

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3159

STATUS: Original

SUBJECT: Entitles certain state veterans to receive state educational aid concurrently with federal educational aid

GOVERNMENT UNIT AFFECTED: Department of Veterans' Affairs

PREPARED BY: Dallas Weyand

REVIEWED BY: John Borden

DATE: March 28, 2007

EXPENDITURES: General Fund.

	<u>2007-09</u>	<u>2009-11</u>
Personal Services	\$75,000	\$75,000
Services and Supplies – educational aid to veterans	\$6,888,000	\$6,888,000
Total – General Fund	<u>\$6,963,000</u>	<u>\$6,963,000</u>

POSITIONS / FTE

1/1.00

1/1.00

EFFECTIVE DATE: Takes effect upon passage

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: Current law provides state educational aid to certain veterans for courses of study or professional training who are not receiving federal educational aid. The aid is set at \$150 per month. Current law also is permissive in that it "allows" the payment of the monthly benefit.

HB 3159 eliminates the restriction that the aid is available only to those veterans not receiving educational aid from the federal government. It also entitles state veterans to the aid. The Department of Veterans' Affairs notes that the latest federal statistics show that about 4,600 Oregon veterans are receiving federal educational aid. Assuming 50% of these are full-time students eligible for the \$150 per month entitlement, the cost to the state would be \$6,888,000 per biennium.

The law stipulates that the funds paid to veterans will be paid out of funds appropriated to the Department for purposes of the educational. It could be argued that the cost to the state would be no more than the amount appropriated for this purpose. However, the fact that the veteran would be entitled to the educational aid could be interpreted that the state must appropriate sufficient funds to provide the educational aid.

The Department would also add one permanent fulltime (1.00 FTE) Administrative Support Specialist 1 position to assist current program management staff with program administration. The cost of this position would be \$75,000 for 24-months. The total fiscal impact of this measure, including this administrative cost, is estimated to be \$6,963,000 General Fund.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact on the State's General Fund and the Department's budget.