

LSC Greenbook

Analysis of the Enacted Budget

Department of Veterans Services

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ATTACHMENT:

Budget Spreadsheet By Line Item

Department of Veterans Services

- Nearly 75% of biennial budget allocated to operate two state veterans homes
- Veterans Bonus Program winding down

OVERVIEW

Agency Overview

The Ohio Department of Veterans Services (DVS) was established by S.B. 289 of the 127th General Assembly and began functioning as an agency on August 21, 2008. When the Department was established, it merged operations from the Governor's Office of Veterans Affairs, the Ohio Veterans' Home Agency, and the Ohio State Approving Agency. The Ohio State Approving Agency was transferred from the Ohio Department of Education on October 1, 2008. Besides transferring and merging these operations, S.B. 289 also enacted several new duties and responsibilities, including additional outreach, advocacy, and expanded coordination with county veteran service commissions. Since its startup, the Department has also assumed responsibility for the administration of the Troops to Teachers and the Veterans Bonus programs.

The Department's mission is to actively identify, connect with, and advocate for veterans and their families. The Department also works to connect approximately 867,000 Ohio veterans and their families to programs and benefits to which they are entitled.

Appropriation Overview

Table 1 below shows, by fund group, the Department's appropriations for FY 2014 and FY 2015, as well as actual FY 2013 expenditures.

Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$34,233,103	\$37,021,444	8.2%	\$39,393,644	6.4%
General Services	\$327,998	\$1,596,894	386.9%	\$1,596,894	0.0%
Federal Special Revenue	\$26,690,507	\$27,933,629	4.7%	\$28,693,984	2.7%
State Special Revenue	\$9,348,957	\$11,018,315	17.9%	\$11,296,794	2.5%
Persian Gulf, Afghanistan, and Iraq Compensation	\$8,465,223	\$15,238,703	80.0%	\$10,029,709	-34.2%
TOTAL	\$79,065,788	\$92,808,985	17.4%	\$91,011,025	-1.9%

*FY 2013 figures represent actual expenditures.

For the Department of Veterans Services, the budget appropriates a total of \$92.8 million for FY 2014, an increase of \$13.7 million, or 17.4%, from the FY 2013 total expenditures of \$79.1 million. The budget appropriates \$91.0 million for FY 2015, a decrease of \$1.8 million, or 1.9%, from the FY 2014 appropriation. This decrease is related to the reduction in applications for the Veterans Bonus Program.

Staffing Levels

Table 2 below shows the Department's number of full-time equivalent (FTE) employees from FY 2009 projected through FY 2015. The majority of the Department's employees work at the veterans homes.

Table 2. Department of Veterans Services Staffing Levels							
Work Location	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013*	FY 2014*	FY 2015*
Veterans Services – Columbus	11.0	16	16.0	16.0	14.4	17.0	17.0
Ohio Veterans Homes	797.1	768.7	768.7	822.1	830.9	837.9	837.9
Hall of Fame	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Veterans Approving Service	7.2	7.0	7.0	6.0	5.8	5.4	5.4
Troops to Teachers	1.0	1.0	1.0	1.0	1.2	1.0	1.0
Veterans Bonus Program	--	--	37.0	24.0	27.6	6.0	6.0
TOTAL	817.3	793.7	830.7	870.1	880.9	868.3	868.3

*FY 2013-FY 2015 figures are estimates.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of each line item in the Department's FY 2014-FY 2015 budget. In this analysis, the Department's line items are grouped into five major categories as follows:

1. Ohio Veterans Homes;
2. Veterans Services;
3. Veterans Hall of Fame;
4. Veterans Educational Activities; and
5. Veterans Bonus Program.

To aid the reader in finding each item in the analysis, the following table shows the category in which each line item has been placed, listing the line items in order within their respective fund groups and funds. This is the same order that the line items appear in the budget bill.

Table 3. Categorization of Veterans Services Line Items for Analysis of the Budget			
Fund	ALI and Name		Category
General Revenue Fund			
GRF	900321	Veterans' Homes	1: Ohio Veterans Homes
GRF	900402	Hall of Fame	3: Veterans Hall of Fame
GRF	900408	Department of Veterans Services	2: Veterans Services
GRF	900901	Persian Gulf, Afghanistan, and Iraq Compensation Debt Service	5: Veterans Bonus Program
General Services Fund Group			
4840	900603	Veterans' Home Services	1: Ohio Veterans Homes
Federal Special Revenue Fund Group			
3680	900614	Veterans Training	4: Veterans Educational Activities
3740	900606	Troops to Teachers	4: Veterans Educational Activities
3BX0	900609	Medicare Services	1: Ohio Veterans Homes
3L20	900601	Veterans' Homes Operations – Federal	1: Ohio Veterans Homes
State Special Revenue Fund Group			
4E20	900602	Veterans' Homes Operating	1: Ohio Veterans Homes
6040	900604	Veterans' Homes Improvement	1: Ohio Veterans Homes
Persian Gulf, Afghanistan, and Iraq Compensation			
7041	900615	Veterans Bonus Program – Administration	5: Veterans Bonus Program
7041	900641	Persian Gulf, Afghanistan, and Iraq Compensation	5: Veterans Bonus Program

