

VETERANS AFFAIRS COMMISSION OF THE STATE OF TEXAS

**Staff Report
to the
Sunset Advisory Commission**

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TABLE OF CONTENTS

	<u>Page</u>
FOREWORD	1
I. SUMMARY AND CONCLUSIONS	2
II. BACKGROUND	8
III. REVIEW OF OPERATIONS	14
IV. OTHER ALTERNATIVES AND CONSTRAINTS	30
V. COMPLIANCE	35
VI. PUBLIC PARTICIPATION	38
VII. STATUTORY CHANGES	41

FOREWORD

The Texas Sunset Act (Article 5429k V.A.C.S.) terminates named agencies on specific dates unless continued. The Act also requires an evaluation of the operations of each agency be conducted prior to the year in which it terminates to assist the Sunset Commission in developing recommendations to the legislature on the need for continuing the agency or its functions.

To satisfy the evaluation report requirements of Section 1.07, Subsection (3) of the Texas Sunset Act, the Program Evaluation section of the Legislative Budget Board has evaluated the operations of the Veterans Affairs Commission which will terminate on September 1, 1981 unless continued by law.

Based on the criteria set out in the Sunset Act, the evaluation report assesses the need to continue the agency or its function and provides alternative approaches to the current method of state regulation. The material contained in the report is divided into seven sections: Summary and Conclusions, Background, Review of Operations, Other Alternatives and Constraints, Compliance, Public Participation, and Statutory Changes. The Summary and Conclusions section summarizes the material developed in the report from the standpoint of whether or not Sunset criteria are being met, assesses the need for the agency or the agency's functions relative to the findings under the various criteria and develops alternative approaches for continued state service activities. The Background section provides a brief history of legislative intent and a discussion of the original need for the agency. The Review of Operations section combines, for the purposes of review, the Sunset criteria of efficiency, effectiveness, and the manner in which services are provided. The Other Alternatives and Constraints section combines the Sunset criteria of overlap and duplication, potential for consolidation, less restrictive means of performing the service, and federal impact if the agency were modified or discontinued. The Compliance Section combines the Sunset criteria relating to conflicts of interest, compliance with the Open Meetings Act and the Open Records Act, and the equality of employment opportunities. The Public Participation section covers the Sunset criterion which calls for an evaluation of the extent to which the public participates in agency activities. The final section, Statutory Changes, deals with legislation adopted which affected the agency, proposed legislation which was not adopted and statutory changes suggested by the agency in its self-evaluation report.

This report is intended to provide an objective view of agency operations based on the evaluation techniques utilized to date, thus providing a factual base for the final recommendations of the Sunset Commission as to the need to continue, abolish or restructure the agency.

I. SUMMARY AND CONCLUSIONS

Texas has long recognized the need to provide benefits for veterans and their dependents. The state provided direct benefits to certain veterans prior to World War I. The overall responsibility for providing direct benefits to veterans shifted to the Federal Government after World War I. As the federal role in veterans' benefits expanded, Texas' approach changed and in 1927 a state agency was created to assist Texas veterans in obtaining benefits from the Federal Government. During World War II, the state legislature created a new administrative structure, in the form of the Veterans County Service Office, to serve returning veterans. In 1947, the state service structure was modified and the present Veterans Affairs Commission was created.

The Veterans Affairs Commission is a five-member body of honorably discharged wartime veterans appointed by the governor with the advice and consent of the senate. The commission is directed by statute to assist veterans and their dependents in preparing and filing of VA claims. Other statutory functions include cooperating with state agencies whose services affect veterans, and training county service officers.

The operations of the commission can be divided into two programs: central administration, including training and information, and claims representation and counseling. Under the direction of an executive director and two assistant directors, the commission's 75 employees staff 23 offices located throughout the state. The agency is financed totally through legislative appropriations made from the general revenue fund, and all office space is provided rent-free.

The review of administrative operations of the commission indicated that agency accounting procedures establish appropriate controls on expenditure of

funds and the procedures used by the agency for funds accounting and property management met necessary state requirements. However, the review did indicate that modifications to the agency's current budget and information system could result in improvements to the overall management of the agency. Improvements could also be made in the ability of the agency to secure competent personnel if current statutory provisions which impose employment requirements of questionable constitutionality or which impose unnecessary restrictions upon hiring were removed.

The review of the agency's information and training function showed that this function is handled effectively in terms of program content and availability. However, the efforts of these activities are hampered in that the persons to whom the major portion of the training are aimed, county service officers, cannot be required to participate and the agency has no effective means of ensuring a basic level of competency for these individuals.

The review of the claims representation and counseling services program involved, on-site visits to 14 of the commission's offices and review of selected files in the central office. This examination indicated that the overall field process is operated in a satisfactory manner. However, the general effectiveness of the program could not be fully determined in the following areas: the adequacy of information documenting claims filed, whether claims were filed for all benefits to which veterans were entitled, whether commission staff were able to provide assistance to all veterans needing such help, and whether inaccurately completed claims caused delays in awards to veterans. These determinations could not be fully made because data are not collected to show the number of claims returned or corrected, the amount of time required to review and document claims, the total number of veterans assisted and the amounts of monetary awards for claims filed.

In this regard, several areas for improvement were highlighted during the review and should be considered by the Veterans Affairs Commission.

During the on-sight visits to field offices, it was noted that two agency field offices routinely assist non-Texans in filing claims. It was also noted that the functions performed by the state veteran service officers are substantially similar to the functions of the Veterans Administration benefits counselors. In ten VA hospitals, the state veteran service officers and VA benefit counselors serve the same patient population. The third concern was that some field offices lacked supplies of Veterans Administration literature which could be given to veterans. Service officers in some instances lacked the basic knowledge of other types of assistance programs to which veterans could be referred. Finally, it was noted that separate and identifiable telephone listings existed in only 8 of the 22 field offices.

Other concerns identified by the review include the absence of public members on the board and the existence of a statutory provision which is not necessary and which does not conform to current practice. This provision designates the Veterans Affairs Commission as the State Approval Agency for Veterans Education.

Need to Continue the Function

As in the case of other state functions, the activities of the Veterans Affairs Commission should be undertaken by the state only if there are clear public benefits to be gained by the continuation of the agency. The conditions which originally created the need for this agency were: 1) a large and increasing number of veterans returning home after World War II, and 2) an expansion in federal benefits available to veterans and their dependents.

