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Minnesota Department of Veterans Affairs

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<http://mn.gov/mdva/>

AT A GLANCE

- Employ approximately 1,400 staff statewide
- Provide four major program areas, each with numerous veteran services
- Operates 5 State Veterans Homes
- Serve nearly 369,000 Veterans in Minnesota

PURPOSE

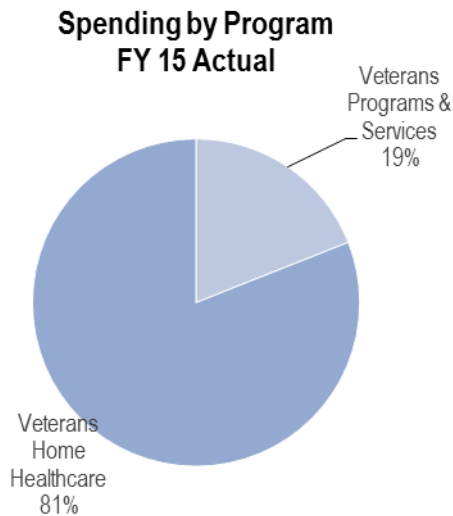
The mission of Minnesota Department of Veterans Affairs (MDVA) is “Dedicated to serving Minnesota Veterans and their families.” We are a “post wartime agency” and were created by the 1943 state Legislature to consolidate the services provided to service members, and since 2007, we have operated the Minnesota Veterans Homes. Today, there are approximately 369,000 veterans in Minnesota (seven percent of the state population).

Since 9/11, over 71,000 Minnesotans have been discharged from active duty and more than 45,000 have served in a combat zone. Veterans face many challenges, including matching their military skills to civilian occupations, higher unemployment rates than their civilian counterparts, and short- and long-term medical issues resulting from their military duty. In addition, both veterans and their families experience mental fatigue and injuries associated with military deployments. Finally, nearly 1/3 (28%) of the state’s population aged 75 and older are veterans, many with unique long-term care needs.

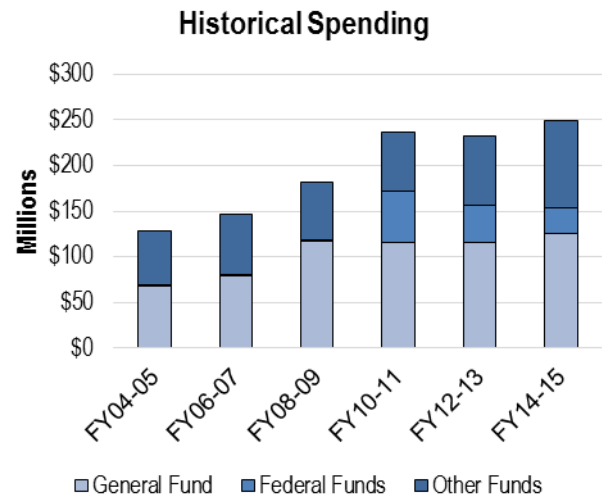
MDVA exists to fulfill the needs of these veterans and their families by providing innovative programs and services to maximize quality of life. In doing so, MDVA contributes to the statewide outcomes of:

- All Minnesotans have optimal health
- Minnesotans have the education and skills needed to achieve their goals
- Strong and stable families and communities

BUDGET



Source: BPAS



MDVA activities are funded approximately 50% from the general fund, 11% from federal funds and 39% from special revenue funds.

The Program & Services Division receives a majority of its funding from the General Fund. Project specific federal funding also provides significant funding for building maintenance and health care services.

The Healthcare Division is funded by the General Fund, resident maintenance fees, and VA per diem. The historical spending graph reflects the following breakdown:

- A General Fund appropriation of \$94 million for the 2014/15 biennium which was transferred to and spent out of the Special Revenue or Other Fund, (the graph above reflects these expenditures out of the General Fund in order to show its source of funding).
- An additional \$92 million from revenues received from the Federal VA Administration for veteran full and partial per diem, Medicare reimbursements for Medicare Part A, B & D, and revenue received from resident maintenance charges, which is recognized in the special revenue or "Other Funds" on the chart.
- And, \$16.5 million of Federal grant funds were received and spent primarily for the new skilled nursing buildings 19 & 21 on the Minneapolis Campus along with other smaller construction projects at the other four out-state Veterans Homes during the 2014/15 biennium.

STRATEGIES

We strive to enhance the lives of those we serve through the development and implementation of services that are tailored to meet the current and ongoing needs of veterans and their families. We do this through two divisions: Programs & Services and the Minnesota State Veterans Homes (Veterans Healthcare).

Many veterans are not aware of the benefits that they have earned through their military service. The Programs & Services Division collaborates with its partners in the veterans service community to assist veterans in obtaining these benefits. A few areas of assistance are financial, educational and/or medical benefits. Additionally, there are an estimated 279 veterans without safe, stable or affordable housing on any given night in Minnesota (<https://www.hudexchange.info/resources/documents/2016-PIT-Estimate-of-Homeless-Veterans-by-State.pdf>), so MDVA's programs also assist in identifying and developing housing plans for homeless veterans and veterans at risk of homelessness. Finally, our Programs & Services Division and partners provide resources for financial, family and mental health counseling, as well as operating two Veterans cemeteries and coordinating funeral honors benefits.

MDVA's Healthcare Division operates five Minnesota Veterans Homes located in Luverne, Fergus Falls, Silver Bay, Hastings and Minneapolis to ensure that veterans and their families have options for meeting their long-term care needs while providing high-quality care. The homes offer multiple long-term care options including 24-hour Skilled Nursing, Domiciliary and Adult Day Care. The homes also offer specialty care units such as rehabilitation, work therapy, transportation, chemical dependency, psychological, medical, primary care, spiritual and recreational services to improve the health and quality of life of its residents.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 196 (<https://www.revisor.mn.gov/statutes/?id=196>) and M.S. 197 (<https://www.revisor.mn.gov/statutes/?id=197>).

