

Section 1

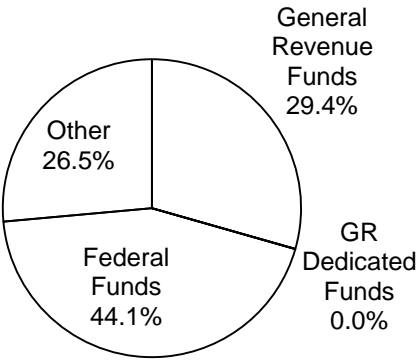
Veterans Commission
Summary of Recommendations - Senate

Page: I-93
Thomas Palladino, Executive Director

Jack Mason, LBB Analyst

| Method of Financing | 2012-13 Base | 2014-15 Recommended | Biennial Change | % Change |
|------------------------|-----------------|------------------------|--------------------|-------------|
| General Revenue Funds | \$13,616,400 | \$13,659,730 | \$43,330 | 0.3% |
| GR Dedicated Funds | \$12,950 | \$12,950 | \$0 | 0.0% |
| Total GR-Related Funds | \$13,629,350 | \$13,672,680 | \$43,330 | 0.3% |
| Federal Funds | \$19,512,248 | \$20,508,388 | \$996,140 | 5.1% |
| Other | \$20,042,279 | \$12,284,418 | (\$7,757,861) | (38.7%) |
| All Funds | \$53,183,877 | \$46,465,486 | (\$6,718,391) | (12.6%) |

