

## Oregon Department of Veterans' Affairs

	<b>2017-19 Actuals</b>	<b>2019-21 Leg Approved Budget</b>	<b>2021-23 Governor's Budget</b>
General Fund	\$7,850,833	\$8,352,877	\$8,256,289
Lottery Funds	14,015,771	20,559,847	20,555,431
Other Funds	97,670,702	108,523,336	115,036,988
Federal Funds	6,429,755	1,525,000	1,617,844
Other Funds (Nonlimited)	336,915,582	408,779,089	204,521,026
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$462,882,643	\$547,740,149	\$349,987,578
Positions	98	105	103
Full-time Equivalent	94.92	104.47	102.59

### OVERVIEW

The mission of the Oregon Department of Veterans' Affairs (ODVA) is to serve and honor veterans through leadership, advocacy, and strong partnerships. The ODVA's vision is for veterans and their families to thrive in Oregon, by helping advance the veterans' community in the key areas of health, education, and economic opportunity. The Department has four major operational functions: home loans for veterans; targeted veteran services, including those supporting the unique needs of aging veterans; two long-term care veteran homes (in The Dalles and Lebanon), with a third home in the planning stage (in Roseburg); and core operations, which provides leadership and support for the Department's programs.

### GOVERNOR'S BUDGET

The Governor's Budget provides a total of \$350.0 million, including \$8.3 million General Fund and \$20.6 million supported by Lottery Funds. Investments include an additional \$2.1 million in available Lottery Funds, intended to strengthen the Department's ability to provide services and outreach to more veterans, support local partners, and enhance assistance in the areas of education and access to healthcare.

### REVENUE SUMMARY

The Department funds its programs with a mix of General Fund, Lottery Funds and Other Funds revenue. A significant portion of the Other Funds budget is designated as Nonlimited and supports loan payments in the Home Loan Program, general obligation bond proceeds and debt service. The limited portion of Other Funds revenue is received from fees from the Conservatorship Program and loan-related services, rent from leasing space within the Veterans' building; funding received from the United States Department of Veterans' Affairs (USDVA) for operating the two veteran homes (including Medicare and Medicaid reimbursements); and investment earnings. The

Department also receives a small amount of Federal Funds from grants.

## **AGENCY PROGRAMS**

### **Home Loan Program**

The Home Loan Program provides low-interest rate mortgages on single-family owner-occupied homes to qualified veterans. Oregon is one of only five states that have been grandfathered under federal tax law to offer a state veteran home loan program. Tax-exempt bond revenue is used to finance the loans. Loan repayments and investment earnings pay off the bonds and cover the cost of program administration. As of June 30, 2020, the Department's loan portfolio consisted of approximately 1,777 loans totaling more than \$347 million.

The Governor's Budget for the Home Loan Program totals \$18.2 million. All of the program's revenue is supported by Other Funds received from mortgage loan and contract repayments, proceeds from bond sales, and income from fees, rent, and investments. With available Other Funds resources, the Governor's Budget supports replacement of the program's Home Loan servicing application with a modern solution that will improve operations and services provided to veterans.

### **Veteran Services Program**

The Veteran Services Program provides benefits counseling, claims and appellate representation, certification, and training for Veteran Service Officers in counties and national service organizations, educational assistance, emergency financial assistance, and other service delivery partnerships across the state. The Division is the front line for veteran benefits, ensuring veterans obtain all the benefits to which they are entitled, as a result of their military service. It operates through a coordinated service delivery network consisting of Department employees, county service centers, and participating national service organizations.

Through this program, the Department finances County Veteran Service Officer (CVSO) positions with a base amount, in addition to an amount related to the county's veteran population. Department employees assist veterans and CVSOs throughout the state in preparation or review of appeals for denied veteran claims. With its county and national service partners, ODVA provides claims advocacy, certification, and representation to Oregon's 290,000 veterans, resulting in more than 23,000 new claims filed in fiscal years 2019 and 2020. Annual federal benefit payments to Oregon veterans now total more than \$3.2 billion.

