Measure Description:
Directs Oregon Military Department to establish program to award scholarships to certain persons who have served in military.

Government Unit(s) Affected:
Oregon Department of Veterans’ Affairs (ODVA), Oregon Military Department (OMD)

Summary of Expenditure Impact: See Analysis

Analysis:
The measure directs the Oregon Military Department (OMD) to establish a scholarship program for eligible military veterans not to exceed $2,500 per academic year and establishes the seven-member Oregon Military Families Education and Workforce Preparedness Scholarship Advisory Committee, administered by OMD, to review and approve applications for scholarships.

The measure establishes the Oregon Military Education and Workforce Preparedness Scholarship Program Fund, separate and distinct from the General Fund, credits interest earned back to the fund, and allows for up to 5% of the moneys in the fund for administrative expenses. The fund is to consist of moneys from gifts, grants and donations, and from a transfer from the Veterans’ Services Fund for the 2019-21 biennium. The amount of the transfer is to be the lesser of $250,000 or any unallocated monies in the fund.

The Veterans’ Services Fund consists of constitutionally dedicated Lottery dollars, approved through Measure 96 (2016), to provide services for the benefit of veterans. Allocations are made from this fund to the Oregon Department of Veterans’ Affairs (ODVA) for ongoing operational and program expenses supported with Measure 96 dedicated Lottery Funds. A projected $2.8 million unallocated ending balance, or approximately three months of operating costs, was retained in the Veterans’ Services Fund in the 2017-19 biennium as a reserve against revenue fluctuations and future program needs. Therefore, it is assumed the scholarship program would have $237,500 Lottery Funds available for scholarships after allowing for 5% of administrative costs.

OMD anticipates the need for a permanent half-time Program Analyst 1 position to administer the scholarship program at an estimated cost of $93,855 for the 2019-21 biennium. Funding for the position and associated services and supplies would be split, with 95% General Fund ($81,355) and 5% Lottery Funds ($12,500) from the measure’s allowable use of administrative expenses. OMD notes that it hopes to form a partnership with the Oregon National Guard’s Education Services Officer to assist with administration and publicization of the program. The Legislative Fiscal Office (LFO) notes that this is a new type of program outside of the normal scope of operations within OMD and, depending on the success of the partnership with the National Guard and the demand for the scholarships, OMD may need additional resources.

LFO also notes that this scholarship program may not be an allowable use of Lottery Funds in the Veterans’ Services Fund based on the constitutional definition of veteran to be “a resident of the State of Oregon who served in the Armed Forces of the United States.” (Article XV, Sec 4f) The measure attempts to expand the definition of veteran to include members of the Oregon National Guard, who are available for deployment, but
have not otherwise actively served, which may not meet the definition approved by voters for these dedicated funds. LFO also notes that despite the measure’s specific allocation of funds for this purpose in the 2019-21 biennium, the 80th Legislative Assembly has the discretion to determine the actual amount of funding available for this or any other program.