the Department would have incurred up to \$157,000 in increased payroll costs if all eligible employees had taken all of the 408 hours of leave.

Political subdivisions

Municipalities and townships would incur the greatest increase in payroll costs under the bill, as they employ the majority of firefighters and emergency responders. The 26 counties that operate a county-wide emergency response system and that employ EMTs would also incur higher payroll costs. Firefighter and emergency responder salaries are paid from the respective local subdivision's general fund. Variables affecting any net increase in payroll costs would be the number of employees

eligible for military leave, their wages, the amount of leave used, and the costs of personnel to cover the lost hours, as not every eligible employee would use the full amount of additional leave provided.

According to information provided by the Board of Emergency Medical Services, the entity that licenses firefighters and emergency medical workers, as of the end of FY 2009 there were 25,243 licensed firefighters and 38,726 licensed EMTs in Ohio. Although most firefighters are public employees and qualify for the added benefit under the bill, many of the licensed EMTs work for private companies, or are also licensed firefighters and do not qualify under the bill. This would suggest that the number of EMTs that qualify for the additional benefit would be far fewer than the total noted above.

Administrative and procedural duties

Various provisions in the bill assign certain administrative duties and responsibilities to the Adjutant General, Assistant Adjutant General for the Army, Assistant Adjutant General for Air, and Assistant Quartermaster General. These provisions will bring the Revised Code into compliance with federal law and current departmental procedure; thus, these provisions will have no immediate direct fiscal effect on the Department.

Armory Improvements Fund (Fund 5340)

Under current law, Fund 5340 receives money from the sale or lease of the Adjutant General's Department readiness centers, formerly known as armories, or from the sale or lease of other facilities and land owned by the Adjutant General. Proceeds from the fund are required to be used to support Ohio National Guard facility and maintenance expenses. The bill clarifies that an armory erected or purchased by the state that later becomes vacant because of the deactivation of the organizations quartered in that armory may be leased for a period longer than the year allowed under current law. It is unclear as to what fiscal impact this provision would have or if additional revenue would be generated. Factors that would likely influence the fiscal impact include the number of facilities eligible to be leased, the demand for those buildings, and the duration of the lease.

Ohio National Guard Scholarship Program

The bill reduces the amount of Ohio National Guard Scholarship awards for students receiving federal scholarships under the "Post-9/11 Veterans Educational Assistance Act of 2008" (Post-9/11 GI Bill). Under current law, these scholarship awards are equal to the full tuition amount for students attending a public institution of higher education or the average public tuition amount for students attending a private institution. The Post-9/11 GI Bill provides a similar award, so the bill's changes eliminate potential duplicative scholarships. The bill also modifies eligibility for the scholarship program but these modifications should not significantly change the cost of the program. Under continuing law, the Adjutant General must make awards to all

eligible applicants unless funds appropriated for the scholarship and funds in the Ohio National Guard Scholarship Reserve Fund are insufficient to make all awards. In FY 2009, 5,948 scholarships were awarded and no students were denied scholarships due to insufficient appropriations.

Department of Veterans Services

The bill makes clarifying changes to existing law related to the operation of the Department of Veterans Services (DVS).¹ These changes include, but are not limited to, updating references pertaining to the Ohio Veterans Home, removing the requirement that the Director of DVS publish and distribute certain reports, broadening the eligibility standards for admittance to a veterans' home, and modifying language generally related to the fiscal management of DVS, including the merging of line items, specifications of the use of certain funds, and elimination of requirements to seek Medicaid funding for veterans' home residents. Generally, most of these changes will create efficiencies, which could potentially lead to cost savings for DVS. According to DVS staff, some of these changes will also make Ohio law more compliant with federal requirements.

Veterans Advisory Committee

The bill adds a member of the Military Officers Association of America to the Veterans Advisory Committee, which advises and assists the Department of Veterans Services in its duties. The Committee meets approximately once a month to fulfill its duties. Members receive no compensation or reimbursements. There will be no fiscal impact on state or local governmental entities due to this addition.

Staff Sgt. Sean Landrus Memorial Highway

The bill changes the name of the "Sgt. Sean Landrus Memorial Highway" to the "Staff Sgt. Sean Landrus Memorial Highway." According to the Department of Transportation, a replacement sign has already been manufactured to reflect the change; thus, no additional costs will be incurred as a result of this provision.

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¹ DVS was created in Am. Sub. S.B. 289 of the 127th General Assembly, which merged the Governor's Office of Veteran's Affairs, the Ohio Veterans Home, and the Board of Regents' Ohio War Orphans Scholarship Program.