RECOMMENDED FUNDING
BY METHOD OF FINANCING



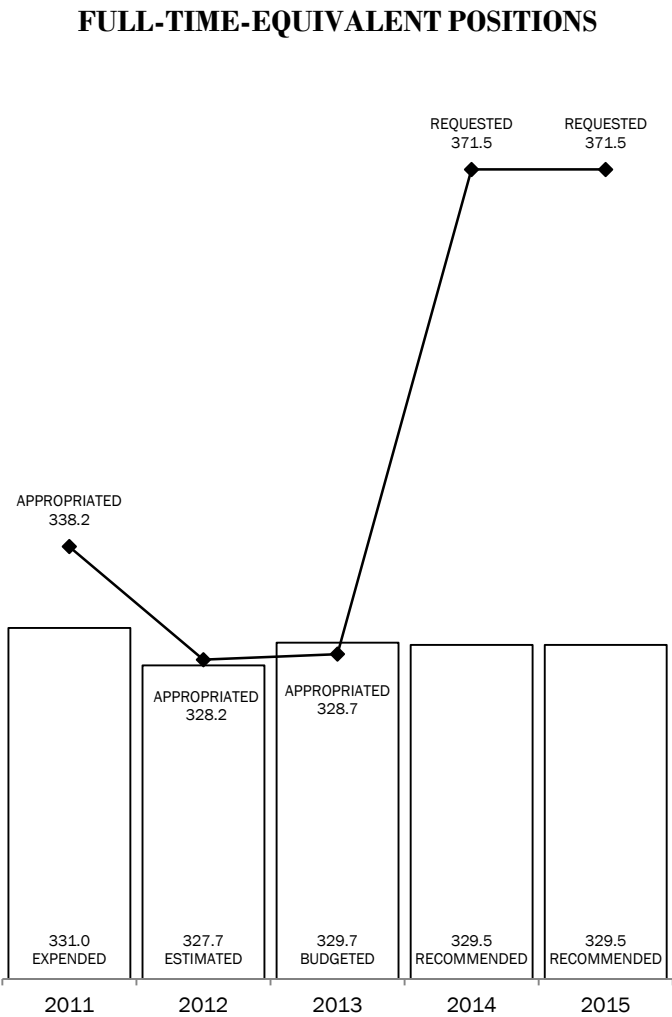
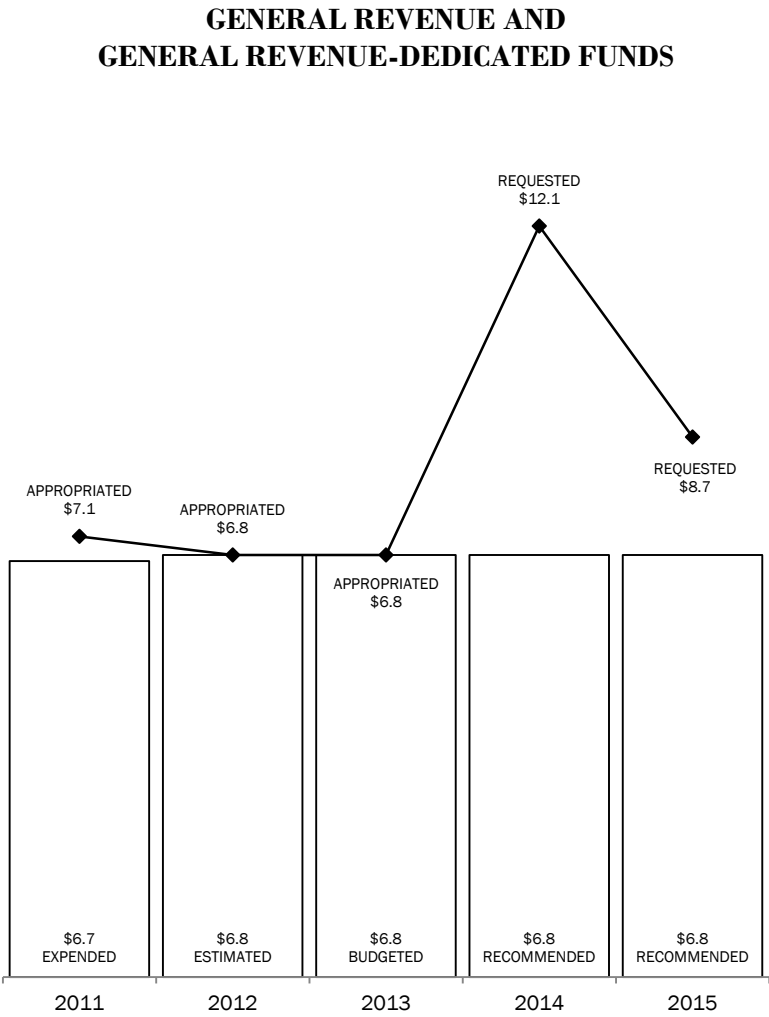
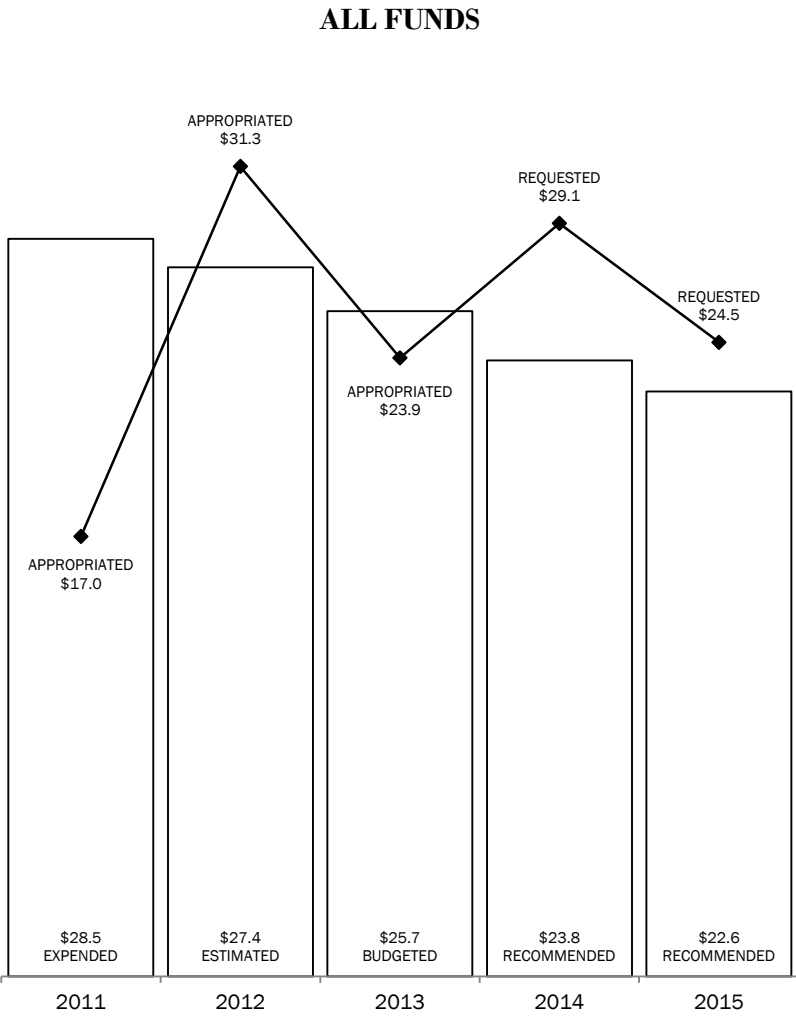
| | FY 2013 Budgeted | FY 2015 Recommended | Biennial Change | % Change |
|------|---------------------|------------------------|--------------------|-------------|
| FTEs | 329.7 | 329.5 | (0.2) | (0.1%) |

