

2008-09 Spending Plan	Agency Name NYS Division of Veterans' Affairs
	Agency Head James D. McDonough, Jr.

Overview of Proposed Plan

Preserving Key Priorities: The New York State Division of Veterans' Affairs is committed to meeting and, where feasible, exceeding its statutory responsibility to provide accessible and professional counseling services (through a network of local state veterans counseling offices) to nearly 1.1 million veterans, active duty service members, and their families across the state.

The core mission of the Division of Veterans' Affairs is to link veterans, members of the armed forces and their families to various economic, medical and social benefits and programs available as the result of their active duty military service. The Division's professional counseling staff prepares, presents and prosecutes a myriad of claims against the Federal Government on behalf of Veterans and their families. Such claims are as diverse as applications for monthly compensation and pension awards, education benefits, burial benefits, vocational rehabilitation training, health care, nursing home care, tax exemption and much more.

State Veterans Counselors also assist veterans in accessing Department of Veterans' Affairs' health care system resources, New York State's five Veterans' Homes, as well as local public assistance and private venues that offer programs or services to assist veterans and their families.

The Division maximizes its presence in our veterans' communities by utilizing office locations accessible and frequented by veterans, such as United States Department of Veterans Affairs Medical Centers and their supporting Community-Based Outpatient Clinics. Such co-use provides veterans seeking medical care an opportunity to simultaneously secure counseling assistance at a single location. These locations also provide a collateral benefit for the agency; free office space, thus reducing operating costs associated with securing rented office space. The Division also assigns itinerant or part-time locations to its Counselor force in the field to better penetrate the market of veterans who reside in rural communities across the state. More than half of State Veterans' Counselors are assigned multiple offices. Such practice does, however, impact travel costs for the agency, although not sizably.

In a further effort to create greater efficiency and reduce operating expenses, in 2007, the Division entered into a Hosting Agreement with the Office of General Services to leverage expertise and share costs associated with Information Technology, Finance, Support Services (EAP, etc.) and Human Resources. Such a relationship allows the Division to focus solely on its core mission of linking veterans and their families to earned benefits and programs.

Revenue Center for New Yorkers: The Veterans' Counseling Program is the largest program within the Division of Veterans' Affairs. In State fiscal year 07/08, the Division generated more than \$80 million in new VA payments for compensation and pensions for disabled and low-income veterans and their dependents. This amount is derived from new claims against the federal government for benefits filed by our State Veterans' Counselors on behalf of their clients who served in the active armed forces. These compensation awards directly place federal dollars into the pockets of New Yorkers and generally provide recurring assistance and value to our veterans and their families.

Direct Financial Aid Programs for Veterans:

New York State Blind Annuity Program (BAP) The Blind Annuity Program provides visually impaired veterans and their eligible un-remarried surviving spouses an annuity paid in monthly installments. A 2.3% cost-of-living-adjustment increased the monthly benefit to \$94.06 as of January 2008. The statute creating the annual adjustment provides for an increase of one to four percent each year. The Division of Veterans' Affairs processes applications and authorizes awards with administrative support provided by the Office of General Services. Currently there are approximately 4500 annuitants receiving benefits across the state.

Supplemental Burial Benefit (SBB) Families of members of the armed forces killed in combat, or who die while serving in a hostile theater of operation, are eligible for a Supplemental Burial Benefit established in 2003 under Patriot Plan II. The benefit provides a maximum reimbursement of \$6,000 to assist in defraying funeral and burial expenses. The Division processes applications and authorizes payment of the benefit to qualified individuals responsible for burial costs.

Gold Star Parent Annuity (GSPA) The Gold Star Parent Annuity, signed into law in 2007, authorizes an annuity payment of up to \$500 per Gold Star Parent of a deceased veteran, not to exceed \$1000 per veteran.

