
MEMORANDUM

Legislative Fiscal Office
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To: *Members of the Transportation and Economic Development
Subcommittee*

From: *Michelle Deister, Legislative Fiscal Office
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Date: May 20, 2013

Subject: *Oregon Department of Veterans' Affairs, HB 5047
Work Session Recommendations*

Oregon Department of Veterans' Affairs – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	5,887,682	6,562,195	6,237,138	8,791,637
Other Funds	39,692,961	55,711,219	47,550,792	43,779,888
Other Funds - NL	496,940,215	443,095,385	335,225,000	335,225,000
Federal Funds	1,970,508	19,861,911	0	0
Total Funds	\$544,491,366	\$525,230,710	\$389,012,930	\$387,796,525
Positions	109	94	94	82
FTE	106.79	94.00	93.20	81.20

Attached are the recommendations from the Legislative Fiscal Office for the *Oregon Department of Veterans' Affairs (ODVA)*. It contains the following:

- The Legislative Fiscal Office is recommending a total funds budget of \$387,796,525 and 82 positions (81.20 FTE).
- The recommended budget includes the following policy option packages:
 - Reductions to balance expenditures with available revenue in the Home Loan program (Package 070);
 - Standard statewide reductions to achieve administrative savings (Package 091) and savings in agency PERS rates (Package 092 and 093);
 - Shifting support for Veterans Service Officers and related support staff from home loan program (Other Fund) proceeds to the General Fund (Package 100, 101, and 102);
 - Providing a total of \$25,637 in funding and expenditure limitation to reclassify managers of the Veterans' Services program, to reflect the nature of their duties and responsibilities (package 103);
 - Providing \$75,000 in Other Funds expenditure limitation for a legislatively directed study of skilled nursing needs of veterans (Package 105); and

- A one-time increase of \$1 million General Fund to support claims and benefits counseling work performed by county veterans' service officers (Package 811).
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- Recommendations related to performance measures are attached in the report titled 2013-15 Legislatively Proposed Key Performance Measures.

In addition, the Legislative Fiscal Office is recommending an increase of \$4,000,000 in Other Funds capital construction limitation, and an increase of \$6,840,377 in federal funds capital construction limitation for inclusion in the capital construction bill, HB 5507. The purpose of this increase is to provide the state's share of matching funds – amounting to \$4 million – to address construction cost increases at the second veterans' home, under construction in Linn County. The recommended source of this funding is Article XI Q bonds; the increase in Federal Funds capital construction expenditure limitation will be funded by the federal match rate (65% of the total project cost).

Adjustments to Current Service Level:

Adjustments to the agency's current service level include an inflation factor for personal services and services and supplies; phase out of one time funding for the Military Help Line (\$350,000), and for one-time increases to educational aid (\$260,519), included in the 2011-13 Legislatively Adopted budget.

Policy Option Packages recommended for approval include the following:

- A reduction of \$1,692,427 Other Funds to balance expenditures with available revenues in the Veteran's Home Loan program (Package 070 - see page 3 of the attached Work Session Presentation Report, dated 5/17/2013);
- A reduction of \$153,220 Other Funds attributable to achievement of administrative efficiencies (Package 091 – pages 4 and 16 of the attached Work Session Presentation Report);
- Reductions totaling \$7,710 General Fund and \$27,680 Other Funds attributable to changes in benefits for non-resident retirees (Package 092 – pages 5, 8, and 17 of the attached Work Session Presentation Report);
- Reductions totaling \$61,604 General Fund, and \$221,177 Other Funds attributable to changes in cost of living adjustments and administrative actions pursuant to the passage of Senate Bill 822 (Package 093 – pages 6, 9, and 18 of the attached Work Session Presentation Report);
- Additional General Fund appropriation and expenditure limitation, and corresponding decreases in Other Fund expenditure limitation to fund Veterans Services personnel primarily through General Fund and related fee revenue. This policy change will reduce the rate of revenue loss in the Home Loan program, so that reserves remain sufficient to allow for issuance of bonds for new loans as demand rebounds. Packages related to this fund shift include the following:

