

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number: HB 2148**

|                 |                                     |              |                          |            |                                     |           |
|-----------------|-------------------------------------|--------------|--------------------------|------------|-------------------------------------|-----------|
| House of Origin | <input checked="" type="checkbox"/> | Introduced   | <input type="checkbox"/> | Substitute | <input type="checkbox"/>            | Engrossed |
| Second House    | <input type="checkbox"/>            | In Committee | <input type="checkbox"/> | Substitute | <input checked="" type="checkbox"/> | Enrolled  |

**2. Patron: Knight**

**3. Committee: Passed both houses**

**4. Title: Veterans Services Foundation**

**5. Summary:**

Current law establishes the Veterans Services Foundation and the Veterans Services Fund. The foundation is designated as independent body and corporate agency “supporting the Department of Veterans Services.” It is composed of a board of trustees, which is comprised of the directors or chairmen of the Department of Veterans Services (DVS), the Board of Veterans Services, and the Joint Leadership Council of Veterans Service Organizations, plus 16 persons to be appointed by the Governor and the General Assembly. The principal function of the foundation is to raise money for the Veterans Services Fund (the “Fund”). The foundation administers the Fund, which is used to supplement DVS’s services and programs, including the operation of veterans care centers and veterans cemeteries. The DVS Director of Finance is designated by law to serve as the treasurer of the foundation. DVS has a position which serves as the executive director of the foundation.

The proposed legislation would make several changes to the structure and powers of the foundation. It would designate the foundation as independent agency “of the Commonwealth supporting the interests of veterans.” As an independent agency it would have the following new powers:

- Hire an executive director and other staff;
- Request appropriations; and
- Develop policies and procedures applicable to the management and functioning of DVS relating to the provision of funding for veterans services and programs through the Fund

Furthermore, the legislation would replace the Commissioner of Veterans Services on the foundation board with the Secretary of Veterans and Defense Affairs. It would also delete the current provision that the DVS director of finance serve as the treasurer and, instead, require DVS to provide “qualified finance and developmental personnel to perform the duties of the treasurer and secretary of the Foundation in accordance with the Foundation’s directives.”

Currently, monies in the Fund may be used for foundation expenses, subject to the approval of the board of trustees. The proposed legislation would allow only the unrestricted portion of the Fund to be used for foundation expenses. Finally, the legislation provides that expenditures and disbursements from the fund shall be made only upon authorization of the executive director with the approval of the board of trustees.

**6. Budget Amendment Necessary:** Yes. See Item 8.

**7. Fiscal Impact Estimates:** Final. See Item 8 below.

**8. Fiscal Implications:**

The primary, and undetermined, fiscal impact of the proposed legislation would be the costs of the administration of the foundation, such as the salary and fringe benefits of the executive director and any other staff, and the source of funding for those costs. Current law, and the proposed legislation, authorize monies in the Fund to be used for foundation expenses. However, the legislation would restrict that authorization to the use of only unrestricted balances in the Fund for foundation expenses such as salary and fringe benefit costs.

To provide the foundation funding for FY 2018, the budget conferees included in their recommended amendments to the budget bill a transfer of \$115,000 in general fund appropriation from DVS to the foundation and, furthermore, earmarked up to \$160,000 in general appropriation in the DVS budget to “support the operations of the Veterans Services Foundation.” Because the amount of unrestricted income raised for the Fund could fluctuate from year to year, it is not possible to project whether there will be enough unrestricted balance in the Fund in future years to support the expenses of the foundation without the continued need for general fund appropriation.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Veterans Services  
Veterans Services Foundation

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** Identical to SB 1075.

**Date:** 3/10/2017