

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5048-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Beyer  
Carrier – Senate: Sen. Monroe**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 20 – 0 – 2

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Gilman, Jenson, Komp, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc: Kotek

Senate – Yeas: Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc: Bates

**Prepared By:** R. Mark Miedema, Department of Administrative Services

**Reviewed By:** Steve Bender, Legislative Fiscal Office

**Meeting Date:** May 29, 2009

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**Agency**

Department of Veterans' Affairs

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**Biennium**

2009-11

## **Budget Summary\***

	<b>2007-09 Legislatively Approved Budget (1)</b>	<b>2009-11 Essential Budget Level</b>	<b>2009-11 Committee Recommendation</b>	<b>Committee Change from 2007-09 Leg. Approved</b>	
				<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 6,477,737	\$ 6,584,883	\$ 5,854,511	\$ -623,226	-9.6 %
Other Funds	\$ 40,835,062	\$ 42,601,691	\$ 47,489,461	\$ +6,654,399	+16.3 %
Other Funds Nonlimited	\$ 189,725,000	\$ 168,075,000	\$ 168,075,000	\$ -21,650,000	-11.4 %
Other Funds Debt Service Nonlimited	\$ 418,744,525	\$ 320,161,708	\$ 320,161,708	\$ -98,582,817	-23.5 %
Total	\$ 655,782,324	\$ 537,423,282	\$ 541,580,680	\$ -114,201,644	-17.4 %

## **Position Summary**

Authorized Positions	111	111	110	-1
Full-time Equivalent (FTE) positions	110.53	110.21	107.64	-2.89

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Department of Veterans' Affairs Loan Program receives revenues from principal and interest payments on outstanding loans, investment earnings and loan origination fees. The Veterans' Services programs are supported by General Fund, fees from those served by the Conservatorship program and loan program transfers. The Oregon Veterans Home is supported by payments from the Veterans Administration, Medicare, Medicaid and private payments by residents.

## **Summary of Ways and Means Subcommittee On Transportation and Economic Development Action**

The Department of Veterans' Affairs serves Oregon veterans, their dependents, and survivors. The Department provides home loans at favorable interest rates, benefits counseling, claims assistance, conservatorship services, and education and emergency assistance to veterans. In addition, the Department operates the Oregon Veterans Home, which provides skilled nursing and Alzheimer's disease care. The Subcommittee approved a total funds budget of \$541,580,680 and 107.64 full-time equivalent positions which is a General Fund decrease from the 2007-09 Legislatively Approved Budget (as of December 2008) of 9.6 percent and a total funds decrease from the Legislatively Approved Budget of 17.4 percent.

## **Loan Program**

The Veterans' Loan Program uses general obligation bond revenue to finance below-market home loans to eligible veterans. Since 1945, about 334,000 home and farm loans have been made totaling over \$7.6 billion in principal amount. Recent changes in federal law allow the Department to issue Qualified Veterans' Mortgage Bonds (QVMB) for any veteran who applies within 25 years from the date of their discharge. Until this change, the Department could only issue QVMB's to fund home loans to veterans that served through the Vietnam era (prior to December 31, 1976) who applied for the loan within 30 years from the date of their discharge.

The subcommittee approved the essential budget level calculations in the Governor’s budget as a base and included the following actions. Package 090 was approved to eliminate two long-term vacant positions (2.00 full-time equivalent) in the Loan Program, saving \$229,407. The subcommittee approved a one-time expenditure in Package 101 to add access control and video surveillance equipment at the Salem headquarters at a cost of \$196,000. An HVAC automatic control system for the Salem headquarters building was approved in Package 102 as a one-time expenditure at a cost of \$330,000. Package 107 was approved but modified to eliminate two positions (2.00 full-time equivalent) in the Loan Program, a Loan Specialist 2 and a Compliance Specialist 1, saving \$242,007.

The subcommittee approved a total funds budget of \$18,126,523 and 73.31 full-time equivalent positions for the Loan Program.