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecasted Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	14,037	16,828	15,822	19,632	17,746	17,746	18,654	18,641
2000 - Restrict Misc Special Revenue	669	1,079	1,094	1,343	1,315	1,301	1,315	1,301
2001 - Other Misc Special Revenue	91,268	95,718	97,947	105,769	108,635	112,210	111,235	113,472
2403 - Gift	478	416	411	619	569	569	569	569
3000 - Federal	4,863	22,924	12,573	30,913	10,734	453	10,734	453
6000 - Miscellaneous Agency	1,557	1,542	1,390	1,495	1,502	1,502	1,502	1,502
Total	112,872	138,507	129,237	159,771	140,501	133,781	144,009	135,938
<i>Biennial Change</i>				37,629		(14,726)		(9,061)
<i>Biennial % Change</i>				15		(5)		(3)
<i>Governor's Change from Base</i>								5,665
<i>Governor's % Change from Base</i>								2

Expenditures by Program

Program: Veterans Programs And Services	17,312	26,122	17,365	24,151	24,768	19,336	25,676	20,231
Program: Veterans Health Care	95,560	112,386	111,872	135,621	115,733	114,445	118,333	115,707
Total	112,872	138,507	129,237	159,771	140,501	133,781	144,009	135,938

Expenditures by Category

Compensation	78,123	81,613	84,537	89,997	93,395	96,727	94,303	98,684
Operating Expenses	22,085	24,846	33,995	26,179	24,900	25,178	24,900	25,178
Other Financial Transactions	328	523	524	2,141	1,823	1,823	1,823	1,823
Grants, Aids and Subsidies	8,084	9,048	9,129	10,626	10,023	9,984	10,223	10,184
Capital Outlay-Real Property	4,251	22,478	1,051	30,828	10,359	69	12,759	69
Total	112,872	138,507	129,237	159,771	140,501	133,781	144,009	135,938
Full-Time Equivalent	1,182.1	1,182.1	1,182.8	1,196.7	1,196.7	1,196.7	1,198.7	1,204.2

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	110	1,505	0	1,293	0	0	0	0
Direct Appropriation	63,508	62,753	69,106	74,379	73,679	73,679	76,987	75,636
Open Appropriation	1,605	1,786	2,470	2,900	3,000	3,000	3,200	3,200
Net Transfers	(49,731)	(48,887)	(54,461)	(58,933)	(58,933)	(58,933)	(61,533)	(60,195)
Cancellations	110	329	0	7	0	0	0	0
Expenditures	14,037	16,828	15,822	19,632	17,746	17,746	18,654	18,641
Balance Forward Out	1,345	0	1,293	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				4,589		38		1,841
<i>Biennial % Change in Expenditures</i>				15		0		5
<i>Gov's Exp Change from Base</i>								1,803
<i>Gov's Exp % Change from Base</i>								5
Full-Time Equivalents	78.1	80.0	88.2	91.7	91.7	91.7	93.7	99.2

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,455	1,869	1,857	1,915	1,705	1,532	1,705	1,532
Receipts	492	517	651	658	668	678	668	678
Net Transfers	493	495	502	475	475	475	475	475
Expenditures	669	1,079	1,094	1,343	1,315	1,301	1,315	1,301
Balance Forward Out	1,772	1,802	1,915	1,705	1,532	1,383	1,532	1,383
<i>Biennial Change in Expenditures</i>				689		179		179
<i>Biennial % Change in Expenditures</i>				39		7		7
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.9	0.6	0	0	0	0	0	0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	12,854	12,652	8,951	10,828	10,458	8,401	10,458	8,401
Receipts	45,910	46,306	47,122	48,190	49,368	50,443	49,368	50,443
Net Transfers	44,974	44,977	52,702	57,206	57,210	57,210	59,810	58,472
Expenditures	91,268	95,718	97,947	105,769	108,635	112,210	111,235	113,472

2001 - Other Misc Special Revenue

Balance Forward Out	12,469	8,217	10,828	10,458	8,401	3,844	8,401	3,844
<i>Biennial Change in Expenditures</i>				16,730		17,129		20,991
<i>Biennial % Change in Expenditures</i>				9		8		10
<i>Gov's Exp Change from Base</i>								3,862
<i>Gov's Exp % Change from Base</i>								2
Full-Time Equivalents	1,097.2	1,096.7	1,089.8	1,100.1	1,100.1	1,100.1	1,100.1	1,100.1

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,046	1,059	1,223	1,356	1,310	1,312	1,310	1,312
Receipts	467	607	519	550	550	550	550	550
Net Transfers	21	(28)	25	21	21	21	21	21
Expenditures	478	416	411	619	569	569	569	569
Balance Forward Out	1,056	1,222	1,356	1,310	1,312	1,314	1,312	1,314
<i>Biennial Change in Expenditures</i>				136		108		108
<i>Biennial % Change in Expenditures</i>				15		11		11
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,059	656	511	391	307	239	307	239
Receipts	4,762	21,501	12,452	30,830	10,665	400	10,665	400
Net Transfers	(1,411)	0	0	0	0	0	0	0
Expenditures	4,863	22,924	12,573	30,913	10,734	453	10,734	453
Balance Forward Out	546	35,005	391	307	239	186	239	186
<i>Biennial Change in Expenditures</i>				15,699		(32,299)		(32,299)
<i>Biennial % Change in Expenditures</i>				56		(74)		(74)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.4	4.0	4.0	4.0	4.0	4.0	4.0	4.0

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base	Governor's Recommendation
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6000 - Miscellaneous Agency

	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	678	559	409	526	534	534	534	534
Receipts	1,438	1,387	1,507	1,503	1,503	1,503	1,503	1,503
Expenditures	1,557	1,542	1,390	1,495	1,502	1,502	1,502	1,502
Balance Forward Out	559	404	526	534	534	534	534	534
<i>Biennial Change in Expenditures</i>				(214)		119		119
<i>Biennial % Change in Expenditures</i>				(7)		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalent	1.5	0.8	0.9	0.9	0.9	0.9	0.9	0.9

Minnesota Department of Veterans Affairs

FY18-19 Biennial Budget Change Item

Change Item Title: New Duluth Veterans Cemetery

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	2	7.5	7.5	7.5

Recommendation:

The Governor recommends an annual, \$500,000 general fund appropriation to fund the operations of a new Minnesota State Veterans Cemetery in Duluth. The funds will be used to pay for new and on-going staff salaries, equipment, supplies and maintenance of this new cemetery.