- Package 100 totals \$1,088,710 and shifts 7.00 FTE Veterans Service Officer positions from Other Funds Supported to General Fund support. See page 10 of the attached Work Session Presentation Report;
 - Package 101 totals \$295,851 and shifts 2.00 FTE – a certification and payments coordinator -- from Other Funds to General Fund support; and
 - Package 102 totals \$218,005 and shifts funding for two administrative support positions assigned to Veterans' Services from Other Funds to General Fund support.
- Package 103 provides \$21,247 in additional General Fund and \$4,390 in additional Other Funds expenditure limitation to fund the reclassification of three management positions in the Veterans' Services Officer program. These positions are currently getting work out of class compensation (see page 13 of the attached Work Session Presentation Report).
 - An increase in Other Funds expenditure limitation in the amount of \$75,000 to conduct a legislatively directed study of the need for skilled nursing beds to accommodate current and future needs of veterans, pursuant to the passage of HB 3208 in 2011 (see page 19 of the attached Work Session Presentation Report);
 - Package 811 provides \$1 million in additional one-time support for County Veterans Service Officers in the 2013-15 biennium, to be allocated pursuant to a budget note. See page 14 of the attached Work Session Presentation Report.

Accept LFO Recommendation

Move the LFO recommendation to HB 5047

Performance Measures

The Legislative Fiscal Office recommends a modification to Key Performance Measure number 5, so that only those best practices that are actually applicable to the Advisory body are counted. See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

Budget Notes

The Legislative Fiscal Office recommends a budget note pertaining to the allocation of an additional \$1 million in support for County Veterans Service Officers recommended in Package 811, as follows:

The Oregon Department of Veterans' Affairs is directed to develop the Veterans' Extended Outreach Grant program to guide the allocation of an additional \$1 million in support for County Veterans' Service Officers provided for in HB 5047-A. The goals of the program shall be to serve veterans statewide to greatest effect, to improve outreach to veterans, to inform them of their benefits, and to file claims on their behalf. It is the Legislature's intent that the additional investment shall supplement and not supplant existing services to veterans provided by counties, and that from the additional investment, accountability and measurable outcomes result. Outcomes shall include, but shall not be limited to, the number of new power of attorneys granted to County Veteran Service Officers and the amount of new federal benefit dollars recovered on behalf of Oregon veterans. A base of \$10,000 to each eligible county shall be granted. The Oregon Department of Veterans' Affairs may retain a portion for administrative expenses resulting from additional claims that are generated, except that no less than \$600,000 shall be disbursed in the form of competitive grants. A committee shall evaluate proposals for competitive grants. The committee shall consist of the following: two employees of the Department of Veterans' Affairs appointed by the Director; two County Veteran Service Officers representing one urban region and one rural region, who shall be chosen by the Director in consultation with the County Veteran Service Officer Association; and one member of the Veterans Advisory Committee, to be chosen by the Chair of the Veterans Advisory Committee.

Accept LFO Recommendation

Move the LFO recommended budget note

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$8,791,637 *General Fund*, \$43,779,888 *Other Funds*, and 82 positions (81.20 FTE) and that House Bill 5047 be amended accordingly.

Move to amend HB 5047 with the following changes:

Section 1

Line 13 – Delete [\$3,576,728] and insert \$4,576,728.

HB 5047 Final Subcommittee Action:

Final Motion:

Move HB 5047 to the full committee with a “do pass” recommendation, as amended.

LFO102 - Work Session Presentation Report
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 27400-000-00-00-00000
Veterans' Affairs, Oregon Dept of

