



STATE OF CONNECTICUT
DEPARTMENT OF VETERANS' AFFAIRS
OFFICE OF THE COMMISSIONER
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Commissioner

TESTIMONY OF DR. LINDA S. SCHWARTZ, COMMISSIONER,
Department of Veterans' Affairs
Before the Joint Committee on Appropriations
February 20, 2009

Chairman Harp, Chairman Geragosian, and distinguished members of the Joint Committee on Appropriations, I am Dr. Linda Schwartz, commissioner of the Department of Veterans' Affairs (DVA). I am pleased to appear before you today on behalf of our 277,000 veteran clients across Connecticut. I would like to provide some introductory remarks before turning to the attached information slides outlining our 2010-2011 biennium budget and then address your questions.

I am very proud to report to you that this year will mark the fourth year in a row that the DVA has achieved its goal of being a zero-cost, profit-making agency for the taxpayers of the State of Connecticut. In FY08 we brought into the General Fund more than \$1.5 million more than our total agency expenses. We are on track this Fiscal Year to increase that figure to nearly \$1.7 million.

We have achieved this remarkable accomplishment by working diligently to maximize Federal reimbursement for the care we provide our approximately 500 resident veterans at the State Veterans Home at Rocky Hill while closely monitoring expenditures. We generate reimbursement to the General Fund from Federal per diem provided by the U.S. Department of Veterans Affairs, Medicaid Reimbursement Claims for the majority of our veterans in our Health Care Center, and Disproportionate Share (DSH) Claims. Since 2006, we have generated over \$52 million in new DSH Claims revenue to the General Fund. We have recently completed an internal assessment of our

revenue sources with the staff of DSS and have confirmed that we are indeed maximizing all available Federal reimbursements through Medicaid.

I am also very proud to report that we will conclude FY09 with a balanced budget thanks to a hard-earned surplus in our personnel services account. Like other state agencies responsible for operating sizeable residential facilities, we have been hit hard this year with increased operating costs including energy and food expenses. However, we have addressed these increased costs by strategically controlling personnel expenditures through not refilling non-essential positions and aggressively controlling overtime costs. These substantial savings in personnel expenditures will enable us to cover an estimated \$200,000 shortfall in Operating Expenses as a result of higher energy costs as well as being able to absorb the Governor's proposed \$350,000 rescission in personnel services funding contained in her Third Deficit Mitigation Plan.

I would now like to turn your attention to an overview of our 2010-2011 biennium budget (see attachments).



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2010-2011 Governor's Biennium Budget

	2008-2009 Appropriation	2009-2010 Recommended	2010-2011 Recommended
Personal Services	25,395,581	25,834,943	26,080,931
Other Expenses	7,314,829	7,719,943	7,744,652
Equipment	0	100	100
Veterans' Support Services	190,000	190,000	190,000
Burials Expenses	7,200	7,200	7,200
Headstones	370,000	370,000	370,000
Agency Total Appropriated Funds:	33,277,610	34,122,186	34,392,883



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Highlights of 2010-2011 Biennium Budget

1. Sufficient funding provided for the agency's essential operations without compromising quality of care.
2. No reduction in staff head count, no refilling of non-essential vacant positions.



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1. Sufficient funding provided for the agency's essential operations.

- A. The Governor's proposed budget supports all major functions/ operations in Healthcare Services, Residential Program Services, Office of Advocacy and Assistance, and general administration.
- B. There are no programmatic or functional cuts that would affect the agency's mission of "serving those who served."
- C. The agency will continue to look for cost saving measures to offset "inflationary" index factors.



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2. No reduction in staff head count, no refilling of non-essential vacant positions.

- A. Currently there is no proposed reduction to the agency's head count/ staffing resources.
- B. The agency will continue to operate under the Governor's mandated "hiring freeze" and only refill positions deemed "essential" to save on Personal Services expenditures.



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2010 -2011 DVA Claims/ Revenue Projections

	FY09	FY10	FY11
VA Per Diem Revenue	7,300,000	7,500,000	7,725,000
Other General Fund Revenue	296,300	213,000	221,000
Projected DVA General Fund Revenue	7,596,300	7,713,000	7,946,000
Medicaid Reimbursement**	12,900,000	14,000,000	14,000,000
DSH Claims**	13,800,000	13,800,000	13,800,000
Private Contributions Revenue	3,038,000	3,038,000	3,100,000
Total Projected Claims/Revenues	37,334,300	38,551,000	38,846,000

***Medicaid reimbursement and DSH Claims are actual claims to Dept of Social Services which the state draws 50% of the actual claims from the feds.*



Department of Veterans' Affairs Looking to the Future ...

1. We will be able to maintain essential services but will not have extra resources to initiate new programs/services.
2. The needs of returning Iraq and Afghanistan veterans and their families should be expected to increase as service members perform multiple overseas deployments.
3. The difficult economy and related job losses are likely to increase demand for our residential homeless/needy veterans programs.
4. The projected private contributions revenue will be severely impacted by the difficulty of the economic downturn.



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Questions and Answers