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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/13
 SPONSOR Dodge LAST UPDATED 03/06/13 HB 247/aHAFC
 SHORT TITLE Military War Veteran Scholarship Fund SB _____
 ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$5.0	\$0.0	\$5.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Higher Education Department, Student Financial Aid

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 247 strikes Section 2 in its entirety. Section 2 included a \$150.0 thousand appropriation for the scholarship.

Synopsis of Original Bill

As introduced, House Bill 247 appropriates \$150.0 thousand from the general fund for the purpose of establishing and funding the Military War Veteran Scholarship Program. The bill

defines “military war veteran,” sets scholarship eligibility requirements, and describes the authority and responsibilities for both the Higher Education Department (HED) and the Veterans’ Services Department (VSD) in administering the program and fund.

FISCAL IMPLICATIONS

The HAFC amendment struck the appropriation contained in the bill. Should House Bill 2 (HB 2), as passed by the House, and HB 247 be enacted, the HED may be able to transfer budgeted general fund revenues from the student financial aid program to the military war veteran scholarship fund to fund the Military War Veteran Scholarship Program.

There will be estimated operational costs (\$5 thousand) for promulgating rules and regulations to establish the program and staffing costs to both the HED and VSD to administer the scholarship program.

This bill creates a new fund, the military war veteran scholarship fund, and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

HB 2 includes a general fund appropriation of \$141.1 thousand to the HED for its Vietnam Veterans Scholarship Program. The bill does include funding for this new scholarship program. (See discussion under Alternatives.)

SIGNIFICANT ISSUES

The bill defines a military war veteran as one who

- (1) Has been honorably discharged from the armed forces of the United States;
- (2) Was a resident of New Mexico at the original time of entry into the armed forces or has lived in New Mexico for 10 years or more; and
- (3) Has been awarded a southwest Asia service medal, global war on terror service medal, Iraq campaign medal, Afghanistan campaign medal or any other medal issued for service in the armed forces in support of any United States military campaign or armed conflict as defined by the Congress or presidential executive order or any other campaign medal issued for service after August 1, 1990 in the armed services during a period of armed conflict as defined by Congress or executive order.

According to the VSD,

Education is one of the keys in dealing with PTSD issues for our returning veterans. Veterans who are involved in some type of educational endeavor report fewer instances of severe PTSD and set them up for faster reintegration to civilian life by providing a step forward. It also decreases the level of unemployment for our veterans. Unemployment is markedly higher among veterans and providing an incentive for them to further their education will reduce this.

The federal Post 9/11 GI Bill benefits are available for veterans for up to 15 years after their discharge, for a total benefit of \$40,000 per veteran. The Post 9/11 benefits can be

used for up to 36 months of education or training. Most degree programs will take a veteran longer than 36 months to accomplish and the War Veteran Scholarship program would allow that veteran student to finish their program of study. This scholarship would increase the incentive for veterans to finish their education and thus qualify for higher paying jobs or help them as entrepreneurs.

According to figures provided by the State Approving Agency, there are 6,657 veterans in New Mexico receiving veterans education related benefits. The U.S. Department of Veterans Affairs shows that \$63 million in federal transfer funds for education, vocational rehabilitation and employment services were awarded to veterans in New Mexico.

ADMINISTRATIVE IMPLICATIONS

The bill requires the VSD to determine an applicant's eligibility for the scholarship and certify approved applications to the HED and the HED to administer the fund and make payments to institutions for eligible veterans. The bill also gives the HED and VSD authority to adopt rules and procedures as appropriate to implement the program.

The HED and VSD entered a memorandum of understanding regarding the federal contract to administer veterans' education benefits to those veterans in New Mexico. The memorandum may need to be amended if HB 247 is enacted.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The state sponsors the Vietnam Veterans' Scholarship Program (Section 21-21E NMSA 1978 and NMAC 5.7.16.1 et seq.), a scholarship for Vietnam veterans. The eligibility criteria, scholarship amount, and scholarship uses of the two programs are similar, though the periods of time when service was required differ.

ALTERNATIVES

In light of numerous national studies calling for the simplification of financial aid programs, including merging state scholarship programs where possible, the bill sponsors may wish to combine the Vietnam Veterans Scholarship Program and the proposed scholarship program in HB 247. By merging these programs and criteria, the administrative burden to both departments and institutions would be reduced, aid programs for veterans would be simplified, and possibly more veterans would be eligible for more resources.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Military war veterans will be eligible for existing federal and state aid programs.

THT/svb:blm