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	6,469,659	-	45,191,343	-	443,095,385	-	494,756,387	94	94.00
2011-13 Ebds, SS & Admin Act	92,536	-	10,519,876	19,861,911	-	-	30,474,323	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	6,562,195	-	55,711,219	19,861,911	443,095,385	-	525,230,710	94	94.00
2011-13 Leg Approved Budget (Base)	6,562,195	-	55,317,439	19,362,748	443,095,385	-	524,337,767	94	94.00
Summary of Base Adjustments	124,041	-	(8,860,678)	(19,362,748)	(107,870,385)	-	(135,969,770)	-	(0.80)
2013-15 Base Budget	6,686,236	-	46,456,761	-	335,225,000	-	388,367,997	94	93.20
010: Non-PICS Pers Svc/Vacancy Factor	(6,954)	-	(17,359)	-	-	-	(24,313)	-	-
020: Phase In / Out Pgm & One-time Cost	(610,519)	-	(300,001)	-	-	-	(910,520)	-	-
030: Inflation & Price List Adjustments	168,375	-	1,411,391	-	-	-	1,579,766	-	-
2013-15 Current Service Level	6,237,138	-	47,550,792	-	335,225,000	-	389,012,930	94	93.20
070: Revenue Reductions/Shortfall	-	-	(1,692,427)	-	-	-	(1,692,427)	(12)	(12.00)
Adjusted 2013-15 Current Service Level	6,237,138	-	45,858,365	-	335,225,000	-	387,320,503	82	81.20
Total LFO Recommended Packages	2,554,499	-	(2,078,477)	-	-	-	476,022	-	-
2013-15 Legislative Actions	8,791,637	-	43,779,888	-	335,225,000	-	387,796,525	82	81.20
Net change from 2011-13 Leg Approved Budget	2,229,442	-	(11,931,331)	(19,861,911)	(107,870,385)	-	(137,434,185)	(12)	(12.80)
Percent change from 2011-13 Leg Approved Budget	34.0%	0.0%	(21.4%)	(100.0%)	(24.3%)	0.0%	(26.2%)	(12.8%)	(13.6%)
Net change from 2013-15 Current Service Level	2,554,499	-	(2,078,477)	-	-	-	476,022	-	-
Percent change from 2013-15 Current Service Level	41.0%	0.0%	(4.5%)	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	16,064,672	-	-	-	16,064,672	63	63.10
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	16,064,672	-	-	-	16,064,672	63	63.10
2011-13 Leg Approved Budget (Base)	-	-	16,064,672	-	-	-	16,064,672	63	63.10
Summary of Base Adjustments	-	-	995,593	-	-	-	995,593	-	(0.80)
2013-15 Base Budget	-	-	17,060,265	-	-	-	17,060,265	63	62.30
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(21,972)	-	-	-	(21,972)	-	-
030: Inflation & Price List Adjustments	-	-	326,990	-	-	-	326,990	-	-
2013-15 Current Service Level	-	-	17,365,283	-	-	-	17,365,283	63	62.30
070: Revenue Reductions/Shortfall	-	-	(1,692,427)	-	-	-	(1,692,427)	(12)	(12.00)
Adjusted 2013-15 Current Service Level	-	-	15,672,856	-	-	-	15,672,856	51	50.30
Total LFO Recommended Packages	-	-	(375,668)	-	-	-	(375,668)	-	-
2013-15 Legislative Actions	-	-	15,297,188	-	-	-	15,297,188	51	50.30
Net change from 2011-13 Leg Approved Budget	-	-	(767,484)	-	-	-	(767,484)	(12)	(12.80)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	(4.8%)	0.0%	0.0%	0.0%	(4.8%)	(19.0%)	(20.3%)
Net change from 2013-15 Current Service Level	-	-	(375,668)	-	-	-	(375,668)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(2.4%)	0.0%	0.0%	0.0%	(2.4%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description Package 070 reduces Other Funds expenditures to match available revenue in the Veteran Home Loan program. Due to low interest rates and investment earnings, higher prepayments, the inability to use bond authority to refinancing existing loans, and a high unemployment rate among eligible clients, the demand for new ODVA loans and resulting revenue was insufficient to maintain loan program staffing levels. ODVA made reductions in the loan program during the 2011-13 interim. Package 070 adjusts the 2013-15 base budget accordingly.

LFO Recommendation Approve.

LFO Recommended	-	-	(1,692,427)	-	-	-	(1,692,427)	(12)	(12.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve.

LFO Recommended	-	-	(153,220)	-	-	-	(153,220)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve.

