



STATE OF MINNESOTA DEPARTMENT OF VETERANS AFFAIRS



20 West 12th Street, Room 206 • St. Paul, MN 55155 • (651) 296-2562
Fax (651) 296-3954 • MinnesotaVeteran.org • 1-888-LinkVet

March 27, 2017

Senate Committee on Finance

RE: Minnesota Department of Veterans Affairs – Written Testimony Regarding S.F. 1316 as Amended, the “Omnibus Veterans and Military Affairs Finance and Policy Bill”

- As currently constituted, Article 1, Section 3, Subdivision 1 appropriates to the Minnesota Department of Veterans Affairs (MDVA) a total of \$148,768,000 for the FY2018-19 biennium. MDVA is aware that this amount represents a \$1 million increase over the base and is appreciative of the Senate’s efforts to help our agency maintain our high level of services and quality of care to Minnesota’s Veteran community.

Unfortunately, it is necessary to point out that the amount appropriated is well below the Governor’s recommendation of \$152,623,000 for the biennium. The additional \$4,265,000 is intended to be used to support MDVA operations, essential maintenance & repairs at our skilled nursing facilities and State Veterans Cemeteries, as well as additional opportunities for student Veterans utilizing the MN GI Bill educational benefits.

- **Agency Change Items Left Unfunded**
 - Due in part to the limited, or complete lack of, Capital Investment funding over the past few years, MDVA included in its agency budget request, a one-time appropriation of \$2,000,000 for agency-wide Repair & Betterment funding
 - 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.
 - Additional Operational funding of \$2.265 million in the FY2018-19 biennium to maintain the current level of service delivery at the Minnesota Department of Veterans Affairs.
 - 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.
 - Approving the availability of an additional \$200,000 each fiscal year from the existing \$6 million Minnesota GI Bill open appropriation, permitting Veterans to use their MN GI Bill benefits to pay for licensing, certifications and testing, and to bring parity between the higher education and apprenticeship and on-the-job training (OJT) program.

An Equal Opportunity Employer

- Article 1, Section 3, Subdivision 2 appropriates money from the General Fund for various specified purposes; pass-through grants to support programs and organizations such as congressionally-chartered veterans service organizations, County Veterans Service Offices, funeral honor guards and assistance for Veterans and their families who are homeless or in danger of homelessness.

Subdivision 2 goes on to authorize new grants to organizations totaling \$400,000 from the Minnesota "Support Our Troops" (SOT) special revenue fund. These grants are to be used to promote community education regarding Korean War and Desert Storm Veterans' contributions and experiences; support Veterans involved with the criminal justice system; and develop "new or rehabbed affordable housing dedicated for low-to-moderate income veterans and their families."

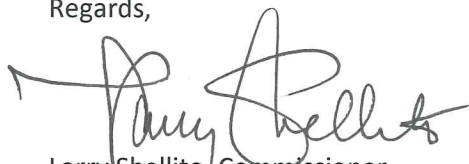
The Minnesota Department of Veterans Affairs is in no way opposed to the expressed objectives of these organizations, and is supportive of the allocation of state resources to explore innovative approaches to mitigate, alleviate and/or eliminate altogether the challenges faced by Minnesota Veterans and their families.

What we strongly oppose is the legislature bypassing the established SOT grants application and evaluation process by directing that MDVA 'must' use the Support Our Troops special revenue account to fund specific organizations or initiatives for the following reasons:

- The current grant process vets organizations who are applying for grants which, among other things, evaluates the organization's finances, legal standing, and appropriate use of grant dollars for Minnesota Veterans as defined by Minn. Stat. 197.447. Direct appropriation may weaken or remove entirely that vetting process.
- Sets a precedent by which, organizations who are unsuccessful in the existing grants process or who are unwilling or unable to apply, are able to circumvent the existing competitive process by simply requesting that the legislature appropriate funds directly from the SOT account.
- Eliminates or ignores input about the SOT account's usage from the Veterans community, diminishing the value of the robust application, vetting, evaluation and decision-making process.
- The account, which is almost entirely financed by donations from the Veterans community for the purpose of funding services and creative or novel veterans-support programs of their choosing, is converted into simply another revenue stream for the legislature to fund their own initiatives.

We feel the legislature should allocate organization-specific funding to MDVA from the General Fund as a pass-through grant in the same manner as those Veterans programs and organizations who have historically received direct appropriations. In addition, when presented with an idea with merit which could benefit Minnesota Veterans and their families, we would ask the legislature to encourage those organizations to apply for a grant using the established process.

Regards,



Larry Shellito, Commissioner
Minnesota Department of Veterans Affairs

An Equal Opportunity Employer