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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-3-2007

SPONSOR Miera LAST UPDATED \_\_\_\_\_ HB 270

SHORT TITLE Gulf War Veterans Scholarship Program SB \_\_\_\_\_

ANALYST Dearing

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	*\$0.1	*\$0.1	Recurring	*Vietnam and Gulf War Veterans' Scholarship Fund
	*Please see narrative			

(Parenthesis ( ) Indicate Expenditure Decreases)

\*Newly named fund, Vietnam and Gulf War Veterans' Scholarship Fund, formerly named the *Vietnam Veterans' Scholarship Fund*

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
Veterans' Services Department (VSD)

### SUMMARY

#### Synopsis of Bill

House Bill 270 carries no direct appropriation from the general fund. If enacted, the legislation would extend the Vietnam Veteran scholarship to include U.S. Military Veterans of the Gulf War. House Bill 270 amends Sections 21-21E-1 through 21-21E-2 NMSA 1978, Vietnam Veterans' Scholarship fund such that references to eligibility to the program is extended to Gulf War veterans, as well as making minor language changes to make the statute parallel with the current names of state agencies. House Bill 270 would extend to the fund's interest earnings and State appropriations the non-reverting provisions that now apply only to gifts, grants and donations. Finally, any distributions to Gulf War veterans could occur only from money placed

into the fund after July 1<sup>st</sup>, 2007. Any fund balance existing prior to this effective date is reserved for Vietnam veterans.

### **FISCAL IMPLICATIONS**

\*House Bill 270 carries no direct appropriation, however, additional scholarship costs could occur with the passage of the legislation. House Bill 270 would significantly expand program eligibility to Gulf War Veterans.

HED points to a Veterans' Services department estimation of approximately 16,000 Gulf War veterans within the state in establishing an incremental program cost of \$45 thousand annually. The estimate uses an inferred increase of program participation of 50%, or 40-50 out of 16,000 eligible Gulf vets. This may be a very conservative estimate, given the relative ages and life-stages of Vietnam-era veterans versus Gulf War veterans.

The program has a formal rulemaking process, and has the discretion to formalize application criteria. Scholarships would be limited to any amounts appropriated or otherwise directed to the fund. Participation of veteran groups in post-secondary education through this program would ultimately depend on the level of program advertisement as well as eligible participants' ability to enroll in classes (personal time constraints, etc.).

One significant issue for consideration is the availability of funding to Veterans through the Montgomery G.I. bill. Most veterans are eligible for these scholarships for a period of ten-years following their discharge from active duty, including Gulf War veterans. It is not known how many of the State's 16,000 Gulf War veterans have already participated in post-secondary education through the G.I. bill. Because the veterans have had access to the G.I. bill though, the demand on this potential funding source by first time college-bound veterans will have been minimized somewhat. However, as written, House Bill 270 would allow baccalaureate degree-holding veterans to apply for funding for masters' level courses and programs.

\*Scholarships from this fund are limited by the appropriation, however a conservative estimate of the additional *demand* on this scholarship fund is at *minimum* 100 percent of the current appropriation, or \$90 thousand.

### **ADMINISTRATIVE IMPLICATIONS**

The State Benefits division of VSD maintains that there would be no significant additional administrative impact on the agency, however, rules and applications criteria would need to be established.

### **RELATIONSHIP**

House Bill 270 relates to current appropriations to the Higher Education department's Student Financial aid program for Vietnam veterans and others.

**TECHNICAL ISSUES**

Both the Higher Education and Veteran’s Service departments recommend that criteria for eligibility to this program would include the Southwest Asia Service campaign medal. The award would be established as shown in the members’ discharge paperwork.

The proposed legislation does not address any methodology of prioritizing applications in the case of scholarship demand exceeding the annual appropriation.

PD/nt