Conditions which exist today include a veteran population in Texas of over 1.6 million. The federal Veterans Administration expends approximately \$1.3 billion annually in Texas in benefits and services. While the agency cannot claim credit for generating all of the benefits paid to Texans, it is clear that the agency is responsible for generating a portion of those benefits. The Veterans Affairs Commission reports that Texas veterans, their dependents and survivors who were represented by the agency received an estimated \$164 million in fiscal year 1979 in monetary benefits from claims and other applications for benefits filed in that year. Elimination of the Veterans Affairs Commission and discontinuation of the claims representation and counseling services and other functions that the commission performs would result in a saving of \$1,278,458 in appropriations from the general revenue fund in fiscal year 1981 and subsequent savings in future years. County and federal government services to veterans would continue, but a substantial decrease in services to Texas veterans and dependents would occur. Benefits to Texas veterans and dependents in individual monetary awards would be lowered significantly. With these considerations taken into account, abolishing the Veterans Affairs Commission and its functions would not be a viable alternative. It can be concluded, therefore, that there is a continuing need for the state to participate in programs to assist veterans in filing claims for veterans benefits with the Veterans Administration. This need to provide claim assistance services can be met through a variety of organizational and service delivery methods, as has been demonstrated in other states.

Alternatives

If the legislature determines that the function and/or the commission should be continued, the following alternatives could be considered:

1. CONTINUE THE COMMISSION AND ITS FUNCTIONS WITH MODIFICATIONS.

This approach would maintain an independent commission to perform the function of claims representation and counseling to be funded out of the General Revenue Fund. The review indicated that the following modifications would result in more effective service to Texas Veterans:

- a) expand the commission's membership to nine, with three of these members representing the general public (page 39);
- b) investigate the appropriateness of implementing a budgeting and reporting system which would provide the capability to perform cost-benefit analyses by office in budgetary and staffing decisions (page 17);
- c) modify the statutory provisions and policies placing requirements on male employees by removing those provisions and policies (page 19);
- d) remove employment criteria whose constitutionality have been questioned by the state auditor (page 19);
- e) provide for separate telephone listings for field offices (page 27);
- f) eliminate the wording in the commission's statutes which deals with agency responsibilities as the State Approval Agency for Veterans Education (page 42);
- g) carefully review current processes to determine whether duplication of effort between state service officers and Veterans Administration service representatives exists and to take steps to eliminate any documented areas (page 26).

2. TRANSFER THE FUNCTIONS CURRENTLY PERFORMED BY THE COMMISSION TO THE DEPARTMENT OF HUMAN RESOURCES (page 30).

This approach would consolidate the functions involved in service to veterans with other service functions presently handled by the Department of Human Resources, as is done in nine other states. Merging these agencies would utilize the existing regional structure

of DHR to provide services, but would require DHR personnel to become familiar with an additional set of complex federal regulations. Effective implementation would require the implementation of items b. through g. above.

3. PROVIDE NO STATE STRUCTURE BUT CONTRACT DIRECTLY WITH COUNTIES TO PERFORM CLAIMS REPRESENTATION AND COUNSELING SERVICES (page 32).

This approach would provide for the basic service delivery to be handled by the County Service Officers. State costs would be reduced by the amount of the cost of central administration (\$200,000 per year). While this approach could result in broader coverage of service to the state's veterans, it would reduce the veteran's representation in VA regional offices in Waco and Houston through the VAC and in Washington through veterans service organizations. In addition, the county service officers would not have the benefits of training conferences and informational publications provided by the Veterans Affairs Commission.

II. BACKGROUND

From its early history Texas recognized the need to provide benefits for veterans and their dependents. Prior to World War I Texas provided direct benefits to certain veterans and dependents of the War of Independence and the Civil War in the form of grants of land and pensions.

After World War I the overall responsibility for providing direct benefits to veterans shifted to the federal government. The United States Veterans Bureau was created as the federal agency responsible for providing compensation, hospitalization, insurance and other benefits to veterans. As an adjudicatory agency, it and its successor, the Veterans Administration, determine veterans' benefits based on the presentation of claims.

With the expansion of the federal role in veterans' benefits, Texas' approach changed to a role of assisting veterans in the preparation of claims. In 1927 the legislature created a State Service Office to aid Texas veterans of World War I in obtaining benefits from the United States Veterans Bureau. The law cited, as a need for the creation of the agency pending claims, claims disallowed and new claims filed at the rate of 1,000 per year. The law also indicated that many Texas veterans and their dependents did not know their rights and were not able to present their claims properly. The responsibilities of the State Service Office were expanded in 1937 to provide services to Texas veterans or dependents of veterans of any war or peacetime enlistment.

With the termination of World War II, there were major changes both in benefits and numbers of veterans receiving these benefits. In meeting this new demand and to insure that veterans had proper access to information concerning federal benefits, the legislature, in 1943, created an additional administrative

structure, in the form of the office of Veterans County Service Office, to serve returning veterans. County commissioners' courts were authorized to maintain and operate the offices with county funds. The county offices were made responsible for aiding county residents and dependents who served in the United States armed forces during any war or peacetime enlistment in preparing claims for benefits against the United States.

In 1947 the state structure was modified to better serve the expanded population of Texas veterans. In that year the State Service Office was abolished and was replaced by the present Veterans Affairs Commission.

The two-tiered system created by Texas to provide claims representation and counseling and other services has moved through several evolutionary cycles since World War II. Major additions to United States Veterans Administration benefits for veterans, beginning with the Servicemen's Readjustment Act of 1944 (the GI Bill of Rights) and a series of other federal benefits enacted since, have significantly increased the activities of the Veterans Affairs Commission and veterans county service offices in assisting Texas veterans. After the initial rise of veterans claims from World War II and the Korean War, activities of the veterans county service offices began to diminish in the late 1950's. With the expansion of services provided through additional field offices, the state structure was able to service most of the claims adequately. Additionally other state agencies such as the Veterans Land Board and Texas Education Agency were given responsibilities in the provision of benefits to veterans.

Currently the commission, composed of five members appointed by the Governor, has the following statutory responsibilities:

To assist veterans and their dependents in presentation of claims for benefits.

To compile laws enacted for the benefit of veterans and their dependents and members of the armed forces.

To cooperate with all governmental and private agencies securing services or benefits to veterans and their dependents.

To investigate abuses or exploitation of veterans and their dependents.

To coordinate the services of state agencies with services affecting veterans and their dependents.

To cooperate with and assist in training of county service officers.

Services provided under these statutory directives include assistance to veterans, their dependents and survivors to develop documentation and prepare claims for benefits; counsel on available benefits, employment and reemployment rights; itinerant contact services; counseling and representation before military discharge review boards; guidance and assistance in the training of veterans county service officers; liaison with veterans' service organizations; cooperation with state and federal agencies with responsibilities on veterans and information on 29 benefits available from the Veterans Administration ranging from automobiles for certain disabled veterans to war orphans' and widows' educational assistance. Another significant service provided by the Veterans Affairs Commission is to follow Texas veterans' claims until a decision is made by the Veterans Administration and, if necessary, to file an appeal of a decision.

