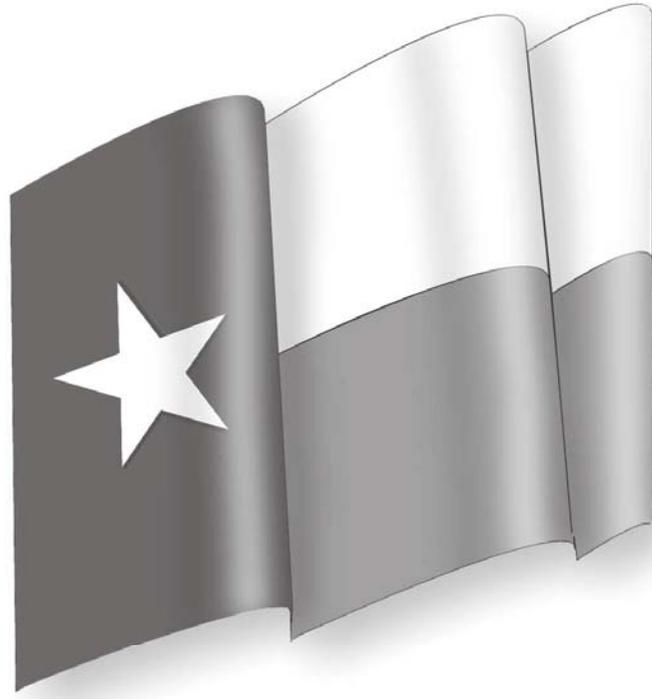


*Summary of Sunset
Commission Recommendations*



Veterans' Land Board

February 2007





Agency at a Glance

Texas voters established the Veterans' Land Board (VLB) through a constitutional amendment in 1946 to honor Texas veterans and their families by providing loans to purchase raw land. Today the Board operates within the structure of the General Land Office (GLO) and provides veterans with state benefits including:

- ◆ below-market interest rate loans for purchasing raw land, homes, and funding home improvement projects;
- ◆ long-term care nursing homes for veterans and their families; and
- ◆ veterans cemeteries.

Key Facts

- ◆ **Funding.** In fiscal year 2006, VLB administered its three programs with a budget of about \$24 million. VLB receives no General Revenue funds as most of the agency's revenue is derived from investment income from constitutionally authorized bond sales and loan payment proceeds. VLB also receives federal grants from the U.S. Department of Veterans Affairs (VA) for the construction of veterans nursing homes and cemeteries.
- ◆ **Staffing.** VLB has 83 staff. While most staff are housed in Austin, 19.5 positions are located in field offices and nursing homes across the state. The Legislature authorizes VLB staff through GLO's appropriations and all employees are GLO employees.
- ◆ **Investments.** GLO manages VLB's fixed-income portfolio, which was valued at \$346 million on December 31, 2006, and achieved an annual rate of return of 4.45 percent during calendar year 2006. VLB's investment strategy is to maximize returns, minimize risks, and ensure liquidity necessary to meet the demand in its loan programs. The agency invests a large portion of its portfolio in bonds issued by federal agencies.
- ◆ **Loans.** The agency made more than 4,500 loans to veterans in fiscal year 2006, with a total value of \$602 million. About 93.5 percent of the total amount of loans were for the purchase of homes. Land loans comprised about 6 percent of the agency's portfolio, and the remainder were for home improvements.
- ◆ **Nursing Homes.** VLB owns and operates six long-term, skilled nursing care facilities in Big Spring, Bonham, El Paso, Floresville, McAllen, and Temple. Another home is under construction in Amarillo. These nursing homes provide long-term care for veterans, their spouses, and Gold Star parents, who have lost all of their children in military service.
- ◆ **Veterans Cemeteries.** The Board owns and operates two veterans state cemeteries, in Killeen and Mission, that augment the state's four national veterans cemeteries by providing burial space to veterans, their spouses, and dependents.



*For additional
information, please contact
Chloe Lieberknecht at
(512) 463-1300.*

Board Members (3)

The Honorable Jerry Patterson, General Land
Commissioner, Chair (Austin)
Alan L. Johnson (Harlingen)
Cephus S. "Dusty" Rhodes (El Paso)

Agency Head

Paul Moore, Executive Secretary
(512) 463-5401

Recommendations

1. Require the Veterans' Land Board and the Texas Veterans Commission to coordinate a statewide approach to making Texas veterans aware of available benefits and services.
2. Require the Veterans' Land Board to obtain and approve relevant audit plans and publicly discuss internal audit reports.

Issue 1

Texas Lacks a Comprehensive Approach to Making Veterans Aware of Available Benefits and Services.

Key Findings

- ◆ Texas offers many benefits and services to its large veteran population.
- ◆ TVC and VLB duplicate many outreach efforts to veterans, wasting state resources.
- ◆ Despite the agencies' efforts, many veterans remain unaware or confused about all available benefits.
- ◆ The agencies' separate approaches to outreach leave Texas veterans without full and clear information on the total benefits package available to them.

The State honors its veteran population by providing many benefits and services to veterans, and their dependents and survivors. The Texas Veterans Commission (TVC) and the Veterans' Land Board both provide some of these benefits and services. TVC, statutorily required to collect, coordinate, and disseminate veteran information for the State, does so in conjunction with other agencies, particularly VLB. While TVC and VLB do coordinate in some ways to reach Texas veterans, the agencies' information exists in silos, making communication from the State to veterans inconsistent and incomplete. Additionally, the agencies duplicate many activities and do not present benefit and service information to veterans in a clear and comprehensive way.

