

LSC Redbook

Analysis of the Executive Budget Proposal

Department of Veterans Services

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March 2011

READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Department of Veterans Services (DVS), which includes the following four sections.

1. **Overview:** Provides a description of the Department's existing functions and staffing, and an overview of the Department's executive recommended budget for the FY 2012-FY 2013 biennium, and notes other important budgetary matters.
2. **Facts and Figures:** Includes information on the occupancy rates, per diem rates, and daily costs of the state of Ohio's two veterans homes.
3. **Analysis of Executive Proposal:** Provides a detailed analysis of the Department's executive recommended budget, including the funding and purposes for each appropriated line item, and the services and activities that are financed by those appropriated moneys.
4. **Attachments:** Includes LSC's Catalog of Budget Line Items (COBLI), which describes each line item's purpose, revenue, and expenditures, and the LSC budget spreadsheet, which summarizes each line item's recent expenditure and appropriations history.

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Catalog of Budget Line Items

Budget Spreadsheet By Line Item

Department of Veterans Services

- Operating expenses cut by 7.7% in FY 2012
- Service cuts and staff reductions likely to be made
- Veterans Bonus Program opened in August 2010

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. The Department's mission is to actively identify, connect with, and advocate for veterans and their families. Another goal is to connect over 900,000 Ohio veterans and their families to programs and benefits to which they are entitled.

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 administration of Troops to Teachers and the Veterans Bonus Program.

Primary Programs

The Department is composed of four primary programs, as discussed in more detail below.

Veterans Services

This section is designed to connect veterans with the benefits that are available to them. In response to the fact that veterans often do not apply for all services and programs for which they are eligible, this section seeks to identify the veteran population and assist them in obtaining available benefits. The section communicates this population via web sites, e-mail, and mailings. The Department states that veterans can typically receive approximately 40% more in veterans benefits by working with experienced organizations and staff, such as the county veteran officers.

This section is also responsible for assisting county veteran service commissions, which includes providing training, certification, and accreditation of more than 800 county veteran service officers, commissioners, and staff. Additionally, the section acts

as a custodian of 1.9 million veterans' records and handles the conversion of veterans' records from paper to an electronic format.

Ohio Veterans Homes

In 1888, the first veterans home was created in Sandusky to provide care for Civil War veterans who were unable to earn a living due to diseases or other disabilities. The Department is the only agency in Ohio dedicated to providing long-term care solely to wartime veterans. Since its founding in 1888, the Sandusky home has cared for tens of thousands of honorably discharged veterans from the Civil War, Spanish American War, World War I, World War II, Korean War, the Vietnam Conflict, and the Gulf War. In November 2003, the second state of Ohio veterans home opened in Georgetown (Brown County).

The 94-acre campus in Sandusky has 300 licensed beds in the Veterans Hall Domiciliary (7 of these beds are reserved for visiting family and guests). The Domiciliary provides independence and freedom comparable to community living for residents who do not require hospital or nursing home care. Also at the Sandusky location is the Secrest-Giffin Nursing Home, which has 427 beds and provides nursing care and Alzheimer's and other dementia care for residents. The Sandusky facility also offers skilled care and hospice care for residents in need of those services. The Georgetown facility is a 35-acre campus with 148 nursing home beds, 22 of which are hospice beds.¹

The two veterans homes operate through a mix of state and federal funds, as well as through resident assessments. Each resident is assessed a monthly fee for living at one of the homes. The fee is based on the level of care provided and the resident's ability to pay.

Veteran Educational Programs

The State Approving Agency section is responsible for approving and supervising programs of education for the training of veterans, eligible dependents, and eligible members of the National Guard and the reserves.

Over 14,000 Ohio veterans receive a total of \$102 million a year from the federal government to assist with training and education costs. The section also conducts compliance site visits, as well as administrative training for over 1,000 school and employment site officials. The Ohio Department of Education was responsible for these

¹ The Georgetown facility is licensed for 168 beds. However, when the hospice unit was opened, several double-bed rooms (which were vacant at the time due to lack of funding) were converted to single-bed rooms. This was done due to the sensitive nature of hospice care, which necessitates additional privacy.

activities prior to October 2008, when the transfer to the Department of Veterans Services occurred.

This section is also responsible for administering Troops to Teachers, a program that encourages the recruitment of military personnel into the profession of teaching. The program is funded by the U.S. Department of Defense. Since 1994, over 10,000 veterans nationwide have utilized the Troops to Teachers Program.

Veterans Bonus Program

The Veterans Bonus Program was approved by Ohio voters in November 2009. The program is designed to provide a bonus to the estimated 200,000 qualifying veterans who served in the Persian Gulf, Iraq, and Afghanistan. The program was officially launched on August 24, 2010.

Staffing Levels

Table 1 below shows the Department's number of full-time equivalent employees from FY 2009 projected through FY 2013. Under S.B. 289 of the 127th General Assembly, all employees of the Governor's Office of Veterans Affairs and the Ohio Veterans' Home Agency were transferred to the Department. The majority of the Department's employees work at the veterans homes.

| Table 1. Department of Veterans Services Staffing Levels | | | | | |
|---|----------------|----------------|----------------|-----------------|-----------------|
| Work Location | FY 2009 | FY 2010 | FY 2011 | FY 2012* | FY 2013* |
| Veterans Services – Columbus | 11 | 16 | 16 | 14.4 | 14.4 |
| Ohio Veterans Homes | 797.1 | 768.7 | 768.7 | 777 | 777 |
| Hall of Fame | 1 | 1 | 1 | 1 | 1 |
| Veterans Approving Service | 7.2 | 7 | 7 | 5.8 | 5.8 |
| Troops to Teachers | 1 | 1 | 1 | 1.2 | 1.2 |
| Veterans Bonus Program | -- | -- | 37 | 37.6 | 37.6 |
| TOTAL | 817.3 | 793.7 | 830.7 | 837.0 | 837.0 |

*FY 2012-FY 2013 figures are estimates.