Veterans’ Services Program

The Veterans’ Services program delivers benefits counseling, claims and educational assistance, emergency assistance and conservatorship services to eligible veterans, dependents and survivors throughout Oregon.

The subcommittee approved the essential budget level calculations in the Governor’s budget as a base, and approved General Fund reductions to help address the state’s General Fund shortfall. The subcommittee approved a General Fund appropriation that is \$730,372 below the essential budget level, and is 9.6 percent below the level approved for the 2007-09 biennium through the December 2008 meeting of the Emergency Board.

The subcommittee approved Package 810 to reduce General Fund appropriations. The reduction consists of four components. The first is the elimination of a vacant full-time Administrative Specialist 1 position in the Conservatorship program. The total reductions to the Conservatorship program include Personal Services reductions of \$31,676 General Fund, \$62,878 Other Funds, one position and (1.00 FTE); plus Services and Supplies reductions of \$13,770 General Fund. The second component is a \$308,400 General Fund reduction to eliminate support for the Small Business Repair Program. The third component is a \$210,118 General Fund reduction in payments to counties. This reduction in county payments will be split proportionally between the ORS 406.310 distributions and the ORS 406.462 formula payments. The fourth component is a \$166,408 General Fund reduction that eliminates aid to veterans’ organizations.

Package 107 was modified to approve five Veterans Benefit Consultant positions as limited-duration positions. The package increases the Other Funds limitation by \$392,482 and adds five positions (3.43 full-time equivalent). Expenditure and new position authority is approved on a one-time basis, and will be phased out in the development of the agency's 2011-13 biennium budget. The agency is to measure outcomes of this program and report them to the Joint Committee on Ways and Means in its 2011-13 biennium budget request. The agency may request re-approval of this package, with or without modifications, in a policy option package in its 2011-13 biennium Agency Request Budget.

The subcommittee approved General Fund expenditures for Veteran’s Services of \$5,854,511 as follows:

- (1) Services provided by the Department of Veterans Affairs except ORS 406.310 and ORS 406.462 activities . . . \$2,465,764
- (2) Payments to counties pursuant to ORS 460.310 and ORS 406.462 . . . . . \$3,388,747

The subcommittee approved total Other Funds expenditures of \$2,832,484 for a total funds budget of \$8,686,995 and 32.33 full-time equivalent positions for Veterans' Services.

### Oregon Veterans' Home Program

The Oregon Veterans' Home provides intermediate and skilled nursing, and Alzheimer's disease care to some of Oregon's vulnerable veteran population. Care is provided in a 75,000 square foot, single-story facility through a contract with a private care provider.

The subcommittee approved the essential budget level calculations in the Governor's budget as a base and included the following actions. Package 090 was approved to eliminate a long-term vacant full-time Social Specialist 1 position, reducing the budget by \$119,862 Other Funds and one position (1.00 FTE) in the Veterans' Home Program. A new HVAC automatic control system was approved in Package 102 as a one-time expenditure for the Home at a cost of \$375,355 Other Funds. The subcommittee approved Package 103 as a one-time expenditure for parking lot and pathways expansion at a cost of \$388,000 Other Funds. The subcommittee approved Package 110 to accommodate increased operating expenditures that exceed the inflation adjustment included in the essential budget level calculation. Package 110 includes \$3,860,087 Other Funds limitation for these projected cost increases. The subcommittee approved a total funds budget of \$26,530,454 and 2.00 full-time equivalent positions for the Oregon Veterans' Home.

### Nonlimited

The Nonlimited program includes the loans made to veterans in the Veterans' Home Loan Program, and debt service payments on state bonds issued to finance that program. Nonlimited expenditures also include bond-related issuance costs, and payments made on behalf of borrowers that are charged to the loan account. The subcommittee approved Nonlimited Other Funds expenditures of \$488,236,708. This amount is unchanged from the essential budget level.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2009-11 Key Performance Measures form.