

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

House Bill 183 (The Speaker, *et al.*) (Administration)
Commerce & Government Matters

Department of Veterans Affairs

This Administration bill creates the Department of Veterans Affairs as a principal department of State government and establishes the appointment, qualifications, powers, duties, and salary of the Secretary of Veterans Affairs. The bill provides that the Maryland Veterans Commission, the Maryland Veterans' Home Commission, and the War Memorial Commission will be organized under the newly created department. The bill increases the membership of the Maryland Veterans Commission from 26 to 28 members by including a representative from a women veterans organization in the State and from The Black Veterans of All Wars, Inc. Additionally, the bill makes various corrective and clarifying changes to the current statute.

Fiscal Summary

State Effect: General fund expenditures would increase by \$84,100 in FY 2000. Future years reflect annualization and inflation. Potential indeterminate decrease in expenditures due to consolidation and economies of scale, although any such decrease is assumed to be minimal. No effect on revenues.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	84,100	88,500	91,700	95,000	98,400
Net Effect	(\$84,100)	(\$88,500)	(\$91,700)	(\$95,000)	(\$98,400)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued

when the Administration's assessment becomes available.

Fiscal Analysis

Background: The bill consolidates 3 separate government entities: the Maryland Veterans Commission, the Maryland Veterans' Home Commission, and War Memorial Commission. The Veterans Commission is an independent agency with 3 primary functions: (1) advise, assist, and represent veterans and their dependents through the operation of 7 full-time centers; (2) maintain 5 veterans cemeteries; and (3) maintain the Korean War Memorial, the Vietnam War Memorial, and the World War II Memorial. The Maryland Veterans' Home Commission operates and manages the Charlotte Hall Veterans' Home located in St. Mary's County. The home provides domiciliary and comprehensive nursing care for its residents. The facility is open to honorably discharged Maryland veterans of the United States armed forces.

The War Memorial Commission is currently under the Department of General Services. It is responsible for the State's share of the costs for the maintenance of the War Memorial Building and War Memorial Plaza honoring the veterans of World War I. The maintenance costs of this facility are shared by the State and Baltimore City.

State Effect: General fund expenditures could increase by an estimated \$84,100 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of the appointment of the Secretary of Veterans Affairs, including salary, fringe benefits, one-time start-up costs such as a vehicle for the Secretary, and ongoing operating expenses. The Secretary would be classified at ES 5, base step (\$62,210) in the executive pay plan. The Maryland Veterans Commission advises that any secretarial or administrative support for the Secretary could be provided with the existing resources of the commission.

Future year expenditures reflect (1) annual salary increases due to steps in grade; and (2) 1% annual increases in ongoing operating expenses.

It is assumed that while some future savings may result from the consolidation of certain functions, the budgets of the 3 entities would remain relatively constant and would be merged to create the budget of the new department with the addition of the expenses related to the appointment of the Secretary.

To illustrate, the following table details the proposed budgets for the Maryland Veterans Commission, the Maryland Veterans' Home Commission, and the War Memorial Commission within the Department of General Services for fiscal 2000. Also included are the additional costs projected for fiscal 2000 as a result of the bill.

**Proposed Budgets and Additional Expenses
FY 2000**

	Employees	FY 2000 Allowance
Current Budget		
Maryland Veterans Commission	67.5	\$3,039,200
Maryland Veterans’ Home Commission	4	7,531,500
War Memorial Commission (DGS)	0	115,500
New Expenses		
Salary, Operating, and One-time Costs	1	84,100 ⁽¹⁾
Total	72.5	\$10,770,300

⁽¹⁾ estimate reflects the bill’s October 1 effective date

There are no employees within the Department of General Services whose sole responsibility is the administration of the War Memorial Commission. The department’s role is limited to the payment of contractors for providing the services of maintaining the memorial. The bill would result in a decrease in the department’s budget for the direct costs of maintenance only, projected to be \$115,500 in fiscal 2000.

The bill alters the definition of “veteran” to ensure that the statute is in compliance with federal regulation. This will assure the continuation of federal funding for burial expenses for veterans. The projected federal funding for such purposes in fiscal 2000 is \$321,600.

Information Source(s): Maryland Veterans Commission, Department of General Services, Office of the Governor, Department of Legislative Services

Fiscal Note History: First Reader - February 16, 1999

lnc/jr Revised - House Third Reader - March 22, 1999

Analysis by: Jody J. Minnich

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510