

SUBJECT: Funding state veterans' homes

COMMITTEE: State, Federal and International Relations — favorable, without amendment

VOTE: 8 ayes — Hunter, Berman, Chavez, Elkins, Madden, Miller, Najera, Raymond
0 nays
1 absent — P. Moreno

WITNESSES: For —David Dewhurst, Texas General Land Office/Texas Veterans Land Board; Jerry Patterson, Texas Coalition of Veterans Organizations
Against — None
On — Rusty Martin, Texas General Land Office/Texas Veterans Land Board

BACKGROUND: Natural Resources Code, ch. 164, provides statutory authority for the Veterans' Financial Assistance Program, established in 1993 to provide financial assistance to veterans for land purchases and home mortgage loans. The program is administered by the Veterans' Land Board through the General Land Office. The program is funded by general obligation bonds, which are backed by the state. The state guarantees that it will repay its debt to bondholders, with interest, with the first money coming into the state Treasury each fiscal year. Veterans' land bonds are paid off with revenues from the programs they support and are thus considered self supporting.

Texas established a veterans' home in Austin in 1887 to serve Civil War veterans. That facility was closed and the property sold in the early 1960s. In 1997, the 75th Legislature approved SB 1060 by Patterson, which authorized the construction of four veterans' homes. The bill also permitted issuance of revenue bonds to meet the state's 35 percent share for participation in the federal Construction Grants Program to build veterans' care facilities.

The U.S. Department of Veterans' Administration (DVA) approved grants for the four Texas veterans' homes. Construction of two of the facilities in Temple and Floresville was begun in 1998, and the first residents were

admitted in December 2000. A third facility in Big Spring was dedicated on February 19, and a fourth veterans' home in Bonham will be dedicated later this spring. Each home will house up to 160 veterans.

In 1999, the 76th Legislature approved SB 1555 by Fraser, which allowed the Veterans' Land Board (VLB) to pledge the mortgage of one or more of the veterans' homes as security for revenue bonds. That bill also directed the veterans' homes be used for no other purpose for at least 20 years to comply with 38 U.S.C. § 8136, which requires the recapture of federal funds for state-run veterans' care facilities if those facilities fail to meet federal obligations. SB 1555 also authorized the VLB to accept and administer gifts, grants, or donations to support, acquire, build, operate, enlarge, improve, furnish, or equip veterans' homes. The VLB also was authorized to enter into cooperative agreements within nonprofit corporations for the solicitation, receipt, and disbursement of gifts, grants, or donations.

DIGEST:

HB 3097 would amend Natural Resources Code, ch. 164 to authorize the VLB to use assets from its financial assistance programs to provide funding for state veterans' homes. The VLB would be authorized to determine whether a portion of the assets from the land sale and mortgage assistance programs were not needed to repay the bonds to finance that program, and would then be able to pledge those funds to augment revenue bonds used to build additional state veterans' homes.

HB 3097 would take effect November 6, 2001, if voters approve HJR 82 by Counts, which would authorize \$1 billion in general obligation bonds to fund VLB land and home-mortgage loan programs for veterans and would permit the use of VLB land and housing assistance assets for veterans' homes and cemeteries.

**SUPPORTERS
SAY:**

Texas should expand the services it provides the 1.6 million veterans who live in the state, especially for the more than 500,000 who are older than age 65. Texas was one of the last states to build its own veterans' homes, and it may need up to 42 of these facilities to meet the needs of a rapidly aging veterans' population.

The four facilities already provided by the DVA and VLB will provide state-of-the-art, long-term care for Texas veterans. The facilities also will provide secure, 32-bed Alzheimer care centers as part of their broad spectrum of

health care and rehabilitation services. These services are being provided at the state veterans' homes for rates comparable to those being charged at other nursing homes in the state.

The many veterans in Texas receive relatively few benefits for the sacrifices they have made in serving their country. Texans were willing to answer the nation's call during the many conflicts during the 20th century, and the rest of the state should honor them by providing for their needs in their twilight years.

Local communities benefit from the veterans' homes, with up to 150 jobs and an estimated annual \$3 million payroll created by each home.

OPPONENTS
SAY:

The veterans' assistance centers proposed by HB 3097 are not needed. Only 70 percent of nursing home beds across the state currently are occupied. There is plenty of room for veterans at existing nursing homes, and the current method of funding their care through Medicaid is sufficient. Constructing more nursing facilities for veterans only would increase the number of unused nursing beds in both public and private facilities, leading to decreased efficiency and higher costs for all parties involved.

OTHER
OPPONENTS
SAY:

No more funding is likely through the DVA to fund state veterans' homes. Texas should commit more money, including general revenue, to ensure that the state serves its deserving veterans. The current four facilities serve only smaller Texas communities. More veterans' homes need to be built in the state's population centers.

NOTES:

HJR 82 by Counts on today's Constitutional Amendments Calendar proposes a constitutional amendment for the November 2001 ballot to authorize the VLB to use assets from the veterans' land and housing assistance program to provide funding for state veterans' homes.

The companion bill, SB 1442 by Truan, was referred to the Senate Finance Committee on March 20.