

# **OREGON DEPARTMENT OF VETERANS' AFFAIRS**



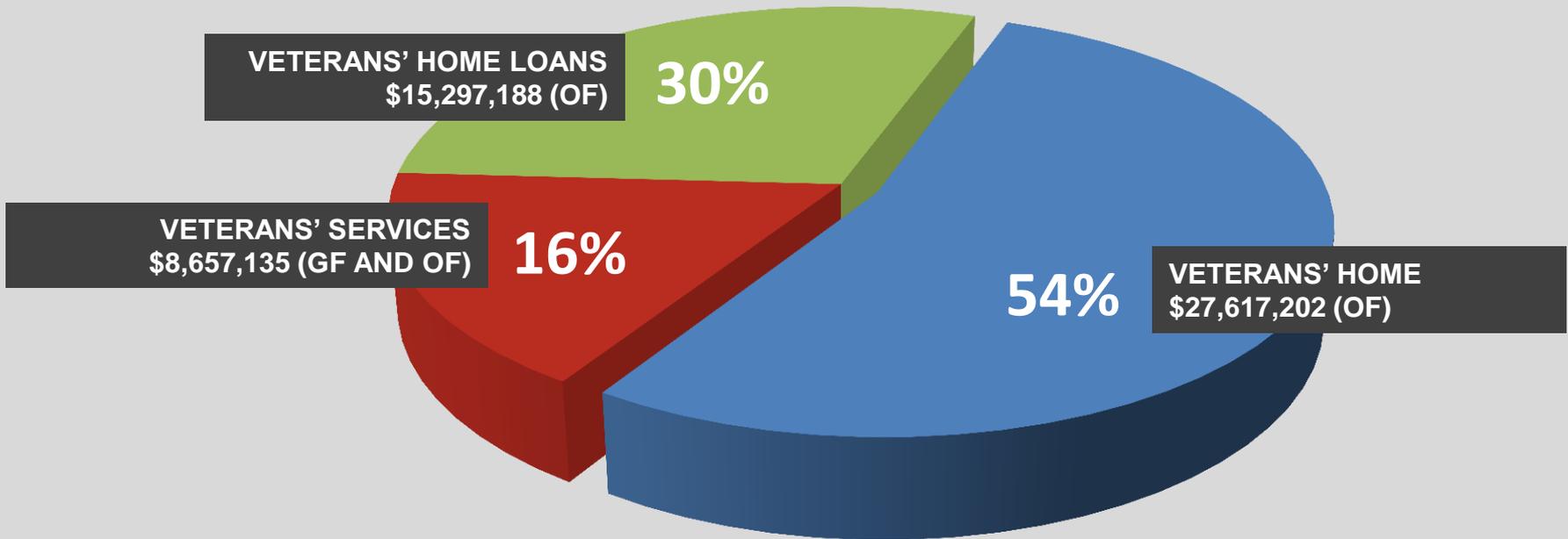
## **PRESENTATION TO JOINT COMMITTEE ON WAYS AND MEANS**

Transportation & Economic Development Subcommittee

**APRIL 15, 2013**



# 2013-15 GBB PROPOSED BASE BUDGET PROGRAM EXPENDITURES (ALL PROGRAMS)

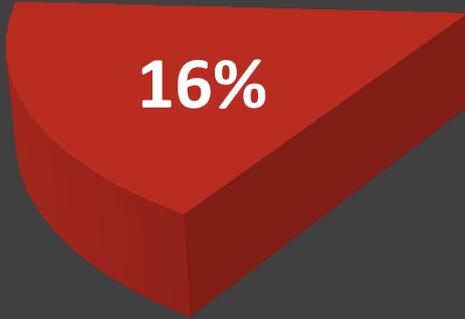


\*Excludes Nonlimited and Capital Construction Expenditures

TOTAL PROGRAM EXPENDITURES = \$51,571,525



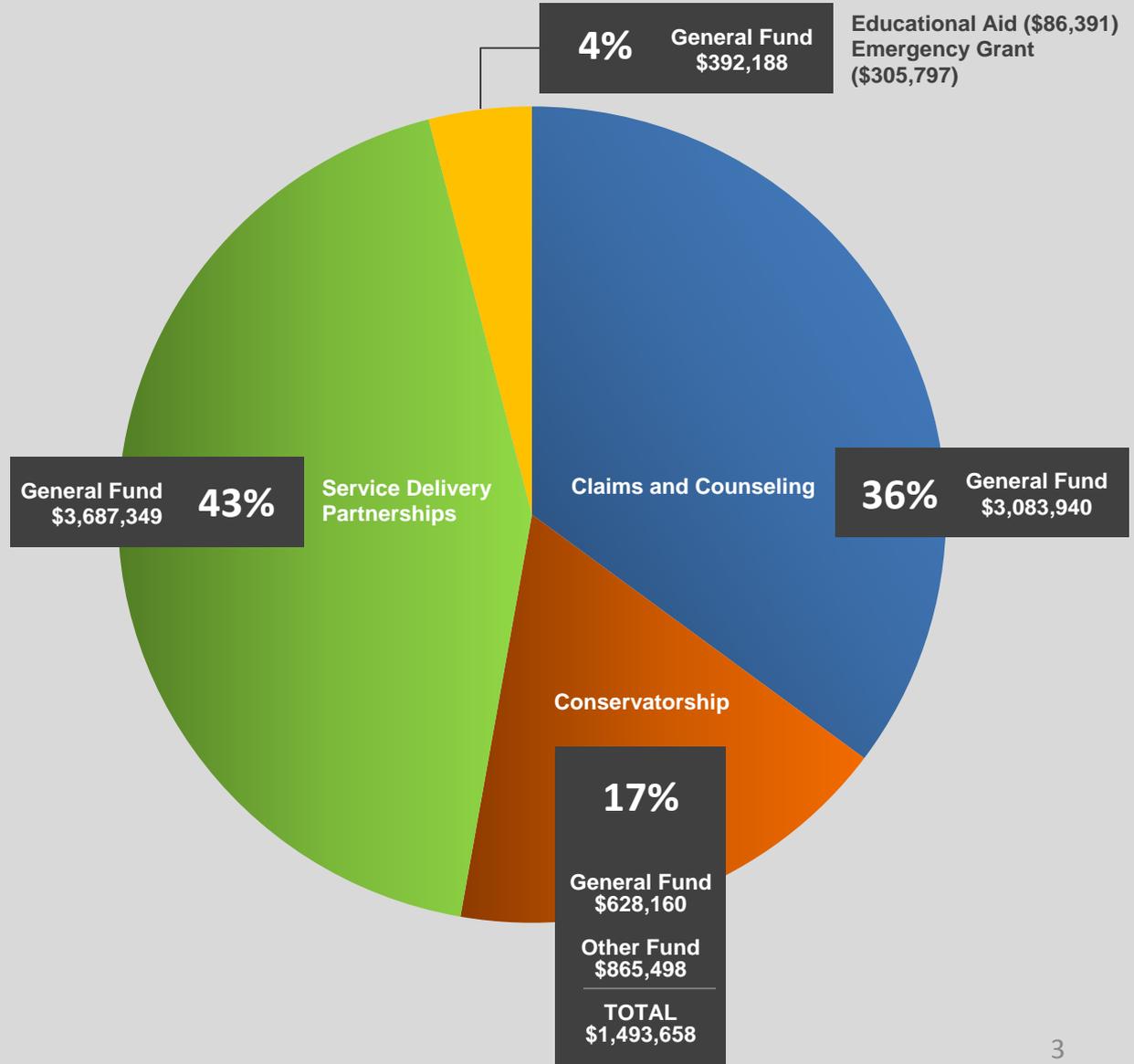
# 2013-15 GBB VETERAN SERVICES PROGRAM EXPENDITURES



**TOTAL FUNDS**  
\$8,657,135

**General Fund**  
\$7,791,637

**Other Funds**  
\$865,498





# 13-15 POLICY OPTION PACKAGES CONSIDERATIONS

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**1991-93 Biennium** Legislature responded to a General Fund shortfall by utilizing Home Loan program dollars to supplement Veteran Services funding.

**Supplement of Veteran Service** Since the early 90's, there has been a growing dependency on the loan program to supplement General Funding for Veteran Services.

**Loan portfolio** has declined and the ability to fund non-affiliated Loan Program positions has been compromised.

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## Outcomes

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- Strengthens the Loan Program's finances and long-term sustainability by reducing the level of Program reserves diverted to funding the Veterans' Services Programs.
- Helps preserve Oregon's earned housing benefits for veterans.
- Enhances financial stewardship of Oregon's general obligation bond pledge.



