



OREGON DEPARTMENT
of **VETERANS' AFFAIRS**

2017-19 GOVERNOR'S BUDGET

JOINT COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON
TRANSPORTATION AND ECONOMIC DEVELOPMENT // APRIL 2017



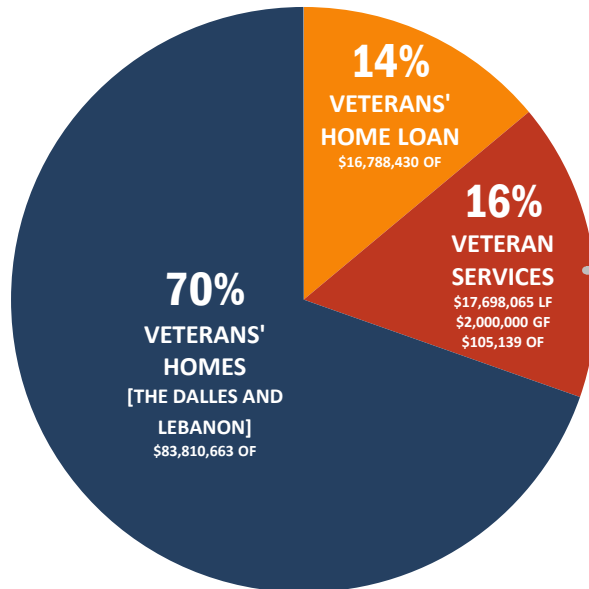
WE ARE OREGON VETERANS

BUDGET OVERVIEW

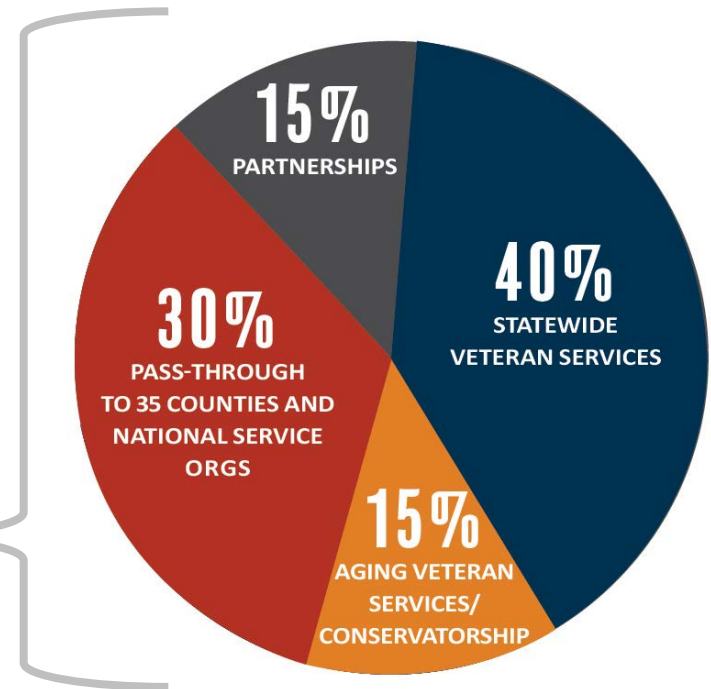
OPERATIONAL EXPENDITURES

	2013-15 LAB	2015-17 LAB	2017-19 GB
GENERAL FUND	\$8,945,967	\$10,129,411	\$2,000,000
LOTTERY FUNDS	-	-	17,698,065
OTHER FUNDS	43,788,902	82,257,619	100,704,232
FEDERAL FUNDS	-	1	1
TOTAL FUNDS	\$52,734,869	\$92,387,031	\$120,402,298
FULL-TIME EQUIVALENT	81.20	87.76	92.00

(2017-19 GB)



2017-19 GOVERNOR'S BUDGET GENERAL FUND/LOTTERY FUNDS

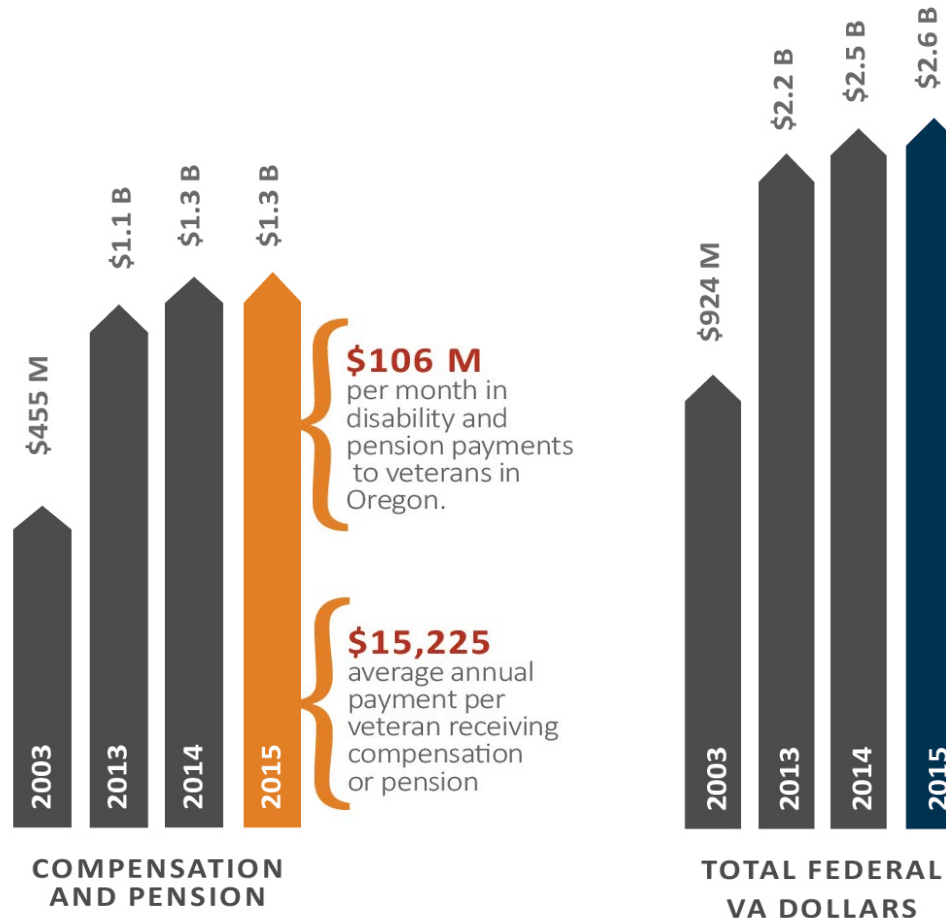


Note 1: Lottery Funds are the result of voter-passage of Measure 96 in November 2016.

Note 2: Excludes Debt Service, Capital Construction and Nonlimited Expenditures.