The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

Section 1
Veterans Commission

2014-2015 BIENNIUM
IN MILLIONS

TOTAL= \$46.5 MILLION



Section 2

Veterans Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

| Strategy/Goal | 2012-13 Base | 2014-15 Recommended | Biennial Change | % Change | Comments |
|--|---------------------|------------------------|----------------------|----------------|---|
| | | | | | Recommendations provide General Revenue related funding at slightly above the 2012-13 level. The recommendations reflect an increase in federal grant funding due to additional employment services grant funding (\$1.2 million) offset by a decrease due to the discontinuation of the federal Transition Assistance Program (\$0.2 million). In addition, the recommendations reflect a decrease in Other Funds primarily due to a decline in lottery ticket sales used for veterans service grants. |
| CLAIMS REPRESENTATION & COUNSELING A.1.1 | \$9,633,326 | \$9,253,902 | (\$379,424) | (3.9%) | |
| VETERANS EMPLOYMENT SERVICES A.1.2 | \$18,126,313 | \$19,121,399 | \$995,086 | 5.5% | |
| VETERANS EDUCATION A.1.3 | \$2,125,563 | \$2,126,617 | \$1,054 | 0.0% | |
| VETERANS ASSISTANCE GRANTS A.1.4 | \$19,541,513 | \$11,883,652 | (\$7,657,861) | (39.2%) | |
| VETERANS OUTREACH A.1.5 | \$1,019,518 | \$1,118,942 | \$99,424 | 9.8% | |
| Total, Goal A, ASSIST VETS W/RECEIVING BENEFITS | \$50,446,233 | \$43,504,512 | (\$6,941,721) | (13.8%) | |
| CENTRAL ADMINISTRATION B.1.1 | \$2,737,644 | \$2,960,974 | \$223,330 | 8.2% | |
| Total, Goal B, INDIRECT ADMINISTRATION | \$2,737,644 | \$2,960,974 | \$223,330 | 8.2% | |
| Grand Total, All Strategies | \$53,183,877 | \$46,465,486 | (\$6,718,391) | (12.6%) | |

Section 2

Veterans Commission
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

| Strategy/Goal | 2012-13 Base | 2014-15 Recommended | Biennial Change | % Change | Comments |
|---|-----------------|------------------------|--------------------|-------------|---|
| | | | | | Recommendations provide for a decrease of \$0.3 million for the reallocation of the Women Veterans Program from Strategy A.1.1, Claims Representation and Counseling to Strategy A.1.5, Veterans Outreach (\$0.1 million), and Strategy B.1.1, Central Administration (\$0.2 million) to accurately reflect program expenditures primarily out of salaries and other personnel costs. |
| CLAIMS REPRESENTATION & COUNSELING A.1.1 | \$9,193,846 | \$8,914,422 | (\$279,424) | (3.0%) | |
| VETERANS EMPLOYMENT SERVICES A.1.2 | \$237,643 | \$237,643 | \$0 | 0.0% | |
| VETERANS EDUCATION A.1.3 | \$501,985 | \$501,985 | \$0 | 0.0% | |
| VETERANS ASSISTANCE GRANTS A.1.4 | \$0 | \$0 | \$0 | 0.0% | |
| VETERANS OUTREACH A.1.5 | \$1,019,518 | \$1,118,942 | \$99,424 | 9.8% | |
| Total, Goal A, ASSIST VETS W/RECEIVING BENEFITS | \$10,952,992 | \$10,772,992 | (\$180,000) | (1.6%) | |
| CENTRAL ADMINISTRATION B.1.1 | \$2,663,408 | \$2,886,738 | \$223,330 | 8.4% | |
| Total, Goal B, INDIRECT ADMINISTRATION | \$2,663,408 | \$2,886,738 | \$223,330 | 8.4% | |
| Grand Total, All Strategies | \$13,616,400 | \$13,659,730 | \$43,330 | 0.3% | |