The Governor's Budget for the Veteran Services Program totals \$26.0 million. This represents a decrease primarily driven by the phase-out of one-time costs for building renovation, various delivered grants, and expenditure limitation intended for Lottery Bond proceeds for veterans' affordable housing. Additional investments of \$1.5 million were made with available Lottery Fund revenue. These investments support a permanent Human Resources Analyst, as well as funding for the Rural Veteran Healthcare Transportation grant program, the Campus Veteran Resource grant program, the Veteran Services grant program, and the Veterans' Educational Bridge grant program.

### **Oregon Veterans' Home Program**

The Oregon Veterans' Home Program provides eligible veterans and their families with skilled

nursing, Alzheimer's and memory care, and rehabilitative care in an environment understanding the unique needs of the men and women who served our country in uniform. There are currently two Oregon Veterans' Homes; one in The Dalles and one in Lebanon. The development of a third home in Roseburg is currently in the planning stage. The cost of care is supported with Other Funds revenue primarily from resident-related payments, including funds from USDVA, Medicare, Medicaid, insurance companies, and private payers. ODVA contracts with Veterans Care Centers of Oregon, a non-profit organization, for the day-to-day operation of the facilities.

The Governor's Budget for the Oregon Veterans' Home Program totals \$97.1 million and provides the necessary resources to staff and operate the current facilities in The Dalles and Lebanon. The Governor's Budget also provides an additional \$3.0 million Other Funds expenditure limitation in order to respond to anticipated cost increases related to providing veterans' care in the two Oregon Veterans' Homes during the ongoing COVID-19 pandemic.

### **Aging Veteran Services Program**

The Aging Veteran Services Program was established in the 2019-21 biennium to focus on the needs of Oregon's growing population of aging veterans and their families. Providing a more direct focus on aging veterans reflects the demographics of veterans being served across the state. Currently, nearly 50 percent of Oregon veterans served during the World War II, Korea and Vietnam eras. For the foreseeable future, older veterans and their families will increasingly need access to long-term care, adult foster care, home and community based services and certain specialized needs, such as prosthetics, mental health care, and hearing aids. The Aging Veteran Services Program is the front line for connecting aging veterans to available benefits and resources.

The program administers the following three functions: conservatorship and representative payee services, veteran volunteer activities, and aging veteran outreach initiatives. The Conservatorship and Representative Payee Program assists veterans who are not able to independently manage their financial affairs. The Veteran Volunteer Program is intended to create a statewide network of volunteers trained to locate veterans, assist them in recognizing potential earned benefits and services and connect them to individuals and organizations for additional assistance. The Aging Veterans Outreach Program works with ODVA's partners on behalf of aging veterans to coordinate benefits and services specific to this population.

The Governor's Budget for Aging Veterans Services totals \$4.2 million, of which approximately 13 percent is General Fund and 87 percent is Lottery Funds. The budget includes a Lottery Funds investment of \$0.8 million to move forward with replacement of the Agency's outdated legacy Conservatorship Program. In the 2019-21 biennium, ODVA contracted for project management and business analysis to meet all state oversight and planning requirements. This package provides funding to procure and implement a solution during the 2021-23 biennium.

### **Nonlimited Program**

The Nonlimited Program provides both loan and bond expenditures related to the Home Loan Program. The loan-related expenditures consist of loans made to veterans, payment of property taxes, hazard insurance, foreclosure, and state-owned property costs and other costs incurred to protect the state's interest in property used to secure a loan. The bond-related expenditures include

various fees to cover bond counsel, attorneys, State Treasury costs, and preparing disclosure documents. This program also contains Nonlimited expenditures for debt service related to the sale of Department bonds.

The Governor's Nonlimited Budget for the Oregon Department of Veterans' Affairs provides the resources necessary to support the Home Loan Program and pay debt service associated with the program. The total budget is \$204.5 million; representing a 50.0 percent decrease from the 2019-21 Legislatively Approved Budget. This is largely due to a projected decrease in loan originations, as well as portfolio run-off due to a competitive, low interest rate environment.