- Veterans Loan Program Nonlimited \$387,546,104 (OF)
- Veterans' Home Program Debt Service \$1,344,281 (GF)
- Veterans' Home Program Debt Issuance Costs \$90,000 (OF)
- Veterans' Home Capital Construction \$2,450,000 (GF)

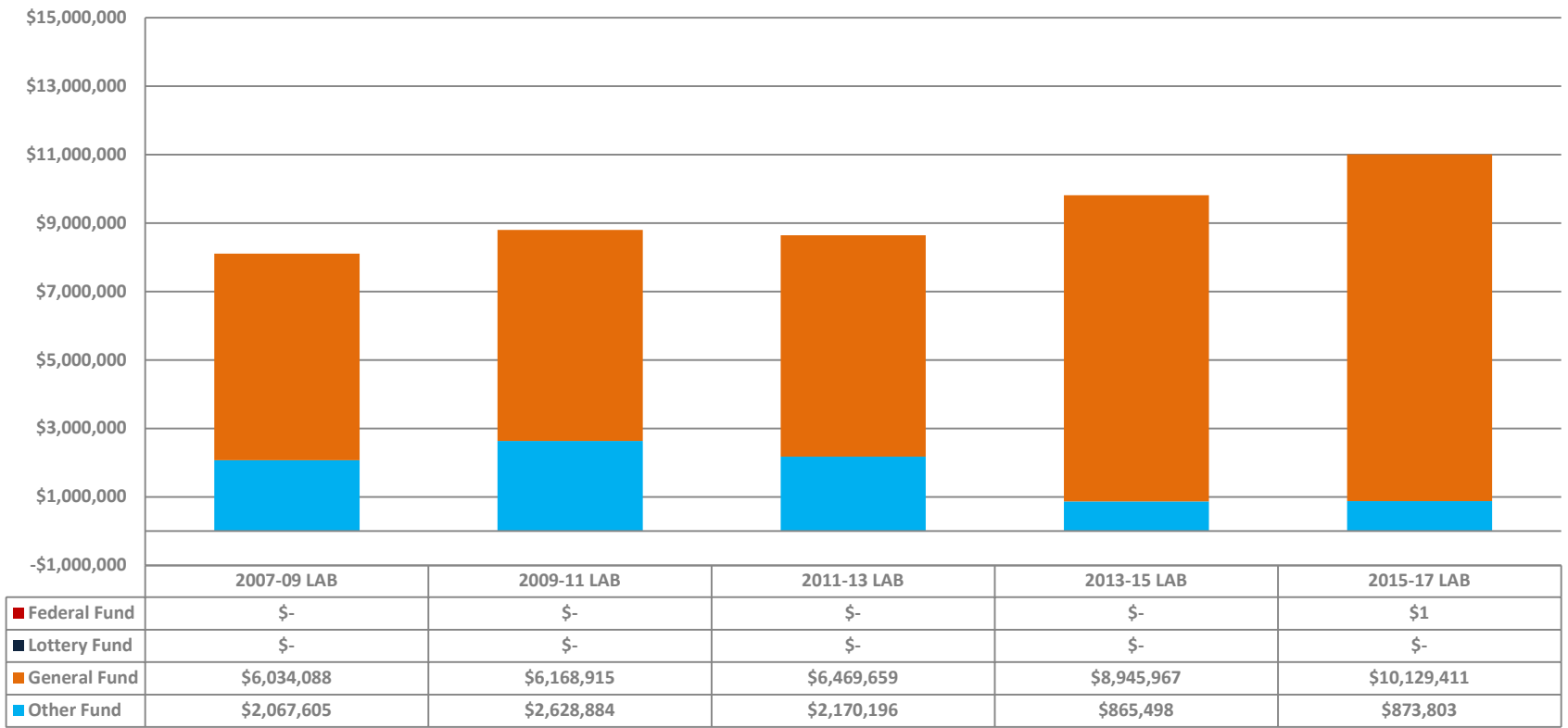
\$2.6 BILLION PER YEAR





VETERAN SERVICES

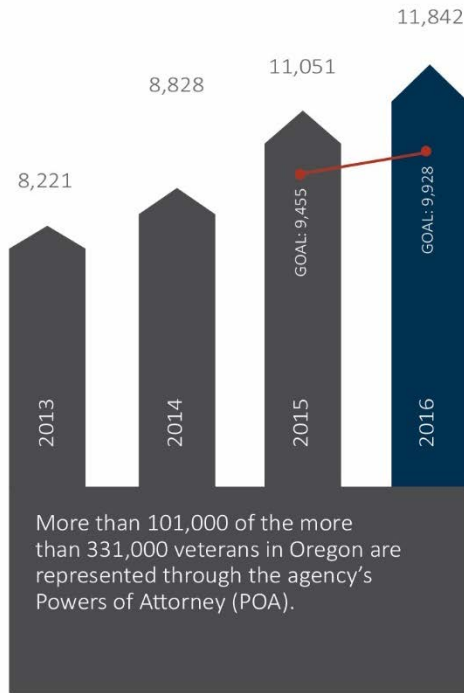
VETERAN SERVICES HISTORICAL OPERATING COSTS



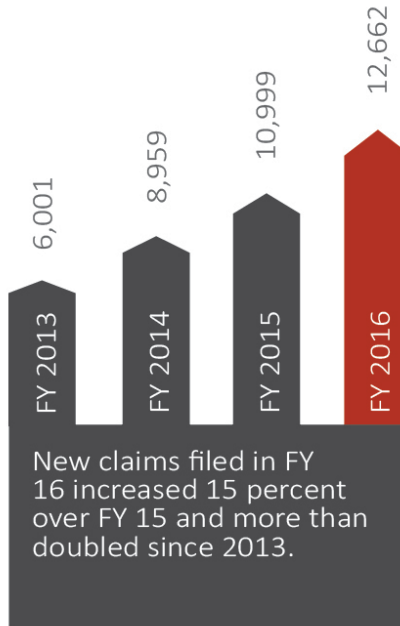
VETERAN SERVICES RESULTS

RESPONSIBLE FOR PROVIDING ADVOCACY AND BENEFITS TO VETERANS, THEIR DEPENDENTS, AND SURVIVORS.

