



Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF VETERANS' AFFAIRS
John Hilgert
Director

301 Centennial Mall South
P.O. Box 95083
Lincoln, Nebraska 68509-5083
Phone: (402) 471-2458
Fax: (402) 471-2491

January 15, 2010

Senator Lavon Heidemann
Chairperson, Appropriations Committee
Room 1004
State Capitol

Dear Senator Heidemann,

Enclosed is the Department of Veterans' Affairs, Agency # 028, response to LB 1 as requested in your memorandum of December 4, 2009. The attached document details specific actions and plans to implement budget actions pursuant to Legislative Bill 1, One Hundred First Legislature, First Special Session, 2009. If additional information is required, please contact me.

Sincerely,

John Hilgert
Director

Enclosure (1)

CC Members of Appropriations Committee:

Senator Danielle Conrad
Senator Tony Fulton
Senator Thomas Hansen
Senator John Harms
Senator Heath Mello
Senator John Nelson
Senator Jeremy Nordquist
Senator Jon Wrightman

Legislative Fiscal Office:

Mike Lovelace
State Budget Division
Elton Larson

101st Legislature, 2009 Special Session
LB 1, Section 10 – Agency Reports to the Legislature

Department of Veterans' Affairs, Agency No. 028, specific actions and plans to implement budget actions pursuant to Legislative Bill 1, One Hundred First Legislature, First Special Session, 2009.

1) Department of Veterans' Affairs, Agency No. 028, Summary:

a) Reduction in the amount of reappropriation for FY 2009-10:

- 1. Program No. 036, Departmental Administration, Operations, unexpended General Fund (GF) appropriation balance existing on June 30, 2009**

Unexpended GF:	\$ 230,911.21
LB 1 reduction:	<u>- 91,669.00</u>
Reappropriation:	\$ 139,243.21

- 2. Program No. 037, Veterans Cemeteries, Operations, unexpended General Fund (GF) appropriation balance existing on June 30, 2009**

Unexpended GF:	\$ 129,782.70
LB 1 reduction:	<u>- 2,638.00</u>
Reappropriation:	\$ 127,144.70

b) Reduction in the appropriation for FY 2009-10:

- 1. Program No. 036, Departmental Administration, Operations, General Fund (GF)**

Appropriation:	\$ 917,541.00
LB 1 reduction:	<u>- 22,939.00</u>
Revised Appropriation:	\$ 894,602.00

- 2. Program No. 037, Veterans Cemeteries, Operations, General Fund (GF)**

Appropriation:	\$ 41,852.00
LB 1 reduction:	<u>- 1,046.00</u>
Revised Appropriation:	\$ 40,806.00

c) Reduction in the appropriation for FY 2010-11:

- 1. Program No. 036, Departmental Administration, Operations, General Fund (GF)**

Appropriation:	\$ 917,516.00
LB 1 reduction:	<u>- 45,876.00</u>
Revised Appropriation:	\$ 871,640.00

- 2. Program No. 037, Veterans Cemeteries, Operations, General Fund (GF)**

Appropriation:	\$ 280,939.00
LB 1 reduction:	<u>- 14,047.00</u>
Revised Appropriation:	\$ 266,892.00

- d) The Department of Veterans' Affairs had **no** specific new transfers or decreased/increased fund transfers for FY 2009-10 and FY 2010-11.**

2) Overall fiscal management approach or direction communicated by the agency director and program managers:

- a) Prior to the reduction in appropriations enacted during the 2009 Special Session, specific direction was given to follow the spending restraints presented by the Governor in his Memorandum to All Agencies, Board, and Commissions dated October 7, 2009. The following items were implemented immediately:
 - 1. No existing or new vacant positions were to be filled unless absolutely essential.
 - 2. No travel costs were to be incurred unless necessary for the maintenance of direct service requirements.
 - 3. No lease or purchase of additional space or capital equipment unless an emergency existed.
 - 4. Do not initiate programs, contracts, or services that require additional appropriations.
 - 5. Discussions began within the agency to make plans for a significant reduction in current appropriations.

- b) Since enactment of the appropriation reductions in the 2009 Special Session, the Department of Veterans' Affairs continues to follow the spending restraints set forth by the Governor. Program managers were asked to provide specific areas where efficiencies may be obtained in an effort to meet the reductions appropriated in the 2009 Special Session. Items will be provided in relation to specific program reductions to follow in this report.

- c) Directions were communicated to program managers to make every effort to avoid reductions in staff. In a small agency that provides direct assistance to veterans and their dependents, the staff is the vital link to providing mandated programs and benefits. A reduction in staff will be the last available option.