To meet these responsibilities the commission currently is appropriated \$1,220,807 for fiscal 1980 and \$1,278,458 for fiscal 1981 from the general revenue fund and provides services from a central office and 22 field offices with 75 personnel. The field units are two regional offices; 10 offices at Veterans Administration hospitals; two at military hospitals; three at Veterans Administration outpatient clinics, one at a military base and four at non-federal locations.

Comparative Analysis

Forty-seven of the 50 states that were surveyed operate programs designed to assist veterans in obtaining VA benefits. Twenty-eight of the states, including Texas, meet this need through an independent agency. The remaining states administer the veterans affairs function through an agency charged with multiple responsibilities, usually the state social services agency or the adjutant general's office.

Forty-two of the states, including Texas, that have a board or commission require all board members to be veterans. Only four states require public members while two states have legislators on the board. In 10 states the veterans affairs responsibilities are agency operated; that is, there is no board or commission. Commission members are appointed by the governor in 28 of the states. In approximately one-fourth of the states, including Texas, the governor appoints commission members subject to legislative consent. The size of state veterans affairs commissions ranges from three to 15 members. The most frequent commission sizes are seven-member boards and five-member boards. Texas has a five-member board.

Based on the results of the survey, the overall priority ranking of functions performed by state veterans affairs agencies are as follows:

<u>Priority Rank of Other States</u>	<u>Texas' Priority Rank</u>	<u>Function</u>
1	4	Cooperating with governmental and private agencies in obtaining benefits and services for veterans and their dependents.
2	1	Claims representation for benefits for veterans and their dependents.

<u>Priority Rank of Other States</u>	<u>Texas' Priority Rank</u>	<u>Function</u>
3	2	Assists in training county veterans service officers.
4	5	Provide information on veterans educational training and retraining facilities.
5	6	Provides information on veterans employment and reemployment services.
6	3	Provides other information on benefits for veterans and their dependents.

Other major functions listed by state veterans affairs agencies but not ranked by priority included: (1) administration of nursing homes and hospitals, (2) other educational benefits, (3) bonuses to veterans and their dependents.

Twenty-eight veterans affairs boards or commissions, including Texas, are policymaking only. Approximately one-fifth perform both policymaking and administrative functions. The remaining boards or commissions are advisory only.

Thirty-seven states, including Texas, indicated that the state approval agency for veterans education responsibility was the duty of another state agency. This function is most frequently administered through a state department of education.

Most state agencies' field offices are located in non-federally furnished office space. However, in Texas, many of the field offices are in federal installations. A substantial majority of the respondents, including Texas, indicated that their functions were decentralized. Thirty-seven of the state veterans affairs agencies, including Texas, require that the executive director be a veteran. A large majority of the states also require that the assistant directors and the veteran service officers be veterans. Texas and a few other states require that all male employees

be veterans.

Forty-two state veterans affairs agencies are at least partially financed by state general revenue. Just over half of these agencies, including Texas, are funded totally out of the state's general revenue fund. Approximately one-third of the state agencies receive some form of special state funding and just over one-fifth of the agencies are partially funded by federal sources.

Overall the basic organizational structure of the Texas Veterans Affairs Commission is consistent with the majority of other state veterans affairs agencies. The only instances where Texas does not follow the norm is with the appointment methods of board members and the location of the agency office space.

III. REVIEW OF OPERATIONS

The material presented in this section combines several sunset criteria for the purposes of evaluating the activities of the agency. The specific criteria covered are the efficiency with which the agency operates; the objectives of the agency and the manner in which these objectives have been achieved; and the promptness and effectiveness with which the agency disposes of complaints regarding agency operations.

Organization and Objectives

The legislature, through the enactment of the Veterans Affairs Commission statute, declared its purpose "to take care of the tremendous increase in the veterans population in the State of Texas which resulted from the Spanish-American War, World War I, World War II and other wars in which residents of the state have participated by giving proper care and assistance to Texas veterans of all wars." Fulfillment of this purpose is accomplished through two programs: central administration, including the information and training activity, and claims representation and counseling.

Policy direction of the Veterans Affairs Commission is accomplished through a five-member body appointed by the governor with the advice and consent of the senate for six-year terms. Persons appointed to the commission must be citizens and bona fide residents of Texas and honorably discharged veterans of a war in which the United States participated. At least three commission members must have been enlisted men and no two members of the commission can reside in the same senatorial district and not more than one shall be from a senatorial district composed of one county.

Staff of the commission consists of 75 employees, including an executive director and two assistant directors. Remaining staff consists of 38 veteran service officers and other professional personnel and 34 secretaries and other support personnel. Ten employees are in the central office in Austin and 26 employees are stationed in the agency's two regional offices in Waco and Houston. The remaining 39 employees are stationed in the agency's 20 field offices. The executive director is responsible for the overall administration of the agency, with the assistant directors having some responsibilities relating to field office supervision and liaison with the federal Veteran's Administration.

The field and regional offices are located in either federal or local government office space which is provided to the state rent-free.

Commission service officers provide itinerant service to state schools and hospitals and Texas Department of Corrections units as well as some federal, local and private facilities. The staff coordinates with various state agencies that have responsibilities affecting veterans and with county veterans service officers.

Veterans claims, usually with required documentation, are prepared by commission service officers and by county veterans service officers and sent to the commission's regional offices. The claim is then filed by regional office staff with the Veterans Administration. The commission's regional office staff continues to assist veterans by providing information on the status of a claim upon request. When needed, representation of the veteran is provided in the Veterans Administration adjudication and award process. If necessary, an appeal is filed with the Veterans Administration in Washington. Since the state agency is not organized to participate in appeal proceedings in Washington, the service organization to whom the veteran has assigned power of attorney is contacted to represent the veteran in the appeal proceedings, at no cost to the state.

The staff also conducts briefings for military retirees and separatees at Veterans Administration and military hospitals and bases and represents veterans before military Discharge Review Boards. Since October 1, 1979, a mechanism has been in place for the commission to receive copies of papers of Texas veterans newly discharged from military service and to notify them, through commission field offices and county veterans service offices, of available services. The commission is funded exclusively by legislative appropriation from the general revenue fund. Appropriated amounts have increased from \$687,322 for fiscal year 1974 to \$1,278,458 for fiscal year 1981 (a 12.29 percent per year increase).

Administration

The general objective of the administration function is to determine and implement appropriate procedures for providing efficient operation of all agency functions. The procedures used by the commission were reviewed to determine 1) that the commission's system of budgetary controls was adequate to control expenditures of appropriated funds and 2) that the system used to monitor and control the work-related efforts of personnel within the central and field offices was appropriately designed to satisfy necessary management requirements.