# 13-15 POLICY OPTION PACKAGES

**POP 100** Restores funding for Counseling and Claims Veteran Service Officer positions to General Funds from Home Loan Funds.

**General Funds**  
\$1,088,710

**POP 101** Restores funding for the Department's CVSO Certification & Special Payments Coordinator to General Funds from Home Loan Funds.

**General Funds**  
\$295,851

**POP 102** Restores funding for Counseling and Claims Support positions to General Funds from Home Loan Funds.

**General Funds**  
\$218,005

**POP 103** Reclassify Veteran Services' Managers.

**General Funds** | **Other Funds**  
\$21,247 | \$4,390

The Home Loan program directly subsidizes approximately \$1.6 million a biennium of certain positions within Veteran Services and absorbs additional costs for the Veteran Services program relating to administration and support. These program subsidies were a major contributor to the Loan program's approximate \$3.1 million loss in fiscal year 2012. Over the past 8 years, ODVA has had two significant layoffs in 2004 and 2012 attempting to realign personnel costs with reduced revenue. These positions represented more than 30% of ODVA's workforce.

**Total**  
**General Fund Shift**  
\$1,602,566



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**POP 105** Allocate Other Funds to conduct a study to determine number of skilled nursing beds needed to meet current and future needs of veterans as directed by HB 3208.

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**Other Funds**  
\$75,000

## **Study To Determine Veterans' Skilled Nursing Care Needs**

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During the 2011 Regular Session, HB 3208 directed the Department to conduct a study to determine the need of skilled nursing beds in Oregon. The study must be submitted to the Legislature on or before May 31, 2015.



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## Lebanon Veterans' Home Update

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- **Funding**

- Partial funding of \$10 million contained in the USDVA's FFY 2013 construction budget.
- Remaining USDVA construction funding of approximately \$17 million to come in FFY 2014.
- ODVA expects to submit all remaining grant application materials to the USDVA by May 1, 2013.
- Project requires additional state/local matching funds to qualify for full USDVA construction grant monies which Legislative leadership has committed to ODVA to providing by the close of session

- **Expenditure Authority**

- Approximately \$11 million of additional expenditure authority needed above current authorization to complete project.  
*(comprised of approximately \$4 million Other Funds and \$7 million of Federal Funds)*
- Need Other Funds expenditure authority for costs required to open and operate the facility in the 2013-2015 biennium.



# 10% REDUCTIONS to CURRENT SERVICE LEVELS

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## General Fund Appropriations

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1. ODVA Programs (\$2.6m)
  - Claims & Counseling (\$2.2m)
  - Educational Aid (\$86k)
  - Emergency Assistance (\$306k)
2. Pass-Through to Counties (\$3.6m)
3. Pass-Through to National Service Orgs. (\$111k)