Category 1: Ohio Veterans Homes

The appropriations in this category provide funding for the operation of the state's two veterans homes – one in Sandusky and one in Georgetown. The Sandusky facility provides nursing facility and domiciliary care, while the Georgetown facility provides only nursing facility care. Table 4 below shows the line items that fund the costs of operating the two veterans homes, as well as the appropriated funding levels. It is then followed by a narrative describing how the appropriated amounts will be used.

Table 4. Appropriations for Ohio Veterans Homes				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	900321	Veterans' Homes	\$27,369,946	\$27,369,946
General Revenue Fund Subtotal			\$27,369,946	\$27,369,946
General Services Fund (GSF) Group				
4840	900603	Veterans' Homes Services	\$1,596,894	\$1,596,894
General Services Fund Group Subtotal			\$1,596,894	\$1,596,894
Federal Special Revenue (FED) Fund Group				
3BX0	900609	Medicare Services	\$2,250,000	\$2,250,000
3L20	900601	Veterans' Homes Operations – Federal	\$24,887,790	\$25,634,423
Federal Special Revenue Fund Group Subtotal			\$27,137,790	\$27,884,423
State Special Revenue (SSR) Fund Group				
4E20	900602	Veterans' Homes Operating	\$10,614,652	\$10,837,435
6040	900604	Veterans' Homes Improvement	\$403,663	\$459,359
State Special Revenue Fund Group Subtotal			\$11,018,315	\$11,296,794
Total Funding: Ohio Veterans Homes			\$67,122,945	\$68,148,057

Ohio Veterans Homes Line Items

GRF line item 900321, Veterans' Homes, is used for payroll, personal services contracts, supplies and maintenance, and equipment costs incurred in the administration and operation of the two state veterans homes. The budget appropriates \$27,369,946 in FY 2014 and FY 2015, which is an increase of \$1,669,459, or 6.5%, over the FY 2013 expenditure of \$25,700,487.

GSF line item 900603, Veterans' Homes Services, is used to purchase food products and medication services and to maintain the areas of the veterans homes that are rented or leased. The Veterans Home Rental and Service Revenue Fund (Fund 4840), which provides the money for the line item's appropriation, consists of reimbursements from hospice, third-party pharmacy receipts, as well as money from leases, rentals, and meals.

The budget appropriates \$1,596,894 in FY 2014 and FY 2015. This represents an increase of \$1,268,896, or 386.9%, from the FY 2013 expenditure of \$327,998. This increase is partially due to changes in the way that reimbursements for hospice care are administered. Previously, these reimbursements were deposited to the credit of a mix of funds used by the Department, specifically Funds 4E20, 6040, and 4840. During the FY 2014-FY 2015 biennium, all reimbursements will be deposited to the credit of Fund 4840.

Federally funded line item 900609, Medicare Services, is used to provide Medicare-related and other services to eligible veterans. These services include physical therapy, IV medication, skilled nursing care, medical care, room, board, and other Medicare required goods and services. Funds are used to purchase Medicare allowable equipment.

The Medicare Services Fund (Fund 3BX0), which provides the money for the line item's appropriation, consists of Medicare Part A and B reimbursements for skilled nursing care services. The fund's revenues can fluctuate based on rates established by the U.S. Department of Health and Human Services Centers for Medicare and Medicaid, the number of residents that require skilled care, and the level of treatment that these residents require.

For this federal line item, the budget appropriates \$2,250,000 in FY 2014 and FY 2015, an increase of \$447,921, or 24.9%, from the FY 2013 expenditure of \$1,802,079.

Federally funded line item 900601, Veterans' Homes Operations – Federal, is used to pay for the operating expenses of the two state veterans homes. The Federal Grants Fund (Fund 3L20) which provides the money for the line item's appropriation, consists of moneys received from the U.S. Department of Veterans Affairs for per diem rates. The fund's revenues are dependent upon the number of days of care provided to nursing home and domiciliary residents and the per diem rates established by the U.S. Department of Veterans Affairs. The per diem rate effective on October 1, 2012, is \$97.07 for nursing home residents and \$41.10 for domiciliary residents.

