



Oregon

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House Committee on Veterans' Services and Emergency Management

HB 2044 – Conservatorship Fee

Mr. Chairman and Members of the Committee,

For the record, my name is Tom Mann and I am the Administrator of the Veterans' Services Division of the Oregon Department of Veterans' Affairs. I am here today to discuss HB 2044, which is an agency bill that would allow the agency to set by rule our regular fee to provide conservatorship services.

We know that fee increase bills can be quite controversial and we do not bring this bill to you lightly. Allow me to explain why this bill is so important to our agency.

Currently in statute, we are allowed to charge up to five percent of the income of the estate of a person under conservatorship to help cover the costs associated with managing the incompetent veteran's financial affairs. This fee was last increased in 1987.

Our problem is simple: The conservatorship program is not self-sufficient. Our loan program subsidized the conservatorship program by \$40,000 a month. When our loan program was stronger, this subsidy was not as painful as it is today with a bad economy and a declining loan portfolio and revenues. This current subsidy is not sustainable, which is why we are asking for a fee increase.

Currently, our charges are about a third or less of what private-sector conservators charge their clients. We also take indigent veterans and do not charge, because most private conservators will not take veterans who cannot pay. Our goal is to raise our fees to a level where we would charge about half what the private sector charges. Let me show you three examples from our files of our fees compared with the private sector.

Example A

A light case taking about 10.7 hours

ODVA would charge: \$204.60 or \$19.12 per hour

Private Sector would charge: \$750 based on ½ conservator and ½ clerical work at \$100/\$50 an hour

If ODVA were to charge 8.5 percent instead of 5 percent, our fee would be \$327.36

Example B

A medium case raking about 74.2 hours

ODVA charged: \$175.60 or .21 an hour

Private Sector would charge: \$5,565

If ODVA were to charge 8.5 percent instead of 5 percent: \$298.52

Example C

A heavy case taking 99.5 hours

ODVA charged: \$665.27

Private Sector Charged: \$7,960

If ODVA charged 8.5 percent instead of 5 percent: \$1,147.50

In addition, ODVA does not charge for other services charged in the private sector such as postage, facsimiles, photocopies, mileage, travel time, computer research, long distance telephone calls, and supplies.

To be honest, raising our fee to a level where we were charging clients a rate that would be half of the private sector probably would not completely eliminate the need for a loan department subsidy, but it would stop the bleeding, reducing that subsidy significantly.

Again, we know that fee increases are controversial, but we also know we've not asked for one in 25 years and that if we don't find a way to make our program more self-sufficient, we may not be able to continue providing this valuable service to our most vulnerable veterans.

Thank you for your consideration and I'll be happy to answer any questions.