Rationale/Background:

In 1994 the Minnesota Department of Veterans Affairs began operating a State Veterans Cemetery near Camp Ripley in Little Falls. At the close of FY16, 6,098 total burials had been completed at Little Falls. With the opening of a new cemetery in Preston during 2015 and future cemeteries planned for Duluth and Redwood Falls, it is anticipated that over 1,500 combined burials will be completed per year at the 4 statewide locations.

Operating a new Minnesota State Veterans Cemetery near Duluth will provide access to a Minnesota State Veterans Cemetery for an additional 31,000 veterans who reside within 75 miles of the new cemetery location in the Northeastern regions of Minnesota. This is in addition to the nearly 100,000 veterans who reside within 75 miles of currently operating cemeteries near Little Falls and Preston in Central and Southeastern Minnesota.

During FY16, 484 total burials were completed at Little Falls. Based on burial data from the Little Falls location and demographic data from the US Department of Veterans Affairs it is anticipated that 525 burials per year will occur at the new cemetery in Preston and 330 burials per year in Duluth.

State Veterans Cemeteries generate revenue annually for each burial. Revenue comes from two sources. For every veteran that MDVA buries, the US Department of Veterans Affairs pays MDVA a plot allowance payment. The payment amount is based on the veteran's date of death and can range from \$150 to \$749. Since the majority of our veterans burials occur shortly after their death, most payments are \$749 per veteran. For every eligible dependent MDVA buries at the cemeteries, it collects a fee of \$745 from the family of the deceased dependent. Revenue collected from these two sources supplements the department's general fund appropriation and is used to cover operational costs including utilities, fuel, equipment repairs, equipment procurement, facility repairs, office supplies, and grounds keeping supplies such as fertilizer and herbicides.

Proposal:

The Governor recommends funding the operation and maintenance of the new State Veterans Cemetery in Duluth. The cemeteries in Little Falls and Preston both currently receive general fund allocations for operations and maintenance.

Grants – Federal grant funding for the construction of State Veterans Cemeteries has been awarded by the National Cemetery Administration, U.S. Department of Veterans Affairs for cemeteries in Little Falls, Preston and Duluth. The recently awarded federal construction grant for Duluth is \$8.34 million. Grant awards include a Memorandum of Agreement between the US Department of Veteran Affairs and the State of Minnesota which requires the State to provide adequate financial support to

operate and maintain State Veterans Cemeteries at a high level of appearance as defined by the National Cemetery Administration's "Standards and Measures for State Veterans Cemeteries".

Administrative or programmatic capacity – The recommendation will provide funding for the new cemetery in Duluth, similar to the currently operating cemeteries in Little Falls and Preston. 7.5 FTEs are anticipated for the cemetery, which equals staffing levels currently employed at both Little Falls and Preston.

Equipment/Supplies – A new cemetery in Duluth will require funding for basic equipment and supplies required to initiate operations at these locations. Basic equipment includes construction equipment/vehicles needed for burial operations and grounds keeping equipment needed for upkeep and maintenance of the facility grounds. Building furnishings will also be required for the new cemetery buildings which include an administration building and maintenance shop.

Anticipated opening of the new cemetery near Duluth will occur on or before July 1, 2018.

Equity and Inclusion:

Veterans living in the State of MN and specifically the region of northeastern MN are impacted by this added benefit which is based on honorable military service to our nation. Many times we find that a burial in one of our State Veterans Cemeteries, the rendering of military honors, and the presentation of a U.S. Flag to the Veterans family are the only benefits a veteran has ever applied for and received. Veterans' organizations statewide are aware of the new State Veterans Cemetery planned for Duluth and are fully supportive and anticipating the construction of these facilities.

The only regions of Minnesota which are currently served by a State, or National Veterans Cemetery, are the Metro area, Southeast and Central. This would reduce that disparity by bringing such services to the Northeast region.

Minnesota Department of Veterans Affairs

FY16-17 Biennial Budget Change Item

Change Item Title: Agency Repair and Betterment Funding

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2018	FY 2019
General Fund				
Expenditures	2,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2 million for the 2018-19 biennium for the Minnesota Department of Veterans Affairs (MDVA) for agency-wide repairs and betterment of its Minnesota State Veterans Homes and Cemeteries.

Rationale/Background:

MDVA owns or operates more than 50 facilities statewide. These range in construction date from the late 1800s to those currently under construction. With that comes the burden of repairs and improvements. The five State Veterans Homes across the state house residents and thus must be functional and in good repair and void of accident-prone or dangerous areas. Electrical, HVAC, plumbing, and clean water are necessary.

Proposal:

The Governor recommends increasing funding by \$2 million for the 2018-19 biennium to maintain and improve facilities. Repair and betterment funding is managed centrally and administered by facility location. The desired effective date of this initiative is July 1, 2017. Without the proper allocation of repair and betterment funding, facilities can quickly fall into disrepair; these issues can escalate into injuries of vulnerable adult residents, contribute to increased workers compensation claims, or lawsuits for injuries or illnesses. These issues can also require emergency repairs that may need to be paid for with operational dollars already planned for other uses. Lack of proper repair and betterment funding can have serious and long term effects on the overall successful operations of MDVA.

Results:

The intended results of this initiative are well maintained facilities.

Minnesota Department of Veterans Affairs

FY18-19 Biennial Budget Change Item

Change Item Title: MN GI Bill Expanded Uses, Apprenticeship and OJT Program Changes, and Federal Parity

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	0	0	0	0

Recommendation:

The Governor recommends an additional \$200,000 each fiscal year to reimburse veterans for expanded educational expenses. The recommendation includes amending M.S. 197.791 to expand the approved use of the Minnesota GI Bill by bringing parity with federal Chapter 33 (GI Bill) Benefits and enable it to be used to pay for licensing, certifications and testing. It would allow the maximum annual payments for participants in the apprenticeship and on-the-job training (OJT) program within the Minnesota GI Bill to expand from \$3,000 to \$4,000. It also amends language to increase to \$10,000 the total benefit individuals in apprenticeship and OJT programs are allowed; an amount equal to individuals in the higher education program. Overall, these changes would empower Minnesota veterans to make better use of the full spectrum of education benefits available to them.