Merchant Marine Bonus (MMB) The Merchant Marine Bonus, signed into law in 2007, authorizes a one-time bonus payment of \$250 per member of the Merchant Marines who served during World War II, or their un-remarried

surviving spouse. This one time bonus payment is being offered for one year only, with an expiration date of July 2008.

Plan to Meet Targeted Spending Reduction:

General Operating Budget (Target: 3.35% Reduction in Spending)

The Division plans to reduce by 3.35%, the General Operating Budget through:

- Enacting better administrative efficiencies
- Implementing a hiring freeze on certain administrative positions
- Reducing Personal Services costs through personnel attrition and backfilling mission critical positions only
- Recouping available federal monies
- Continuing past fiscal prudence

As an operating principle, the Division does not authorize overtime and practices cost avoidance by utilizing free office space in as many locations as possible. Of 67 manned locations statewide, 59 are occupied rent-free.

To generate even further efficiencies, the Division (since 2007) is 'hosted' by the Office of General Services for Information Technology, Finance, Support Services (EAP, etc.) and Human Resources. Going forward, we will explore even more opportunities with OGS to expand support and thereby reduce operating costs.

In a first-of-its-kind effort to recoup Federal monies, the Division will begin offsetting certain state expenditures by recovering federal reimbursement for proportionate services provided to our Veterans' Education Bureau. These expenses, previously paid by the Division, are for Information Technology services and administrative support (postage, Xerox, etc.) in support of the Bureau of Veterans Education.

The Division will also defer the cost of acquiring three (3) additional state cars.

The Division also intends to reduce statewide travel expenses by approving only that which is essential and limit out-of-state travel. To better serve our veterans where they live, the Division will relocate select field staff to areas with higher per-veteran population rates to achieve greater market penetration of our clients at less expense.

Other than planned and required regional training of our Counselors, the Division has no current or future plans to fund or participate in non-essential conferences.

All travel and other contractual services will be closely scrutinized to ensure that only spending essential to the Division's operations and mission is approved. The Division holds monthly budget reconciliation meetings with its supporting budget staff to ensure compliance with proposed spending rate plans.

In the coming years, as well as continuing the above mentioned practices, the Division will defer the purchase of new photocopier machines for each office and the purchase of non-essential, new furniture.

Aid to Localities Budget (Target: 2% Reduction in Spending)

The Division will achieve (at a minimum) a 2% reduction in the Aid to Localities funding portion of its budget. This reduction will be realized directly from within the Gold Star Parent Annuity (GSPA) and the Merchant Marine Bonus (MMB) programs, as stipulated by statute. Each individual award payment will be reduced by 2% and in accordance with the following table:

- MMB Payment: \$245.00 vs. \$250.00 (or 2% less than anticipated)
- GSPA Payment \$490.00 vs. \$500.00 (or 2% less than anticipated)

In addition, the Merchant Marine Bonus is a one-time payment and non-recurring expenditure, with an expected program end date of July 18, 2008. Based on the current program expiration date, no request or appropriation is expected in the Fiscal Year 2009/2010 budget.

Achievement of Savings on a Recurring Basis:

The Division will achieve the 3.35% savings by taking the following actions:

- Implement a hiring freeze on certain administrative positions
- Reduce Personal Service spending through planned attrition; backfill mission critical positions only
- Defer the purchase of three (3) additional state cars
- Offset select state expenditures by maximizing federal reimbursement (costs previously paid by DVA for services in support of the Bureau of Veterans Education, IT support and other administrative overhead).

Summary of General Fund Financial Impacts:

Required Reduction of 3.35% from General Operating Budget = \$200,000

<u>Personal Service:</u>	08/09 savings	09/10 savings
	\$140,000	\$44,000 (new)
<u>Non Personal Service:</u>	\$73,000	\$0
<u>Recurring 08/09</u>	\$0	\$181,000
TOTAL:	\$213,000	\$225,000

Required Reduction of 2% from Aid to Localities

Gold Star Parent Annuity (GSPA) required reduction: \$26,000

Merchant Marine Bonus (MMB) required reduction: \$67,000

08/09 savings	09/10 savings
\$93,000	\$1,666,000

Plan to Manage the Workforce:

Overall Approach: The Division will work closely with its supporting Human Resources Department within the Office of General Services to track retirement eligible employees and only backfill those determined to be mission essential and critical to meet the recurring needs of our veterans and their families.