Section 2

Veterans Commission
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

| Strategy/Goal | 2012-13 Base | 2014-15 Recommended | Biennial Change | % Change | Comments |
|--|---------------------|------------------------|--------------------|-------------|---|
| | | | | | Recommendations provide for an increase due to additional employment services grant funding (\$1.2 million) offset by a decrease due to the discontinuation of the federal Transition Assistance Program (\$0.2 million). |
| CLAIMS REPRESENTATION & COUNSELING A.1.1 | \$0 | \$0 | \$0 | 0.0% | |
| VETERANS EMPLOYMENT SERVICES A.1.2 | \$17,888,670 | \$18,883,756 | \$995,086 | 5.6% | |
| VETERANS EDUCATION A.1.3 | \$1,623,578 | \$1,624,632 | \$1,054 | 0.1% | |
| VETERANS ASSISTANCE GRANTS A.1.4 | \$0 | \$0 | \$0 | 0.0% | |
| VETERANS OUTREACH A.1.5 | \$0 | \$0 | \$0 | 0.0% | |
| Total, Goal A, ASSIST VETS W/RECEIVING BENEFITS | \$19,512,248 | \$20,508,388 | \$996,140 | 5.1% | |
| CENTRAL ADMINISTRATION B.1.1 | \$0 | \$0 | \$0 | 0.0% | |
| Total, Goal B, INDIRECT ADMINISTRATION | \$0 | \$0 | \$0 | 0.0% | |
| Grand Total, All Strategies | \$19,512,248 | \$20,508,388 | \$996,140 | 5.1% | |

Section 2

Veterans Commission
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

| Strategy/Goal | 2012-13 Base | 2014-15 Recommended | Biennial Change | % Change | Comments |
|--|---------------------|------------------------|----------------------|----------------|--|
| CLAIMS REPRESENTATION & COUNSELING A.1.1 | \$426,530 | \$326,530 | (\$100,000) | (23.4%) | The recommendations reflect a decrease of \$0.1 million associated with one-time funding for the Governor's Emergency and Deficiency Grant to reduce backlog at the Veterans Administration. |
| VETERANS EMPLOYMENT SERVICES A.1.2 | \$0 | \$0 | \$0 | 0.0% | |
| VETERANS EDUCATION A.1.3 | \$0 | \$0 | \$0 | 0.0% | |
| VETERANS ASSISTANCE GRANTS A.1.4 | \$19,541,513 | \$11,883,652 | (\$7,657,861) | (39.2%) | The recommendations reflect a decrease of \$7.7 million primarily due to a decline in lottery ticket sales used for veterans service grants (see also Selected Fiscal and Policy Issues, # 1). |
| VETERANS OUTREACH A.1.5 | \$0 | \$0 | \$0 | 0.0% | |
| Total, Goal A, ASSIST VETS W/RECEIVING BENEFITS | \$19,968,043 | \$12,210,182 | (\$7,757,861) | (38.9%) | |
| CENTRAL ADMINISTRATION B.1.1 | \$74,236 | \$74,236 | \$0 | 0.0% | |
| Total, Goal B, INDIRECT ADMINISTRATION | \$74,236 | \$74,236 | \$0 | 0.0% | |
| Grand Total, All Strategies | \$20,042,279 | \$12,284,418 | (\$7,757,861) | (38.7%) | |

Section 3

Texas Veterans Commission Selected Fiscal and Policy Issues

1. Veterans Assistance Grants

- The recommendations include \$10.9 million out of the Fund for Veterans Assistance No. 368 (Other Funds), representing a decrease of \$4.2 million in estimated revenue collections primarily related to declining sales of veterans' themed lottery tickets. The recommendations also include unexpended balances, estimated to be \$0, carried forward from fiscal year 2013 to fiscal year 2014. Grants are provided to veterans and their families for a broad range of services, including housing assistance, transportation services, and family and children services.
- A Government Effectiveness and Efficiency Report (GEER) titled "Conduct a Needs Assessment to Improve the Efficiency of Veterans Grant Allocations" describes how TVC administers the Fund for Veterans Assistance. The report recommends that statute be amended to require TVC to conduct a needs assessment to identify the highest priority needs of veterans by geographic region of the state. This would ensure that funds are allocated to the services most needed by veterans.