Rationale/Background:

Currently, eligible veterans may use Minnesota GI Bill benefits to pay for tuition at institutes of higher learning. Using Minnesota GI Bill funds for school applications, exams, licensing, and other certifications is currently not permitted. By allowing a broader use of the Minnesota GI bill, veterans could use their benefits in the most appropriate way to meet their educational needs. There has been much work done in the state and nation during the last five years to reduce barriers for veterans and their families with respect to licensing and certifications in order to gain employment. Various administrative appropriations accommodated the licensing and certifying authorities, but there was limited additional direct financial support for the veterans who would obtain those credentials. This recommendation expands the uses of the MN GI Bill and enable it to be used to pay for licensing, certifications, and testing leading to sustainable, living-wage employment and a more educated state workforce.

Currently, eligible veterans may receive up to \$2,000 per fiscal year while employed with an approved employer or in an approved apprenticeship program. Eligible employers can also receive \$1,000 for hiring veterans and an additional \$1,000 for retaining veterans at the 12 month point. However the statute only allows for up to \$3,000 per fiscal year in aggregate benefits. This has the potential to become problematic since up to \$4,000 should be paid each fiscal year according to statute.

The law currently allows for individuals in higher education to access up to \$10,000 while individuals in apprenticeship and OJT programs may access only \$9,000 in total aggregate benefits.

Proposal:

The Governor recommends funding for the MN GI Bill to provide:

- Grants of up to \$3,000 for tests such as an M.D. licensure, issued statewide to veterans as defined by M.S. 197.447.
- Veterans with funding to pay for tests such as ACTs, SATs, GEDs, CLEP, entry exams, study materials such as the Kaplan Review, LSAT, MCAT, IT certifications and licensing and/or credentialing costs as well as other educational fees.
- An allowance of \$4,000 in aggregate annual benefits for veterans and employers in apprenticeship and OJT training programs.

- An allowance of \$10,000 in aggregate lifetime benefits for individuals in an approved apprenticeship or OJT program. The intent of this change is to clarify the language in the existing law and to allow equity between veterans in higher education and apprenticeship and OJT programs.

The recommended changes would be effective July 1, 2017, however due to implementation requirements, it is not expected to be fully operational until January 1, 2018.

Equity and Inclusion:

Veterans would be positively impacted by the proposed changes to the existing structure and funding mechanism for the MN GI Bill. The proposal would increase opportunities for high-quality employment and better long-term earning potential through easier access to required licenses, certifications, testing, and training by reducing the out-of-pocket costs associated with those requirements. It would further expand access to additional financial support for non-higher education programs such as OJT and apprenticeship, easing the financial burden on both veterans and the employers who hire and train them.

Results:

The intended result is for better use of state and federal educational funding for veterans and higher education and credentialing obtainment which can lead to better employment and reduced veteran unemployment rates.

Statutory Change(s):

Changes will be needed for M.S. 197.791.

Minnesota Department of Veterans Affairs

FY18-19 Biennial Budget Change Item

Change Item Title: Free Hunting and Fishing Licenses for 50% Service Connected Disabled Veterans

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing the threshold level of service-connected (SC) disability in current law from 100% down to 50% disability rating for veterans to be eligible for free hunting and fishing licenses as described in M.S. 97A.441. This will not have an impact on the Minnesota Department of Veterans Affairs (MDVA's) budget. It will impact the Minnesota Department of Natural Resources.

Rationale/Background:

The proposal would expand the number of service connected disabled veterans eligible for free hunting and fishing licenses. Numerous states provide free hunting and fishing benefits for a wider margin of their disabled veteran populations.

Proposal:

Currently, approximately 6,800 veterans in Minnesota are rated 100% service-connected disabled and therefore are eligible for the discounted hunting and fishing licenses. By reducing the threshold to those Veterans with a 50% service connected disability or greater, the number of veterans eligible more than triples to 22,800.

The Minnesota Department of Natural Resources is willing to support a reduction in the eligibility threshold for free hunting and fishing licenses. However, they are constrained by the requirements associated with receiving federal funding allocations and lost licenses fees.

Results:

It is difficult to estimate how many additional service connected disabled veterans would take advantage of reduced costs associated with hunting and fishing licenses. At present, the estimated veteran participation rate in hunting & fishing activities is close to 60%, significantly higher than that of the general population. However, the number of 100% SC veterans currently taking advantage of the free hunting and fishing licenses is relatively low compared to the overall number of 100% SC veterans.

Statutory Change(s):

M.S. 97A.441

Minnesota Department of Veterans Affairs

FY18-19 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	808	1,457	1,457	1,457
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	808	1,457	1,457	1,457
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$2.265 million in the FY18-19 biennium to maintain the current level of service delivery at the Minnesota Department of Veterans Affairs.

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, information technology and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the MDVA Health Care Program, an erosion of services includes a reduction in staff training, continuous quality improvement projects and other non-direct care expenses that support the operations and staff who provide direct care to residents within the Minnesota State Veterans Homes. In addition, funds that would otherwise be used to pay for repair & betterment projects, will need to be redirected to increased staff salaries and benefits which will result in a lower quality of life for veterans due to deteriorating building systems and campus amenities.

For the MDVA Programs & Services division, services which will likely be diminished are federal VA disability and pension claims development, fewer opportunities for engagement with veterans in challenging geographic or demographic areas, increased challenges in the delivery of support for Minnesota veterans and military members pursuing post-secondary education and apprenticeship/on-the-job-training programs, as well as decreased capabilities to responsively supply financial assistance to limited income and low asset veterans and their dependents in need of emergency support services.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Department of Veterans Affairs, this funding will cover expected and anticipated employee compensation growth, including anticipated compensation increases and employer-paid pension costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

Program: Programs & Services

<http://mn.gov/mdva/>

AT A GLANCE

- 88 employees throughout the state
- Serve veterans of all eras and ages
- Work closely with other state and federal partners.

