



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 461 of the 128th G.A. **Date:** April 22, 2010
Status: As Reported by House Finance & Appropriations **Sponsor:** Reps. Pillich and Boose

Local Impact Statement Procedure Required: Yes — Local cost was in the introduced version

Contents: Military-related law changes

State Fiscal Highlights

STATE FUND

FY 2011 – FUTURE YEARS

Funds of the Department of Veterans Services

Revenues

- 0 -

Expenditures

(1) Potential savings from operational efficiencies; (2) Potential minimal one-time increase to administratively support the Commission for the Future of Local Veterans Posts in Ohio

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

- **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. The Department may also incur a minimal one-time cost to staff and support the Commission for the Future of Local Veterans Posts in Ohio.
- **National Guard Scholarship Program.** The bill's modifications to the eligibility for the Ohio National Guard Scholarship Program are not likely to significantly change the cost of the program.
- **Adjutant General.** The bill's changes to the operations of the Adjutant General's Department largely codify current practices and procedures.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

The bill makes numerous changes to current law generally pertaining to the Department of Veterans Services, the Adjutant General, and programs that benefit veterans. For the purposes of this fiscal analysis, the bill most notably:

- Makes clarifying changes related to the organization and operation of the Department of Veterans Services, specifically related to Ohio's veterans' homes;
- Provides clarification on how certain officials of the Adjutant General's Department are compensated and accrue leave, in certain circumstances, and modifies certain administrative duties and procedures relating to the Adjutant General's Department, in order to comply with federal law;
- Provides that a scholarship funded by the Ohio National Guard Scholarship Program be reduced by the amount of tuition benefits an applicant receives under a federal scholarship program; and
- Creates the Commission for the Future of Local Veterans Posts in Ohio.

Department of Veterans Services

Clarifying changes

The bill makes clarifying changes to existing law related to the operation of the Department of Veterans Services (DVS).¹ Some of these include, but are not limited to, the following:

- Updates references pertaining to the Ohio Veterans Home;
- Removes the requirement that the Director of DVS publish and distribute a biennial report of enacted legislation dealing with veterans to each county veterans service office and the state headquarters of each congressionally chartered veterans organization in the state;
- Removes the requirement that the Director of DVS make an annual report to the Governor as to all expenditures and the management of the Ohio Veterans Homes Agency;
- Broadens the eligibility standards for those seeking admittance to a veterans' home, in part, to comply with federal law; and
- Modifies language generally related to the fiscal management of DVS, including the merging of line items, specifications of the use of certain funds,

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.

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.

Commission for the Future of Local Veterans Posts in Ohio

The bill creates the nine-member Commission for the Future of Local Veterans Posts in Ohio to develop recommendations for the successful and sustainable operation of local veterans posts in Ohio. The Director of Veterans Services or a designee must serve as the Commission's chairperson. Members of the Commission are not entitled to compensation for their services, nor are members explicitly authorized to receive reimbursement for any related expenses, for example, food, lodging, and transportation. The Commission must report its recommendations not later than December 31, 2010, and ceases to exist after submitting its report to the General Assembly and the Governor.

According to DVS staff, two existing employees will likely be assigned to support the Commission, but any associated one-time costs will be minimal (up to two administrative hours per meeting held plus the time required to issue the Commission's report in December 2010).

Adjutant General

In researching the provisions of the bill relating to the Adjutant General, LSC fiscal staff spoke with staff of Ohio's Adjutant General's Department (ADJ). What follows is a distillation of those discussions.

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. Those officials also receive a state salary for their full-time jobs. The bill does not change that practice; it simply codifies that those officials are permitted to receive federal pay while performing uniformed service. Thus, this provision will have no immediate direct fiscal effect on the ADJ. The need to codify this procedure apparently exists to eliminate any potential ethical questions that may arise in the future.

The bill also modifies how the aforementioned officials of ADJ accrue leave while performing uniformed service. Again, these modifications appear to codify current procedure and thus will have no immediate direct fiscal effect on the ADJ.

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. LSC fiscal staff has learned their purpose is generally to bring the Revised Code into compliance with federal law and, perhaps more importantly as it relates to this fiscal analysis, current departmental procedure. Thus, these provisions will have no immediate direct fiscal effect on the ADJ.

Armory Improvements Fund (Fund 5340)

Under current law, Fund 5340 receives money from the sale or lease of ADJ's 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 of years.

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, Ohio National Guard 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 Ohio National Guard Scholarship Program. The modifications are not likely to 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.