

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6976

BILL NUMBER: HB 1264

NOTE PREPARED: Jan 4, 2021

BILL AMENDED:

SUBJECT: Veterans' Affairs.

FIRST AUTHOR: Rep. Bartels

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill makes the following provisions regarding the Military Family Relief Fund (MFRF):

- (1) provides that funds from the MFRF may be used to provide short term financial assistance, including emergency one time grants, to the families of eligible members of the armed forces.
- (2) removes financial hardship as a prerequisite for MFRF eligibility.
- (3) specifies disqualifying behavior for MFRF eligibility.
- (4) removes a provision requiring service during wartime or a national conflict as a prerequisite for MFRF eligibility.
- (5) removes a provision that prohibits service members with less than 12 months of service from receiving grants from the MFRF.
- (6) removes a provision prohibiting the Indiana Veterans' Affairs Commission from acting on an incomplete application.
- (7) provides that the Department of Veterans' Affairs (IDVA) may use not more than 15% of the monthly revenue generated by the fund for the purpose of paying administrative costs associated with the operation of the fund.

The bill allows the IDVA to deny certain applications if the required documentation is not received within 30 days of an application's first submission. It increases certain deadlines from 15 days to 45 days. The bill requires the Indiana Veterans' Affairs Commission to issue a final order concerning the denial of certain tuition and fee exemption benefits in certain instances. It defines certain terms. It also makes conforming amendments. It makes a technical correction.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Military Family Relief Fund (MFRF)* – This bill significantly expands the pool of individuals that would qualify for grants from the MFRF. This is likely to increase the number of applications and the rate at which money from the MFRF is expended. Actual changes in expenditures will depend on actions by the IDVA and the Veterans’ Affairs Commission. The MFRF processed 1,716 applications in the FY 2019, with grants totaling \$1.4 M.

The bill also limits the amount of money from the fund that is used to cover administrative costs to 15% of monthly revenue. Administrative costs associated with the MFRF are currently covered by the IDVA’s operating budget, which is primarily comprised of General Fund appropriations.

Tuition and Fee Exemption – This bill requires the Veterans’ Affairs Commission to make a reasonable effort to issue a final determination before the start of the next academic semester if a person applying for tuition and fee exemption is rejected. This provision is likely to increase the workload for the Commission before the start of fall and spring semesters each year. While the determination itself is within the current duties of the Commission, this provision may require additional resources in order to expedite the evaluation and determination processes. The bill also extends the deadlines to submit an appeal regarding a rejected application for tuition and fee exemption from 15 to 45 days, which will likely result in more appeals being filed and may increase expenditures for the tuition exemption program if the initial rejections are overturned.

Additional Information: A significant majority of the money in the MFRF is received in the form of fees for military service affiliated license plates. Average annual revenue to the MFRF since 2017 has been approximately \$1.8 M, with the lowest monthly receipts typically occurring in January. The smallest amount received in a month since July of 2017 was \$65,000.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Veterans’ Affairs, Veterans’ Affairs Commission, Indiana Commission of Higher Education.

Local Agencies Affected:

Information Sources: Mike Aichele, Indiana Department of Veterans’ Affairs; IDVA Annual Report.

Fiscal Analyst: Alexander Raggio, 317-234-9485.