LFO Recommended	-	-	(24,743)	-	-	-	(24,743)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(197,705)	-	-	-	(197,705)	-	-
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LFO102 - Work Session Presentation Report
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 27400-002-00-00-00000
Veterans' Services Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	6,469,659	-	2,170,196	-	-	-	8,639,855	29	28.90
2011-13 Ebds, SS & Admin Act	92,536	-	-	-	-	-	92,536	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	6,562,195	-	2,170,196	-	-	-	8,732,391	29	28.90
2011-13 Leg Approved Budget (Base)	6,562,195	-	2,170,196	-	-	-	8,732,391	29	28.90
Summary of Base Adjustments	124,041	-	236,041	-	-	-	360,082	-	-
2013-15 Base Budget	6,686,236	-	2,406,237	-	-	-	9,092,473	29	28.90
010: Non-PICS Pers Svc/Vacancy Factor	(6,954)	-	3,210	-	-	-	(3,744)	-	-
020: Phase In / Out Pgm & One-time Cost	(610,519)	-	-	-	-	-	(610,519)	-	-
030: Inflation & Price List Adjustments	168,375	-	71,438	-	-	-	239,813	-	-
2013-15 Current Service Level	6,237,138	-	2,480,885	-	-	-	8,718,023	29	28.90
Adjusted 2013-15 Current Service Level	6,237,138	-	2,480,885	-	-	-	8,718,023	29	28.90
Total LFO Recommended Packages	2,554,499	-	(1,615,387)	-	-	-	939,112	-	-
2013-15 Legislative Actions	8,791,637	-	865,498	-	-	-	9,657,135	29	28.90
Net change from 2011-13 Leg Approved Budget	2,229,442	-	(1,304,698)	-	-	-	924,744	-	-
Percent change from 2011-13 Leg Approved Budget	34.0%	0.0%	(60.1%)	0.0%	0.0%	0.0%	10.6%	0.0%	0.0%
Net change from 2013-15 Current Service Level	2,554,499	-	(1,615,387)	-	-	-	939,112	-	-
Percent change from 2013-15 Current Service Level	41.0%	0.0%	(65.1%)	0.0%	0.0%	0.0%	10.8%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve.

LFO Recommended	(7,710)	-	(1,914)	-	-	-	(9,624)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	(61,604)	-	(15,297)	-	-	-	(76,901)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 100 Fund Shift Veteran Service Officers

Package Description Since 1991, a portion of the veterans' services program has been subsidized by revenue from the Home Loan program. This package effectively ends the Home Loan subsidy for veterans service officers, returning the agency to General Fund support for fourteen veterans service officer positions, which provide benefit counseling and claims services to veterans in Marion, Polk and Multnomah counties. This policy change serves to mitigate loan program losses resulting from the economy and an inability of ODVA to refinance existing loans due to federal regulations; the policy change will shift funding for seven positions currently funded with Other Funds, enabling the home loan program to have the financial reserves necessary to issue bonds for new loans as demand rebounds.

LFO Recommendation Approve.

LFO Recommended	1,088,710	-	(1,088,710)	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 Fund Shift CVSO certification & Special Payments Coordinator

Package Description Since 1991, veterans services provided by the agency have been subsidized by Home Loan program revenue. This policy option package shifts funding from Other Funds (home loan program funding) to General Fund for two positions who provide certification and special payment services to county veteran service officers. This policy change serves to mitigate loan program losses resulting from the economy and an inability of ODVA to refinance existing loans due to federal regulations; the policy change will enable home loan program to have the financial reserves necessary to issue bonds for new loans as demand rebounds.

LFO Recommendation Approve.

LFO Recommended	295,851	-	(295,851)	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Fund Shift Veteran Services Support personnel

Package Description This package shifts funding from Other Funds to General Fund for two administrative support positions related to counseling and claims on behalf of veterans in Multnomah, Marion and Polk counties. This policy change serves to mitigate loan program losses resulting from the economy and an inability of ODVA to refinance existing loans due to federal regulations. The policy change will enable the home loan program to have the financial reserves necessary to issue bonds for new loans as demand rebounds.

LFO Recommendation Approve.

LFO Recommended	218,005	-	(218,005)	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 103 Reclass of Veteran Services' Managers

Package Description This package provides General Fund to support the reclassification of three managers of the Veterans' Services program. The current classification of these positions does not accurately reflect their duties, which include fiduciary duties to manage assets, holding power of attorney, representing veterans in legal proceedings, and oversight of federally accredited service officers.