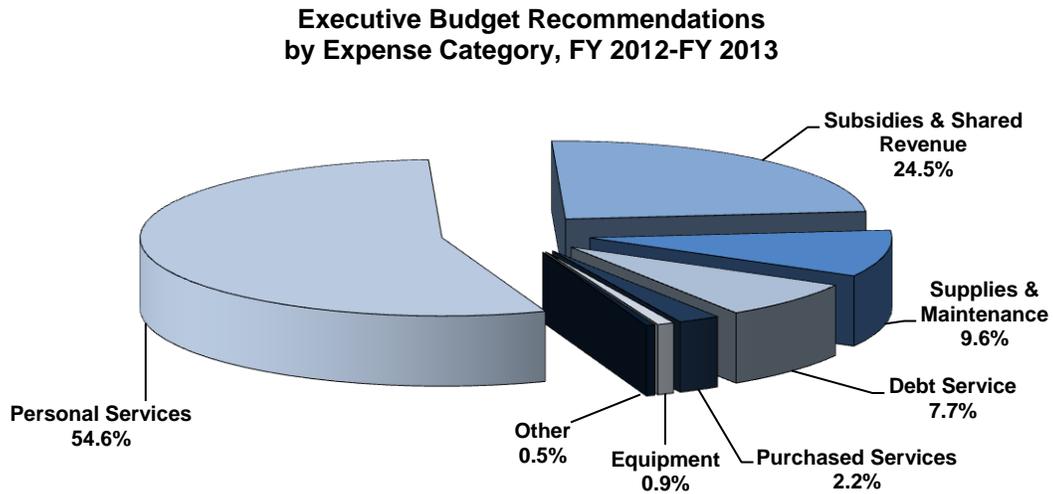
Appropriation Overview

Table 2 below shows the executive budget recommendations by fund group for FY 2012 and FY 2013, as well as the FY 2011 estimates. The executive budget recommends a FY 2012 total appropriation of \$99.5 million, a decrease of \$14.5 million, or 12.7%, from FY 2011 total estimated expenditures of \$114.0 million. The executive budget recommends a FY 2013 total appropriation of \$102.8 million, an increase of \$3.3 million, or 3.3%, over the FY 2012 recommendation. The FY 2013 increase is related to the inclusion of a new debt service line item (GRF line item 900901), the purpose of which is to pay for the bonds that were issued to finance the Veterans Bonus Program.

| Fund Group | FY 2011* | FY 2012 | % Change | FY 2013 | % Change |
|--|----------------------|---------------------|----------------|----------------------|-------------|
| General Revenue | \$31,860,716 | \$34,865,444 | 9.4% | \$39,490,944 | 13.3% |
| General Services | \$850,000 | \$305,806 | (64.0%) | \$312,458 | 2.2% |
| Federal Special Revenue | \$21,459,088 | \$26,861,665 | 25.2% | \$26,854,276 | 0.0% |
| State Special Revenue | \$11,593,231 | \$10,465,278 | (9.7%) | \$10,717,809 | 2.4% |
| Persian Gulf, Afghanistan, and Iraq Compensation | \$48,250,000 | \$27,030,410 | (44.0%) | \$25,447,703 | (5.9%) |
| TOTAL | \$114,013,035 | \$99,528,603 | (12.7%) | \$102,823,190 | 3.3% |

*FY 2011 figures represent estimated levels of spending.

The chart below shows the budget recommendations by expense category for the FY 2012-FY 2013 biennium. The Department's largest expense category is personal services, which encompasses payroll-related expenses (wages, salaries, fringe benefits, and other payroll charges). The majority of these personal services expenses are associated with operations of the two veterans homes. The second largest expense category – 24.5% – contains subsidies and shared revenue (related Veterans Bonus payments), followed by supplies and maintenance (9.6%) and debt service (7.7%).



FACTS AND FIGURES

Occupancy Rates for the Veterans Homes

Since 1999, the Secrest-Giffin Nursing Home, which is located in Sandusky, has been operating at almost full occupancy. The Veterans Hall Domiciliary has ranged from a high of 81% in 2000 and 2002 to a low of 61% in 2010. Since 2005, the occupancy rate at the Georgetown Veterans Home has ranged from 54% to 71%. Table 3 shows the occupancy rates by year. The Georgetown facility did not open until November 2003.

| Year | Secrest-Giffin Nursing Home | | Veterans Hall Domiciliary | | Ohio Veterans Home Sandusky Total | | Georgetown Veterans Home Total | |
|------|-----------------------------|-------------|---------------------------|-------------|-----------------------------------|-------------|--------------------------------|-------------|
| | # of Residents | % Occupancy | # of Residents | % Occupancy | # of Residents | % Occupancy | # of Residents | % Occupancy |
| 1996 | 342 | 80% | 193 | 66% | 535 | 74% | -- | -- |
| 1997 | 371 | 87% | 203 | 69% | 574 | 79% | -- | -- |
| 1998 | 372 | 87% | 224 | 77% | 596 | 82% | -- | -- |
| 1999 | 424 | 99% | 235 | 80% | 659 | 91% | -- | -- |
| 2000 | 425 | 99% | 236 | 81% | 661 | 92% | -- | -- |
| 2001 | 427 | 100% | 221 | 76% | 648 | 90% | -- | -- |
| 2002 | 425 | 99% | 236 | 81% | 661 | 92% | -- | -- |
| 2003 | 427 | 100% | 221 | 76% | 648 | 90% | -- | -- |
| 2004 | 425 | 99% | 189 | 64% | 614 | 85% | 50 | 30% |
| 2005 | 427 | 100% | 196 | 67% | 623 | 87% | 90 | 54% |
| 2006 | 423 | 99% | 194 | 65% | 617 | 85% | 114 | 68% |
| 2007 | 425 | 99% | 184 | 61% | 609 | 84% | 120 | 71% |
| 2008 | 422 | 99% | 193 | 66% | 615 | 85% | 117 | 70% |
| 2009 | 419 | 98% | 201 | 67% | 620 | 85% | 116 | 69% |
| 2010 | 418 | 98% | 184 | 61% | 602 | 83% | 114 | 68% |

Federal Veterans Administration Per Diem Rates for Veterans Homes

Ohio's two veterans homes receive per diem reimbursements from the federal Department of Veterans Affairs (VA) via a formula grant. These rates are adjusted annually. The grant requires a 50% match from nonfederal funds. Table 4 below shows the VA per diem rates each year from 1993 to 2010.

| Year | Nursing Home Resident | Domiciliary Resident |
|------|-----------------------|----------------------|
| 1993 | \$31.03 | \$13.25 |
| 1994 | \$35.37 | \$15.11 |
| 1995 | \$37.56 | \$15.33 |
| 1996 | \$39.74 | \$16.13 |
| 1997 | \$40.00 | \$17.78 |
| 1998 | \$43.92 | \$19.52 |
| 1999 | \$50.55 | \$21.43 |
| 2000 | \$51.38 | \$22.93 |
| 2001 | \$53.17 | \$24.40 |
| 2002 | \$56.24 | \$26.97 |
| 2003 | \$57.78 | \$27.19 |
| 2004 | \$59.36 | \$27.44 |
| 2005 | \$63.40 | \$29.31 |
| 2006 | \$67.71 | \$31.30 |
| 2007 | \$71.42 | \$33.01 |
| 2008 | \$74.42 | \$34.40 |
| 2009 | \$77.53 | \$35.84 |
| 2010 | \$94.59 | \$38.90 |

*Rates effective October 1st.