The budgetary system currently used by the agency was found to be adequate from the standpoint of requirements relating to general accounting principles. Review of past audit reports showed only a few minor aspects recommended for improvement and these have been corrected. In regards to funds accounting requirements established by the state, the system used satisfied those requirements and no difficulties with warrant processing and purchasing procedures were documented during the review.

The system was also reviewed to determine its adequacy as a vehicle for allocation of resources within the agency based on the varying workload of the 22 field offices maintained throughout the state. In this regard, the agency currently uses a procedure which controls almost all of the agency expenditures through the central office. A review of this process indicates that the operating budget is controlled through objects of expense for each program as a whole rather than through the identification of costs associated with each field office operation. The field office budgets, amounting to over \$900,000 per year, represent 83 percent of the agency's total budget. With the type of control currently in place, the agency is able to monitor expenditures from each object of expense and to determine amounts of funds remaining for expenditure in each of the general objects of expense such as salaries, travel and consumable supplies. Approval for most expenditures must be made through the central office.

While the system in use does provide a means of adequate central control, under the current system cost data is not available in a form that could be used to compare month-to-month expenditures of field offices nor is it available for the purpose of comparing expenditures of field offices within expense categories. Estimated annual budgets for the field offices ranged from a low of \$17,000 per year to a high of \$177,000 per year.

The system used by the agency to monitor work-related efforts was reviewed to determine the degree to which it provided meaningful data and the extent to which this data was used. The agency currently monitors the activities of the field offices through monthly activity reports generated and sent in from each field office. These reports are generally well constructed and generate such basic data as the number of claims filed, the number of hospitalized or institutionalized

veterans assisted and the number of VA contacts and interviews. However, these forms do not currently provide information which would show the number of veterans and their dependents actually served or the monetary benefits generated.

There would be several advantages to a more complete system which links field office costs to workload. The advantages to such a system can be seen by the following illustrations. First, the review indicated that in certain offices with low volume of claims, there were no secretaries while in others there were. Given the similarity of the situations, this allocation appears to be inefficient. Information which would link field office costs to performance would allow the agency to make determinations regarding the most efficient allocation of field office personnel with increased confidence. Second, at present, none of the field offices submit both cost and activity data generated from regularly scheduled itinerant visits. If both the cost and activity generated from all such visits were provided, then the agency would have a way to assign priorities when it revises itinerant schedules. Data of this type would also provide the agency with a base from which to consider the potential benefits that could result from instituting itinerant service to areas currently served by permanent field offices.

In the area of personnel policies and controls, the review showed that the procedures initiated to record employee leave and other personnel data are adequate for an agency of this type. The agency has cross-trained most staff members, both in the central office and field offices, so that agency functions may continue in the event of employee absences. However, there were several areas in personnel-related matters that could be improved in the commission's employment criteria, and utilization of agency staff time to assist in filing claims for non-Texans.

In the area of employment criteria, the state auditor, in a September 30, 1976 management letter, questioned the constitutionality of requirements in the agency's procedure guide requiring that employees not be members of the Communist Party and that employees and their spouses not participate in violent demonstrations. However, no change has been made in these requirements and none is contemplated in the current procedure guide revision.

Agency statutes require that all male employees be veterans and the procedure guide requires that male personnel be bona fide Texas residents. Whether these provisions are unconstitutional is unclear, however, it is clear that these requirements impose restrictions upon entry into the agency's professional staff. It was noted during the review that service officers must be veterans in order to be accredited with veteran's organizations and, hence, to perform their jobs effectively.

The final area of concern regarding personnel utilization is the area relating to the service provided by the state to veterans of other states. At the Shreveport, Louisiana VA Hospital, numbers of Texas veterans are seen on a regular basis by personnel of the Marshall field office. At the Paris field office, the service office handles claims of veterans from Oklahoma. At the VA outpatient clinic in El Paso, the service officer handles claims of veterans from New Mexico. The services officer working in the Louisiana facility is careful to provide assistance only to Texas veterans. However, the Paris and El Paso offices do provide assistance to veterans that are not Texas residents which is contrary to statutory requirements. The only alternative to providing such service is to deny veterans service because of geographical location and the statute should be modified for these two offices to allow veterans other than Texas residents to receive services.

Training and Information

The objective of the training and information activities of the Veterans Affairs Commission is to design and implement a program that will ensure an acceptable level of competence for state and county service officers.

The agency is mandated by statute to train and certify the state's 225 county service officers (CSOs) who serve 219 counties. The CSOs are mandated by law to assist veterans and their dependents in obtaining their VA entitlements. The level of training received is important to the quality of claims representation and counseling efforts on the part of the county service officer. Training and information programs are important in at least two other respects. These programs enable county service officers to remain abreast of changes in the eligibility requirements for VA benefits. This increases a CSO's ability to counsel veterans on all of their potential entitlements. Second, since training presumably increases a county service officer's competence, the chances for errors in filling out a VA claim form should decrease. Accurately documented VA forms minimize the workload for the state agency's regional offices since these offices review most claims filed by CSOs.

The review of the training program established the fact that there is currently no means to require that county personnel participate in the state training program and thus no real means to ensure levels of competency. Unlike several other states, Texas has no funding controls or minimum employment qualifications for its county service officers.

Despite this lack of sanctions or controls, the agency has had a fair amount of success in encouraging county service officers to attend its training sessions. Training sessions held for newly appointed CSOs provide for a general overview of

the procedures and requirements for major VA benefits and are held on an "as needed" basis.

A review of these sessions indicated that 40 new county officers were certified in 1979. Checks with state agency personnel as to the number of county officers appointed, but never certified, indicate that approximately 36 of the 225 county officers have never been certified by the state.

In addition to the training efforts related to new county service officers, the agency conducted six conferences during fiscal year 1979 designed to update all county service officers on changes in VA benefits. These conferences were held at various locations around the state and were attended by over 70 percent (159) of the state's 225 county service officers. Analysis of data relating to those not attending showed that the majority are in sparsely populated counties located in extreme East Texas and the Panhandle. Interviews with state agency personnel indicate that lack of travel funds was the primary reason for the failure to attend. These data also indicate that over 25 percent of the county service officers had attended fewer than four training sessions within the last five years. One method to encourage CSO attendance at agency-sponsored training sessions would be for the state to pay for the travel expenses of those attending. Reimbursement could be made contingent on attendance and participation of eligible CSOs during all portions of a training session.