For this federal line item, the budget appropriates \$24,887,790 in FY 2014, an increase of \$657,112, or 2.7%, from the FY 2013 expenditure of \$24,230,678. For FY 2015, the budget appropriates \$25,634,423, an increase of \$746,633, or 3.0%, over the FY 2014 appropriation.

State Special Revenue line item 900602, Veterans' Homes Operating, is also used to cover operating expenses at the veterans homes. The Veterans' Home Operating Fund (Fund 4E20), which provides the money for the line item's appropriation, consists of 80% of the revenues collected from resident assessments. The fund's revenues are dependent upon the occupancy rate of the facilities, the residents' ability to pay, and the

assessment charged. The Department anticipates annual increases in these resident assessments.

For this line item, the budget appropriates \$10,614,652 in FY 2014, an increase of \$1,559,312, or 17.2%, over the FY 2013 expenditure of \$9,055,340. For FY 2015, the budget appropriates \$10,837,435, an increase of \$222,783, or 2.1%, from the FY 2014 appropriation.

State Special Revenue line item 900604, Veterans' Homes Improvement, is used to pay for the costs of equipment and capital improvements. The Ohio Veterans Home Improvement Fund (Fund 6040), which provides the money for the line item's appropriation, consists of 20% of the revenues collected from resident assessments. The fund's revenues are dependent upon the occupancy rate of the facilities, the residents' ability to pay, and the assessment charged. The Department anticipates annual increases in these resident assessments.

For this line item, the budget appropriates \$403,663 in FY 2014, an increase of \$110,045, or 37.5%, from the FY 2013 expenditure of \$293,618. For FY 2015, the budget appropriates \$459,359, an increase of \$55,696, or 13.8%, over the FY 2014 appropriation.

Category 2: Veterans Services

The appropriations in this category help to connect veterans with their benefits and provide training to county veterans' service officers and county veteran service commissions. Table 5 below shows the line item that funds the costs of providing these services, as well as the appropriated funding levels. It is then followed by a narrative describing how the appropriated amounts will be used.

Table 5. Appropriations for Veterans Services				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	900408	Department of Veterans Services	\$2,001,823	\$2,001,823
General Revenue Fund Subtotal			\$2,001,823	\$2,001,823
Total Funding: Veterans Services			\$2,001,823	\$2,001,823

Department of Veterans Services (GRF line item 900408)

This GRF line item is used to pay the operating expenses (payroll, purchased personal services, supplies and maintenance, and equipment) that the Department incurs in performing its mission to identify, connect with, and advocate for veterans and their families. It also pays for operating expenses related to the Veterans' Record System, which contains digitized copies of discharge and separation information on Ohio veterans.

For FY 2014 and FY 2015, the budget appropriates \$2,001,823, an increase of \$89,324, or 4.7%, from the FY 2013 expenditure of \$1,912,499. This level of funding will allow the Department to maintain current service levels.

An ongoing departmental priority is, budget permitting, to improve the benefits delivery system through public awareness, outreach and education, staff training, and streamlining the application process. A notable accomplishment in this regard from the Department's perspective is a joint effort with the Cleveland V.A. Regional Benefits Office that resulted in a significant improvement in claims processing for Ohio's veterans through systemic changes, training, and enhanced communications. Also of importance to the Department is reducing unemployment in the veteran's community, an effort that currently includes collaboration with Ohio's Adjutant General, the Department of Job and Family Services, and the Office of the Governor.

Category 3: Veterans Hall of Fame

This category of appropriations provides funds for the Veterans Hall of Fame, which recognizes veterans' accomplishments to the community. Table 6 below shows the line item that funds the costs of operating the Veterans Hall of Fame, as well as the appropriated funding levels. It is then followed by a narrative describing how the appropriated amounts will be used.

Table 6. Appropriations for Veterans Hall of Fame				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	900402	Hall of Fame	\$107,075	\$107,075
<i>General Revenue Fund Subtotal</i>			\$107,075	\$107,075
Total Funding: Veterans Hall of Fame			\$107,075	\$107,075

Hall of Fame (GRF line item 900402)

This GRF line item pays for expenses relating to the Veterans Hall of Fame. The Hall of Fame recognizes veterans for their significant contributions they have made, or are making, to their community, state, and nation after serving honorably in the armed services. This program was created in 1992 and was the first of its kind in the nation. In 2012, 145 nomination packets were received. Of those, 15 were inducted into the Hall of Fame.