Average Daily Costs at Veterans Homes

Table 5 below shows the average daily costs per year.

| Fiscal Year | Veterans Hall Domiciliary | Percent Change | Secret-Giffin Nursing Home | Percent Change | Georgetown Veterans Home* | Percent Change |
|-------------|---------------------------|----------------|----------------------------|----------------|---------------------------|----------------|
| 1996 | \$63.79 | N/A | \$147.80 | N/A | -- | -- |
| 1997 | \$63.09 | (1.1%) | \$150.91 | 2.1% | -- | -- |
| 1998 | \$64.82 | 2.7% | \$156.36 | 3.6% | -- | -- |
| 1999 | \$63.57 | (1.9%) | \$159.61 | 2.1% | -- | -- |
| 2000 | \$72.60 | 14.2% | \$170.34 | 6.7% | -- | -- |
| 2001 | \$78.20 | 7.7% | \$174.11 | 2.2% | -- | -- |
| 2002 | \$84.77 | 8.4% | \$177.79 | 2.1% | -- | -- |
| 2003 | \$95.29 | 12.4% | \$198.88 | 11.9% | -- | -- |
| 2004 | \$98.12 | 3.0% | \$200.92 | 1.0% | \$677.99 | N/A |
| 2005 | \$110.16 | 10.7% | \$218.23 | 8.3% | \$324.30 | (52.2%) |
| 2006 | \$109.69 | (0.4%) | \$216.86 | (0.6%) | \$268.63 | (17.2%) |
| 2007 | \$109.00 | (0.6%) | \$215.00 | (0.9%) | \$252.00 | (6.2%) |
| 2008 | \$95.13 | (12.7%) | \$222.49 | 3.5% | \$240.55 | (4.5%) |
| 2009 | \$108.23 | 13.8% | \$247.09 | 11.1% | \$280.51 | 16.6% |
| 2010 | \$116.18 | 7.3% | \$235.89 | (4.5%) | \$273.23 | (2.6%) |

*Georgetown facility did not open until November 2003.

FY 2010-FY 2011 Highlights

Veterans Bonus Program

The Veterans Bonus Program was approved by Ohio voters in November 2009. The program is designed to provide a bonus to the estimated 200,000 qualifying Ohio veterans who served in the Persian Gulf, Iraq and Afghanistan. The program is established in the Ohio Constitution (Section 2r of Article VIII) and authorizes the issuance of \$200 million in bonds to pay for the bonuses as well as the administrative costs of the program. The program launched in August 2010.

An initial \$50 million in cash was generated by a bond sale in August 2010 and deposited in the Persian Gulf, Afghanistan, and Iraq Conflicts Compensation Fund (Fund 7041). This initial amount is expected to finance bonus payments for 12 to 15 months as well as administrative costs incurred by the Department of Veterans Services. During the period preceding the launch, the Department drafted rules and hired and trained additional staff to process the applications. Existing office space at the Department's Sandusky office was renovated and equipped. The Department anticipates that as the program winds down and completes its duties, the number staff supporting the program will also begin to decline.

Georgetown Hospice Wing

On January 27, 2011, the Department opened a new hospice unit at the veterans home in Georgetown, making the home the first in the nation to house a dedicated wing for the purpose of providing end-of-life care. The unit is funded by federal per diem grants for veterans care and resident fees. On December 13, 2010, the Controlling Board approved non-GRF funding increases totaling \$321,630 to cover the operating costs of the unit for FY 2011. The unit will accept any eligible veteran in Ohio who qualifies for hospice care. The veteran does not need to be a current resident of the home. The 22-bed hospice unit in Georgetown is located in what had been a vacant unit within the facility. Through a public-private partnership, Stein Hospice, a not-for-profit organization based in Ohio, will provide the necessary professional staff to operate the unit. Stein already offers hospice services at the Sandusky Veterans Home, but on an as needed basis

Cost Savings

The Department has worked to identify sources of potential cost savings and efficiencies. Some of these savings include the following:

- **Skilled care services.** Skilled care services have been delivered for nearly four years, generating approximately \$2.5 million in revenue.
- **Management restructuring.** The Department's management structure was reorganized to operate as a single organization, rather than two.

- **Dietary operations.** Dietary operations have been modified to incorporate just-in-time delivery, which has reduced warehouse handling. These changes have reduced the amount of money invested in inventory and has reduced spoilage.
- **Public-private partnerships.** The Department has partnered with local physicians in Georgetown to provide medical services. This has resulted in reduced costs, improved service, and continuation of care to residents who are hospitalized. The Department has also partnered with a not-for-profit hospice organization to open a previously vacant unit in Georgetown, without using additional GRF dollars.
- **VA contracts.** The Department has been able to achieve significant cost savings by purchasing food and medical supplies through contracts negotiated by the VA on a national level. These federal contracts have historically been less expensive than those negotiated by the state of Ohio.
- **Electricity contracts.** The Department recently entered into a three-year contract with a local energy supplier for the Sandusky facility. The contract will result in significant cost savings. The Department is examining the possibility of doing the same for the Georgetown facility.

Challenges for FY 2012-FY 2013

Veterans Services

The Department's Veterans Services section is still in its initial stages of development. At the time of the startup, the Department outlined several goals. However, the necessary funding has not been available. As a result, rollout of many services and initiatives has been delayed. The Department has worked with various veteran service groups, the VA, and county veteran service commissions to coordinate efforts.

The Department has minimized administrative costs by utilizing fiscal, human resource, information technology, and fleet services when it absorbed the Ohio Veterans' Home Agency.

Contact information for over 900,000 veterans that reside in Ohio has been collected. The Department will continue its work matching these veterans with available services, but recognizes that the amount of available funding will limit what can be accomplished.

The Department has indicated a need to hire a grant writer and a homeless veterans policy staff person, but the current funding recommendation will not permit this. Additional funding is also needed to expand communications and marketing activities.

Resource Leveraging

As a result of funding reductions, the Department has partnered with other organizations to provide services at a reduced cost. The Department has also had some success in increasing non-GRF funding sources. As a result, the Department has still been able to serve the same number of veterans home residents, albeit at a reduced level.