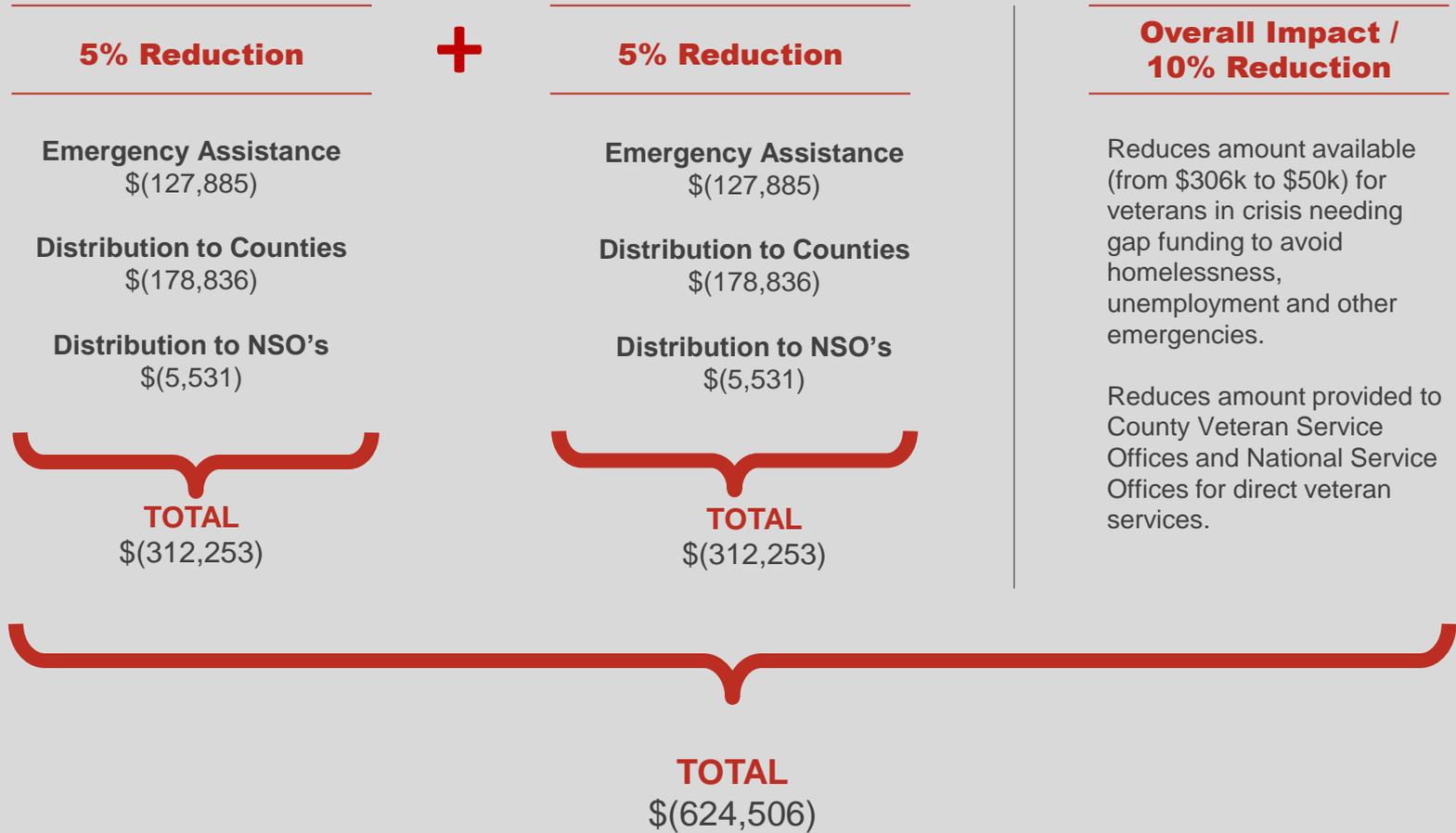
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## Reduction Considerations

- Budget reductions are allocated evenly between Appropriations.
- ODVA Programs were prioritized based on highest return on investment