PURPOSE & CONTEXT

The Programs and Services Division (PSD) provides programs and services that are designed to assist Minnesota Veterans and their families to attain the federal and state benefits to which they are entitled.

We are experiencing an increased demand for services due to both the aging of the veteran population and the large number of veterans recently returning from Iraq and Afghanistan. Since 9/11, over 71,000 Minnesotans have served on active duty or have been activated, of which over 45,000 have served in a combat zone. This demand for services will continue to increase over the next months and years as the Department of Defense implements an anticipated reduction in force.

We stand ready to meet veterans' needs when they return to Minnesota. Many veterans return with visible combat injuries such as amputated limbs, while many more carry invisible wounds such as traumatic brain injury and post-traumatic stress disorder. We help them meet their needs by providing assistance to access their higher education, medical, and financial assistance benefits.

Ultimately, we fill voids that exist in the veterans' services community by providing veteran-focused services to Minnesota veterans, their dependents and survivors.

SERVICES PROVIDED

We administer the following programs to meet the needs of eligible veterans, their dependents and survivors. (no goals are stated)

- **Claims and Field Operations** staff represent veterans and their family members by acting as their advocate in matters pertaining to the U.S. Department of Veterans Affairs (VA) benefits and entitlements. This division consists of the St. Paul and Fargo Claims offices, the Gold Star Families and Women's Program, Tribal Veterans Service Officers, and Veterans Outreach. (<http://mn.gov/mdva/resources/healthdisability/>)
- **Veterans Employment and Education Division** helps veterans and eligible family members navigate the complicated higher educational benefits system and promotes employment and self-sufficiency for those individuals. This division includes the Higher Education Veterans Program, which acts as the state approving agency and administers the Minnesota GI Bill. (<http://mn.gov/mdva/resources/education/>)
- **State Veterans Cemeteries and Memorial Affairs** assures that Veterans and their families are honored with final resting places that have national significance and lasting tributes that commemorate their service and sacrifice to our nation. The division operates two veterans' cemeteries, one in Little Falls and the newly opened facility in Preston. It also manages the Military Funeral Honors Stipend Program and the Bronze Star Marker Program. (<http://mn.gov/mdva/memorials/>)
- **State Veterans Benefits Division** provides programs and services unique to Minnesota's Veterans and supplements certain federal programs. The division manages the State Soldiers Assistance Program, LinkVet, Minnesota Service C.O.R.E., Minnesota Operation for Veterans Empowerment (MOVE) and Veterans Preference. (<http://mn.gov/mdva/resources/familyassistance/>)
- **Special Advisor on Ending Veteran's Homelessness** works directly with the MDVA, the State Director to Prevent and End Homelessness, and all key partners throughout Minnesota and leads the implementation of the goal in the State Plan to End Veteran Homelessness on a Veteran by Veteran basis. This 18-month position is a collaborative partnership with the Minnesota Housing Finance Agency.

- **MDVA Grant Programs** provide needed funding to our partners who assist us in our goals of serving veterans.
 - **Veterans Service Organizations (VSO) Grants** are provided to Congressionally Chartered Veterans Service Organizations in Minnesota to assist veterans and their families receive all the federal, state, and local benefits they are entitled to.
 - **County Veterans Service Officers (CVSO) Grants** are provided to all 87 counties to provide outreach for the reintegration of combat veterans into society, to collaborate with social service agencies, educational institutions, and other community organizations to enhance services offered to veterans, to reduce homelessness, and to enhance the operations of the county veterans service office. (<http://www.macvso.org/>)
 - **Minnesota Assistance Council for Veterans (MACV)**, funded through a grant from MDVA, provides assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness. (<http://www.mac-v.org/>)
 - **Support Our Troops Grants** are competitive grants provided to eligible foundations and other organizations approved by the Commissioner, whose purpose is supporting and improving the lives of veterans and their families. These grants are funded through the Support Our Troops License Plate Account. (<http://mn.gov/mdva/resources/federalresources/grants/>)

Partners – We partner with the U.S. Department of Veterans Affairs, Veterans Services Organizations, County Veterans Service Officers, the Minnesota Assistance Council for Veterans and other organizations in all of the ways listed above in order to provide benefits and services to Veterans. Additionally we partner with a number of state agencies to accomplish our work.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of MN Veterans and their dependents receiving federal VA compensation or pensions.	96,811	107,190	4/15/14 & 6/10/16
Quantity	Number of Veterans and their dependents who have MDVA staff acting as their accredited representative to the federal VA.	41,771	51,793	7/22/14 & 7/31/16
Quantity	Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs.	1,362	1,321	FY15 & FY16
Quantity	Number of interments and inurnments at the Minnesota State Veterans Cemeteries.	418	564	FY15 & FY16
Results	Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs.	98%	100%	Aug. 2014 & June 2015
Results	Number of Homeless Veterans identified in MN during HUD's annual Point in Time (PIT) Count.	644	279	Jan. 2010 & Jan. 2016

Minnesota Department of Veterans Affairs legal authority comes from M.S. 196.01
<https://www.revisor.mn.gov/statutes/?id=196.01>.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	14,037	16,828	15,822	19,632	17,746	17,746	18,654	18,641
2000 - Restrict Misc Special Revenue	522	945	879	1,155	1,128	1,114	1,128	1,114
2403 - Gift	5	2	9	8	23	23	23	23
3000 - Federal	2,749	8,347	655	3,356	5,871	453	5,871	453
Total	17,312	26,122	17,365	24,151	24,768	19,336	25,676	20,231
<i>Biennial Change</i>				(1,918)		2,588		4,391
<i>Biennial % Change</i>				(4)		6		11
<i>Governor's Change from Base</i>								1,803
<i>Governor's % Change from Base</i>								4

Expenditures by Budget Activity

Budget Activity: Veterans Services	1,876	2,977	2,084	3,028	2,595	2,532	2,595	2,532
Budget Activity: Programs and Services	9,996	17,217	9,463	14,697	15,995	10,587	16,795	11,287
Budget Activity: Claims and Outreach	5,440	5,927	5,818	6,425	6,178	6,216	6,286	6,411
Total	17,312	26,122	17,365	24,151	24,768	19,336	25,676	20,231

