



**Fiscal Estimate Narratives**  
**DVA 3/28/02**

|                            |                  |                     |               |               |                 |
|----------------------------|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number                 | <b>01-4424/1</b> | Introduction Number | <b>AB-909</b> | Estimate Type | <b>Original</b> |
| <b>Subject</b>             |                  |                     |               |               |                 |
| Bonus for wartime veterans |                  |                     |               |               |                 |

**Assumptions Used in Arriving at Fiscal Estimate**

This bill would provide a bonus payment to persons who served on active duty under honorable conditions in the U.S. armed forces before January 1, 2003 and during a war period or a crisis, beginning with WWII veterans. Under the provisions of the bill, to be eligible for payment, the veteran must have been a resident of this state for at least one year at the time of his or her enlistment or induction into the armed forces.

The amount of bonus a veteran is entitled to is determined by the number of months of service in the contiguous 48 states and District of Columbia by \$10 and the number of months of service outside the contiguous 48 states by \$15. If the war veteran was killed or wounded in combat or disabled in a combat zone, the veteran would be entitled to an additional \$5 per month of service. The maximum payment may not exceed \$500.

It is not possible to provide an accurate estimate of the fiscal effects of this bill because of the following: 1) There is, however, no readily available data that would provide how much of the total time of service was served in the contiguous 48 states or time served outside of the contiguous 48 states; 2) Data does not exist to determine Wisconsin residency at the time of enlistment. The service record of a veteran (DD Form 214) does not clearly establish that requirement; 3) It is unknown how many heirs of the deceased veterans would file a claim for a bonus; 4) It is unknown how many living veterans would file a claim for a bonus.

Although it is not possible to provide an accurate estimate of the fiscal effects of this bill, it possible to provide an indication of the magnitude of the bill's fiscal effect. This is accomplished by making a number of assumptions regarding the number of veterans that would apply for the bonus and the administrative cost to process the bonus.

The assumption would be that: 1) the average length of total service being 36 months (24 months of which was served in the contiguous 48 states, 12 months served overseas); 2) of the total deceased 30% of the deceased veterans heirs would apply; 3) on average 80% of the veterans still living would apply.

We also assume that it will be necessary to provide staff members to administer this program. The assumption would be to make adjustments for an FTE position to include: 1) yearly work hours of 2080; 2) vacation time of 80 hours; 3) personal holiday time of 28 hours; 4) legal holidays of 72 hours; and 5) 1 hour 15 minutes combined of lunch and break time. This would assume the yearly hours of productive time. The next assumption would include 1) salaries @ \$12 per hour; 2) fringe benefits @ .4121% of salary costs; 3) supplies & services @ \$1,200 per employee per year and 4) one-time start up costs @ \$6,500. The processing of the bonus payments, on average would take 20 minutes to process. To determine the number of FTE needed to process the bonus payment the 20 minutes is multiplied by the total claims divided by the total productive hours.

Based on the above assumptions the assumed estimated fiscal effect is provided below:

FY04 FY05 FY06 FY07

Bonus Cost \$57,960,000 \$29,560,000 \$54,300,000 \$14,800,000

Admin.Cost 1,250,000 990,000 1,240,000 266,000

Total Cost \$59,210,000 \$30,550,000 \$55,540,000 \$15,066,000

FTE Required 29 27 34 7.3

**Long-Range Fiscal Implications**