2. Public Assistance Reporting Information System (PARIS) Program

- The Texas PARIS Program was created in fiscal year 2012 to identify Texas veterans receiving Medicaid and other state public benefits that were also eligible for benefits from the U.S. Department of Veteran Affairs (VA) with the goal of avoiding or reducing costs to Medicaid or other state public assistance programs. According to the Texas Veterans Commission (TVC), as of August 31, 2012, 931 veterans were identified in Bexar County, the only geographical area initially chosen by TVC to start the program. The veterans identified through PARIS were receiving some type of state public assistance and were found to be eligible for benefits from the VA. Of those veterans identified, TVC filed 20 new claims and is currently waiting for documentation to fully develop an additional 18 claims. However, the delay to review claims by the VA is expected to delay any cost saving until fiscal year 2013 or later.
- Rider 9, PARIS Data Review, provides appropriation authority for up to ten percent of fiscal year 2014 General Revenue savings to the Veterans Assistance Fund No. 368 in fiscal year 2015, for additional veterans' grants.

3. Data Center Services

- The recommendations include an increase of \$51,301 in General Revenue Funds for Data Center Services. The agency indicates that this increase is due to a rate increase for mainframe, storage, and server usage to meet current obligations.

Section 3

4. 4. Budget Control Act

- Federal Funds from the U.S. Department of labor related to employment and education services, totaling \$18.9 million and included in the recommendations, are subject to sequester under the Budget Control Act of up to 8.2 percent.

5. Veterans Services at Other State Agencies

- In addition to programs at the Texas Veterans Commission, several other state agencies provide additional services to Texas veterans. In the 2012-13 biennium, estimated and budgeted expenditures at those other state agencies total approximately \$55.5 million in All Funds. Additional services include programs such as behavioral health needs, tuition assistance, employment outreach, and housing and home improvement loans (see attachment *Veterans Services at Other State Agencies*).
- A GEER report titled “Overview of Veterans’ Employment Challenges and Resources” provides information about the employment programs administered by the Texas Veterans Commission and the Texas Workforce Commission, and includes funding and performance data about TVC’s employment program.

6. Federal Backlog of Veterans Disability Claims

- In July 2012, the Governor, Lieutenant Governor and Speaker authorized the Texas Veterans Commission (TVC) to expend \$1,511,267 in the 2012-13 biennium to create two State Strike Force Teams and two Fully Developed Claims Teams to assist Texas veterans with the Federal backlog of disability claims. The Strike Force Teams assist the Veterans Administration (VA) in processing backlogged claims and the Fully Developed Claims Teams assist veterans with fully completing all necessary claim forms. In addition, the Governor’s office indicated that it would make available an emergency grant totaling \$500,000 to assist the agency with this effort.
- The Legislative Budget Board (LBB) has approved, in accordance with Article IX, Section 6.01, Limitation on State Employment Levels, a request by TVC to exceed its full-time-equivalent (FTE) cap by 34 FTEs in both fiscal years 2012 and 2013. This increase consisted of 16 FTEs for the State Strike Force teams and 18 FTEs for the Fully Developed Claims Teams.
- Also in January 2013, the Lieutenant Governor, Speaker, Chair of the Senate Finance Committee, and the Chair of the House Appropriations Committee authorized TVC to expend an additional \$534,736, at the agency’s request, to expand the two State Strike Force Teams and two Fully Developed Claims Teams to increase efforts in addressing the Federal backlog of veteran’s claims.

Section 3

- TVC has requested a supplemental appropriation totaling \$2,046,003 in General Revenue to the Eighty-third Legislature, Regular Session, 2013, for reimbursement of expenses for the creation and expansion of the State Strike Force teams and the Fully Developed Claims Teams In addition, the agency has requested \$500,000 in General Revenue to repay the Office of the Governor for emergency grants provided to TVC for this effort.