The Department has historically relied on volunteers to help fill some of its needs. During the upcoming biennium, volunteerism will still be strongly encouraged. Volunteers not only donate money but also time, including such tasks as pushing wheel chairs, visiting with residents, and organizing activities. Veterans and other organizations have purchased vehicles for the homes, funded pavilions, and performed building renovations.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section provides an analysis of the executive recommended funding for each line item in the Department's FY 2012-FY 2103 budget. In this analysis, the Department's line items are grouped into four major categories. For each category, a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. The four categories used in this analysis are 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 6. Categorization of Line Items for Analysis of Executive Proposal | | |
|--|---|------------------------------------|
| Fund | ALI and Name | Category |
| General Revenue Fund Group | | |
| 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 Maintenance | 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 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 7. Executive Recommended Amounts for Ohio Veterans Homes | | | | |
|---|--------|--------------------------------------|---------------------|---------------------|
| Fund | | ALI and Name | FY 2012 | FY 2013 |
| General Revenue Fund | | | | |
| GRF | 900321 | Veterans' Homes | \$27,369,946 | \$27,369,946 |
| General Revenue Fund Subtotal | | | \$27,369,946 | \$27,369,946 |
| General Services Fund Group | | | | |
| 4840 | 900603 | Veterans' Homes Services | \$305,806 | \$312,458 |
| General Services Fund Group Subtotal | | | \$305,806 | \$312,458 |
| Federal Special Revenue Fund Group | | | | |
| 3BX0 | 900609 | Medicare Services | \$2,500,000 | \$2,490,169 |
| 3L20 | 900601 | Veterans' Homes Operations – Federal | \$23,455,379 | \$23,476,269 |
| Federal Special Revenue Fund Group Subtotal | | | \$25,955,379 | \$25,966,438 |
| State Special Revenue Fund Group | | | | |
| 4E20 | 900602 | Veterans' Homes Operating | \$10,117,680 | \$10,319,078 |
| 6040 | 900604 | Veterans' Homes Improvement | \$347,598 | \$398,731 |
| State Special Revenue Fund Group Subtotal | | | \$10,465,278 | \$10,717,809 |
| Total Funding: Ohio Veterans Homes | | | \$64,096,409 | \$64,366,651 |

Ohio Veterans Homes Line Items

GRF line item 900321, **Veterans' Homes**, is used for payroll, personal services contracts, and maintenance costs incurred in the administration and operation of the two state veterans homes. Prior to FY 2011, these expenses were covered by GRF line items 900100, Personal Services, and 900200, Maintenance.

For GRF line item 900321, the executive budget recommends funding of \$27,369,946 in FY 2012 and FY 2013, which is a decrease of \$2,276,599, or 7.7%, from the FY 2011 estimate of \$29,646,545. The Department will cut services and staff as a result of these reductions. These programmatic changes are discussed in further detail in the **Requests Not Funded** section of this analysis.

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.

For GRF line item 900603, the executive budget recommends funding of \$305,806 in FY 2012, which is a decrease of \$544,194, or 64.0%, from the FY 2011 estimate of \$850,000. For FY 2013, the executive budget recommends funding of \$312,458, an increase of \$6,652, or 2.2%, from the FY 2012 recommendation.

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 federal line item 900609, the executive budget recommends funding of \$2,500,000 in FY 2012, a decrease of \$450,000, or 15.3%, from the FY 2011 estimate of \$2,950,000. For FY 2013, the executive budget recommends funding of \$2,490,169, a decrease of \$9,831, or 0.4%, from the FY 2012 recommendation.

Federally funded line item 900601, Veterans' Homes Operations – Federal, is used to pay for operating expenses for 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, 2010, is \$94.59 for nursing home residents and \$38.90 for domiciliary residents.

For federal line item 900601, the executive budget recommends funding of \$23,455,379 in FY 2012, an increase of \$5,792,183, or 32.8%, from the FY 2011 estimate of \$17,663,196. For FY 2013, the executive budget recommends funding of \$23,476,269, an increase of \$20,890, or 0.1%, over the FY 2012 recommendation.

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 SSR line item 900602, the executive budget recommends funding of \$10,117,680 in FY 2012, an increase of \$246,944, or 2.5%, from the FY 2011 estimate of \$9,870,736. For FY 2013, the executive budget recommends funding of \$10,319,078, an increase of \$201,398, or 0.7%, from the FY 2012 recommendation.

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 SSR line item 900604, the executive budget recommends funding of \$347,598 in FY 2012, a decrease of \$1,374,897, or 79.8%, from the FY 2011 estimate of \$1,722,495. For FY 2013, the executive budget recommends funding of \$398,731, an increase of \$51,133, or 14.7%, over the FY 2012 recommendation.

The mix of state and federal line items discussed above help pay the operating expenses of the two state veterans homes. There are two state veterans homes, located in Sandusky and in Georgetown, respectively. There are also two levels of care – nursing home and domiciliary. Both homes and both levels of care are highlighted below.

Nursing Home

The nursing home level of care provides long-term care for elderly, chronically ill, and disabled veterans in a homelike environment that allows them to achieve their highest level of functional ability. There are three levels of care in the nursing homes: standard care, skilled care, and special care. Standard care is provided to nursing home residents who do not have Alzheimer's or dementia. Skilled care is provided when medically necessary. Special care is for residents with Alzheimer's and dementia. All levels of care provide shelter, food, housekeeping, medical assistance, laundry, pharmacy services, and nursing care.

The campus in Sandusky provides 427 beds at the Secrest-Giffin Nursing Home complex, which provides standard and special care. As of November 2010, there were 422 beds filled at the Secrest-Giffin Nursing Home.

The Georgetown facility supports 126 nursing home beds and 22 hospice beds.

The nursing homes must comply with Ohio Department of Health and U.S. Department of Health and Human Services' Centers for Medicare and Medicaid regulations and guidelines. Additionally, the U.S. Department of Veterans Affairs

Standards for State Veterans Homes regulations and guidelines must be followed. The Sandusky and Georgetown nursing homes are inspected by the Ohio Department of Health and the U.S. Department of Veterans Affairs on an annual basis. The Ohio Department of Aging also conducts satisfaction surveys with residents and families. These findings are published on the Department of Aging's web site.

Domiciliary

The domiciliary level of care provides two levels of service to residents at the Sandusky Veterans Hall Domiciliary: Domiciliary (DOM) and Domiciliary Plus (DOM-Plus).

The Domiciliary provides shelter, food, and necessary medical care on an ambulatory self-care basis to assist eligible veterans who are suffering from a disability, disease, or defect of such a degree that incapacitates the veteran from earning a living. The veterans are not in need of hospitalization or nursing home care and are capable of independent living. The DOM level program provides room, meals, linens, custodial services, and limited medical care on an ambulatory self-care basis.

The DOM-Plus level provides additional assistance, such as reminders to take medicine and limited help with the activities of daily living. Individuals eligible for DOM-Plus do not require hospital or nursing home care but are not capable of fully independent living.

The Sandusky facility has 300 licensed beds in the Veterans Hall Domiciliary complex (7 of these spaces are available for visiting families and guests). Within Veterans Hall, there is a 42-bed DOM-Plus wing, which provides a higher level of care. These are veterans from World War II, Korea, Vietnam, the Gulf War, and the War on Terror.

The Georgetown facility does not provide domiciliary services.