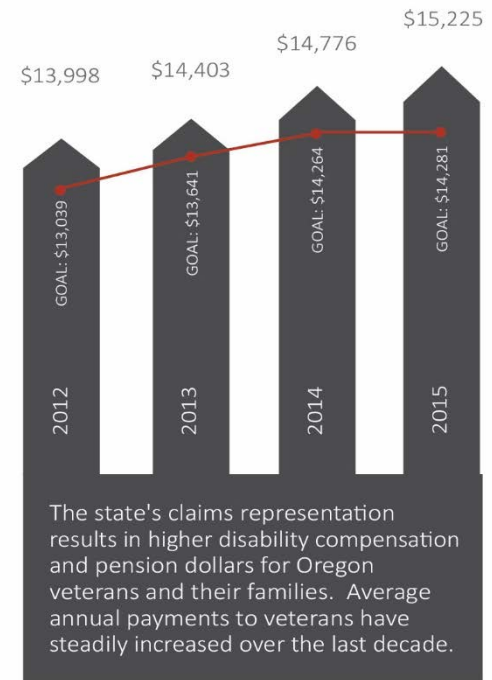
The program provides benefits counseling, claims and appellate representation, special advocacy, certification and training for counties and national service organizations, emergency financial assistance, and other service delivery partnerships across the state.



NEW POWER OF ATTORNEY (POA)
KPM 4



NEW CLAIMS FILED
INTERNAL MEASURE



DISABILITY COMPENSATION AND PENSION
KPM 3

DISTRIBUTION TO COUNTIES

COUNTY	STATE FUNDING FY17	2015 C&P FUNDS	COUNTY	STATE FUNDING FY17	2015 C&P FUNDS
Baker	\$39,022	\$8,969,000	Lake	\$34,488	\$5,668,000
Benton	\$56,493	\$16,619,000	Lane	\$160,875	\$139,201,000
Clackamas	\$183,376	\$97,041,000	Lincoln	\$53,400	\$23,340,000
Clatsop	\$49,186	\$14,668,000	Linn	\$83,453	\$51,877,000
Columbia	\$56,684	\$21,342,000	Malheur	\$41,218	\$6,662,000
Coos	\$66,713	\$45,099,000	Marion	\$0	\$88,318,000
Crook	\$41,810	\$9,752,000	Morrow	\$35,249	\$3,215,000
Curry	\$43,365	\$18,794,000	Multnomah	\$217,972	\$132,140,000
Deschutes	\$96,888	\$54,446,000	Polk	\$31,063	\$23,594,000
Douglas	\$88,522	\$101,574,000	Sherman	\$31,825	\$810,000
Gilliam	\$31,628	\$1,011,000	Tillamook	\$41,217	\$13,131,000
Grant	\$33,859	\$3,037,000	Umatilla	\$56,699	\$23,289,000
Harney	\$34,512	\$3,211,000	Union	\$41,406	\$10,095,000
Hood River	\$37,847	\$5,545,000	Wallowa	\$34,332	\$3,820,000
Jackson	\$120,566	\$103,363,000	Wasco	\$43,765	\$8,849,000
Jefferson	\$40,198	\$9,924,000	Washington	\$185,135	\$107,634,000
Josephine	\$72,218	\$52,859,000	Wheeler	\$31,556	\$779,000
Klamath	\$60,439	\$43,193,000	Yamhill	\$72,940	\$28,184,000

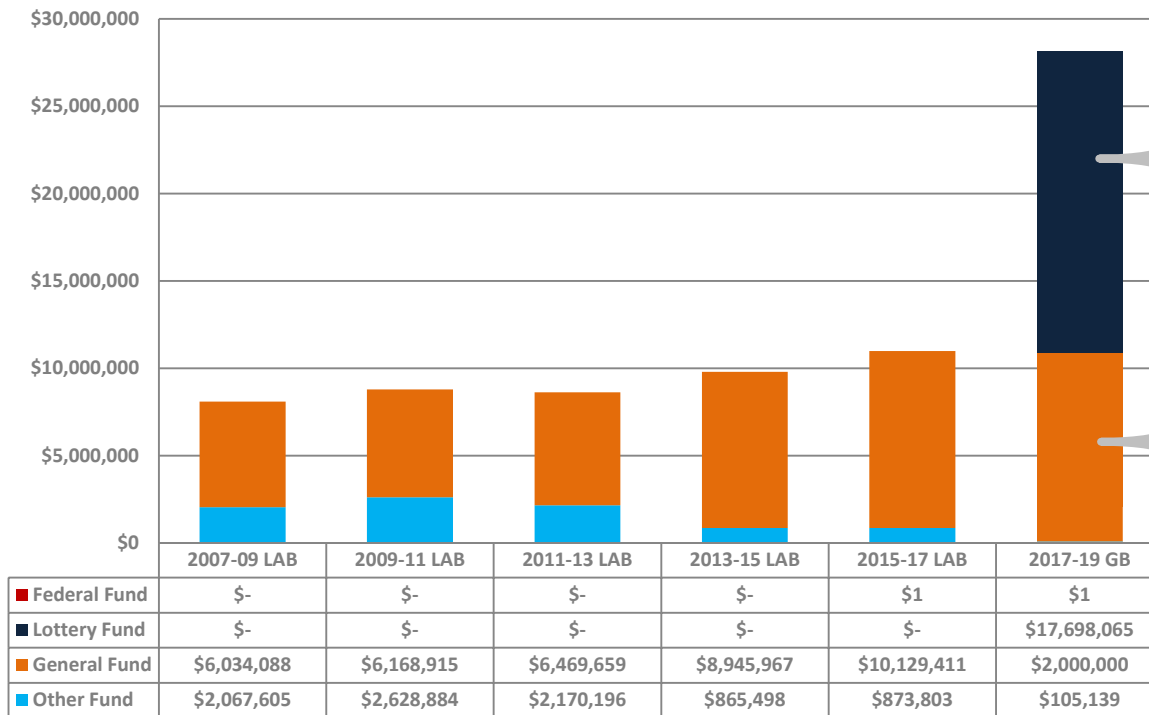
Total Funds

\$2,349,919 Annual State Funds to Counties

\$1,281,053,000 Annual Federal Benefit Dollars Received by Oregon Veterans

VETERAN SERVICES

VETERAN SERVICES HISTORICAL COSTS



MEASURE 96

Expand veteran services, align sustainable funding and mobilize partnerships.

GENERAL FUND BASELINE

Preserves current funding of veteran services and pass-through funds to counties and partners.