3) The following will describe specific actions that will be taken to implement the reduction in the FY 2009-10 reappropriation amount and what the funds had been earmarked for. The program outline provided in item # 1, Department of Veterans' Affairs, Agency No. 028, Summary, will be followed to describe specific actions to be taken or that have already been taken.

- a) Reduction in the amount of **reappropriation** for **FY 2009-10**:
 - 1. Program No. **036**, Departmental Administration, Operations, unexpended General Fund (GF) appropriation balance existing on June 30, 2009, LB 1 reduction: **\$ 91,669.00**

The Department of Veterans' Affairs through vacancy savings and efficiencies was able to save General Funds in FY 2007-08 and FY 2008-09. Specifically, funds were accumulated between the time an employee voluntarily terminated a position and when a new employee was hired. Funds for the State's obligation for salaries, social security, retirement and health insurance were not expended. During prior fiscal years, the Department has had up to 5 employees that did not elect health insurance benefits, alleviating the need for the agency to provide the State's share of the premium. Efficiencies in operating and travel expenses have tendency to fluctuate but these items generally add lesser amounts to the unexpended General Fund balance.

The LB 1 reduction of **\$ 91,669.00** will not impact the Department of Veterans' Affairs, Program 036 staffing in FY 2009-2010. The agency will be able to avoid layoffs this fiscal year.

Actions already implemented for the funds reappropriated in the amount of \$ 139,243.21 are as follows:

- a. Encumbered PSL from June 2009 paid until July 2009 (FY 2009-10): **\$32,738.25**
- b. Benefits associated with PSL encumbered from June 2009: **\$9,900.00**
- c. Items purchased in June 2009 that could not be paid until July 2009 (FY 2009-10): **\$6,459.79**

- d. Health insurance premiums reappropriated that maybe required as a result of a person terminating who does not have State insurance and a new hire opting for State insurance. The State portion of the premium can go from zero (0) to an obligation to almost \$20,000 for a family plan: **\$,46,000.00**
 - e. Expenses associated with the relocation of the Nebraska Veterans Service Office located in the U.S. Department of Veterans Affairs, Veterans Benefits Administration (VBA), Regional Office, Lincoln, NE. The VBA Regional Office will be moving to a new building in early fall of 2010 where space is provided for the current staff of State employees at no cost for utilities and rent. The Nebraska Veterans Service Office being provided an ideal location with enclosed offices just inside the main entrance of the Building: **\$10,000.00**
2. Program No. 037, Veterans Cemeteries, Operations, unexpended General Fund (GF) appropriation balance existing on June 30, 2009, LB 1 reduction: **\$ 2,638.00**

The unexpended General Funds from Program 037, Item a.-2. were reappropriated in the amount of \$123,783.07 for cemetery operations and \$5,999.63 for the Cemetery Advisory Board for a total of \$129,782.70. It must also be noted, the Veterans Cemetery Advisory Board was eliminated after its statutory functions were completed. The General Funds associated with the travel expenses of the Board were used for the reduction of \$2,638 in unexpended General Funds. The reappropriation of \$ 127,144.70 will continue to be used as originally provided for by the 2009 Legislature as unexpended General Funds appropriated during the regular session.

Veterans Cemetery Advisory Board Operations:	\$5,999.63
LB 1 reduction in unexpended General Funds:	<u>-2,638.00</u>
LB 1 reappropriation:	\$3,361.63

The LB 1 reduction of **\$ 2,638.00** will not impact the Department of Veterans' Affairs, Program 037 staffing in FY 2009-2010. The agency will be able to avoid layoffs this fiscal year.

b) Reduction in the appropriation for FY 2009-10:

1. Program No. **036**, Departmental Administration, Operations, General Fund (GF), LB 1 reduction: **\$22,939.00**

Prior to the 2009 Special Session and LB1, the Department of Veterans' Affairs made a reduction in FTE's to meet the FY 2009-2011 Budget requirements. With the availability of a vacant position during the 2009 Legislative Session approximately 35% of an FTE was eliminated to meet budget requirements in FY 2009-10. The remaining 65% of PSL and benefit costs associated with this position provided the agency the ability to request a budget increase. The position has remained vacant and was not filled at the 65% FTE.

\$22,939.00 of the remaining 65% FTE will be used to alleviate any change in the agency budget for FY 2009-10 eliminating any further reduction in staff in FY 2009-10.