Category 2: Veterans Services

The appropriations in this category help to connect veterans with available benefits and include funding for activities regarding county veteran service commissions.

| Table 8. Executive Recommended Amounts for Veterans Services | | | | |
|--|--------|---------------------------------|--------------------|--------------------|
| Fund | | ALI and Name | FY 2012 | FY 2013 |
| General Revenue Fund | | | | |
| GRF | 900408 | Department of Veterans Services | \$1,901,823 | \$1,901,823 |
| General Revenue Fund Subtotal | | | \$1,901,823 | \$1,901,823 |
| Total Funding: Veterans Services | | | \$1,901,823 | \$1,901,823 |

Department of Veterans Services (GRF line item 900408)

This GRF line item pays for activities relating to connecting veterans and their dependents with the benefits that are available to them. This line item also pays for the conversion of veterans' records from paper to electronic form. These activities were previously funded by GRF line item 900403. The Department decided it would be more efficient to provide these services through line item 900408; therefore, line item 900403 is discontinued in this budget.

For FY 2012, the executive recommends the line item receive funding of \$1,901,823 in each fiscal year, which is a decrease of \$152,967, or 7.4%, from the FY 2011 estimate of \$2,054,790. The Department will cut services and staff as a result of these cuts. These programmatic changes will be discussed in further detail in the **Requests Not Funded** section of this analysis.

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 9. Executive Recommended Amounts for Veterans Hall of Fame | | | | |
|---|--------|---------------------|------------------|------------------|
| Fund | | ALI and Name | FY 2012 | FY 2013 |
| General Revenue Fund | | | | |
| GRF | 900402 | Hall of Fame | \$107,075 | \$107,075 |
| General Revenue Fund Subtotal | | | \$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 2010, 130 nomination packets were received. Of those, 20 were inducted into the Hall of Fame. The number of attendees has risen from 400 in 2005 to 1,350 in 2009.

For the line item, the executive budget recommends funding of \$107,075 in both FY 2012 and FY 2013, a decrease of \$11,675, or 9.8%, from the FY 2011 estimate of \$118,750. This funding reduction will be offset by moving some of the program's expenses to other line items, specifically GRF line item 900408, Department of Veterans Services.

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 10. Executive Recommended Amounts for Veterans Educational Activities | | | | |
|--|---------------------|--------------------|------------------|------------------|
| Fund | ALI and Name | | FY 2012 | FY 2013 |
| Federal Special Revenue Fund Group | | | | |
| 3680 | 900614 | Veterans Training | \$769,500 | \$754,377 |
| 3740 | 900606 | Troops to Teachers | \$136,786 | \$133,461 |
| Federal Special Revenue Fund Group Subtotal | | | \$906,286 | \$887,838 |
| Total Funding: Veterans Educational Activities | | | \$906,286 | \$887,838 |

Veterans Training (federal line item 900614)

This federally funded line item provides funds 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 federal line item, the executive budget recommends funding of \$769,500 in FY 2012, an increase of \$23,608, or 3.2%, from the FY 2011 estimate of \$745,892. For FY 2013, the executive budget recommends funding of \$754,377, a decrease of \$15,123, 2.0%, from the FY 2012 recommendation.

The Department's Veterans Approving section is responsible for approving educational, vocational, and professional programs at various sites, including universities, colleges, flight schools, and vocational/trade centers. This approval is required by the U.S. Department of Veteran Affairs for these programs in order to allow veterans and their family members access to G.I. Bill benefits. Over 14,000 Ohio veterans receive \$102 million a year from the federal government to assist with training and education costs. The Section also: (1) conducts compliance site visits, (2) provides administrative training to over 1,000 school and employment site officials and (3) provides program outreach and customer service to beneficiaries.

Prior to October 2008, the program was housed in the Ohio Department of Education, which was responsible for carrying out these activities. Funding for the program was provided through federal line item 200614, Veterans Training. After October 2008, the program was transferred to the Ohio Department of Veterans Services. The Ohio Department of Education operated the program through a

memorandum of understanding with the Ohio Department of Veterans Services until FY 2010.

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 moneys deposited in the ESEA² Consolidated Grants Fund (Fund 3740). The program is a joint effort of the federal departments of Education and Defense designed to help eligible military personnel begin a new career as teachers in public schools where their skills, knowledge, and experience are most needed.

For the line item, the executive budget recommends funding of \$136,786 in FY 2012, an increase of \$36,786, or 36.8%, from the FY 2011 estimate of \$100,000. For FY 2013, the executive budget recommends funding of \$133,461, a decrease of \$3,325, or 2.4%, from the FY 2012 recommendation.

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.

² ESEA stands for the federal Elementary and Secondary Education Act.

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.

| Table 11. Executive Recommended Amounts for Veterans Bonus Program | | | | |
|---|---------------------|---|---------------------|---------------------|
| Fund | ALI and Name | | FY 2012 | FY 2013 |
| General Revenue Fund | | | | |
| GRF | 900901 | Persian Gulf, Afghanistan, and Iraq Compensation Debt Service | \$5,486,600 | \$10,112,100 |
| General Revenue Fund Subtotal | | | \$5,486,600 | \$10,112,100 |
| Persian Gulf, Afghanistan, and Iraq Compensation Fund Group | | | | |
| 7041 | 900614 | Veterans Bonus Program - Administration | \$1,605,410 | \$1,147,703 |
| 7041 | 900641 | Persian Gulf, Afghanistan, and Iraq Compensation | \$25,425,000 | \$24,300,000 |
| General Services Fund Group Subtotal | | | \$27,030,410 | \$25,447,703 |
| Total Funding: Veterans Bonus Program | | | \$32,517,010 | \$35,559,803 |

Veterans Bonus Program Line Items

GRF line item 900907, Persian Gulf, Afghanistan, and Iraq Compensation Debt Service, is used to pay all debt service and related financing costs during the period from July 1, 2011, through June 30, 2013, on obligations issued for Persian Gulf, Afghanistan, and Iraq Compensation purposes under R.C. sections 151.01 and 151.12. For FY 2012, the executive budget recommends funding of \$5,486,600 and, in FY 2013, funding of \$10,112,100, an increase of \$4,625,500, or 84.3%, from the FY 2012 recommendation.

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 2012, the executive budget recommends funding of \$1,605,410, a decrease of \$644,590, or 28.6%, from the FY 2011 estimate of \$2,250,000. For FY 2013, the executive budget recommends funding of \$1,147,703, a decrease of \$457,707, or 28.5%, from the FY 2012 recommendation.

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 2012, the executive budget recommends funding of \$25,425,000, a decrease of \$20,575,000, or 44.7%, from the FY 2011 estimate of \$46,000,000. For FY 2013, the executive budget recommends funding of \$24,300,000, a decrease of \$1,125,000, or 4.4%, from the FY 2012 recommendation.