LFO Recommendation Approve.

LFO Recommended	21,247	-	4,390	-	-	-	25,637	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 811 County Veteran Service Officers Enhancement

Package Description This package provides \$1 million in additional one-time funding for the 2013-15 biennium for county veteran service officers for benefits claims and counseling work not provided by ODVA staff.

LFO Recommendation

Budget Notes The Oregon Department of Veterans' Affairs is directed to develop the Veterans' Extended Outreach Grant program to guide the allocation of an additional \$1 million in support for County Veterans' Service Officers provided for in HB 5047-A. The goals of the program shall be to serve veterans statewide to greatest effect, to improve outreach to veterans, to inform them of their benefits, and to file claims on their behalf. It is the Legislature's intent that the additional investment shall supplement and not supplant existing services to veterans provided by counties, and that from the additional investment, accountability and measurable outcomes result. Outcomes shall include, but shall not be limited to, the number of new power of attorneys granted to County Veteran Service Officers and the amount of new federal benefit dollars recovered on behalf of Oregon veterans. A base of \$10,000 to each eligible county shall be granted. The Oregon Department of Veterans' Affairs may retain a portion for administrative expenses resulting from additional claims that are generated, except that no less than \$600,000 shall be disbursed in the form of competitive grants. A committee shall evaluate proposals for competitive grants. The committee shall consist of the following: two employees of the Department of Veterans' Affairs appointed by the Director; two County Veteran Service Officers representing one urban region and one rural region, who shall be chosen by the Director in consultation with the County Veteran Service Officer Association; and one member of the Veterans Advisory Committee, to be chosen by the Chair of the Veterans Advisory Committee.

LFO Recommended	1,000,000	-	-	-	-	-	1,000,000	-	-
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LFO102 - Work Session Presentation Report
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 27400-003-00-00-00000
Oregon Veterans Home Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	26,656,474	-	-	-	26,656,474	2	2.00
2011-13 Ebds, SS & Admin Act	-	-	125,000	-	-	-	125,000	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	26,781,474	-	-	-	26,781,474	2	2.00
2011-13 Leg Approved Budget (Base)	-	-	26,656,474	-	-	-	26,656,474	2	2.00
Summary of Base Adjustments	-	-	33,784	-	-	-	33,784	-	-
2013-15 Base Budget	-	-	26,690,258	-	-	-	26,690,258	2	2.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	1,403	-	-	-	1,403	-	-
030: Inflation & Price List Adjustments	-	-	1,012,963	-	-	-	1,012,963	-	-
2013-15 Current Service Level	-	-	27,704,624	-	-	-	27,704,624	2	2.00
Adjusted 2013-15 Current Service Level	-	-	27,704,624	-	-	-	27,704,624	2	2.00
Total LFO Recommended Packages	-	-	(87,422)	-	-	-	(87,422)	-	-
2013-15 Legislative Actions	-	-	27,617,202	-	-	-	27,617,202	2	2.00
Net change from 2011-13 Leg Approved Budget	-	-	835,728	-	-	-	835,728	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	3.1%	0.0%	0.0%	0.0%	3.1%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	(87,422)	-	-	-	(87,422)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(0.3%)	0.0%	0.0%	0.0%	(0.3%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve.

LFO Recommended	-	-	(153,224)	-	-	-	(153,224)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve.

LFO Recommended	-	-	(1,023)	-	-	-	(1,023)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(8,175)	-	-	-	(8,175)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 105 SB3208 Study to determine Veterans' skilled care needs

Package Description This package provides expenditure limitation to conduct a study to determine the number of skilled nursing beds needed to meet current and future needs of veterans, as directed by HB 3208 (2011). The study will include the number of veterans needing care due to Alzheimer's disease or dementia, the number of veterans within specific regional catchment areas who may need care, and the number of veterans whose care could be provided by community care.

LFO Recommendation Approve.