A training effort of this nature should result in a minimum level of competence among the county service officers. A primary means to determine if this level does in fact exist would be information that reflects the percent of claims that were incorrectly filled out and sent to the state office. However, this type of information is not currently kept by the state agency and no judgment can

be made as to whether claims originating at the county level cause significant delays in the time it takes for the veteran to have a claim processed or whether state personnel must spend additional amounts of time processing claims originating through the county offices. Information of this nature, if collected, would be helpful to the state agency in two respects: 1) delays that do exist could be corrected and 2) development of training programs could be assisted through the identification of problem areas.

Claims Representation and Counseling Services

The general objective of the claims representation and counseling services program is to ensure that the veteran and dependents receive all of the benefits to which they are entitled and to help them obtain and prepare the evidence which will prove their entitlement.

This program constitutes the major effort of the commission. It accounted for \$913,357 or 83.26 percent of commission expenditures in fiscal year 1979. The commission staff filed 21,163 claims for veterans and dependents and reviewed 44,076 claim files during fiscal year 1979, resulting in monetary awards to Texas residents of over 164 million dollars. The major categories of claims producing these awards are compensation, pension, educational benefits and insurance.

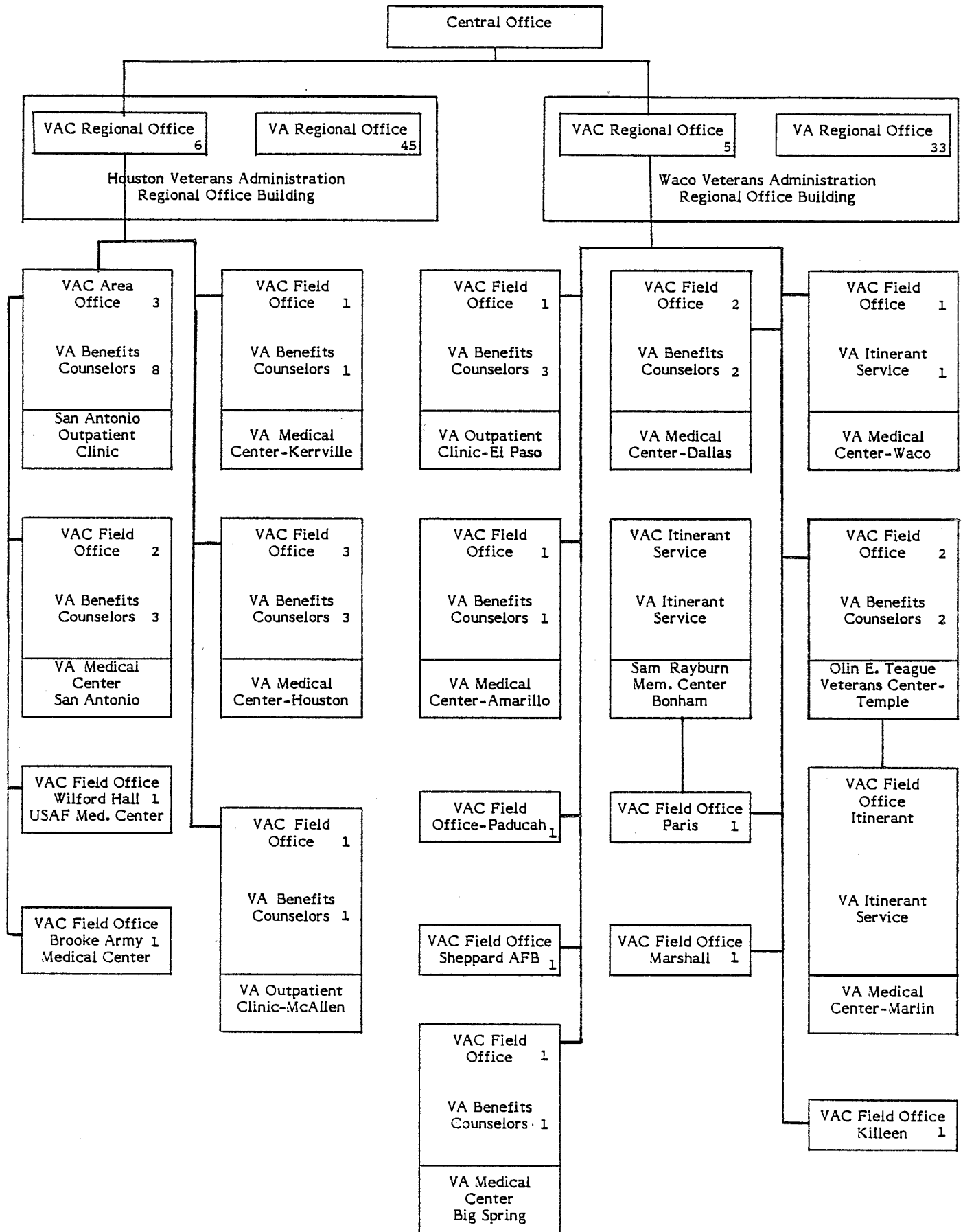
In Texas, as in most other states, access to veterans benefits is generally gained through one of four major groups: 1) private veterans organizations, such as the Veterans of Foreign Wars, AMVETS, and Disabled American Veterans; 2) county service officers; 3) federal Veterans Administration; and 4) the state Veterans Affairs Commission. While basic services performed by each group are the same in that the claimant is advised of benefits and is assisted in preparing the actual claim, the groups are not similar in other functions. For example, the federal

agency personnel generally do not assist a veteran to obtain supporting documentation for a claim and do not follow a claim through the Veterans Administration adjudication process. The private veterans' organizations do not advise veterans of available benefits except on a limited basis through post service officers, nor do they prepare and submit claims to Veterans Administration regional offices or follow the claims through the adjudication process except on a limited basis. The county service officers counsel and prepare claims which include securing necessary documentation, but they do not handle a claim any further than the filing of the claim with the state Veterans Affairs Commission regional offices. The state organization, in contrast to the other groups, counsels and prepares the claim, processes the claim through its regional offices to the federal VA for adjudication and a decision on a monetary award. If an award decision is disputed, commission staff also assist with the appeal.

The bulk of the claims filed in Texas are filed through two of the four groups. The state and federal agencies handle the majority of the claims through their field office network. Over the years, the state and federal field offices have developed a common base of operations which includes sharing of adjacent office space in federal facilities. This organizational pattern can be more clearly seen in Exhibit III-1.

Exhibit III-1
VAC ORGANIZATION CHART

Locations and Staff of Field Offices and Veterans Administration



Within the field offices, commission staff respond to inquiries, advise veterans and dependents of available benefits, prepare claims and other papers and, in many cases, assist the claimant in gathering supporting evidence. Claims and supporting documentation, if needed, are sent daily to commission regional offices for review and filing with the Veterans Administration. Commission staff provides itinerant service on an established or as needed basis to two Veterans Administration hospitals, state hospitals and schools, Department of Correction units and other facilities. Staff assists veterans in nursing homes as needed. At state hospitals and schools assistance is provided to obtain federal benefits which lower costs to the state.