REQUESTS NOT FUNDED

The Department requested what can be effectively termed as "continuation funding" for the FY 2012-FY 2013 biennium. Table 12 below represents the line items that are funded in the executive budget at levels that are less than what the Department requested.

| Fund/ Line Item | FY 2012 Recommended | FY 2012 Requested | Difference | FY 2013 Recommended | FY 2013 Requested | Difference |
|--------------------|------------------------|----------------------|---------------|------------------------|----------------------|---------------|
| GRF/ 900321 | \$27,369,946 | \$29,646,398 | (\$2,276,452) | \$27,369,946 | \$29,646,397 | (\$2,276,451) |
| GRF/ 900402 | \$107,075 | \$119,242 | (\$12,167) | \$107,075 | \$116,214 | (\$9,139) |
| GRF/ 900408 | \$1,901,823 | \$2,094,929 | (\$193,106) | \$1,901,823 | \$2,097,957 | (\$196,134) |
| 3740/ 900606 | \$136,786 | \$140,151 | (\$3,365) | \$133,461 | \$136,723 | (\$3,262) |

As a result of executive recommendations that are less than the requested funding levels for the above noted line items, the Department is currently examining areas of staffing and services that will need to be reduced in order to remain within the recommended funding levels. Some staffing cuts will be made through attrition (leaving positions vacant); however, some additional staffing reductions will be necessary, primarily through layoffs. The number of affected staff is uncertain.

In addition to staff reductions, the Department existing services and programs will also be impacted. Some of the changes under consideration include the following actions:

- Potentially closing the Ohio Veterans Home Museum (located in the I. F. Mack Memorial Building in Sandusky);
- Reexamining on site physician care so that Medicare dollars could be utilized;
- Discontinuing or reducing transportation to off-site activities;
- Delaying maintenance of equipment;
- Reducing the resident work therapy program, likely by half, which pays some eligible residents minimum wage to perform routine duties at the veterans homes, including pushing wheelchairs and mail delivery;
- Discontinuing the provision of snacks during nonmeal times (i.e., morning coffee and donuts, snacks at activity sessions);
- Eliminating the legislative liaison position (assistant director will assume duties);

- Scaling back of marketing and communications efforts (a function of the Veterans Services section); and
- Removing from service several nonresident building facilities (i.e., spaces used for meetings, activities, and maintenance services).

As a result of these staffing and service reductions, no resident facilities will be closed and existing bed space will be preserved.

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Department of Veterans Services

General Revenue Fund

GRF 900100 Personal Services

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|--------------|--------------|---------------------|-----------------------|-----------------------|
| \$0 | \$19,473,581 | \$22,459,274 | \$0 | \$0 | \$0 |
| | N/A | 15.3% | -100% | N/A | N/A |

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services and merged the Ohio Veterans' Home Agency into the Department, including the Agency's responsibility for the administration and operation of state veterans' homes)

Purpose: The line item was used for the personal services expenses (payroll and personal services contract costs) incurred in the administration and operation of state veterans' homes that, prior to August 2008, were paid from the Ohio Veterans' Home Agency's GRF line item 430100, Personal Services. Effective FY 2011, the line item's funding and related purpose were merged into newly created GRF line item 900321, Veterans' Homes.

GRF 900200 Maintenance

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-------------|-------------|---------------------|-----------------------|-----------------------|
| \$0 | \$5,997,901 | \$4,537,015 | \$0 | \$0 | \$0 |
| | N/A | -24.4% | -100% | N/A | N/A |

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services and merged the Ohio Veterans' Home Agency into the Department, including the Agency's responsibility for the administration and operation of state veterans' homes)

Purpose: The line item was used for the maintenance expenses incurred in the administration and operation of state veterans' homes that, prior to August 2008, were paid from the Ohio Veterans' Home Agency's GRF line item 430200, Maintenance. Effective FY 2011, the line item's funding and related purpose were merged into newly created GRF line item 900321, Veterans' Homes.

Department of Veterans Services

GRF 900321 Veterans' Homes

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|---------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$0 | \$29,646,545 | \$27,369,946 | \$27,369,946 |
| | N/A | N/A | N/A | -7.7% | 0.0% |

Source: General Revenue Fund

Legal Basis: Section 3 of Sub. H.B. 449 of the 128th G.A.

Purpose: The line item is used for the payroll, personal services contract, and maintenance costs incurred in the administration and operation of state veterans' homes. Prior to FY 2011, these expenses were covered by GRF line items 900100, Personal Services, and 900200, Maintenance.

GRF 900402 Hall of Fame

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|----------|-----------|---------------------|-----------------------|-----------------------|
| \$0 | \$93,971 | \$100,837 | \$118,750 | \$107,075 | \$107,075 |
| | N/A | 7.3% | 17.8% | -9.8% | 0.0% |

Source: General Revenue Fund

Legal Basis: Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services and merged the Ohio Veterans' Home Agency into the Department, including the Agency's responsibility for the Ohio Veterans Hall of Fame)

Purpose: The line item is used for payroll and maintenance expenses incurred to house and oversee operations of the Ohio Veterans Hall of Fame that, prior to August 2008, were paid from the Ohio Veterans' Home Agency's GRF line item 430402, Hall of Fame.

Department of Veterans Services

GRF 900403 Veteran Record Conversion

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|----------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$14,297 | \$40,631 | \$0 | \$0 |
| | N/A | N/A | 184.2% | -100% | N/A |

Source: General Revenue Fund

Legal Basis: Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: The line item is used to pay for operating expenses incurred to maintain the Veterans' Record System, which contains digitized copies of discharge and separation information on Ohio veterans for the purpose of helping authorized organizations and veterans and their families in applying for various benefits, aid, and assistance for which veterans or their dependents or survivors may be eligible. Prior to FY 2010, these expenses were paid from the Department of Administrative Services' GRF line item 100410, Veterans' Records Conversion.

For the FY 2012-FY 2013 biennium, the executive budget proposes to discontinue this line item and to pay for these operating expenses related to the Veteran's Record System from GRF line item 900408, Department of Veterans Service.

GRF 900408 Department of Veterans Services

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-----------|-------------|---------------------|-----------------------|-----------------------|
| \$0 | \$236,700 | \$1,261,302 | \$2,054,790 | \$1,901,823 | \$1,901,823 |
| | N/A | 432.9% | 62.9% | -7.4% | 0.0% |

Source: General Revenue Fund

Legal Basis: Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services and transferred the duties of the Governor's Office of Veterans Affairs and its Director to the Department and its Director)

Purpose: This line item is used to pay operating expenses (payroll, personal services contract, maintenance, and equipment costs) that the Department incurs in performing its mission to identify, connect with, and advocate for veterans and their families. Prior to August 2008, these expenses were paid from the Office of the Governor's GRF line 040408, Office of Veterans' Affairs.

