

**Veterans' Home
Budget 313
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriation (original)	120.72	\$8,697,725 ¹	\$15,014,298	\$23,712,023
2013-15 legislative appropriation	120.72	7,722,353	16,429,800	24,152,153
2015-17 appropriation increase (decrease) to 2013-15 appropriation	0.00	\$975,372	(\$1,415,502)	(\$440,130)
2015-17 general fund budget allotment (4.05 percent)	0.00	(\$352,258)	\$0	(\$352,258)
Adjusted 2015-17 appropriation after budget allotment	120.72	\$8,345,467	\$15,014,298	\$23,359,765

¹The original legislative appropriation amount includes \$130,830 of one-time funding from the general fund. Excluding this amount, the agency's original ongoing general fund appropriation is \$8,566,895.

NOTE: The 2015-17 legislative appropriation amounts do not include \$468,954 from other funds for the agency's share of the \$4.49 million targeted market equity funding pool appropriated to the Office of Management and Budget for targeted market equity adjustments for employees in certain agencies.

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

One-time funding - In Section 2 of 2015 House Bill No. 1007, the Legislative Assembly identified \$536,160 of one-time funding for the Veterans' Home, of which \$130,830 is from the general fund and \$405,330 is from other funds. The table below summarizes one-time funding provided to the Veterans' Home for the 2015-17 biennium.

	General Fund	Other Funds
Shop addition		\$126,800
Irrigation system		83,000
Equipment	\$130,830	195,530
Total	\$130,830	\$405,330

Status/Result

The budget allotment reduced general fund appropriations for the Veterans' Home by \$352,258. The Veterans' Home reduced operating expenses by the entire allotment amount, including reductions in food and clothing, medical, dental, and optical services, and professional services.

The following is a summary of the status of the Veterans' Home one-time funding items:

Shop addition	See the Shop addition section below.
Irrigation system	The Veterans' Home has delayed the completion of the irrigation system in anticipation of future budget reductions.
Equipment	As of April 2016 the Veterans' Home has spent \$34,500 of the appropriation, which includes the purchase of a toolcat and a bobcat broom. The Veterans' Home anticipates spending the remaining appropriation during the 2015-17 biennium for purchasing patient lifts, dishwashers, and a step machine.

Shop addition - In Section 2 of House Bill No. 1007, the Legislative Assembly identified \$126,800 of one-time funding from other funds to be used for a shop addition. In Section 5 of the bill, the Legislative Assembly authorized the Veterans' Home to use up to \$788,200 from the Melvin Norgard memorial fund, litigation proceeds, or other funds for the cost of construction of a shop.

Veterans' Home construction project funding exemption - The 2015 Legislative Assembly, in Section 3 of House Bill No. 1007, authorized the Veterans' Home to continue into the 2015-17 biennium funds appropriated for the construction of the Veterans' Home facility in 2009 and continued into the 2011-13 and 2013-15 bienniums. The Veterans' Home continued \$234,679 of general fund authority into the 2015-17 biennium.

Melvin Norgard memorial fund mineral rights - The Veterans' Home has been in dispute with relatives of Melvin Norgard regarding mineral rights on land donated to the Veterans' Home by Melvin Norgard. As a result, a lawsuit has been filed involving the Veterans' Home and relatives of Melvin Norgard, with royalty income generated from land donated by Melvin Norgard to the Veterans' Home temporarily suspended by the royalty trust, Greenhead Corporation.

Targeted market equity pool - In Section 4 of 2015 Senate Bill No. 2015, the Legislative Assembly provided \$3.75 million from the general fund and \$740,000 from other funds for a targeted market equity pool. The Office of Management and Budget must prepare a statewide plan that gives priority to employees whose salary is in the first or second quartile of their assigned salary range and to employees whose salary is below the average classified state employee salary level. One-half of the funding is available for market equity adjustments in July 2015 and the remaining amount is available in July 2016. The market equity adjustments must be provided after any general compensation increase authorized by the 64th Legislative Assembly. Employees of the Adjutant General, Veterans' Home, State Department of Health, Department of Human Services, and the Protection and Advocacy Project are eligible for market equity adjustments. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases. The appropriation authority must be transferred from the targeted equity salary pool line item to the eligible agencies for approved market equity salary adjustments. The Office of Management and Budget is required to report to the Legislative Management regarding its statewide plan and any appropriation authority transferred from the pool.

As of April 2016 the Veterans' Home has spent approximately \$30,000 on architect fees for the shop addition. The Veterans' Home anticipates spending the entire \$915,000 appropriation during the 2015-17 biennium and anticipates completing the shop addition in 2017.

The Veterans' Home is still involved in a lawsuit with Comstock Construction related to excess water on the construction site of the new Veterans' Home facility that led to collapsed trenches and damaged equipment. The lawsuit was to go to trial in March 2015 but Comstock Construction asked to delay the trial until August 2017. The Veterans' Home anticipates continuing \$234,679 of general fund authority into the 2017-19 biennium relating to the lawsuit.

In April 2015 a settlement was reached with the relatives of Melvin Norgard. The Veterans' Home received 18.055 mineral acres and \$35,005 in mineral payments from the settlement. The Melvin Norgard fund was estimated to receive \$170,000 in mineral royalty income during the 2015-17 biennium, but has only received \$15,571 through March 2016. The lower than anticipated revenues will require the Veterans' Home to use more other funds for the shop addition project.

The Veterans' Home receive an allocation from the market equity pool of \$468,954 of other funds for the 2015-17 biennium, of which \$234,477 was received in July 2015, and the remainder will be received in July 2016. The Veterans' Home provided salary equity adjustments to 95 FTE positions that ranged from 3 to 4 percent.