Expenditures by Category

Compensation	5,804	6,035	6,746	7,594	7,952	8,122	8,160	8,817
Operating Expenses	2,663	3,326	2,766	4,152	2,742	2,606	2,742	2,606
Other Financial Transactions	13	302	73	45	8	8	8	8
Grants, Aids and Subsidies	6,604	7,457	7,745	9,246	8,638	8,599	8,838	8,799
Capital Outlay-Real Property	2,228	9,002	35	3,114	5,427	0	5,927	0
Total	17,312	26,122	17,365	24,151	24,768	19,336	25,676	20,231

Full-Time Equivalents

	83.4	84.6	92.2	95.7	95.7	95.7	97.7	103.2
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	110	1,505	0	1,293	0	0	0	0
Direct Appropriation	16,051	16,240	16,393	17,161	16,461	16,461	17,169	17,156
Open Appropriation	1,605	1,786	2,470	2,900	3,000	3,000	3,200	3,200
Net Transfers	(2,274)	(2,374)	(1,748)	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)
Cancellations	110	329	0	7	0	0	0	0
Expenditures	14,037	16,828	15,822	19,632	17,746	17,746	18,654	18,641
Balance Forward Out	1,345	0	1,293	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				4,589		38		1,841
<i>Biennial % Change in Expenditures</i>				15		0		5
<i>Gov's Exp Change from Base</i>								1,803
<i>Gov's Exp % Change from Base</i>								5
Full-Time Equivalents	78.1	80.0	88.2	91.7	91.7	91.7	93.7	99.2

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,363	1,732	1,638	1,712	1,502	1,329	1,502	1,329
Receipts	374	322	451	470	480	490	480	490
Net Transfers	493	495	502	475	475	475	475	475
Expenditures	522	945	879	1,155	1,128	1,114	1,128	1,114
Balance Forward Out	1,708	1,603	1,712	1,502	1,329	1,180	1,329	1,180
<i>Biennial Change in Expenditures</i>				567		208		208
<i>Biennial % Change in Expenditures</i>				39		10		10
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	113	132	104	132	148	148	148	148
Receipts	3	1	13	3	3	3	3	3
Net Transfers	21	(28)	25	21	21	21	21	21
Expenditures	5	2	9	8	23	23	23	23
Balance Forward Out	132	104	132	148	148	148	148	148

2403 - Gift

<i>Biennial Change in Expenditures</i>	10	30	30
<i>Biennial % Change in Expenditures</i>	145	174	174
<i>Gov's Exp Change from Base</i>			0
<i>Gov's Exp % Change from Base</i>			0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	457	464	495	391	307	239	307	239
Receipts	2,647	8,134	550	3,273	5,802	400	5,802	400
Expenditures	2,749	8,347	655	3,356	5,871	453	5,871	453
Balance Forward Out	355	252	391	307	239	186	239	186
<i>Biennial Change in Expenditures</i>				(7,084)		2,313		2,313
<i>Biennial % Change in Expenditures</i>				(64)		58		58
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.4	4.0	4.0	4.0	4.0	4.0	4.0	4.0

Program: Veterans Health Care

<http://mn.gov/mdva/>

AT A GLANCE

- Operate 5 State Veterans Homes in Minneapolis, Hastings, Luverne, Fergus Falls and Silver Bay
- Provide 24/7 Skilled Nursing and Domiciliary Care and operate an Adult Day Care
- Approximately 1,200 employees across the state
- Serve veterans of all eras and ages
- Work closely with other state, federal, and community partners

PURPOSE & CONTEXT

The first Minnesota Veterans Home was established in 1887 as the Minnesota Soldiers Home to “reward the brave and deserving.” This first Soldiers Home in Minneapolis was not primarily designed to be a medical facility, but as the needs of returning veterans have changed, so too have the Veterans Homes. In the 1960s, MDVA started shifting its focus to making the health care needs of veterans the Homes’ primary concern. Today, we operate five Veterans Homes in Fergus Falls, Hastings, Minneapolis, Luverne, and Silver Bay, and one Adult Day Care facility in Minneapolis.

Currently, veterans comprise 24 percent of the state’s 65 year old or older population and 28 percent of the state’s 75 year old or older population. Many of those aging veterans come to one of the Veterans Homes with conditions unique to veterans such as Traumatic Brain Injuries and Post Traumatic Stress.

With the number of veterans over the age of 75 expected to increase by approximately nine percent over the next 20 years, and with over 43,000 recently deployed veterans since 9/11, we strive to respond to the needs of both the current and future population of veterans in Minnesota

SERVICES PROVIDED

We provide care that is designed and delivered according to the individual needs of each resident. Our homes have the goal of restoring, optimizing and/or maintaining each resident’s level of function, personal autonomy, and dignity while recognizing the individual’s service to the country. This goal is achieved through facilities that provide **Skilled Nursing Care** with special care units for the treatment of Dementia and Alzheimer’s, **Domiciliary Care** (board and care) and **Adult Day Care** services. In addition, we provide the following programs or services:

- Rehabilitation services, including occupational, physical therapy and physical fitness
- Social services, recreational therapy and behavioral services
- Transportation
- Volunteer programs
- Drug and alcohol treatment
- Work therapy
- Dental and optometry care
- Primary medical care

In recent years, our homes have undergone a number of changes to improve the quality of care being provided. These changes include:

- Implementation of resident-centered care models at all of the Veterans Homes to meet the unique individualized care of Veterans,
- a new building at the Minneapolis campus, and
- additional clinical training for the staff through a community partnership with Twin Cities Healthcare partnership (TCHP).
- Compliance with the Centers for Medicare & Medicaid Services (CMS) standards for the purpose of enhancing the level of care provided at the Veterans Homes and generating an opportunity to bill services to the federal government under the Medicare insurance programs. New certification was achieved for Silver Bay Veterans Home, building 21,

which is 100 beds for the Minneapolis Veterans Home, and the Luverne Veterans Home passed their Medicare certification survey on August 18, 2016.