For the FY 2012-FY 2013 biennium, the executive budget proposes to use this line to pay for operating expenses related to the Veteran's Record System rather than GRF line item 900403, Veteran Record Conversion, which will be discontinued.

Department of Veterans Services

GRF 900901 Persian Gulf, Afghanistan, and Iraq Compensation Debt Service

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|---------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$0 | \$0 | \$5,486,600 | \$10,112,100 |
| | N/A | N/A | N/A | N/A | 84.3% |

Source: General Revenue Fund

Legal Basis: Section 2r, Article VIII, of the Ohio Constitution

Purpose: The line item is to be used to pay all debt service and related financing costs during the period from July 1, 2011, through June 30, 2013, on obligations issued for Persian Gulf, Afghanistan and Iraq Compensation purposes under ORC 151.01 and 151.12.

General Services Fund Group

4840 900603 Veterans' Homes Services

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-----------|-----------|---------------------|-----------------------|-----------------------|
| \$0 | \$498,353 | \$762,854 | \$850,000 | \$305,806 | \$312,458 |
| | N/A | 53.1% | 11.4% | -64.0% | 2.2% |

Source: General Services Fund Group: (1) Hospice reimbursements, (2) temporary use agreements for veterans' home buildings and grounds, (3) sale of meals, (4) pharmacy revenues, and (5) rentals, leases or sharing agreements for the use of veterans home facilities, supplies, equipment utilities, or services

Legal Basis: ORC 5907.15; Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (line item originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services; line item subsequently renamed by Section 5 of Am. Sub. H.B. 48 of the 128th G.A.)

Purpose: As specified in the ORC, money in the fund is used for maintenance costs of state veterans' homes and for the purchase of medications, medication services, medical supplies, and medical equipment by the homes. Prior to the creation of the Department of Veterans Services, the fund was administered by the Ohio Veterans' Home Agency.

Department of Veterans Services

Federal Special Revenue Fund Group

3680 900614 Veterans Training

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|-----------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$499,539 | \$745,892 | \$769,500 | \$754,377 |
| | N/A | N/A | 49.3% | 3.2% | -2.0% |

Source: Federal Special Revenue Fund Group: CFDA 64.124, All-Volunteer Force Educational Assistance

Legal Basis: Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: The line item is used for operating expenses (payroll, personal services contract, maintenance, and equipment costs) that the Department incurs to supervise and approve schools, apprenticeships, and on-the-job training programs offering vocational, educational, and professional services to veterans and their eligible dependents. Prior to the creation of the Department of Veterans Services by Am. Sub. S.B. 289 of the 127th G.A., the fund was administered by the Ohio Department of Education.

3740 900606 Troops to Teachers

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|----------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$37,389 | \$100,000 | \$136,786 | \$133,461 |
| | N/A | N/A | 167.5% | 36.8% | -2.4% |

Source: Federal Special Revenue Fund Group: CFDA 84.215, Fund for the Improvement of Education

Legal Basis: Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: The line item is used for operating expenses (payroll, personal services contract, maintenance, and equipment costs) that the Department incurs for outreach and recruitment of military personnel to enter the teaching profession. Prior to the creation of the Department of Veterans Services by Am. Sub. S.B. 289 of the 127th G.A., the fund was administered by the Ohio Department of Education.

Department of Veterans Services

3BX0 900609 Medicare Services

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-------------|-------------|---------------------|-----------------------|-----------------------|
| \$0 | \$2,075,830 | \$2,084,843 | \$2,950,000 | \$2,500,000 | \$2,490,169 |
| | N/A | 0.4% | 41.5% | -15.3% | -0.4% |

Source: Federal Special Revenue Fund Group: Federal reimbursement of Medicare services provided at state veterans' homes

Legal Basis: ORC Section 5907.16; Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (line item originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services)

Purpose: This money is used to provide Medicare-related and other services to eligible veterans, including physical therapy, IV medication, skilled nursing care, medical care, room, board, and other Medicare required goods and services. The money is also used to purchase medical equipment to provide the services and other Medicare allowable equipment. Prior to the creation of the Department of Veterans Services, the fund was administered by the Ohio Veterans' Home Agency.

3L20 900601 Veterans' Homes Operations - Federal

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|--------------|--------------|---------------------|-----------------------|-----------------------|
| \$0 | \$13,229,850 | \$16,196,395 | \$17,663,196 | \$23,455,379 | \$23,476,269 |
| | N/A | 22.4% | 9.1% | 32.8% | 0.1% |

Source: Federal Special Revenue Fund Group: CFDA 64.014, Veterans State Domiciliary Care, and CFDA 64.015, Veterans State Nursing Home Care

Legal Basis: ORC 5907.141; Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (line item originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services; line item subsequently renamed by Section 5 of Am. Sub. H.B. 48 of the 128th G.A.)

Purpose: Money credited to the fund is used only for the operating costs of state veterans' homes. Prior to the creation of the Department of Veterans Services, the fund was administered by the Ohio Veterans' Home Agency.

Department of Veterans Services

State Special Revenue Fund Group

4E20 900602 Veterans' Homes Operating

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-------------|-------------|---------------------|-----------------------|-----------------------|
| \$0 | \$7,059,560 | \$8,604,650 | \$9,870,736 | \$10,117,680 | \$10,319,078 |
| | N/A | 21.9% | 14.7% | 2.5% | 2.0% |

Source: State Special Revenue Fund Group: 80% of the fees residents of a state veterans' home may be assessed for expenses of support, dependent upon their ability to pay, plus any interest earned on those fees (ORC5907.13)

Legal Basis: ORC 5907.131; Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (line item originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services; line item subsequently renamed by Section 5 of Am. Sub. H.B. 48 of the 128th G.A.)

Purpose: As specified in the ORC, money in the fund is used for paying the operating costs of state veterans' homes. Prior to the creation of the Department of Veterans Services, the fund was administered by the Ohio Veterans' Home Agency.

6040 900604 Veterans' Homes Improvement

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|-----------|-----------|---------------------|-----------------------|-----------------------|
| \$0 | \$331,802 | \$639,694 | \$1,722,495 | \$347,598 | \$398,731 |
| | N/A | 92.8% | 169.3% | -79.8% | 14.7% |

Source: State Special Revenue Fund Group: 20% of the fees residents of a state veterans' home may be assessed for expenses of support, dependent upon their ability to pay, plus any interest earned on those fees (ORC5907.13)

Legal Basis: ORC 5907.14; Section 409.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. S.B. 289 of the 127th G.A., which created the Department of Veterans Services; line item subsequently renamed by Section 5 of Am. Sub. H.B. 48 of the 128th G.A.)

Purpose: As specified in the ORC, money in the fund is used only for the following purposes: (1) paying the cost of capital facilities or equipment purchases for veterans' homes, and (2) participation in capital facilities for veterans' homes with the federal government, municipal corporations, counties, or other governmental agencies. Prior to the creation of the Department of Veterans Services, the fund was administered by the Ohio Veterans' Home Agency.