For this line item, the budget appropriates \$107,075 in FY 2014 and FY 2015, an increase of \$25,476, or 31.2%, over the FY 2013 expenditure of \$81,599. These funds are typically allocated for payroll and maintenance and supplies.

Category 4: Veterans Educational Activities

This category of appropriations provides funds for the approval and supervision of educational programs for veterans and their dependents, as well as funds to encourage veterans to enter the teaching profession. Table 7 below shows the line items that fund the costs of providing these educational activities, as well as the appropriated funding levels. It is then followed by a narrative describing how the appropriated amounts will be used.

Table 7. Appropriations for Veterans Educational Activities				
Fund	ALI and Name		FY 2014	FY 2015
Federal Special Revenue Fund Group				
3680	900614	Veterans Training	\$684,017	\$697,682
3740	900606	Troops to Teachers	\$111,822	\$111,879
Federal Special Revenue Fund Group Subtotal			\$795,839	\$809,561
Total Funding: Veterans Educational Activities			\$795,839	\$809,561

Veterans Training (federal line item 900614)

This federally funded line item provides money for the approval and supervision of educational programs for veterans and their dependents. The Veterans Training Fund (Fund 3680), which provides the money for the line item's appropriation, receives revenues that are determined by funding levels established by Congress and allocated by the U.S. Department of Veterans Affairs. The amount of federal funds allocated to each state is dependent upon the number of active sites within that state.

For this line item, the budget appropriates \$684,017 in FY 2014, an increase of \$129,357, or 23.3%, over the FY 2013 expenditure of \$554,660. For FY 2015, the budget appropriates \$697,682, an increase of \$13,665, or 2.0%, from the FY 2014 appropriation. These funds are typically allocated for payroll-related expenses.

Troops to Teachers (federal line item 900606)

This federally funded line item pays for Troops to Teachers, a program for the recruitment of military personnel into the profession of teaching. The line item's appropriation is supported by money from the Defense Activity for Non-Traditional Education Support (DANTES) Program administered by the U.S. Department of Defense. Federal funds originate with the U.S. Department of Education and are then transferred to the U.S. Department of Defense.

For this line item, the budget appropriates \$111,822 in FY 2014, an increase of \$8,732, or 8.5%, over the FY 2013 expenditure of \$103,090. For FY 2015, the budget appropriates \$111,879, an increase of \$57, or 0.1%, from the FY 2014 appropriation.

These funds are typically allocated for payroll-related expenses and secondarily supplies and maintenance.

Activities related to the program were previously funded through the Ohio Department of Education's GRF line item 200647, Troops to Teachers. The Ohio Department of Veterans Services took over the program in FY 2010.

Category 5: Veterans Bonus Program

This category of appropriations provides funds for the support of the Veterans Bonus Program, which was approved by Ohio voters in November 2009. It is funded through the issuance of bonds. Eligible service members, veterans, or qualifying family members may be eligible for up to \$1,500 in bonus payments based upon length and location of the qualifying service. Family members of those killed in action, missing in action, or prisoners of war may be eligible for a bonus of \$5,000.

Table 8 below shows the line items that fund the Veterans Bonus Program, as well as the appropriated funding levels. It is then followed by a narrative describing how the appropriated amounts will be used.

Table 8. Appropriations for Veterans Bonus Program				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	900901	Persian Gulf, Afghanistan, and Iraq Compensation Debt Service	\$7,542,600	\$9,914,800
General Revenue Fund Subtotal			\$7,542,600	\$9,914,800
Persian Gulf, Afghanistan, and Iraq Compensation Fund Group				
7041	900615	Veterans Bonus Program – Administration	\$738,703	\$629,709
7041	900641	Persian Gulf, Afghanistan, and Iraq Compensation	\$14,500,000	\$9,400,000
Persian Gulf, Afghanistan, and Iraq Compensation Fund Group Subtotal			\$15,238,703	\$10,029,709
Total Funding: Veterans Bonus Program			\$22,781,303	\$19,944,509

Veterans Bonus Program Line Items

GRF line item 900901, Persian Gulf, Afghanistan, and Iraq Compensation Debt Service, is used to pay all debt service and related financing costs on obligations issued for Persian Gulf, Afghanistan, and Iraq compensation purposes under R.C. sections 151.01 and 151.12. For this purpose, the budget appropriates \$7,542,600 in FY 2014 and \$9,914,800 in FY 2015.