- The Minneapolis Adult Day was recognized with a 2016 -State Government Innovation Award for their project called Operation Sight and Sound.
- The Silver Bay Veterans Home was recognized in 2015 with a State Continuous Improvement Award for their interdisciplinary team work and the improved beneficial resident outcomes related to behaviors and reducing psychotropic medication use. This project included additional staff training on dementia care with the Gemini program and the implementation of new life enrichment coordinators.
- Establishment, in 2014, the ongoing work of a Commissioners Healthcare Task Force to provide guidance for best practices and programming for our veterans homes, which has proved to be a valuable resource to our agency leadership.

RESULTS

The health care we provide to veterans residing in the Veterans Homes optimizes their activities of daily living which leads to improved quality of life. We provide a community environment for veterans and families that promotes respect, dignity and mental, physical, and spiritual well-being. With enhanced mental health and chemical dependency training and staffing, our staff can promote and support transition of domiciliary residents back to their communities. The key measures we review to understand if we are meeting these goals are customer satisfaction, staff turnover, and the prevalence of citations or recommendations from the Minnesota Department of Health, the Federal Department of Veteran Affairs and CMS.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous 2014</i>	<i>Current 2015</i>	<i>Dates</i>
Quality	Resident Satisfaction Survey. Customer satisfaction surveys are conducted at all five Veterans Homes by Pinnacle Quality Insight on a monthly basis, dating back to 2009, and comparative results are calculated quarterly and annually. The company surveys residents and families on a number of key indicators which include nursing, response to individual needs, therapy, safety, and cleanliness. The results are then compared to other Veterans Homes and nursing homes across the country. Minnesota Veterans Homes have earned "Best in Class" certificates for their scores.	4.64 (low = 1, high = 5)	4.67 (low = 1, high = 5)	2014 & 2015
Quantity	Staff turnover rates. It is important to our residents and their families that we maintain a stable, highly trained staff. While a certain amount of turnover is inevitable we strive to have a steady staffing roster.	19.6%	25.2%	2014 & 2015
Quality	The annual CMS 5 Star Staffing Report from Equip was calculated for the 2015-2016 time frame, so the Veterans Homes are compared to the national staffing standard. They continue to score at the higher end of the rating. Our goal is to maintain a 4-5 star overall staffing ratio at the Skilled Veterans Homes, and we have met those goals for the past two years	4-5 Star	4-5 Star	2014 & 2015

In addition to resident and staff surveys, over the past two years Minnesota Veterans Homes have had several citation free federal VA surveys, surveys with very few recommendations by the Minnesota Department of Health, and good certification surveys by the Centers for Medicare and Medicaid Services (CMS). In 2015, the Silver Bay Veterans Home successfully completed their CMS certification survey. In March 2016, Building 21 at the Minneapolis Veterans Home was CMS certified, and as of August 2016 the Luverne Veterans Home has completed their CMS certification survey.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 198.01
<https://www.revisor.mn.gov/statutes/?id=198.01>

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	147	134	215	188	187	187	187	187
2001 - Other Misc Special Revenue	91,268	95,718	97,947	105,769	108,635	112,210	111,235	113,472
2403 - Gift	473	414	402	611	546	546	546	546
3000 - Federal	2,114	14,577	11,918	27,557	4,863	0	4,863	0
6000 - Miscellaneous Agency	1,557	1,542	1,390	1,495	1,502	1,502	1,502	1,502
Total	95,560	112,386	111,872	135,621	115,733	114,445	118,333	115,707
<i>Biennial Change</i>				39,547		(17,314)		(13,452)
<i>Biennial % Change</i>				19		(7)		(5)
<i>Governor's Change from Base</i>								3,862
<i>Governor's % Change from Base</i>								2

Expenditures by Budget Activity

Budget Activity: Veterans Health Care	4,256	4,820	4,346	4,994	6,155	6,329	6,155	6,329
Budget Activity: Minneapolis Veterans Homes	49,383	63,795	61,145	80,392	58,190	55,098	59,490	56,360
Budget Activity: Hastings Veterans Home	9,566	9,473	9,832	10,799	10,961	11,278	11,361	11,278
Budget Activity: Silver Bay Veterans Homes	10,492	11,331	12,421	13,277	13,524	13,958	13,824	13,958
Budget Activity: Luverne Veterans Home	9,686	9,920	10,624	11,571	11,709	12,093	12,009	12,093
Budget Activity: Fergus Falls Veterans Home	12,178	13,046	13,504	14,587	15,194	15,689	15,494	15,689
Total	95,560	112,386	111,872	135,621	115,733	114,445	118,333	115,707

Expenditures by Category

Compensation	72,320	75,578	77,792	82,403	85,443	88,604	86,143	89,866
Operating Expenses	19,422	21,520	31,229	22,027	22,159	22,572	22,159	22,572
Other Financial Transactions	314	222	451	2,096	1,815	1,815	1,815	1,815
Grants, Aids and Subsidies	1,481	1,590	1,384	1,380	1,385	1,385	1,385	1,385
Capital Outlay-Real Property	2,023	13,476	1,017	27,714	4,932	69	6,832	69
Total	95,560	112,386	111,872	135,621	115,733	114,445	118,333	115,707

Full-Time Equivalents

1,098.8	1,097.5	1,090.6	1,101.0	1,101.0	1,101.0	1,101.0	1,101.0
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	47,457	46,513	52,713	57,218	57,218	57,218	59,818	58,480
Net Transfers	(47,457)	(46,513)	(52,713)	(57,218)	(57,218)	(57,218)	(59,818)	(58,480)

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	92	137	219	203	203	203	203	203
Receipts	119	195	199	188	188	188	188	188
Expenditures	147	134	215	188	187	187	187	187
Balance Forward Out	64	199	203	203	203	203	203	203
<i>Biennial Change in Expenditures</i>				122		(29)		(29)
<i>Biennial % Change in Expenditures</i>				43		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	12,854	12,652	8,951	10,828	10,458	8,401	10,458	8,401
Receipts	45,910	46,306	47,122	48,190	49,368	50,443	49,368	50,443
Net Transfers	44,974	44,977	52,702	57,206	57,210	57,210	59,810	58,472
Expenditures	91,268	95,718	97,947	105,769	108,635	112,210	111,235	113,472
Balance Forward Out	12,469	8,217	10,828	10,458	8,401	3,844	8,401	3,844
<i>Biennial Change in Expenditures</i>				16,730		17,129		20,991
<i>Biennial % Change in Expenditures</i>				9		8		10
<i>Gov's Exp Change from Base</i>								3,862
<i>Gov's Exp % Change from Base</i>								2
Full-Time Equivalents	1,097.2	1,096.7	1,089.8	1,100.1	1,100.1	1,100.1	1,100.1	1,100.1

