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FISCAL IMPACT REPORT

SPONSOR Beam DATE TYPED 02/18/05 HB 673

SHORT TITLE Conflict Veteran Scholarship Programs SB _____

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See text	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to numerous student financial aid bills
 Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		See text	Recurring	Conflict Veterans' Scholarship Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to SB 37 regarding lottery scholarship expansion for men and women serving in Iraq and Afghanistan.

SOURCES OF INFORMATION

LFC Files
 Department of Military Affairs (DMA)
 Department of Veterans Services (DVS)

No Response Received From Commission on Higher Education

SUMMARY

Synopsis of Bill

The bill would expand the Vietnam veterans scholarship fund to all conflict veterans. Conflict veteran is defined to include an individual serving on active duty in the United States armed

forces in an armed conflict under presidential order, including World War II and the following conflicts: Korea, Vietnam, Grenada, Persian Gulf, United Nations mission in Bosnia, Afghanistan and Iraqi Freedom.

Proposed changes include changing the name of the Vietnam veterans scholarship fund to conflict veterans' scholarship fund. The bill specifies fund earnings would be credited to the fund, and money in the fund would be appropriated to the commission on higher education to carry out the bill. Language which makes the fund non-reverting is strengthened. On the effective date of the bill, fund balances of the Vietnam veterans' scholarship fund are to be transferred to the new fund, but balances from grants, gifts or bequests on behalf of Vietnam veterans would be designated exclusively for their use.

The scholarship program would be extended to qualifying students enrolled at any post-secondary institution, not just those specified in Article 9, Section 14 of the New Mexico Constitution.

Significant Issues:

The Department of Military Affairs notes there appears to be a fatal separation of powers issue with the proposed Bill, because the "Vietnam Veteran's Scholarship Program" was created by an amendment to the State Constitution, amending N.M. Const Art IX, Section 14, at the General Election of November 2, 1971. Therefore, an amendment to state statute cannot override a state constitutional amendment, approved by the people creating in particular the "Vietnam Veteran's Scholarship Program". See generally, State ex rel Hovey Concrete Prods. Co. v. Mechem, 63 NM 250, 316 P.2d 1069 (1957), interpreting N.M. Const Art III, Section 1.

FISCAL IMPLICATIONS

The bill does not include an appropriation. The bill eliminates an existing fund, and creates a new, non-reverting fund.

State student financial aid programs are contained within the Student Financial Aid program of the Commission on Higher Education in the General Appropriation Act. Other than the lottery scholarship program, these state student financial aid programs are not typically designed as entitlements; as such, funding for eligible students is subject to the availability of funds as appropriated by the legislature. It is assumed this revision to statute would not create an entitlement program. That said, the expansion of a state student financial aid program to a significantly larger group of veterans could result increases in appropriations to this program over time.

An estimate of the potential size of these eligible groups is provided by the Department of Veterans Services showing an estimated 140,000 veterans in New Mexico who have served active duty in a conflict. The Department of Veterans Services estimate approximately 100 Vietnam veterans are served under the current program. Veterans Services estimates note there would be an approximate increase of 1,500 new scholarships that would need an average funding amount of \$1,200 per year. This would cost about \$1.8 million according to their estimates. CHE has not provided data on this bill.

Note the soundness of the current program is not clear. The CHE should submit recent data on the number of Vietnam veterans receiving benefits, revenues and expenditures on an annual basis

and clarify the extent to which the needs of Vietnam Veterans can be addressed over time with general fund appropriations versus fund balances currently as well as in the future. The LFC Performance Audit Report *Commission on Higher Education Review of Statutory Responsibilities and Adequacy of Staffing*, January 2005 discusses these and other student financial aid program issues.

ADMINISTRATIVE IMPLICATIONS

The Department of Veterans Services indicates that agency would be required to process the incoming applications and may require one additional FTE.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Section 20-1-8(B) NMSA 1978 has a scholarship for surviving children of a deceased New Mexico national guard service member who died in-the-line-of-duty.

POSSIBLE QUESTIONS

1. How would this expansion be funded over time? How much funding is needed?
2. Would awards be made on a need-basis? How would eligibility be determined?
3. What is the fiscal status of the current program?
4. How many Vietnam veterans are currently served?

AW/lg