Line item 900615, Veterans Bonus Program – Administration, is used to pay the operating expenses (payroll, personal services contracts, supplies and maintenance, and equipment costs) incurred to administer the Veterans Bonus Program.

For FY 2014, the budget appropriates \$738,703, an increase of \$322,854, or 77.6%, over the FY 2013 expenditure of \$415,849. For FY 2015, the budget appropriates \$629,709, a decrease of \$108,994, or 14.8%, from the FY 2014 appropriation. This decrease reflects staff reductions expected to occur as the number of new applications decrease.

Line item 900641, Persian Gulf, Afghanistan, and Iraq Compensation, is used to make bonus payments to qualified Ohio veterans of the Persian Gulf, Afghanistan, and Iraq conflicts. Depending upon specified circumstances of their military service, the maximum benefit for an eligible veteran is \$500, \$1,000, or \$1,500.

For FY 2014, the budget appropriates \$14,500,000, an increase of \$6,450,626, or 80.1%, over the FY 2013 expenditure of \$8,049,374. For FY 2015, the budget appropriates \$9,400,000, a decrease of \$5,100,000, or 35.2%, from the FY 2014 appropriation. This funding decrease is indicative of the Department's expectation that applications to the bonus program will be decreasing as these conflicts come to an end.

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FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
DVS Department of Veterans Services								
GRF	900321	Veterans' Homes	\$ 25,913,818	\$ 25,700,487	\$ 27,369,946	6.50%	\$ 27,369,946	0.00%
GRF	900402	Hall of Fame	\$ 98,920	\$ 81,599	\$ 107,075	31.22%	\$ 107,075	0.00%
GRF	900408	Department of Veterans Services	\$ 1,814,442	\$ 1,912,499	\$ 2,001,823	4.67%	\$ 2,001,823	0.00%
GRF	900901	Persian Gulf, Afghanistan, and Iraq Compensation Debt Service	\$ 4,151,478	\$ 6,538,518	\$ 7,542,600	15.36%	\$ 9,914,800	31.45%
General Revenue Fund Total			\$ 31,978,657	\$ 34,233,103	\$ 37,021,444	8.15%	\$ 39,393,644	6.41%
4840	900603	Veterans' Homes Services	\$ 275,082	\$ 327,998	\$ 1,596,894	386.86%	\$ 1,596,894	0.00%
General Services Fund Group Total			\$ 275,082	\$ 327,998	\$ 1,596,894	386.86%	\$ 1,596,894	0.00%
3680	900614	Veterans Training	\$ 545,883	\$ 554,660	\$ 684,017	23.32%	\$ 697,682	2.00%
3740	900606	Troops to Teachers	\$ 116,576	\$ 103,090	\$ 111,822	8.47%	\$ 111,879	0.05%
3BX0	900609	Medicare Services	\$ 2,289,432	\$ 1,802,079	\$ 2,250,000	24.86%	\$ 2,250,000	0.00%
3L20	900601	Veterans' Homes Operations - Federal	\$ 21,750,696	\$ 24,230,678	\$ 24,887,790	2.71%	\$ 25,634,423	3.00%
Federal Special Revenue Fund Group Total			\$ 24,702,587	\$ 26,690,507	\$ 27,933,629	4.66%	\$ 28,693,984	2.72%
4E20	900602	Veterans' Homes Operating	\$ 8,462,411	\$ 9,055,340	\$ 10,614,652	17.22%	\$ 10,837,435	2.10%
6040	900604	Veterans' Homes Improvement	\$ 1,441,000	\$ 293,618	\$ 403,663	37.48%	\$ 459,359	13.80%
State Special Revenue Fund Group Total			\$ 9,903,411	\$ 9,348,957	\$ 11,018,315	17.86%	\$ 11,296,794	2.53%
7041	900615	Veteran Bonus Program - Administration	\$ 665,866	\$ 415,849	\$ 738,703	77.64%	\$ 629,709	-14.75%
7041	900641	Persian Gulf, Afghanistan, and Iraq Compensation	\$ 12,719,705	\$ 8,049,374	\$ 14,500,000	80.14%	\$ 9,400,000	-35.17%
Persian Gulf, Afghanistan, and Iraq Compensation Fund Total			\$ 13,385,571	\$ 8,465,223	\$ 15,238,703	80.02%	\$ 10,029,709	-34.18%
Department of Veterans Services Total			\$ 80,245,308	\$ 79,065,788	\$ 92,808,985	17.38%	\$ 91,011,025	-1.94%