65% FTE health insurance appropriation reduced:	\$12,670.00
65% FTE related retirement & Soc Sec reduced:	\$ 3,055.00
65% FTE related salary reduced:	<u>\$ 7,214.00</u>
Total appropriation reduction for FY 2009-10:	\$22,939.00

2. Program No. 037, Veterans Cemeteries, Operations, General Fund (GF), LB 1 reduction: \$1,046.00

\$ 40,806.00 provides less than 50% of the gross salary for the employees (4 FTE) that will operate and maintain the Nebraska Veterans Cemetery at Alliance, NE when construction is complete in August 2010. During the 2009 Legislative Session the budget for Program 037 in FY 2009-10 was comprised of the appropriation of \$41,852 and reappropriation of \$129,782.70 found in Item a.-1. While \$1,046.00 was reduced from appropriated funds, reappropriated funds make up the remainder the total budget, \$40,806.00 appropriated and \$127,114.70 reappropriated. As a result this reduction will also be taken out of the Veterans Cemetery Advisory Board unexpended General Funds of \$5,999.63 as described in Item a.-2. leaving a balance of \$2,315.63 included in operation and maintenance reappropriated funds for the cemetery in FY 2009-10.

Veterans Cemetery Advisory Board Operations:	\$5,999.63
LB 1 reduction in unexpended General Funds:	<u>-2,638.00</u>
LB 1 reappropriation:	\$3,361.63
LB 1 reduction in appropriated funds:	<u>-1,046.00</u>
LB 1 reappropriation:	\$2,315.63

c) Reduction in the appropriation for FY 2010-11:

1. Program No. 036, Departmental Administration, Operations, General Fund (GF), LB 1 reduction: \$45,876

In Item 2-b. it was stated program managers were asked to provide specific areas where efficiencies maybe obtained in an effort to meet the reductions appropriated in the 2009 Special Session.

Program managers provided the following:

Reduction of 40 % postage costs by increased use of email:	\$ 3,120.00
Reduction of 25% paper costs by increased use of email:	400.00
Reduction of 25% copy service costs by increased use of email:	485.00
Eliminate fax machine, use scanner & email:	200.00
Eliminate dues & subscriptions:	600.00
Eliminate updating reference material for one year:	125.00
No new software is anticipated in FY 2010-11:	1,200.00
Delete use of State owned airplane for travel to Alliance:	1,800.00
Reduce Board & Lodging by 50%:	1,500.00
Reduce mileage reimbursement for travel by 50%:	3,000.00
Have all Veterans Home Board meetings in Lincoln instead of at each of the 4 Veterans Homes, reduction in travel expenses:	<u>\$ 6,000.00</u>
Total reductions from program managers:	\$18,430.00

The remaining balance of **\$27,446.00** will be deducted from health insurance that is not utilized by 5 employees that have opted out of the State's plans.

The above planned reductions of \$45,876.00 will not impact the Department of Veterans' Affairs, Program 036 staffing in FY 2010-2011. The agency will be able to avoid layoffs this fiscal year. That will not be true in FY 2011-12.

2. Program No. **037**, Veterans Cemeteries, Operations, General Fund (GF), LB 1 reduction: **\$14,047.00**
 In FY 2009-10 both appropriated and reappropriated General Funds comprised Program No. 037's budget. While reappropriated funds were used to replace appropriated funds in FY 2009-10, the budget for FY 2010-11 required a total General Fund appropriation of \$280,939.00. The cemetery will be totally operational in FY 2010-11 and require PSL and benefits for the 4 FTEs who will operate and maintain the cemetery. This reduction will be made available from operations and travel expenses will not impact the Department of Veterans' Affairs, Program 037 staffing in FY 2010-2011.

Actions to be implemented to reduce the appropriated General Funds found in LB 1 are as follows:

a. Communication expenses reduced:	\$ 500.00
b. Dues & Subscriptions reduced:	\$ 300.00
c. Conference Registration reduced:	\$ 600.00
d. Repair & Maint Real Property reduced:	\$ 400.00
e. Repair & Maint Office Equip reduced:	\$ 150.00
f. Repair & Maint Motor Vehicles reduced:	\$ 7,000.00 *
g. Repair & Maint Data Process reduced:	\$ 200.00
h. Agricultural Supplies reduced:	\$ 2,000.00 **
i. Data Proc License fee reduced:	\$ 500.00
j. Board & Lodging reduced:	\$ 1,473.00
k. Personnel Vehicle Mileage reduced:	\$ 900.00
l. Misc Travel Expenses reduced:	\$ <u>24.00</u>

Total reduction in appropriated General Funds: \$14,047.00

* All motorized equipment and vehicles will be new and under warranty some portion of FY.

** No previous financial history for usage of agricultural supplies.

Department of Veterans' Affairs contacts:

John Hilgert, Director

Phone: 471-7762

Email: john.hilgert@nebraska.gov

Daniel Parker, Deputy Director

Phone: 471-4562

Email: daniel.parker@nebraska.gov