Currently the Division plans to reduce personal service costs through implementing a hiring freeze on certain administrative positions and through attrition. The Division will backfill only mission critical positions.

Management of Risks Inherent in the Plan:

The Division will be continuing to hold monthly budget reconciliation meetings with its supporting budget staff to ensure compliance with proposed spending rate plans.

The Division will keep the Division of Budget apprised of costs and trends that occur as the year progresses.

The Division will brief all supervisors and staff of the goals inherent in the plan and communicate through memorandum its plans to achieve outlined cost savings and targeted reductions.

Additional Savings Opportunities for 2008-2009:

The Division intends to reduce statewide travel expenses by approving only that which is essential and limit out-of-state travel.

In the area of required training and education, the Division will begin utilizing an on-line version of accreditation training required by the Department of Veterans' Affairs. Such use will generate additional cost savings throughout the year, as it is no longer necessary to send personnel to high-cost areas for a week's time for training, as was past practice.

Other than planned and required regional training for our counselors, the Division has no current or future plans to fund or participate in non-essential conferences.

All travel and other contractual services will be closely scrutinized to ensure that only spending essential to the Division's operations and mission is approved.

Potential Future Savings Opportunities/Operational Improvements:

The Division will, with the assistance of our host agency OGS, review all contracts for possible cost savings.

The full utilization of technology will enhance work production and yield less reliance on administrative staff, thus reducing costs in the future.

DVA GENERAL FUND – SAVINGS SUMMARY:

	<u>Required Savings</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
<i><u>Personal Service:</u></i>	N/A	\$140,000	\$184,000
<i><u>Non-Personal Service:</u></i>	N/A	\$73,000	\$41,000
TOTAL:	\$200,000	\$213,000	\$225,000

GENERAL FUND – YEAR-TO-YEAR CHANGE, AFTER SAVINGS

	<u>2007-08 Actual</u>	<u>Revised Projection</u>	<u>Percent Change</u>
<i><u>Personal Service:</u></i>	\$5,834,000	\$5,474,000	-6%
<i><u>Non-Personal Service:</u></i>	\$610,000	\$770,000	26%
TOTAL	\$6,444,000	\$6,244,000	-1%

IDENTIFICATION OF PROPOSED GENERAL FUND ACTIONS

	<u>2008-09 Cash</u>	<u>2009-10 Cash</u>	<u>2010-11 Cash</u>
<i><u>Workforce Management</u></i>	(140,000)	(184,000)	
<i><u>NPS Expenditure Controls</u></i>	(73,000)	(41,000)	
TOTAL	(213,000)	(225,000)	

FILL LEVELS FOR FY 2008-09

		<u>PROJECTED by PAYROLL #</u>												
<u>FUND/PROGRAM</u>	<u>(Target)</u>	4/02	4/30	5/28	6/25	7/23	8/20	9/17	10/15	11/12	12/10	1/07	2/04	3/04
		1	3	5	7	9	11	13	15	17	19	21	23	25
003/Administration	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
003/Veteran Counseling	91	91.0	91.0	91.0	91.0	91.0	91.0	91.0	90.0	90.0	90.0	90.0	90.0	89.0
290/VEA	12	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
		113	113.0	113.0	113.0	113.0	113.0	113.0	112.0	112.0	112.0	112.0	112.0	111.0

		<u>ACTUAL by PAYROLL #</u>												
<u>FUND/PROGRAM</u>		1	3	5	7	9	11	13	15	17	19	21	23	25
003/Administration		9.0												
003/Veteran Counseling		91.5												
290/VEA		11.4												
GRAND TOTAL		111.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