To determine the processes used by state field offices both in terms of management practices and coordination with federal field personnel, on-site visits were made to 14 of the commission's 22 offices. The review of these offices indicated that general procedures relating to basic files, personnel and property management were pursued in a satisfactory manner. The review also determined that commission field office personnel attend annual and special training conferences to keep abreast of changes in federal laws, regulations and procedures. The laws and regulations are compiled into a field office manual and are utilized by commission service officers. Other information is distributed to field office personnel in written form and also through the commission's monthly Journal and Pamphlet. The assistant director in charge of each region consults regularly with the executive director to receive information on changes in policy and practices and to discuss administrative matters. The assistant directors in the two regions are in contact with field offices under their supervision by phone, correspondence and on-site visits. Staffs in the regional offices are supervised by regional supervisors.

The review did develop several areas in which improvements to current operations could be made in particular management techniques used by the various field offices.

The review noted that certain procedures had been developed by individual field offices to deal with a particular aspect of work but that other field offices were not made aware of the existence of these procedures and thus were unable to take advantage of the benefits they would offer.

The following examples highlight practices of particular usefulness. At the commission field office in the Dallas Veterans Administration Hospital, new admissions are screened to determine patients that should be seen. For example, if a patient is receiving service-connected disability or Social Security benefits that would preclude the possibility of veterans benefits, the patient is not seen. By contrast, at the commission field office at Houston Veterans Administration Hospital, all newly admitted patients are seen without any screening.

At the commission field office in San Antonio located in the Audie L. Murphy Memorial Veterans Administration Hospital, field office staff routinely leave cards at the bedside of veterans not in their rooms when the commission representative arrives for an interview. The veteran can have hospital personnel contact the commission office later to establish an interview appointment and commission service can be provided. This practice, which can expedite delivery of commission services, was not observed in other commission field offices located in VA hospitals.

At several commission field offices reviewed during on-site visits, it was noted that commission representatives do not routinely ask veterans on wards if they have been seen by another service representative. Regular inquiry of this

type could avoid duplication of effort on wards at all hospitals where the commission maintains offices.

At the field office in the Kerrville Veterans Administration Hospital and at the field office in the Audie L. Murphy Memorial Veterans Administration Hospital, staff indicate on commission files that a veteran on wards has been seen by a Veterans Administration representative. This procedure was not observed at other commission field offices located in hospitals although this simple mechanism could be one step to avoid duplication of effort.

The Veterans Affairs Commission is listed under "State of Texas" in a clear, identifiable manner in the McAllen city telephone directory. But in only 8 of 22 field locations was the commission's office listed in a separate, identifiable manner in the city telephone directory.

The Kerrville field office implemented a procedure where admission cards are received daily from the hospital by both representatives. The commission representative checks with the federal representative to determine if patients have been seen by a service officer. Veterans on wards are asked if a service officer has seen them before an interview is started. Commission file cards show entries that a federal representative has seen veterans. The commission representative and federal representative divide hospital wards so they do not see patients on the same floors.

Appropriate personnel within the central office and regional offices should review these practices carefully to determine their application to other field offices, and thus eliminate potential duplication of effort.

Summary

The efficiency of the commission's administration function was reviewed in terms of the control systems established to assure that the agency's funds and personnel were utilized in an appropriate manner. The review showed that general accounting procedures are adequate to account for agency expenditures. However, the budgetary process does not separate items of cost within each field office. The agency's monthly activity report which contains data such as the number of claims filed is generally well constructed. However, work load data have not been compiled for several other activity measures such as the monetary award that result from the claims filed.

A more complete budgetary and information system would enable the agency to tie the performance of its field offices to the costs of maintaining them. This practice could result in the reduction of some agency personnel.

Some of the agency's employment requirements are of questionable constitutionality. However, the agency is not contemplating changing them. Personnel from two field offices serve a substantial number of non-Texas veterans.

The review also noted that, despite the agency's lack of control over the 225 county service officers, the agency has had a fair amount of success in encouraging the CSOS to attend its training sessions. The training sessions are efficiently run and well constructed. If the agency would collect data that measures the competence of the CSOs, it could structure its training to address these weaknesses. This should result in the agency achieving its objective which is assuring a minimum level of competence for both state and county service officers.

The claims representation and counseling services program constitutes the major effort of the commission.

The bulk of the claims filed in Texas are filed through two of four major groups. The state and federal Veterans Administration handle the majority of the claims through their regional office network.

Commission representation and counseling services are provided through a central office, two regional offices and field offices located at 12 federal hospitals, three veterans administration outpatient clinics, an Air Force base and four non-federal locations.

On-site review of commission field offices indicated that general procedures relating to basic files, personnel and property management were pursued in a satisfactory manner.

The review developed several areas in which improvements to current operations could be made. New admissions are screened at one commission field office at a Veterans Administration hospital to determine patients that should be seen, but at a commission field office at another Veterans Administration hospital, all new patients are seen without screening. Staff routinely leave cards at bedside of veterans who are not in their rooms when the commission representative arrives for an interview at another commission field hospital office. At several commission field offices, staff do not routinely ask veterans on wards if another service representative has seen them. A notation is entered on commission files at two commission field offices that a VA representative has seen a veteran on wards.

Appropriate commission personnel should review these practices to determine their application to other field offices.

IV. OTHER ALTERNATIVES AND CONSTRAINTS

The material presented in this section combines several sunset criteria for the purposes of evaluating the activities of the agency. The specific criteria covered are the extent of overlap and duplication with other agencies and the potential for consolidation with other agencies; an assessment of alternative methods of performing the function, and the impact in terms of federal intervention or the loss of federal funds if the agency is abolished.

Organizational Alternatives

Texas and 27 other states administer claims representation and counseling services to veterans through an independent agency. Nine states carry out the veterans affairs function through the states' social services department. Five states administer the function through an agency charged with military-related responsibilities. In other states, agencies such as the Department of Economic Security, the Department of Community Affairs and the Department of Management and Budget are responsible for administering the veterans affairs function.

Based on the experience in other states, three Texas state agencies may be capable of performing the veterans affairs function. These are the Department of Human Resources, the Adjutant General's Department, and the Veterans Land Board.

The criteria used to establish the potential for consolidation are whether the administrative structure is capable of assuming the veterans affairs function, whether the agency has had experience in providing similar types of services, and whether the agency presently serves a similar target population.

The Department of Human Resources administers its functions through 10 regional offices and officers in every Texas county. Thus, it has the organizational

structure to provide the veterans affairs function. However, the benefits derived from consolidating the Veterans Affairs Commission with DHR would be offset by a number of factors. These include different target populations served by the two agencies and the costs required to train employees in additional complex federal programs.