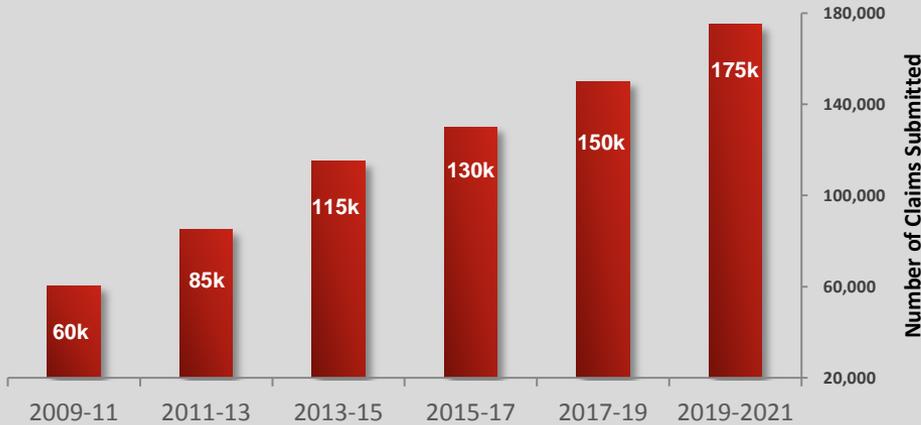


# 10% REDUCTIONS





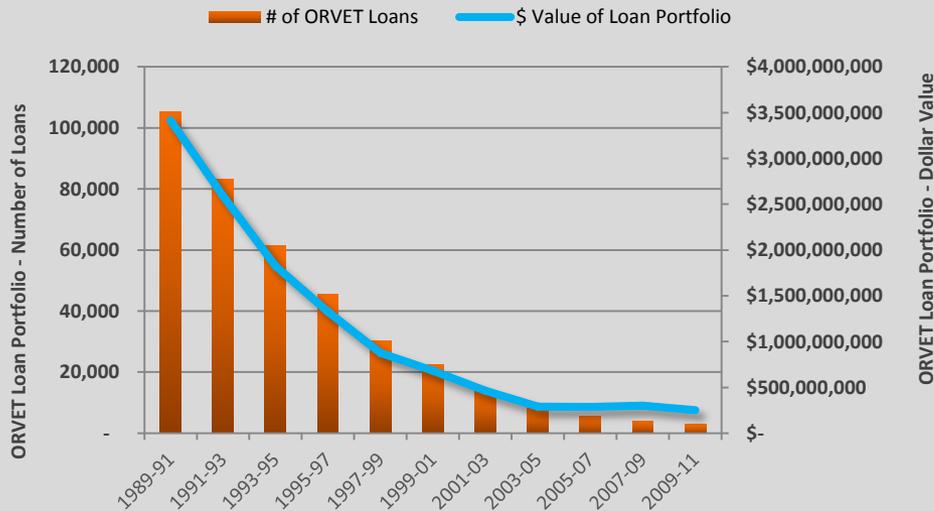
# MAJOR BUDGET DRIVERS AND CHALLENGES



## Increased Demand For Services

Demand for service continues to increase as Iraq/Afghanistan veterans return to Oregon and seek benefits, and Vietnam veterans begin to retire and seek benefits. Further, the United States military is planning a significant reduction in force, which will result in an additional 30,000 veterans returning to Oregon in the next five years.

To date, the number of State and County VSOs has remained roughly the same since 2001 while demand for service has doubled in just the past five years.



## Portfolio Runoff And Origination Reduction

During the mid-1980s, the ORVET Home Loan Program was one of the largest home loan programs in the state, with more than 114,000 loans on the books at a worth of nearly \$3 billion. Since then, the program has declined sharply for a variety of reasons, ranging from WWII, Korea, and Vietnam veterans paying off their loans, to extreme portfolio runoff due to borrowers seeking refinancing in this unprecedented low-interest market. As of June 30, 2012, there were approximately 2,400 loans on the books totaling \$221 million.

## Subsidization Of Other Programs

Costs above the General Fund allocation are borne by Home Loan Program Other Funds. However, this cost shift is not sustainable.

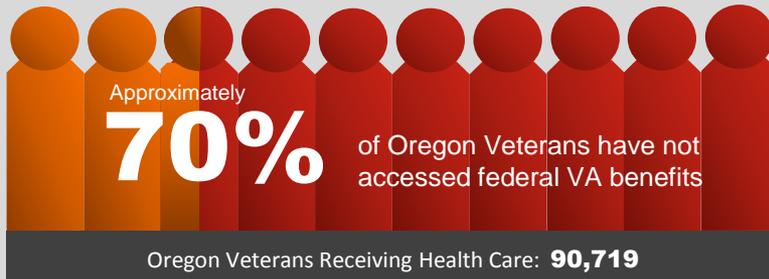


# OPPORTUNITIES



**= \$1.9 Billion**

Federal VA dollars received by veterans, their families and survivors in Oregon in 2011



**= Opportunity**

## Increased Demand = Increased Opportunities

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With an increased surge of veterans into the State of Oregon due to the drawdown of military forces in Iraq and Afghanistan, there is a strong need for extended outreach and services to veteran communities.

- Current pass through to county veteran service offices primarily based on veteran population.
- Additional funds would expand those dollars with measurable outcomes through a grant process:
  - Increase in new claims submission (VA Form 21-526, VA Form 21-527)
  - Increase in new claims to interview ratio.
  - Increase in outreach activities.
  - Increase in claims/benefit work for dependents and survivors.
  - Increase in clientele with appointments of Power of Attorney.



## **SB 34**

Increase number of loans veteran is eligible to receive through the ORVET Home Loan Program.

## **SB 35**

Enables Department to offer federal VA Home Loan Guaranty by increasing maximum loan-to-value (LTV) to match that required by USDVA as per 38 CFR.

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### **Expands veteran eligibility = Increased revenues**

Home Loan product currently limited by types of bonds (QVMB's) that are used to fund loans. With this federal restriction on usage, the Department is actively seeking ways to allow more veterans to receive loans through the program.

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## **HB 2044**

Removed limit on compensation for ordinary conservatorship services.

## **HB 2046**

Permits Department to recover conservatorship fees waived from the estate of veteran.

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### **Conservatorship Program** is currently funded through General and Other Funds. This legislation allows for the program to become more self sustaining.

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## **HB 2086**

Establishes a Veteran Lottery Raffle game to benefit veterans' education and economic development.