OPPORTUNITY

\$78,750

ESTIMATED ANNUAL COST PER VSO

=

\$1.7M

ESTIMATED AVERAGE ANNUAL FEDERAL VA
PAYMENTS TO VETERANS PER VSO

OPPORTUNITY

\$78,750 **\$418,000**

ESTIMATED ANNUAL COST PER VSO

ESTIMATED 5-YEAR COST PER VSO

=

=

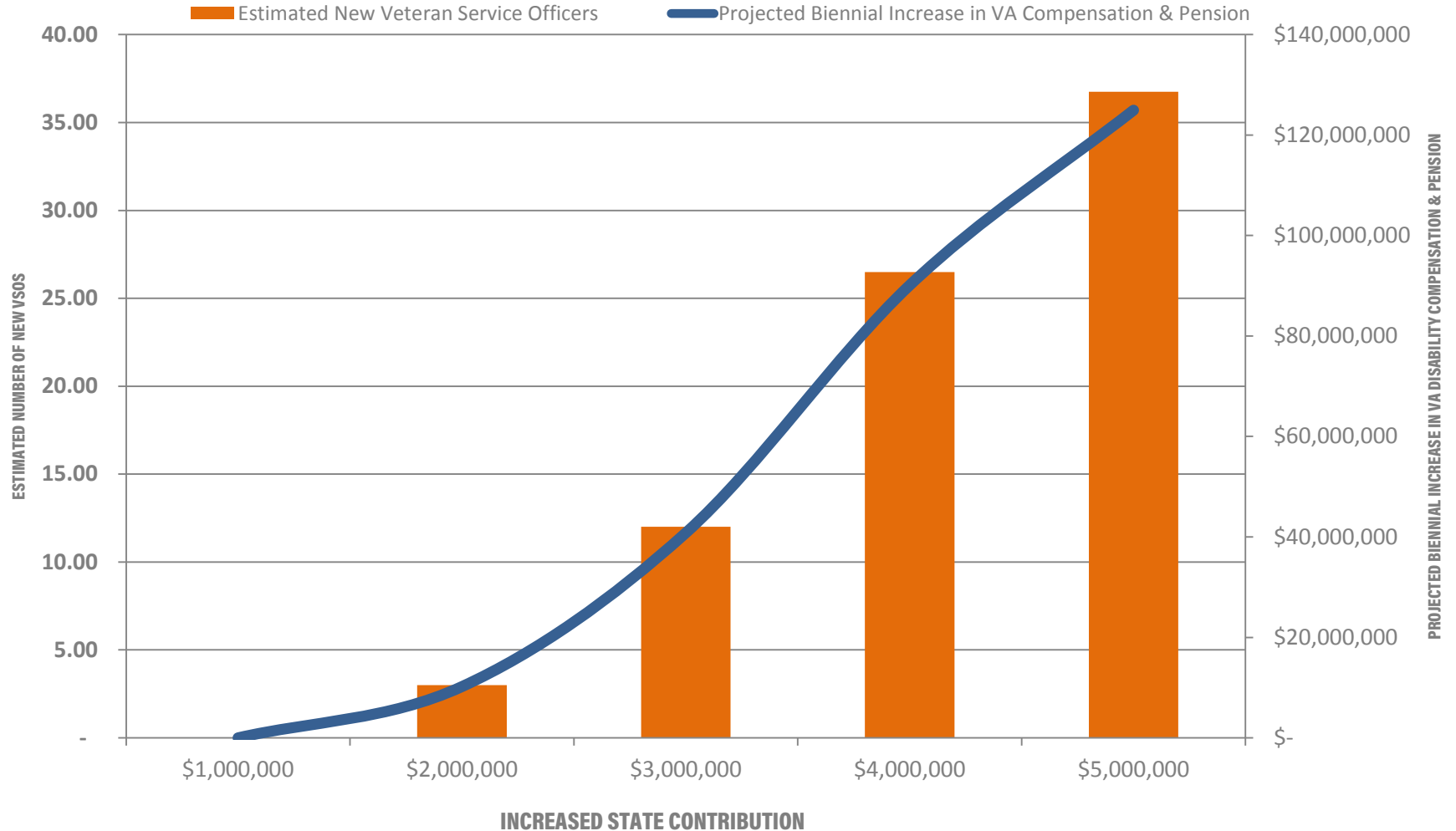
\$1.7M

\$27.5M

ESTIMATED AVERAGE ANNUAL FEDERAL VA
PAYMENTS TO VETERANS PER VSO

ESTIMATED AVERAGE 5-YEAR
FEDERAL VA PAYMENTS TO VETERANS PER VSO

NEW VETERAN SERVICES INVESTMENTS



KEY VETERAN INITIATIVES AND POLICY PACKAGES

KEY VETERAN INITIATIVES

- Identify and connect more veterans and their families to benefits and resources
- Increase draw down of significant federal funds
- Leverage partnerships to expand service delivery and reduce demand on state resources
- Align funding to sustainably invest in core services for the long term
- Establish reserves and working capital fund

POP 102

TARGET VETERAN SERVICES

(\$6,063,285 LF AND A \$2,337,790 OF REDUCTION | 3.00 FTE)

Expands and sustains access to services for the underserved veteran community.

- PASSTHROUGH FUNDING (\$1,557,000 LF)
- STATEWIDE SERVICES (380,548 LF)
- PROGRAM STABILIZATION (4,125,737 LF)



PARTNERSHIPS

MOBILIZE PARTNERSHIPS



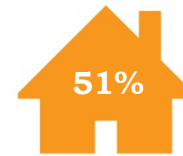
MENTAL HEALTH

- Veterans make up 8.7% of Oregon's population, but account for approximately 23% of suicide deaths in Oregon.
- Mental health problems, which include a diagnosed mental disorder, substance use disorder and/or depressed mood at the time of incident were reported among 50% of male veterans who died by suicide in Oregon.
- Suicide is preventable. Reintegration issues, health challenges, family stressors, and housing issues all increase the risk for suicide among veterans.



EDUCATION

- In Oregon, more than 11,000 veterans were using federal veteran education benefits in 2015 and nearly 9,000 were using the G.I. Bill.
- Community colleges and universities have experienced a continued surge in veteran enrollments and benefited significantly from the more than \$145 million in educational benefits the federal Veterans Administration provided to Oregon veterans in 2015.
- Typical student veterans are older and more mature than first-time students, often have families, are highly motivated to achieve educational goals, and appreciate the value of the educational experience.
- The student veteran also faces a lot of challenges, including adjusting to civilian life, transitioning from a structured military life to a college environment, the loss of support systems, the stresses of family and finances and sometimes health and mental health issues.



HOUSING

- There were 1,467 homeless veterans in Oregon on a single night in January 2015. This is 11% of the entire homeless population.
- More than 51% of homeless veterans have disabilities and 70% struggle with substance abuse problems.
- Veterans need a coordinated effort that provides secure housing, basic physical health care, substance abuse care and aftercare, mental health counseling and treatment, personal development and empowerment, job assessment, training and placement assistance.

MOBILIZE PARTNERSHIPS



MENTAL HEALTH

- Proposed partner: Suicide prevention crisis line for military and veterans. Sustainable funding for a crisis line would ensure free and confidential emotional support to veterans in suicidal crisis or emotional distress.
- Purpose: To prevent veteran suicide and guide veterans to mental health care.



EDUCATION

- Proposed partners: Oregon community colleges and universities that would establish or expand and enhance existing campus veterans resource programs and campus veterans coordinators.
- Purpose: To assist Oregon veterans successful transition from military service to college life, complete their education, and then transition from college to the workforce and community. In addition, the coordinators would connect them with veteran service officers for benefits.



HOUSING

- Proposed partners: Community action and housing agencies that implement homeless prevention and affordable housing programs for veterans in coordination with Oregon Housing and Community Services.
- Purpose: Coordinated effort that provides secure housing, basic physical health care, substance abuse care and aftercare, mental health counseling and treatment, personal development and empowerment, job assessment, training and placement assistance.

MOBILIZE PARTNERSHIPS AND LEVERAGE EXISTING PROGRAMS TO EXPAND AND ENHANCE DIRECT SERVICE TO VETERANS AND MAXIMIZE RESOURCES

POP 104 MOBILIZE PARTNERSHIPS | (\$3,000,000 LF)

KEY VETERAN INITIATIVE: RESERVES

IMPORTANCE OF RESERVES AND WORKING CAPITAL :

- Ensure sustainable funding during periods of lottery shortfalls
- Provides working capital
- Accounting, finance and State of Oregon best practice (CFO recommended)

The background is a collage of various elements, all rendered in a monochromatic orange-red color. On the left, there is a large American flag with stars and stripes. In the center, there is a circular seal or crest, possibly the Oregon state seal, featuring a plow and a sheaf of wheat, with the text 'THE UNION' and '1859' visible. To the right, there is a building with a gabled roof and a chimney. The overall composition is layered and textured.

HOME LOANS

HOME LOAN PROGRAM

HISTORY

- Has provided below-market interest rate home loans to veterans since 1945.
- Oregon is one of only five states grandfathered under federal tax law that is permitted to offer this program utilizing tax-exempt Qualified Veteran Mortgage Bonds (QVMBs).

LOAN PORTFOLIO

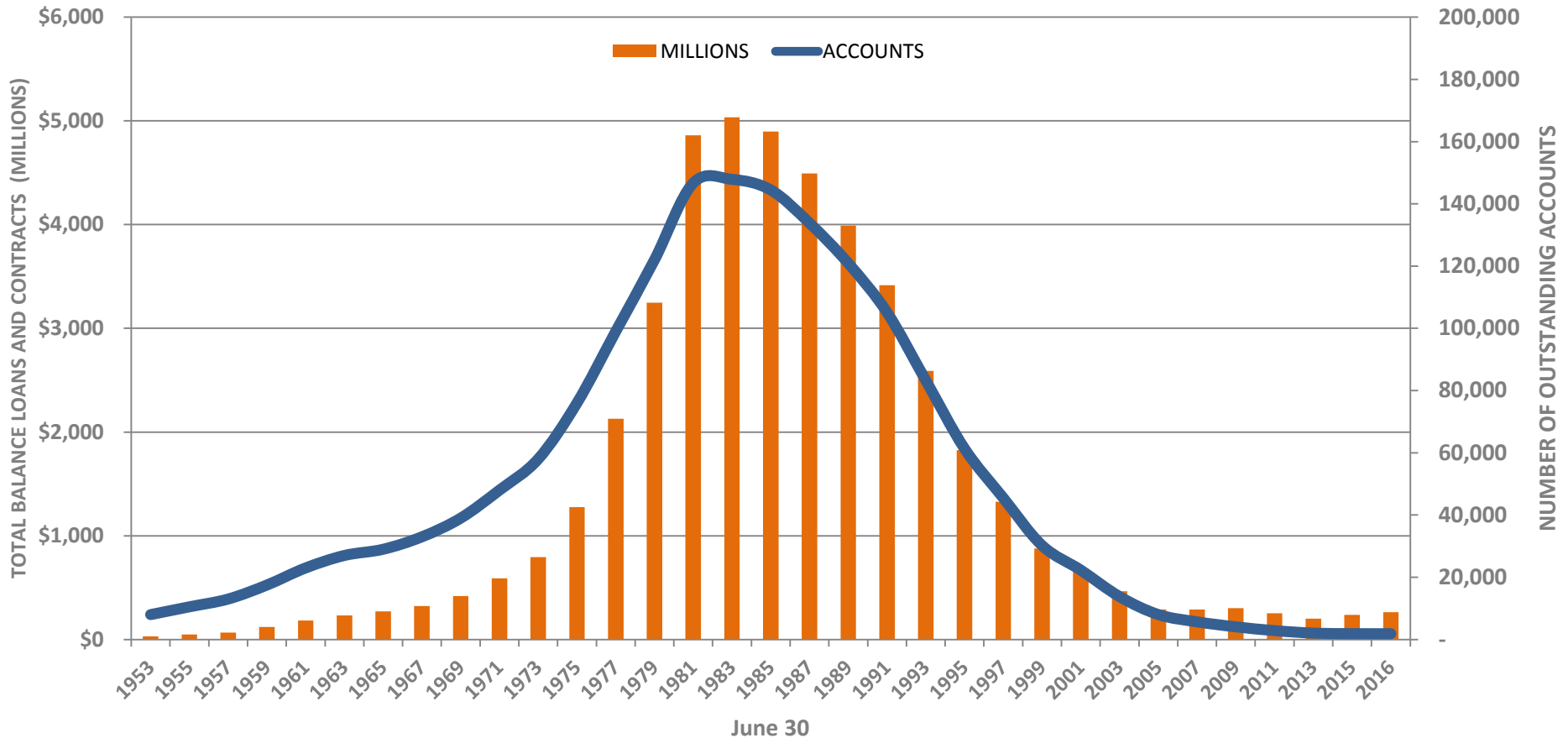
- Cumulative loan originations exceed 335,000 individual loans totaling over \$7.9 billion.
- Loans are funded from two primary funding sources: QVMBs are generally utilized for younger veterans and a very limited amount of older bonds (Pre-Ullman) can generally be used for older veteran loans.

CURRENT CONSIDERATIONS

- Current size of Loan Program is less than 10% of the size it was in the 1980's.
- Current loan portfolio and outstanding state general obligation debt are approximately \$300 million.
- Composition of ODVA's debt portfolio is comprised of both fixed and variable rate debt.

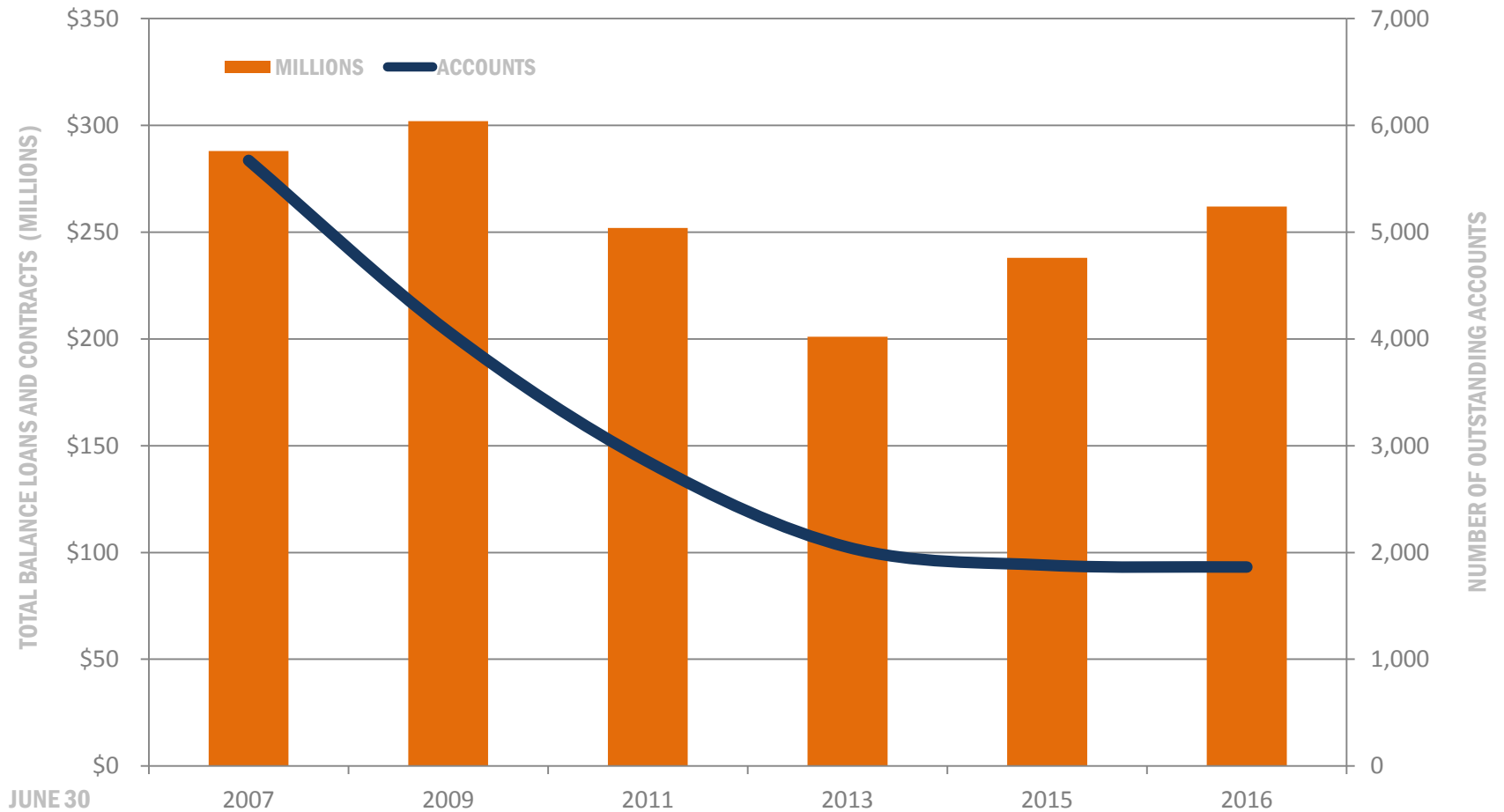
HOME LOAN PROGRAM

HOME LOAN PROGRAM HISTORICAL PORTFOLIO



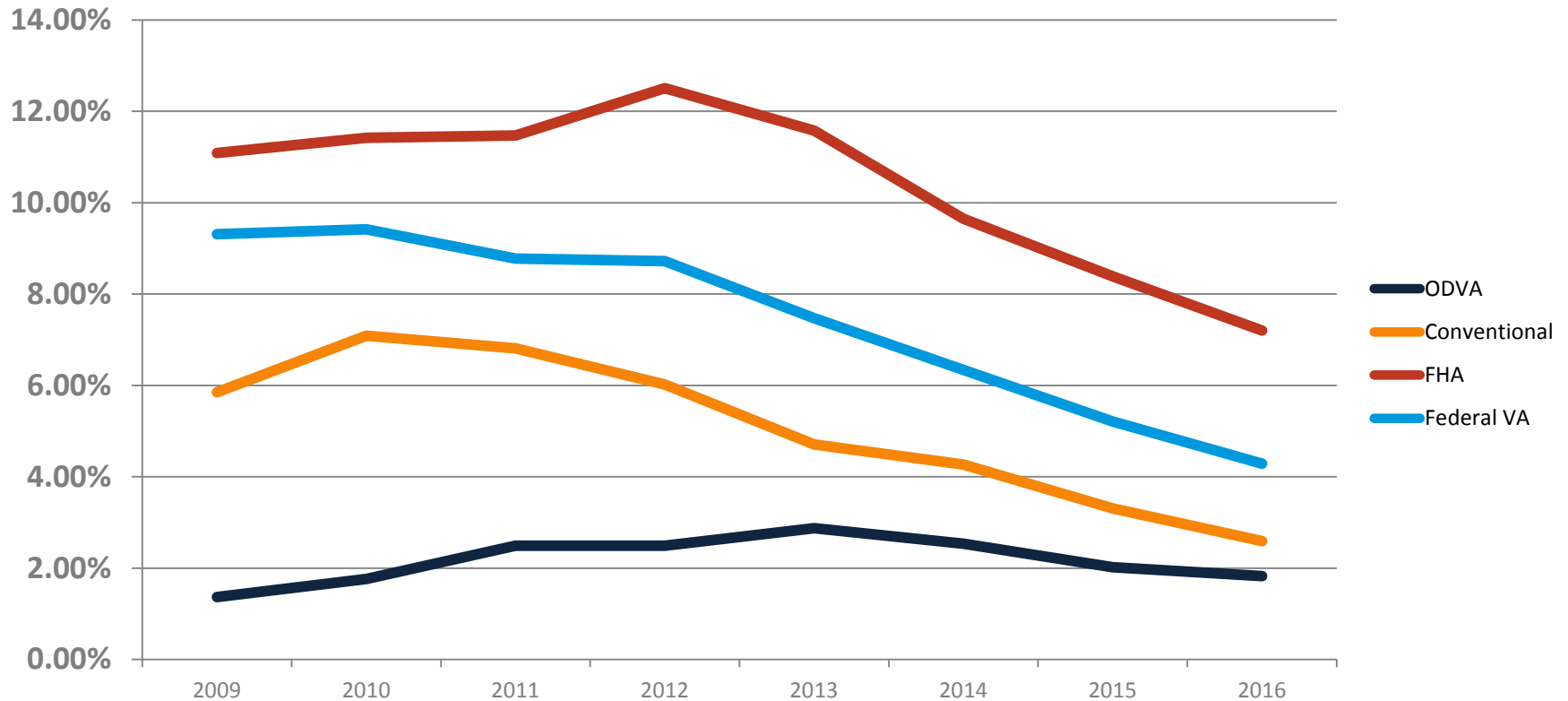
HOME LOAN PROGRAM

HOME LOAN PROGRAM HISTORICAL PORTFOLIO 2007-PRESENT



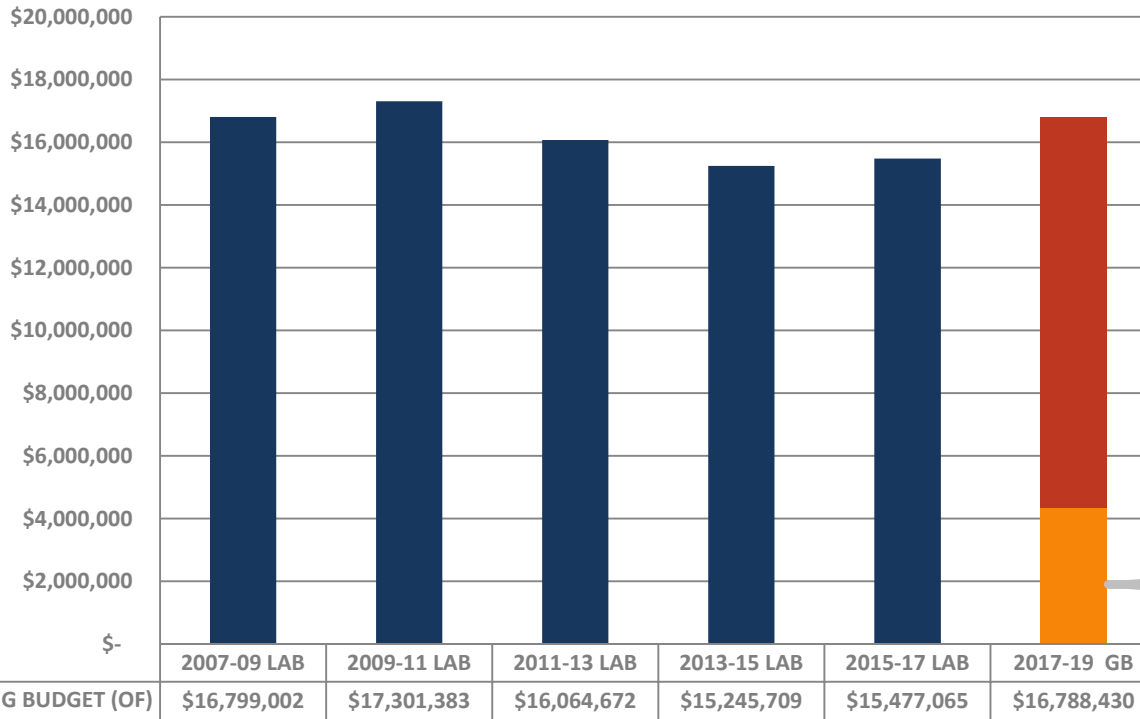
HOME LOAN PROGRAM

**% OF HOME LOANS DELINQUENT OR IN FORECLOSURE COMPARED
WITH PRIVATE SECTOR OREGON SERVICER STATISTICS
(ANNUALLY AS OF JUNE 30)**



HOME LOAN PROGRAM

OPERATING COSTS FUNDED BY HOME LOAN PROGRAM

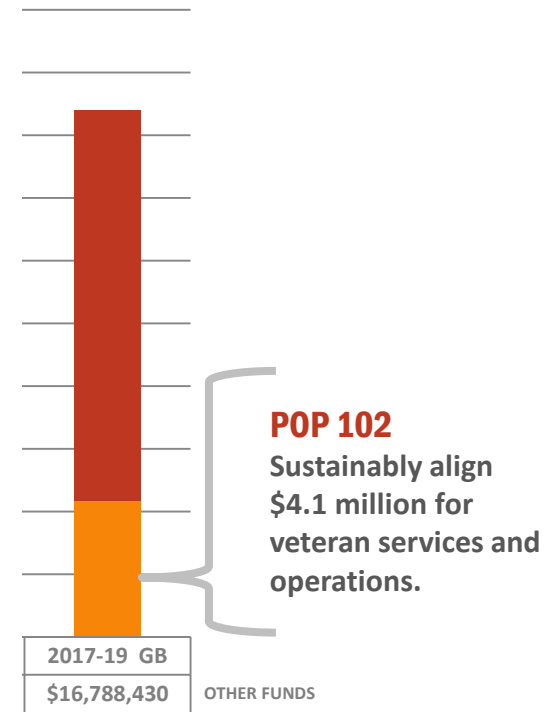


POP 102
Sustainably align
\$4.1 million for
veteran services and
operations.

HOME LOAN PROGRAM

A SUSTAINABLE VETERANS' LOAN PROGRAM

- The past 6 years, ODVA has lost ~ \$13 million. The primary contributor to these losses is the Loan Program subsidizing the cost of Veteran Services.
- Provides an attractive home loan benefit for Oregon's younger veterans (preserves inter-generational equity of benefits offered).
- Loan program revenues and reserves are the primary source of repayment on \$300 million of outstanding, State general obligation debt.
- If program revenues and reserves are not adequate, the State's general obligation pledge to pay debt service on the bonds will get triggered.



HOME LOAN POLICY PACKAGES

KEY VETERAN INITIATIVES

- Identify and connect more veterans and their families to benefits and resources
- Increase draw down of significant federal funds
- Leverage partnerships to expand service delivery and reduce demand on state resources
- Align funding to sustainably invest in core services for the long term
- Establish reserves and working capital fund

POP 102

TARGET VETERAN SERVICES

(\$6,063,285 LF AND A \$2,337,790 OF REDUCTION | 3.00 FTE)

Expands and sustains access to services for the underserved veteran community.

- PROGRAM STABILIZATION (\$4,125,737 LF)

STRATEGIC GOALS

TARGET VETERAN SERVICES

MOBILIZE PARTNERSHIPS

DRIVE VETERAN ENGAGEMENT

INVIGORATE CORE OPERATIONS





APPENDIX

POP 101

21ST CENTURY DELIVERY OF CORE PROGRAMS
(**\$600,000 LF AND \$250,000 OF | 0 FTE**)

Leverages smart technology to better serve and protect veterans.

POP 102

TARGET VETERAN SERVICES
(**\$6,063,285 LF AND A \$2,337,790 OF REDUCTION | 3.00 FTE**)

Expands and sustains access to services for the underserved veteran community.

POP 103

STRENGTHEN HOME LOANS
(**\$1,134,692 OF | 1.0 FTE**)

Strengthens Home Loan program compliance with federal law and necessary building maintenance.

POP 104

MOBILIZE PARTNERSHIPS
(**\$3,000,000 LF | 0 FTE**)

Mobilizes existing state programs and local providers to expand and enhance direct service to veterans across education, health and mental health, and housing and homelessness.

POP 105

VETERANS' HOMES CAPITAL PROJECTS
(**\$2,450,000 OF - CAPITAL CONSTRUCTION | 0 FTE**)

Ensures a secure and safe environment for Oregon's more vulnerable veterans.

MAJOR VETERAN SERVICES PROGRAM BUDGET INFORMATION

STATEWIDE VETERAN SERVICES

Expenditures: \$5,935,278 Lottery Funds, \$1 Federal Funds and \$1,976,024 General Funds

Caseload: ODVA, in partnership with the County Veteran Service Offices provides claims and counseling advocacy and representation to Oregon's 326,000 veterans, resulting in more than 12,200 new claims on their behalf during fiscal year 2016. In that same time, as part of appeals work, 1,322 Notice of Disagreements (NOD), and 486 Form 9's (continuation of the NOD process) were filed for veterans through ODVA's Statewide Veteran Service offices. Currently, ODVA holds power of attorney for nearly 101,000 Oregon veterans. Statewide Veteran Services is also responsible for the training, certification, and accreditation of all county and state veteran service officers. The agency holds initial onsite training for all new veteran service officers, one annual conference and will be developing online learning. Training is conducted on the latest Federal VA legal, medical and process information.

Source of Funding: Lottery Fund and General Fund dollars pay for most direct Veteran Services Program personnel cost and a portion of the program's services and supplies. The remainder of direct services and supplies and indirect personnel costs are funded through Other Fund Loan Program dollars.

Positions and FTE: 2017-19 Governor's Budget funds 31 Statewide Veteran Services positions.

COUNTY VETERAN SERVICE OFFICERS (CVSO'S) PROGRAM

Expenditures: \$5,854,861 Lottery Funds.

Workload: ODVA provides support to the County Veteran Service Offices (CVSO) through training, guidance, claims review and appellate representation; advocacy for our veterans, dependents and /or survivors in pursuit of benefits; and interoperability with the U.S. Department of Veterans Portland Regional Office. ODVA provides general fund pass through dollars to counties to support enhancement and expansion of CVSO operations. The administration of these monies requires counties that provide veterans services to file an annual application to receive funding and then submit quarterly reports of activities and expenditures in order to receive payment.

Source of Funding: Lottery Funds.

Positions and FTE: 2017-19 Governor's Budget funds 0 positions (0 FTE).

NATIONAL SERVICE ORGANIZATIONS (NSO)

Expenditures: \$175,156 Lottery Funds.

Workload: The NSOs submit an annual request for funding to ODVA and this is reviewed and processed by the department for approval and budgeting. The monies are then distributed on a quarterly basis following the review and processing of NSO quarterly reports of expenditure and activities.

Source of Funding: Lottery Funds.

Positions and FTE: 2017-19 Governor's Budget level funds 0 positions (0 FTE).

MAJOR VETERAN SERVICES PROGRAM BUDGET INFORMATION

PARTNERSHIPS

Expenditures: \$3,000,000 Lottery Funds.

Workload: Mobilize existing state programs and local providers to expand and enhance direct service to veterans across education, health and mental health, and housing and homelessness.

Source of Funding: Lottery Funds.

Positions and FTE: 2017-19 Governor's Budget level funds 0 positions (0 FTE).

AGING VETERAN SERVICES / CONSERVATORSHIP

Expenditures: \$2,732,770 Lottery Funds, \$23,976 General Funds and \$105,139 Other Funds.

Workload: As of June 30, 2016 ODVA had 140 Conservatorship clients and 131 Representative Payee clients in the Conservatorship program.

Customers: Program customers include: veterans, Federal VA, courts, guardians, case managers, family members, residential care facilities, foster homes, nursing homes, doctors, pharmacies, hospitals, utilities companies, attorneys, insurance companies, accountants, Defense Finance and Accounting Service, Social Security Administration, realtors, state, county, and federal agencies, Department of Justice, probation officers, police departments, investigators, vendors such as rental companies, yard maintenance, veterinarian offices, personal assistant escorts, travel agents, airlines, hotels, etc.

Source of Funding: Lottery Funds, General Funds and Other Funds. Other Funds are generated by fees charge to client accounts under Conservatorship and Representative Payee Program.

Positions and FTE: 2017-19 Governor's Budget funds 10 positions (10.0 FTE).

EMERGENCY FINANCIAL ASSISTANCE PROGRAM

Expenditures: The 2017-19 Governor's Budget did not fund the program.

Workload: In fiscal year 2016, total grant applications received were 202 while funding allowed for only 55 of those applications to be granted.

Source of Funding: N/A

Positions and FTE: 2017-19 Governor's Budget funded 0 positions (0 FTE).

MAJOR HOME LOAN PROGRAM BUDGET INFORMATION

HOME LOAN PROGRAM

Expenditures: \$16,788,430 Other Funds.

Workload: The Home Loan Program has been most robust when large numbers of veterans returned to Oregon, such as after World War II, the Korean War, and the Vietnam War. However, warfare has changed and large “draft” armies are not being deployed; which means large numbers of veterans are not returning to Oregon seeking loans. In recent years, fewer veterans, coupled with the housing market recession, high unemployment, low conventional mortgage rates, and the inability to use QVMB monies for refinancing, has resulted in a significant portfolio reduction of home loans. As of June 30, 2016, the portfolio included approximately 1,865 loans totaling more than \$262 million.

Source of Funding: Other Funds. Primary sources of revenue consist of loan and contract-related repayments, investment earnings, fee and rental income, and proceeds from bond sales.

Positions and FTE: 2017-19 Governor’s Budget funds 11 positions (11.0 FTE) for Direct Loan Services and 35 (35.0 FTE) other agency operational positions, for a total of 46 (46.0 FTE) positions.

MAJOR VETERANS' HOME PROGRAM BUDGET INFORMATION

VETERANS' HOME PROGRAM

Expenditures: \$83,810,663 Other Funds. \$1,344,281 General Funds Debt Service and \$90,000 Other Funds Debt Issuance costs. No General Funds have been provided for Veterans' Homes operational costs.

Workload: The Agency contracts with an operator to manage the operations of the Oregon Veterans' Homes.

Source of Funding: Operating revenues are primarily comprised of monies received from residents of the facility, Medicare and Medicaid reimbursements, and grant per diem received directly from the Federal VA. The facility also receives donations to the Veterans' Home Trust Fund, as well as monies from the sale of Veterans License Plates through the Department of Motor Vehicles, and money from the Charitable Check Off program.

The newest facility in Lebanon received 65 percent Federal VA Grant funds and 35 percent local match funding (Linn County levy) for construction. In 2013, the state provided additional funds to make up a short fall in the local match due to construction changes mandated by the Federal VA.

Positions and FTE: 2017-19 Governor's Budget funds five positions (5.0 FTE).