Section 3

Texas Veterans Commission
FTE Highlights

| Full-Time-Equivalent Positions | Expended 2011 | Estimated 2012 | Budgeted 2013 | Recommended 2014 | Recommended 2015 |
|------------------------------------|------------------|-------------------|------------------|---------------------|---------------------|
| Cap | 338.2 | 363.2 | 329.7 | 329.5 | 329.5 |
| Actual/Budgeted | 331.0 | 327.7 | 329.7 | NA | NA |
| | | | | | |
| Schedule of Exempt Positions (Cap) | | | | | |
| Executive Director, Group 4 | \$115,000 | \$115,000 | \$115,000 | \$115,000 | \$115,000 |

Included in the fiscal year 2012 FTE Cap is an increase of 34.0 FTEs resulting from an approved fiscal year 2012 Request to Exceed submitted by the agency and approved by the LBB and Governor's Office pursuant to Article IX, Section 6.10, Limitation on State Employment Levels. The 34.0 FTEs consist of 16.0 FTEs for the creation of State Strike Force Teams to assist with the federal backlog of Texas veterans claims and 18.0 FTEs to assist veterans with filing fully developed claims for submission to the Veterans Administration (VA) to reduce review time by the VA.

Recommendations reflect a decrease of 33.7 FTEs in the FTE Cap from fiscal year 2012 to fiscal year 2014 related to a decrease associated with the temporary creation of State Strike Force Teams to assist with alleviating the federal backlog of Texas veterans claims (16.0 FTEs), a decrease for temporary staffing to assist veterans with filing fully developed claims for submission to the federal Veterans Administration (VA) to alleviate review time by the VA (18.0 FTEs), offset by an increase of 0.3 FTEs related to central administration.

The State Auditor's Office Report 12-708, *Executive Compensation at State Agencies*, indicates a market average of \$132,355 for the Executive Director position. No changes to the current Group 4 classification were recommended.

Veterans Services at Other State Agencies

2014-15

| | Recommended 2014-15 All Funds | Base 2012-13 All Funds |
|---|----------------------------------|---------------------------|
| Department of State Health Services | | |
| Veterans' Behavioral Health Needs - Veterans returning from service in Operation Iraqi Freedom and Operation Enduring Freedom, and their family members are experiencing difficulty connecting with appropriate behavioral health services to meet their needs. To address the behavioral health needs of veterans and their family members this funding is requested to provide training for veterans as peer to peer counselors, to establish and maintain veteran volunteer coordinators to support the network of trained veteran volunteers, to organize community response to the reintegration needs of veterans and to train behavioral health practitioners in evidence-based practices for post-traumatic stress disorder. | \$5,000,000 | \$5,000,000 |
| Institutions of Higher Education | | |
| Hazlewood Exemption Program - Texas veterans who have completed at least 180 days of active military duty and have honorable discharges or separations from service are eligible for a tuition exemption under the Hazlewood Act. If a Texas veteran is killed in the line of duty or disabled and determined 100 percent unemployable, the benefit can be received by a veteran's dependent or spouse. Recent state legislative changes now allow veterans to transfer unused benefits to a child. To use the benefit, a veteran or his/her dependent/spouse must complete the appropriate application and submit it to the institution he or she will be attending. | NA | NA |
| Adjutant General | | |
| State Military Tuition Assistance - Tuition assistance program offered to members of the National and State Guard. This program is available for both active military and veterans. | \$2,000,000 | \$2,000,000 |
| Texas Workforce Commission | | |
| Texas Veterans Leadership Program - Resource and referral network that serves to connect returning veterans of Iraq and Afghanistan with the resources and tools they need to lead productive lives and enjoy the full benefits of the society they have willingly served. | \$579,439 | \$3,250,260 |
| Veterans Workforce Outreach -Fund the outreach and engagement of the hardest to serve veterans in employment programs to assist them in transitioning into the workforce. | \$850,000 | \$850,000 |
| Red, White, and You - Job fairs that seek to connect Texas veterans with Texas employers who value the experience, discipline and other exceptional qualities inherent with a military background. | \$0 | \$189,000 |

| | Recommended 2014-15 | Base 2012-13 |
|--|------------------------|---------------------|
| General Land Office | | |
| Veterans' Land Programs: provides low-interest, long-term loans to qualified Texas veterans for the purchase of land, housing, and home improvements. | \$23,247,163 | \$23,364,371 |
| State Veterans Homes - Provides long term nursing home care for Texas veterans at eight Texas State Veterans Home with 1,000 skilled nursing home beds. One additional home is planned to open in fiscal year 2015. | \$6,859,690 | \$6,881,662 |
| State Veterans Cemeteries - Develops and operates three state veterans cemeteries, with a fourth under construction which is scheduled to open during fiscal year 2013, which serve veterans, spouses, and dependents who are not already served by one of the four national cemeteries in Texas. | \$12,059,738 | \$14,019,347 |
| Total All Funds, Programs Funded at Other Agencies | \$50,596,030 | \$55,554,640 |