LFO Recommended	-	-	75,000	-	-	-	75,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	443,095,385	-	443,095,385	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	443,095,385	-	443,095,385	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	443,095,385	-	443,095,385	-	-
Summary of Base Adjustments	-	-	-	-	(107,870,385)	-	(107,870,385)	-	-
2013-15 Base Budget	-	-	-	-	335,225,000	-	335,225,000	-	-
2013-15 Current Service Level	-	-	-	-	335,225,000	-	335,225,000	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	335,225,000	-	335,225,000	-	-
2013-15 Legislative Actions	-	-	-	-	335,225,000	-	335,225,000	-	-
Net change from 2011-13 Leg Approved Budget	-	-	-	-	(107,870,385)	-	(107,870,385)	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	(24.3%)	0.0%	(24.3%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 27400-089-00-00-00000
Capital Construction

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	300,001	-	-	-	300,001	-	-
2011-13 Ebds, SS & Admin Act	-	-	10,394,876	19,861,911	-	-	30,256,787	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	10,694,877	19,861,911	-	-	30,556,788	-	-
2011-13 Leg Approved Budget (Base)	-	-	10,426,097	19,362,748	-	-	29,788,845	-	-
Summary of Base Adjustments	-	-	(10,126,096)	(19,362,748)	-	-	(29,488,844)	-	-
2013-15 Base Budget	-	-	300,001	-	-	-	300,001	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(300,001)	-	-	-	(300,001)	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
2013-15 Legislative Actions	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	-	-	(10,694,877)	(19,861,911)	-	-	(30,556,788)	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	(100.0%)	(100.0%)	0.0%	0.0%	(100.0%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legislatively Proposed 2013-2015 Key Performance Measures

Agency: VETERANS' AFFAIRS, DEPARTMENT of

Mission: The Oregon Department of Veterans' Affairs (ODVA), with the support of our citizens, recognizes and honors Oregon's veterans and their families by providing the highest quality programs, service and benefits.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - DELINQUENT ACCOUNTS - Percentage of Oregon Department of Veterans' Affairs home loan accounts that are delinquent.		Approved KPM	1.95	1.50	1.50
2 - DISABILITY COMPENSATION - Average U.S. Department of Veterans Affairs (federal VA) disability compensation received per Oregon veteran.		Approved KPM	13,517.00	11,737.00	12,237.00
3 - RECOVERY OF NEW FEDERAL DOLLARS - Recovery of new U.S. Department of Veterans Affairs (federal VA) benefit dollars for Oregon veterans, their dependents, and survivors with Oregon Department of Veterans' Affairs claims representation.		Approved KPM	63.50	36.00	37.00
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Accuracy	Approved KPM	94.00	90.00	90.00
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Availability of Information	Approved KPM	93.00	90.00	90.00
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved KPM	95.00	90.00	90.00
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Helpfulness	Approved KPM	95.00	90.00	90.00

Agency: VETERANS' AFFAIRS, DEPARTMENT of

Mission: The Oregon Department of Veterans' Affairs (ODVA), with the support of our citizens, recognizes and honors Oregon's veterans and their families by providing the highest quality programs, service and benefits.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Overall	Approved KPM	90.00	90.00	90.00
4 - CUSTOMER SATISFACTION - Percentage of customers rating their satisfaction with the Oregon Department of Veterans' Affairs customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Timeliness	Approved KPM	94.00	90.00	90.00
5 - BEST PRACTICES: Percent of total applicable best practices met by the Board.		Approved KPM	100.00	100.00	100.00

LFO Recommendation:

The Legislative Fiscal Office office recommends that key performance measures for the Oregon Department of Veterans' Affairs be approved as proposed above. Declining targets for KPM 2 and KPM 3 reflect an adjustment for the absence of the surge of claims between 2009-11 attributable to the Niehmen Class Action Lawsuit that opened up veteran claims to those exposed to Agent Orange. The LFO recommendation includes a change to KPM 5; since the ODVA Advisory Committee does not perform all the duties of a Board or Commission, it is not possible to meet all best practices assessed. There are a total of 15 measures, only 10 of which apply to the advisory committee. Therefore, LFO recommends that the wording for KPM 5 be changed to "Percent of applicable best practices met by the Advisory Committee" and that the target be changed to 100.

Sub-Committee Action: