

Oregon Department of Veterans' Affairs

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level**	2017-19 Governor's Budget
General Fund	9,678,902	13,007,966	11,066,613	3,344,281
Lottery Funds	-	-	-	17,698,065
Other Funds	45,304,442	84,440,191	86,784,284	103,244,232
Other Funds (Nonlimited)	186,154,228	343,333,710	387,546,159	387,546,104
Federal Funds	40,000	3,955,303	-	1
Total Funds	241,177,572	444,737,170	485,397,056	511,832,683
Positions	84	88	88	92
FTE	82.63	87.76	88.00	92.00

* Includes Emergency Board and administrative actions through December 2016.

**2017-19 Current Service Level does not include \$18.5 million Lottery Funds added to veterans' services programs through the passage of Ballot Measure 96.

Program Description

The mission of the Oregon Department of Veterans' Affairs (ODVA) is to serve and honor veterans through leadership, advocacy, and strong partnerships. ODVA has three primary program areas that are supported by the agency's core operations: the Veterans' Loan Program, the Veterans' Services Program, and the Veterans' Home Program. The Veterans' Loan Program, funded entirely with Other Funds, provides home loans to veterans. Other Funds revenues for the loan program are derived from the proceeds of bond sales, loan and contract repayments, fee and rental income, and investment earnings. The Veterans' Services Program provides claims and appeals assistance, conservatorship services, and partnerships with counties and national veterans' service organizations to assist veterans. The Veterans' Services Program is funded with General Fund and Other Funds primarily generated from conservatorship fees. Beginning in the 2017-19 biennium, the Veterans' Services Program will also be funded with Lottery Funds due to the passage of Measure 96. The Veterans' Home Program operates two skilled nursing and memory care facilities in The Dalles and Lebanon. The operational costs of the facilities are funded with Other Funds from resident-related income, including funds from the U.S. Department of Veterans' Affairs (VA), Medicare, Medicaid, insurance companies, and private payers.

CSL Summary and Issues

The overall 2017-19 current service level (CSL) budget of \$485.4 million is \$40.7 (or 9.1%) more than the 2015-17 legislatively approved budget (LAB) of \$444.7 million. The increase is attributable to standard personal services growth and inflation for services and supplies expenditures. One-time funding for a crisis and suicide prevention hotline (\$350,000) and an increase to support the County Veteran Service

Offices (\$500,000) was included in the Department's 2015-17 LAB. The removal of this one-time funding is responsible for the net decrease in 2017-19 CSL General Fund budget. The 2015-17 LAB included Federal Fund expenditure limitation provided for specific federal grants received by the Department, which does not become part of the CSL budget. The Governor's Budget added \$1 in Federal Funds expenditure limitation, so that limitation can be increased (rather than established) for federal grants received during the 2017-19 biennium. The number of positions (88) is unchanged and total FTE (88.00) has increased by 0.24 to phase-in the full 24-month cost of two permanent full-time Program Analyst 3 positions added in the 2015-17 biennium for a LGBT Coordinator and Women Veterans' Coordinator.

\$10.5 million of lottery bonds were reauthorized in the 2015-17 biennium for a third home in Roseburg. ODVA does not have immediate plans for the third home and is not requesting that the bonds be issued in Spring 2017. The 2017-19 CSL budget has been decreased by \$1.96 million Lottery Funds to remove the debt service originally included for the anticipated sale. The capital construction expenditure limitation established for the Roseburg Veterans' Home (HB 5006, 2011) expires on June 30, 2017. ODVA does not have a package requesting reauthorization of the lottery bonds.

Policy Issues

During the 2016 session, the Legislature unanimously passed House Joint Resolution 202 (HJR 202), which referred for voters' approval a Constitutional amendment to devote 1.5% of state lottery net proceeds towards veterans' services. HJR 202 became Measure 96 on the November 8, 2016 ballot in Oregon and was approved by voters. The revenue impact of Measure 96, based on the December 2016 forecast prepared by the Office of Economic Analysis, estimates that the lottery revenue dedicated to veterans will be \$18.5 million in the 2017-19 biennium. Measure 96 directs net lottery proceeds to a veterans' services fund, which will need to be established by the Legislature. Funds must be used to provide services for the benefit of veterans, including employment, education, housing, health care, accessing state and federal benefits, and services provided through county, campus, nonprofit, and tribal veterans' service officers, but are not limited to programs within ODVA. The measure does not require the current service level of General Fund for veterans' services (\$10 million) to be maintained. As a result, the Governor's Budget included \$17.7 million Lottery Funds for ODVA's Veterans' Services Program, providing a one-month reserve balance of \$785,098 to allow for fluctuations in revenue projections, but reduced General Fund to \$2 million. The total funds budget for veterans' services of \$19.8 million in the Governor's Budget represents an increase of \$8.7 million (or 78.8%) from current service level.

In response to a General Fund shortfall in the 1991-93 biennium, Veterans' Home Loan Program revenues were used to supplement veterans' services funding. The cost of Veteran Service Officer positions performing non-loan program work was shifted back to General Fund in the 2013-15 biennium. While a portion of the subsidy was eliminated in 2013-15, home loan revenues still support \$3.8 million a biennium of veterans' services costs consisting of personal services, services and supplies, and its share of costs relating to agency operations. Home loan revenues being used to subsidize the Veterans' Services Program has been a contributing factor to the Veterans' Home Loan Program's losses over the last 6 years and is not a sustainable model for the program. Shifting these costs to Lottery Funds provided through Measure 96 stabilizes the Veterans' Home Loan Program.

ODVA's policy option packages (POPs) invest the additional Measure 96 lottery revenues in three primary areas: increased funding for the County Veteran Service Offices (CVSOs) and National Service Organizations (NSOs) to help service more veterans through the existing CVSO and NSO networks (\$1.6 million); discontinued use of home loan program revenues to subsidize the Veterans' Services Program and Veterans' Home Program revenues for the Aging Veteran Services Director (\$4.1 million); and increased support for pass through grants for campus veteran programs, emergency housing for homeless veterans, and mental health services (\$3 million).

Other Significant Issues and Current Discussions

ODVA has a statewide partnership with counties through the CVSOs. Historically, CVSOs have existed in 34 of the 36 counties and ODVA has provided services for Marion and Polk counties. However, a Polk County Veteran Service Office was established in January 2017.

The second Veteran's home in Lebanon was opened in October 2014. As of June 30, 2016, occupancy at the Lebanon and The Dalles Veterans' Homes were 90% and 94%, respectively. ODVA has requested general obligation bond proceeds in 2017-19 for two capital projects: construction of education and daycare buildings at The Dalles Veterans' Home (\$1.15 million) and a parking lot at the Lebanon Veterans' Home (\$1.3 million).

ODVA's 2015-17 LAB included \$350,000 of one-time General Fund to establish a veterans' crisis suicide line that offers free, anonymous assistance, 24 hours a day, to active-duty service members, veterans and their families. In an effort to avoid duplication of services and separate procurements for telephone crisis intervention services, a budget note was included that requires the Department coordinate with the Oregon Health Authority (OHA) to establish the veterans' crisis suicide line. The budget note also directs ODVA to ensure that the contract for suicide crisis intervention services is with a provider that has contractual affiliation with the National Suicide Prevention Line and the National Veteran's Crisis Line. ODVA has contracted with Lines for Life, which is also the contractor for OHA's state suicide crisis line.

The 2017-19 Co-Chair Budget Framework for the Oregon Department of Veterans' Affairs targeted combined General Fund and Lottery Funds support of \$23.5 million for veterans' services programs.