The Adjutant General's Department is responsible for maintaining a state of combat readiness and preserving the public peace and safety in the state and local communities. It performs these functions through a decentralized administrative structure. However, the police function that the Adjutant General provides is not at all similar to the direct delivery of counseling services and service officer training that the Veterans Affairs Commission provides. Thus, there would not be any significant benefits gained from consolidating the veterans affairs function with this agency.

The Veterans Land Board administers a loan program through the General Land Office that enables eligible veterans to purchase farm or ranch land in Texas.

The potential for consolidating the Veterans Affairs Commission with the Veterans Land Board is based on the fact that the two agencies serve basically the same target population and therefore have related experiences in providing services. However, any benefits from consolidation would be more than offset by the fact that the Veterans Land Board does not have an administrative structure equipped to assume the claims representation and counseling function.

Service Delivery Alternatives

The methods for delivering claims representation and counseling services vary widely among the states. In several states, the activities of the county service officers are subsidized by the state. Some states contract with veterans

service organizations to provide counseling services to veterans. Still other states administer a range of programs such as a veterans home loan program, veterans nursing homes and domiciliary programs. Three states do not provide veterans affairs services. There is one major alternative method of service delivery that is not provided by any state. This would call for the state agency to service only those areas that are not served by county service officers or federal benefits counselors.

The criteria to determine the feasibility of alternative methods of service delivery are: whether the net cost to the state for providing claims representation and counseling services would be reduced, whether there would be an increase in the number of veterans served and whether the quality of service provided would be increased.

The alternative method of service delivery calling for the state to contract with counties would produce several important benefits. Depending on the amount of subsidy, the cost to the state for providing counseling services would be reduced. If a state subsidy would make it cheaper to hire a county service officer in those counties without one, then the total number of veterans served would increase. The principal eligibility requirement for state subsidy could be mandatory attendance at agency-sponsored training sessions. This measure would increase the quality of claims representation and counseling service provided to veterans.

A second alternative method of service delivery is for the state to allocate its personnel to areas that are not served by county service officers or federal benefits counselors. The major benefit of this proposal is that the entire state would be served. However, this would mean allocating state service officers to sparsely populated counties. Thus, the cost-effectiveness of this proposal is questionable. Furthermore, this proposal would not increase the emphasis on the

agency's training function, therefore the quality of service by county service officers would not increase, and the number of veterans served would be reduced in areas presently served by the state agency. This alternative would likely result in substantial loss of benefits to Texas.

The final alternative method for service delivery is to abolish the Veterans Affairs Commission and rely on the counties and federal government to continue their present counseling activities. The veterans counseling services provided by all three levels of government are basically similar. During the review duplication of services were noted where both state service officers and federal benefits counselors are headquartered.

The major benefit of abolishing the Veterans Affairs Commission is that the state would reduce its annual total expenditures by over one million dollars. Due to duplication with other governmental units, services to veterans would be reduced by an amount smaller than the state's current level of counseling activities. Since the agency is funded entirely by state general revenue, the state would not lose appropriated federal funds if it is abolished.

Summary

Most states, including Texas, administer the veterans affairs function through an independent agency. The majority of the rest of the states perform the function through either the social services agency or a military affairs-related agency. Consolidating the agency with DHR is not feasible since the agencies serve different target populations. Consolidating the Veterans Affairs Commission with the Adjutant General's Department would not produce significant benefits because the agencies perform entirely different functions. The Veterans Land Board is not equipped with an adequate administrative structure to perform statewide counseling activities.

With respect to alternative methods for delivering services, the state subsidizing counties is the most feasible. Adoption of this proposal could reduce the cost to the state and increase the level and quality of services provided. Allocating state personnel to areas where there is no county or federal service office would not prove cost effective. Finally, abolishing the agency would save the state over one million dollars annually; however, the level of service would be reduced and the state would likely experience a substantial loss of benefits to veterans who are residents of the state.

V. COMPLIANCE

The material presented in this section combines several sunset criteria for the purposes of evaluating the activities of the agency. The specific criteria covered are the extent to which the agency issues and enforces rules relating to potential conflict of interest of its employees; the extent to which the agency complies with the Open Records Act and the Open Meetings Act; and the extent to which the agency has complied with necessary requirements concerning equality of employment opportunities and the rights and privacy of individuals.

Board members, as appointed state officers, are subject to the statutory standards of conduct and conflict-of-interest provisions (Article 6252-9b, V.A.C.S.). The Executive Director has complied with the act by ensuring that commission members and all new employees are required to sign a statement indicating that they have read and will comply with the relevant provisions of the act.

Open Meetings - Open Records

A review of the notices submitted to the Texas Register indicates that the agency is in compliance with the Open Meetings Act. The major service organizations such as the American Legion are also notified of upcoming commission meetings.

Portions of two commission meetings have been closed to the public during the last three years. The first was in September 1976 when commission members interviewed applicants for the executive director position. The other closed session was held in September 1979 when the commission discussed the election of its officers. Board minutes indicate that the decisions resulting from the closed

meetings were formally addressed in open meetings.

With respect to the Open Records Act, the Veterans Affairs Commission makes all of its records accessible to the public except records of employee disciplinary actions, correspondence relating to individual veterans, and claimant office files. Examples of agency files open for public inspection include fiscal records, the state cemetery program file, and the discharge review board file.

Employment Policies

The Veterans Affairs Commission is operating under an Affirmative Action Plan that was approved in 1977. The document was prepared in cooperation with the Governor's Office of Equal Employment Opportunity. Semi-annual reports are submitted to the EEO office as part of affirmative action documentation efforts. Under the plan the Executive Director appointed an Equal Employment Opportunity Committee to advise him on all EEO related matters. The committee first met in September 1979. Committee minutes indicate that only organizational matters were discussed.

Prior to 1977 the agency had two minorities employed in professional positions. Of the 11 positions filled during the past two years, five have gone to minorities. This figure includes one minority female who was promoted from a secretarial position to a professional position. In its most recent EEO report the commission acknowledged that, despite its recent accomplishments and continuing progress, Hispanics and Blacks are still underrepresented as a part of the agency's general work force.

On the advice of the Governor's EEO Office, the agency began to document instances in which minorities were offered but did not accept employment with the agency. During 1978 and 1979 five minorities refused offers for professional

positions with the agency.

The agency's primary recruitment method is through informal networks of persons familiar with its activities. The personnel director indicated that the VAC has established contact with middle and upper level minority managers in the Veterans Administration regional offices in Waco and Houston asking their assistance in recruiting qualified minorities.