Source: Legislative Budget Board

Section 4

Texas Veterans Commission (TVC)
Performance Review and Policy Report Highlights

| Reports & Recommendations | Report Page | Savings/ (Cost) | Gain/ (Loss) | Fund Type | Included in Introduced Bill | Action Required During Session |
|---------------------------|----------------|--------------------|-----------------|--------------|--------------------------------|--------------------------------|
|---------------------------|----------------|--------------------|-----------------|--------------|--------------------------------|--------------------------------|

NO RELATED RECOMMENDATIONS

Section 5

Texas Veterans Commission Rider Highlights

2. (revised) **Capital Budget.** Revised to reflect recommended capital budget items.
3. (revised) **Appropriation of License Plate Receipts.** Revised rider to reflect projected license plates revenue receipts collected during the 2014-15 biennium.
4. (revised) **Visitation Program to Wounded and Disabled Veterans.** Revise rider to reflect additional military operations that returning wounded and disabled veterans have served.
7. (revised) **Veterans Assistance Grants.** Revised rider to reflect projected grant revenue collected during the 2014-15 biennium.
10. (new) **Veterans Housing Grant Program.** Add new rider the identifies and continues Interagency Contract Funds from the Texas Department of Housing and Community Affairs to provide grants for the temporary or permanent housing of veterans and their families.

Section 6

Veterans Commission
Items not Included in Recommendations - Senate

| | 2014-15 Biennial Total | | | |
|---|------------------------|-----------|-----------|-----------|
| | GR & GR-Dedicated | | All Funds | |
| Agency Exceptional Items - In Agency Priority Order | | | | |
| 1. Continue the State Strike Force Teams created in fiscal year 2012 to address the federal backlog of Texas veterans claims and 16.0 additional full-time equivalents (FTEs). | \$ | 1,314,298 | \$ | 1,314,298 |
| 2. Continue the Fully Developed Claims Teams created in fiscal year 2012 to assist veterans to fully develop claims for submission to the federal Veterans Administration (VA) in an effort to reduce review time by the VA and 18.0 additional FTEs. | \$ | 1,488,790 | \$ | 1,488,790 |
| 3. Expand the agency's State Strike Force Teams initiative, including salaries, equipment, bonuses, overtime, and travel expenses, for 10.0 additional FTEs. | \$ | 821,440 | \$ | 821,440 |
| 4. Expand the agency's Fully Developed Claims Teams initiative, including salaries, equipment, bonuses, overtime, and travel expenses, for 6.0 additional FTEs. | \$ | 492,864 | \$ | 492,864 |
| 5. Continue the HOUSING4TEXASHEROES grant program which provides housing services to veterans and their families. | \$ | 1,830,000 | \$ | 1,830,000 |
| 6. New Texas Hiring Veterans Initiative, including 3.0 additional FTEs, to increase veterans employment opportunities at state, county, and local governments. | \$ | 329,968 | \$ | 329,968 |
| 7. New Texas Veteran Entrepreneur and Business Development Initiative, including 3.0 additional FTEs, to assist veterans with business development and owning their own business. | \$ | 356,820 | \$ | 356,820 |
| 8. Replace current financial and human resource system with the Centralized Accounting and Payroll/Personnel System (CAPPS) currently being developed by the Comptroller of Public Accounts. Request also includes 1.0 FTEs for project oversight and management. | \$ | 1,586,000 | \$ | 1,586,000 |

Section 6

Veterans Commission
Items not Included in Recommendations - Senate

| | 2014-15 Biennial Total | |
|---|------------------------|---------------------|
| | GR & GR-Dedicated | All Funds |
| 9. Develop an online veterans case management training program for agency staff and local county veterans service officers. Request also includes 1.0 FTEs for project oversight and management. | \$ 268,280 | \$ 268,280 |
| <u>Rider Requests</u> | | |
| 10. Revise Rider 9, PARIS Data Review, to change the method of finance from the Veterans' Assistance Fund No. 369 to General Revenue to continue identifying veterans that should be receiving benefits from the Veterans Administration. | \$ 50,000 | \$ 50,000 |
| 11. Authority to reimburse advisory committee members for travel expenses out of funds appropriated to the agency. | | |
| Total, Items Not Included in the Recommendations | <u>\$ 8,538,460</u> | <u>\$ 8,538,460</u> |