2403 - Gift

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	933	927	1,119	1,224	1,162	1,164	1,162	1,164
Receipts	463	606	507	548	548	548	548	548

2403 - Gift

Net Transfers	0	0	0	0	0	0	0	0
Expenditures	473	414	402	611	546	546	546	546
Balance Forward Out	924	1,118	1,224	1,162	1,164	1,166	1,164	1,166
<i>Biennial Change in Expenditures</i>				126		79		79
<i>Biennial % Change in Expenditures</i>				14		8		8
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,602	191	16	0	0	0	0	0
Receipts	2,115	13,367	11,902	27,557	4,863	0	4,863	0
Net Transfers	(1,411)	0	0	0	0	0	0	0
Expenditures	2,114	14,577	11,918	27,557	4,863	0	4,863	0
Balance Forward Out	191	34,753	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				22,783		(34,612)		(34,612)
<i>Biennial % Change in Expenditures</i>				136		(88)		(88)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

6000 - Miscellaneous Agency

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	678	559	409	526	534	534	534	534
Receipts	1,438	1,387	1,507	1,503	1,503	1,503	1,503	1,503
Expenditures	1,557	1,542	1,390	1,495	1,502	1,502	1,502	1,502
Balance Forward Out	559	404	526	534	534	534	534	534
<i>Biennial Change in Expenditures</i>				(214)		119		119
<i>Biennial % Change in Expenditures</i>				(7)		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.5	0.8	0.9	0.9	0.9	0.9	0.9	0.9

FY 2018-19 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
U.S. Department of Veterans Affairs 45.310	State Approving Agency Promotes & safeguards quality education and training programs for Veterans; ensures greater educational training opportunities to meet the changing needs of veterans; and assists the U.S. Veterans Affairs in preventing fraud, waste and abuse in the administration of the Federal GI Bill.		423	434	443	453	No/No	4.0
U.S. Department of Veterans Affairs 64.203	Preston Cemetery New State cemetery in southeastern MN provides burial space for the nearly 51,000 veterans that reside within the 75-mile radius of the Preston area.		231				No/Yes	7.5
U.S. Department of Veterans Affairs 64.203	Duluth Cemetery New State cemetery in northeastern MN provides burial space for the nearly 32,000 veterans that reside within the 75-mile radius of the Duluth area.			2,923	5,427		No/Yes	7.5
	Veterans Programs & Services Total		654	3,357	5,870	453		19.0
U.S. Department of Veterans Affairs 64.203 & 64.205	Minneapolis Building 21 Phase 2 of nursing unit replacement, demolish Building 17 North and rebuild new 100 bed skilled nursing building 21.		6,196				Yes/Yes	
U.S. Department of Veterans Affairs 64.203 & 64.205	Minneapolis Building 22 Phase 3 of nursing unit replacement, demolish Building 17 South and rebuild new 100 bed skilled nursing building 22.		5,652	27,557	4,863		Yes/Yes	
U.S. Dept of Veterans Affairs 64.005	Veteran Homes Patient Lifts Install ceiling mounted patient lifts at the 4 skilled nursing homes.		32				Yes/Yes	
	Veterans Homes Program Total		11,917	27,557	4,863			
	Federal Fund – Agency Total		12,571	30,914	10,733	453		19.0

Narrative:

Federal Funds play a significant role in the construction budgets of the Minnesota Department of Veterans Affairs. MDVA received VA construction grants to replace buildings at the Minneapolis Veterans Home and to build new cemeteries in Preston and Duluth, Minnesota. The federal funds shown above are based on past fiscal years receipts, federal grant awards and estimated future fiscal year receipts.

The VA's construction grant program for State Veterans Homes requires a 35 percent state match for funding. VA construction grants come with a maintenance-of-effort requirement of continuing to operate these facilities as State Veterans Homes. There is a recapture provision in federal regulations, which entitles the United States to recover 65 percent if the current value of the facility. MDVA has been approved to receive full funding from the VA for the final phase of construction at the Minneapolis home, the 35% state match was approved during the 2013 legislative session.

The VA's construction grant program for State Veterans Cemeteries requires the State to provide 100% of the funding for the base design of a cemetery project whether new construction or expansion of phased gravesite development. The State must certify the availability of these funds before a project can be considered for federal grant funding. Once a project is awarded a federal grant, the grant does reimburse the State for the base design costs and all construction costs as there is no state match requirement other than on-going State funds to operate the cemetery. A memorandum of understanding signed by the State is required prior to federal grant funding which requires a maintenance of effort provision that states that the State will operate and maintain the cemetery according to standards and measures as defined by the National Cemetery Administration. The State is also required to follow the eligibility criteria for burial as defined in federal law. The VA's construction grant program for State Veterans Cemeteries also has a recapture provision allowing the federal government to recapture 100% of the grant dollars awarded if the State doesn't abide by the signed memorandum of understanding.

*Note - The Department anticipates that additional federal grant funds could be received in the near future for the construction of a new cemetery in S.W. Minnesota. These additional funds are not recognized in this summary due to the uncertainty of when these funds will be received and because the actual property hasn't been acquired yet. The department is expected to receive over \$8 million to cover the cost of construction for this new cemetery.

The department also receives operational reimbursement for work done as a State Approving Agency for the Federal GI Bill educational benefits. In FY16 the department was also awarded Nursing Grants to help defray the cost of healthcare training and the department finished installing patient lifts in FY16 which completed and closed out this FY15 grant.

The department also receives U.S. Department of Veterans Affairs (VA) per diem, which is paid to the Veteran Homes to help cover the cost of care of Veteran Residents and MDVA receives federal funds for Veteran burials at the State Veterans Cemetery. Both of these revenues are reported in the Departmental Earnings report.