

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0927	Date: March 31, 2015
Prime Sponsor(s): Rep. Ryden	Bill Status: House SVMA
Sen. Crowder	Fiscal Analyst: Alex Schatz (303-866-4375)

BILL TOPIC: SUPPORT FOR VETERANS SERVICE OFFICERS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Increased expenditures. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Under current law, the Department of Military and Veterans Affairs (DMVA) supports the operation of county veterans service officers (CVSOs). A line item in the DMVA's Long Bill appropriation provides funding to assist counties with these operations, subject to a requirement that a county contribute an equal amount for its CVSO from the county budget. The state's payment rate for CVSOs is established annually through the Long Bill.

This bill eliminates the requirement that counties contribute a matching amount for CVSO operations. The bill also specifies that the payment rate will be determined by the Division of Veterans Affairs in the DMVA based on available appropriations to support CVSOs, and clarifies that payments to counties are from the DMVA's budgeted line item for CVSOs.

Background

The DMVA submitted a request for increased funding to the County Veterans Service Officer Payments line in the FY 2015-16 Long Bill. Specifically, the DMVA requested new funding of \$466,626 to supplement a current budget of \$190,654 per year, increasing the effective payment rate from approximately \$1.06 per CVSO hour to \$8.00 per hour.

In current practice, state CVSO assistance is rarely curtailed as a result of a county's failure to meet the statutory requirement of matching funds. This is in part due to the overall availability of state assistance in recent budget years, which has only required a county match of approximately \$1,200 if the county has a part-time CVSO or \$2,400 if the county has a full-time CVSO. In its February 2015 analysis of the DMVA's budget request, the Joint Budget Committee Staff estimated that approximately 3.1 percent of state CVSO payments do not comply with matching requirements if the current payment rate is used. However, if the CVSO payment rate is increased as reflected in the DMVA's FY 2015-16 Long Bill request, the rate of noncompliance will increase to over 32.8 percent.

As introduced, the FY 2015-16 Long Bill (SB 15-234) incorporates the funding increase for CVSO payments as requested by the DMVA.

State Expenditures

The bill increases state expenditures by ensuring that state CVSO payments will be disbursed to counties in the full amount of the Long Bill appropriation in FY 2015-16 and future fiscal years. The DMVA will experience a negligible change in workload as a result of the bill.

Assumptions. The fiscal note assumes that the increased payment rate for CVSOs remains in the FY 2015-16 Long Bill, is enacted into law, and takes effect. However, under current law, especially in the immediate future, not all counties will be able to maximize their state assistance payment by increasing the county's CVSO budget to meet matching requirements.

DMVA — CVSO payments. The bill effectively increases state expenditures by authorizing the DMVA to make payments to all counties for their CVSO efforts without regard to the county's CVSO budget. Based on a potential tenfold increase in noncompliance with matching requirements without the bill, the DMVA might otherwise revert up to an estimated \$96,653 of the amount appropriated to its CVSO payments line in the FY 2015-16 Long Bill. A potentially similar magnitude of impact may occur in future fiscal years, depending on state appropriations and county budgets for CVSOs. As the total amount of state funding available for state CVSO payments is appropriated in the Long Bill, no change in appropriations is required to implement the bill.

DMVA — Division of Veterans Affairs. The Division of Veterans Affairs will experience offsetting, minimal changes in workload under the bill. Eliminating the matching funds requirement will simplify the division's administration of CVSO payments. Placing responsibility on the division to formally set the payment rate once appropriations are in place increases its administrative responsibilities by a minimal amount. These changes will not change the division's need for resources.

Local Government Impact

The bill effectively increases county revenue and expenditures for CVSO operations. Assuming that some counties will be unable to budget \$8.00 per hour for the county CVSO, by eliminating the current matching requirement the bill increases state payments to these counties. Based on this difference in available funding, county expenditures on CVSOs will increase.

Effective Date

The bill takes effect July 1, 2015.

State and Local Government Contacts

Military and Veterans Affairs
Personnel and Administration

Joint Budget Committee Staff
Human Services

Counties
Law