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### **Not direct funding** for Department but the passage of this bill may enable funding for programs managed through ODVA that have impact on veterans as well as partner organizations who deliver direct services to veterans and their families.

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# APPENDIX



## **PRESENTATION TO JOINT COMMITTEE ON WAYS AND MEANS**

Transportation & Economic Development Subcommittee

**APRIL 15, 2013**



# 13-15 POLICY OPTION PACKAGES - CLAIMS AND COUNSELING FUND SHIFT

	2013-15 No Fund Shift			2013-15 Fund Shift	2013-15 With Fund Shift		
	FTE	\$ (GF)	\$ (OF)	(POP)	FTE	\$ (GF)	\$ (OF)
Claims Positions	11	\$ 1,436,738			11	\$ 1,436,738	
Claims Positions - POP #100	7		\$ 1,088,710	\$ 1,088,710	7	\$ 1,088,710	
Claims Positions - POP #101	2		\$ 295,851	\$ 295,851	2	\$ 295,851	
Claims Positions - POP #102	2		\$ 218,005	\$ 218,005	2	\$ 218,005	
	<b>22</b>	<b>\$ 1,436,738</b>	<b>\$ 1,602,566</b>	<b>\$ 1,602,566</b>	<b>22</b>	<b>\$ 3,039,304</b>	



# 13-15 POLICY OPTION PACKAGES - FUND SHIFT

Section 1 - Details of Policy Option Packages with General Fund or Lottery Funds Impacts									
1	2	3	4	5	6	7	8	9	10
PKG #	Name / Description	General Fund and Lottery Funds	Other Funds	Federal Funds	TOTAL FUNDS	Positions	FTE	2015-17 Biennium Costs	Expected Outcomes of Funding This POP / Other Funds Sources (where applicable)
100	Fund Shift Veteran Service Officers	\$1,088,710	(\$1,088,710)		\$0			\$131,860	Restores ODVA's funding for its core program - Veteran Services, to ensure a funding source that does not jeopardize funds necessary to continue to offer the home loan benefit to Oregon veterans. No immediate impact on staffing. Failure to fund package may lead to future staffing cuts or reduced service levels. Note the 2015-17 biennium costs include inflation factors (13% Personnel Services and 2.7% Services and Supplies).  ↓ These three positions are working in a class that does not accurately account for the highly technical and legal skills necessary to manage the program. OF portion is Conservatorship.
101	Fund Shift CVSO Certification & Special Payments Coordinator	\$295,851	(\$295,851)		\$0			\$36,185	
102	Fund Shift Veteran Services Support Personnel	\$218,005	(\$218,005)		\$0			\$28,066	
103	Reclassification of Veteran Services' Managers	\$21,247	\$4,390		\$25,637			\$28,970	
					\$0				
					\$0				
					\$0				
					\$0				
					\$0				



# LONG-TERM POSITION VACANCIES

<u>Position Title</u>	<u>Reason Narrative</u>	<u>OF</u>	<u>Eliminated in 2013-15 Budget*</u>
Admin Specialist 1	Vacant for economic reasons	\$ 81,192	X
Admin Specialist 1	Vacant for economic reasons	\$ 62,040	X
Admin Specialist 1	Vacant for economic reasons	\$ 81,192	X
Loan Specialist 1	Vacant for economic reasons	\$ 107,880	X
Loan Specialist 1	Vacant for economic reasons	\$ 107,880	X
Loan Specialist 1	Vacant for economic reasons	\$ 102,864	X
Loan Specialist 1	Vacant for economic reasons	\$ 107,880	X
Loan Specialist 2	Vacant for economic reasons	\$ 118,824	X
Office Specialist 1	Vacant for economic reasons	\$ 64,680	X
Public Affairs Specialist 1	Vacant for economic reasons	\$ 98,136	X
Public Service Rep 4	Vacant for economic reasons	\$ 89,448	X
Public Service Rep 4	Vacant for economic reasons	\$ 67,584	X
Accountant 3	Used to fund Temp/and double fill	\$ 102,864	
Accounting Tech 3	Used to fund Temp	\$ 12,963	
Office Specialist 1	Used to fund Temp	\$ 64,680	
Office Specialist 2	Used to fund Temp	\$ 54,816	
Public Info Assistant	Used to finance double fill	\$ 81,192	

\* - Positions to be eliminated are vacant due to agency layoffs which occurred in 2012.