Recommendations

Change in Statute

1.1 Merge TVC's and VLB's communications efforts by requiring the agencies to operate one call center, to maintain and share databases of veteran contact information, and to pool some direct mail efforts.

This recommendation would combine the agencies' separate communications centers, requiring the following:

- ◆ merging TVC's call center with VLB's, collectively answering calls from the toll-free hotline;
- ◆ providing for the agencies to jointly maintain, access, and continue to build the veteran contact databases; and
- ◆ combining both agencies' direct mail efforts targeting newly discharged veterans, promoting benefits seminars, and persons seeking general information on veterans' services.

This recommendation would relocate to VLB the TVC employees necessary to jointly operate the communications center, which includes answering calls, maintaining databases, and any combined direct mail efforts. These employees would still be employed by TVC, but would be supervised by VLB, as determined through the agencies' Memorandum of Understanding (MOU). As a part of this recommendation, the agencies would cross-train call center employees to be knowledgeable about the services both agencies provide. As TVC and VLB begin to work more collaboratively on veterans databases and mail-outs, the State will definitively know which veterans they reach and will be able to provide needed information to more of its large veteran population with the information that they need.

1.2 Require TVC and VLB to cooperatively create one website and one comprehensive brochure that provides information about all available veterans' benefits and services.

This recommendation would require TVC and VLB to provide comprehensive information on veteran benefits and services in easy-to-use formats, developing one website and brochure for that purpose. This recommendation would require a coordinated effort, creating one place for veterans to find information about available benefits and how to pursue them. This recommendation requires the agencies to designate an easily identifiable web address for veterans. The new brochure should also advertise the web address as the central information hub.

1.3 Require the agencies to jointly plan and present a total benefits package to veterans at all benefits seminars and meetings.

Under this recommendation, TVC and VLB and their respective field representatives should collaborate on all benefits seminars to ensure they communicate information to Texas veterans as a total benefits package. As a part of this recommendation, the agencies would coordinate their involvement in state-sponsored seminars as well as meetings hosted by other veteran advocacy organizations. All state-sponsored seminars should be jointly planned and presented by the agencies, with an emphasis on presenting total benefit information to veterans. The agencies would have the ability to create the format of such seminars to provide for the effective use of time and level of detail necessary to educate veterans on benefits.

1.4 Require the agencies to modify their existing Memorandum of Understanding to specify the guidelines necessary to coordinate veterans' benefit awareness activities.

This recommendation would require the agencies to use their existing MOU to set up guidelines and reimbursements for the coordinated outreach activities required in preceding recommendations. The MOU should address the implementation of a joint call center, shared databases, combined direct mail efforts, comprehensive website and brochures, and coordinated seminars. The MOU should include the agencies' specific responsibilities for the management and funding of any collocated employees, necessary cross-training of staff, other operating expenses, such as office space, printing, postage, website development and maintenance, and any other coordinated outreach activity. In amending the MOU, the agencies should take into consideration the appropriate use of authorized bond proceeds and federal funds to ensure that the agencies comply with all funding constraints. This recommendation requires the agencies to complete the revised MOU by March 1, 2008.

This approach would ensure that the agencies have an operational framework to clearly and fairly lay out each agency's duties in implementing the above recommendations. The recommendation would provide for the appropriate use of each agency's resources, while better serving Texas veterans.

The agencies should also use the MOU as a working document to continue to explore opportunities for agency coordination, updating it as this collective marketing approach expands. As the veteran population grows in Texas from more veterans coming home, and as available resources change, TVC and VLB should use the MOU as a mechanism to collaboratively help more veterans find and access benefits and services.

Issue 2

The Veterans' Land Board's Oversight of the Internal Audit Process Lacks Necessary Elements.

Key Findings

- ◆ The General Land Office provides the Veterans' Land Board with internal auditing functions and audit oversight.
- ◆ The Board's lack of formal involvement in the internal auditing process dilutes its ability to fully oversee the agency.

VLB's attachment to the General Land Office warrants a distinctive approach to the reporting structure of the Internal Auditor.

- ◆ Emerging auditing principles recognize the importance of board involvement in the internal audit process.

The General Land Office provides the Veterans' Land Board with internal auditing functions and oversight. The Commissioner of the General Land Office oversees this internal auditing function on behalf of the Board in his dual role as Chairman of the Board and Commissioner of GLO. While no problems exist with this structure, the current link between the Board and the Internal Auditor should be strengthened by requiring the Board to approve audit plans and review reports that relate to VLB programs.

Recommendation

Change in Statute

2.1 Require the Veterans' Land Board to obtain and approve relevant audit plans and publicly discuss internal audit reports.

Under this recommendation, the Veterans' Land Board would review and approve, during public Board meetings, the VLB-related components of the General Land Office's internal audit plans. The Board would also review and discuss internal audit reports. The GLO Internal Auditor would submit the parts of the audit plan relating to VLB to the Board, as well as report to the Board on the results of audits and follow-up audits that pertain to VLB functions. This recommendation would not affect the current reporting structure for the Internal Audit Division's larger responsibility to the GLO, and the Internal Auditor would continue to report to the Commissioner in his capacity as GLO's administrator.

Although the Internal Auditor would continue to work with VLB administration to address audit-related activities, expanding the Board's role in the audit process would allow the Board to exercise an appropriate level of policy oversight. The recommendation is not intended to require VLB to have a separate internal audit function from GLO, only to increase the Board's involvement in the process.

Fiscal Implication Summary

None of these recommendations would have a net fiscal impact to the State.