A review of the agency's affirmative action data indicates that females are fully represented as a percentage of the overall work force. However, of the 32 professional service officer positions, only one is filled by a female. The agency attributes the small number of females in its professional work force to the fact that veterans service organizations such as the American Legion will not accredit non-veterans to act on their behalf.

The agency has established a formal grievance procedure for its employees. No grievances have been filed.

Summary

The Veterans Affairs Commission has complied with the Ethics and Financial Disclosure Act and the Open Meetings and Open Records Acts. The agency is operating under an approved Affirmative Action Plan and is making visible progress toward employing more minorities, especially in professional positions. However, females represent only a small part of the professional work force due to accreditation procedures. Although the VAC has a formal grievance procedure, no grievances have been filed.

VI. PUBLIC PARTICIPATION

The review under this section covers the sunset criterion which calls for an evaluation of the extent to which the agency has encouraged participation by the public in making its decisions as opposed to participation solely by those it serves and the extent to which the public participation has resulted in operations compatible with the objectives of the agency.

The degree to which the agency has involved the public in the decisions of the agency can be judged on the basis of agency compliance with statutory provisions on public participation, the availability of information concerning agency operations, special efforts made by the agency to involve the public in its operations, and the existence of public members on the board.

Agency Activities

The commission is responsible in the enabling legislation for informing veterans and their dependents, members of the armed forces and military and civilian authorities of the existence or availability of veterans benefits. The authorizing statute also charges the commission with assisting in the training of county veterans service officers.

To a limited extent the commission's activities seek to inform and involve the general public in its operations although the focus is on veterans, veterans service officers and related groups. These include speeches by commission representatives to civic clubs, veterans service organizations, military units and other groups; available supplies of literature on veterans benefits in the commission's 23 offices; news releases to the general public on an irregular basis and inviting the general public to annual fall and spring training conferences for commission, county and veterans service organization service officers. The Journal, a monthly publication

of the commission, contains articles on veterans benefits and related subjects. This publication is geared to areas that are of interest to veterans service officers but is also distributed regularly to members of the Texas Legislature, certain members of Congress; Veterans Administration representatives, certain state agencies and libraries. The commission also publishes a monthly Pamphlet, with each issue devoted to one subject of new information on veterans benefits, that is distributed to veterans service officers of the commission, counties and veterans service organizations. State of Texas Benefits for Veterans, Dependents and Survivors is published annually as one issue of the Pamphlet and the normal press run is doubled from 350 to 700 for public distribution.

The commission complies with public notification requirements of its meetings in the Administrative Procedure and Texas Register Act. A review of commission meeting minutes for fiscal year 1976 through fiscal year 1979 showed all attendees, ranging from three to 26 at meetings, were involved in veterans affairs.

The commission is a non-regulatory agency which has rule making authority in the enabling legislation but has not promulgated rules.

The commission purchases no media advertising. All commission services, including publications, are provided without charge. The enabling legislation prohibits the commission from charging a fee for any service rendered.

Public Membership

The statutory composition of the commission requires that all members be veterans of wars in which the United States participated. Lack of public members eliminates a method available to the commission to represent the views of the general public in deliberations and decisions on its operations.

Summary

The commission is responsible in the enabling legislation for informing veterans and their dependents and other specified groups of veterans benefits. The commission is also charged by the statute with assisting in the training of county service officers. Commission activities are focused on veterans, veteran service officers and related groups but to a limited extent the commission also seeks to inform and involve the public. The commission complies with statutory requirements in general laws for public notice of its meetings, and notifies interested organizations of meetings but makes little effort to inform the general public. The enabling legislation does not provide for public members on the commission. Public involvement in activities of the commission could be increased by providing for public members on the commission.

VII. STATUTORY CHANGES

The material presented in this section combines several sunset criteria for the purposes of evaluating the activities of the agency. The specific criteria covered are whether statutory changes recommended by the agency or others were calculated to be of benefit to the general public rather than to a population served by the agency and statutory changes recommended by the agency for the improvement of the agency's operations.

Past Legislative Action

The enabling legislation of the Veterans Affairs Commission has been amended three times since the creation of the commission in 1947. The commission did not propose or take a position on any of the amendments.

Per diem of commission members for meetings was increased from \$10 to \$25 by Senate Bill 199 of the Fifty-ninth Legislature (1965). The increase had been proposed unsuccessfully in Senate Bill 343 and House Bill 752 in the Fifty-seventh Legislature (1961). Maximum salary limits for the executive director and the two assistant directors were removed in House Bill 694 of the Sixtieth Legislature (1967). In 1977 the commission was made subject to the provisions of Senate Bill 54 of the Sixty-fifth Legislature, the Texas Sunset Act.

Proposed Changes

Six other bills affecting the commission's operations have been unsuccessfully proposed. In 1949 House Bill 803 of the Fifty-first Legislature and in 1951 House Bill 191 of the Fifty-second Legislature would have moved the commission's major veterans claims filing and assistance responsibility to County Veterans Service Offices. Principal functions of the State Approval Agency for Veterans Education,

attached to the Veterans Affairs Commission for administrative purposes, would also have been transferred to County Veterans Service Offices. These responsibilities included inspection of on-the-job training and vocational training schools.

House Bill 1004 of the Sixty-first Legislature (1969), House Bill 1075 and House Bill 1209 of the Sixty-second Legislature (1971) and House Bill 33 of the Sixty-third Legislature (1973) would have authorized the commission to construct, maintain and operate a veterans nursing home in El Paso County with state and federal funds. The division of construction costs would have been 50 per cent state and 50 per cent federal funds.

In its self-evaluation report the commission recommended statutory changes which would remove the provision attaching the State Approval Agency for Veterans Education to the commission for administrative purposes. The Texas Education Agency has performed all functions of the State Approval Agency for Veterans Education since 1953. The review showed that the State Approval Agency for Veterans Education was attached to the commission for administrative purposes when the commission was created in 1947, apparently as part of the procedure to start the flow of federal funds to the state under the GI Bill of Rights legislation enacted by Congress in 1944 and 1946.

Summary

In conclusion, three amendments to the commission's enabling legislation have been enacted. These amendments increased commission members' per diem for meetings from \$10 to \$25, removed maximum salary limits for the executive director and the two assistant directors, and made the commission subject to the Texas Sunset Act. Two types of changes have been unsuccessfully proposed during the commission's history. The first would have transferred the commission's

responsibilities to County Veterans Service Offices. Other unsuccessful proposals sought to authorize the commission to construct, maintain and operate a veterans nursing home in El Paso County with state and federal funding. The commission recommended in its self-evaluation report the removal of the provision attaching the State Approval Agency for Veterans Education to the commission for administration only, providing a structure consistent with the current division of responsibilities.