Department of Veterans Services

Persian Gulf, Afghanistan, and Iraq Compensation Fund G

7041 900615 Veteran Bonus Program - Administration

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|-----------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$126,705 | \$2,250,000 | \$1,605,410 | \$1,147,703 |
| | N/A | N/A | 1675.8% | -28.6% | -28.5% |

Source: Persian Gulf, Afghanistan, and Iraq Compensation Fund Group: Proceeds of bond sales authorized under Section 2r, Article VIII, of the Ohio Constitution (total authorized amount \$200 million); cash advanced to Fund 7041 for program startup by Controlling Board transfer of \$830,000 in March 2010 from GRF line item 911401, Emergency Purposes/Contingencies, with GRF subsequently reimbursed by Controlling Board action in September 2010 from August bond sales

Legal Basis: Established by Controlling Board on March 22, 2010

Purpose: The line item is used to pay the operating expenses (payroll, personal services contract, maintenance, and equipment costs) incurred to administer the Veterans Bonus Program, which awards monetary bonuses to eligible Ohio veterans if they served on active duty with U.S. armed forces, including the Ohio National Guard, anywhere in the world during specified periods of time. Depending upon specified circumstances of their military service, the maximum benefit for an eligible veteran is \$500, \$1,000, or \$1,500.

7041 900641 Persian Gulf, Afghanistan, Iraq Compensation

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|---------|---------|---------|---------------------|-----------------------|-----------------------|
| \$0 | \$0 | \$0 | \$46,000,000 | \$25,425,000 | \$24,300,000 |
| | N/A | N/A | N/A | -44.7% | -4.4% |

Source: Persian Gulf, Afghanistan, and Iraq Compensation Fund Group: Proceeds of bond sales authorized under Section 2r, Article VIII, of the Ohio Constitution (total authorized amount \$200 million)

Legal Basis: Section 2r, Article VIII, of the Ohio Constitution

Purpose: The line item is used to fund the payments made for the Veterans Bonus Program, which was authorized by voters in November 2009. The constitutional amendment authorized the issuance of \$200 million in bonds to pay for bonuses to certain eligible veterans of the Persian Gulf, Afghanistan and Iraq conflicts.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

| Line Item Detail by Agency | | | Estimate FY 2010 | Estimate FY 2011 | Introduced FY 2012 | FY 2011 to FY 2012 % Change | Introduced FY 2013 | FY 2012 to FY 2013 % Change |
|--|--------|---|-------------------------------|-----------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
| Report For Main Operating Appropriations Bill | | | Version: As Introduced | | | | | |
| DVS Department of Veterans Services | | | | | | | | |
| GRF | 900100 | Personal Services | \$ 22,459,274 | \$ 0 | \$ 0 | N/A | \$ 0 | N/A |
| GRF | 900200 | Maintenance | \$ 4,537,015 | \$ 0 | \$ 0 | N/A | \$ 0 | N/A |
| GRF | 900321 | Veterans' Homes | \$ 0 | \$ 29,646,545 | \$ 27,369,946 | -7.68% | \$ 27,369,946 | 0.00% |
| GRF | 900402 | Hall of Fame | \$ 100,837 | \$ 118,750 | \$ 107,075 | -9.83% | \$ 107,075 | 0.00% |
| GRF | 900403 | Veteran Record Conversion | \$ 14,297 | \$ 40,631 | \$ 0 | -100.00% | \$ 0 | N/A |
| GRF | 900408 | Department of Veterans Services | \$ 1,261,302 | \$ 2,054,790 | \$ 1,901,823 | -7.44% | \$ 1,901,823 | 0.00% |
| GRF | 900901 | Persian Gulf, Afghanistan, and Iraq Compensation Debt Service | \$ 0 | \$ 0 | \$ 5,486,600 | N/A | \$ 10,112,100 | 84.31% |
| General Revenue Fund Total | | | \$ 28,372,724 | \$ 31,860,716 | \$ 34,865,444 | 9.43% | \$ 39,490,944 | 13.27% |
| 4840 | 900603 | Veterans' Homes Services | \$ 762,854 | \$ 850,000 | \$ 305,806 | -64.02% | \$ 312,458 | 2.18% |
| General Services Fund Group Total | | | \$ 762,854 | \$ 850,000 | \$ 305,806 | -64.02% | \$ 312,458 | 2.18% |
| 3680 | 900614 | Veterans Training | \$ 499,539 | \$ 745,892 | \$ 769,500 | 3.17% | \$ 754,377 | -1.97% |
| 3740 | 900606 | Troops to Teachers | \$ 37,389 | \$ 100,000 | \$ 136,786 | 36.79% | \$ 133,461 | -2.43% |
| 3BX0 | 900609 | Medicare Services | \$ 2,084,843 | \$ 2,950,000 | \$ 2,500,000 | -15.25% | \$ 2,490,169 | -0.39% |
| 3L20 | 900601 | Veterans' Homes Operations - Federal | \$ 16,196,395 | \$ 17,663,196 | \$ 23,455,379 | 32.79% | \$ 23,476,269 | 0.09% |
| Federal Special Revenue Fund Group Total | | | \$ 18,818,166 | \$ 21,459,088 | \$ 26,861,665 | 25.18% | \$ 26,854,276 | -0.03% |
| 4E20 | 900602 | Veterans' Homes Operating | \$ 8,604,650 | \$ 9,870,736 | \$ 10,117,680 | 2.50% | \$ 10,319,078 | 1.99% |
| 6040 | 900604 | Veterans' Homes Improvement | \$ 639,694 | \$ 1,722,495 | \$ 347,598 | -79.82% | \$ 398,731 | 14.71% |
| State Special Revenue Fund Group Total | | | \$ 9,244,343 | \$ 11,593,231 | \$ 10,465,278 | -9.73% | \$ 10,717,809 | 2.41% |
| 7041 | 900615 | Veteran Bonus Program - Administration | \$ 126,705 | \$ 2,250,000 | \$ 1,605,410 | -28.65% | \$ 1,147,703 | -28.51% |
| 7041 | 900641 | Persian Gulf, Afghanistan, Iraq Compensation | \$ 0 | \$ 46,000,000 | \$ 25,425,000 | -44.73% | \$ 24,300,000 | -4.42% |
| Persian Gulf, Afghanistan, and Iraq Compensation Fund Group Total | | | \$ 126,705 | \$ 48,250,000 | \$ 27,030,410 | -43.98% | \$ 25,447,703 | -5.86% |
| Department of Veterans Services Total | | | \$ 57,324,793 | \$ 114,013,035 | \$ 99,528,603 | -12.70% | \$ 102,823,190 | 3.31% |