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Minnesota Department of Veterans Affairs

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mn.gov/mdva/

AT A GLANCE

- Provide six major program areas under two divisions, each with numerous veteran services including:
 - Long-term, Skilled nursing and Domiciliary care
 - Adult Day Center and resources for caregivers
 - Education and employment services
 - Federal VA Claims and outreach services
 - Homeless Veteran prevention and assistance services
 - State benefits (State Soldiers Assistance Program)
- Operates 5 State Veterans Homes and 3 State Veterans Cemeteries
- Serve more than 327,000 Veterans in Minnesota
- Employ approximately 1,400 staff statewide

PURPOSE

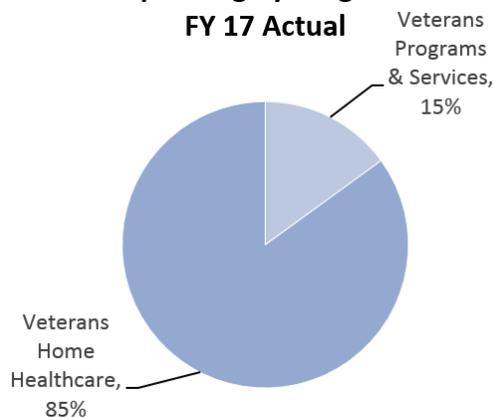
The mission of Minnesota Department of Veterans Affairs (MDVA) is “Dedicated to serving Minnesota Veterans and their families.” We are a “post wartime agency” and were created by the 1943 state Legislature to consolidate the services provided to service members, and since 2007, we have operated the Minnesota Veterans Homes. Today, there are more than 327,000 veterans in Minnesota (about six percent of the state’s population).

Since 9/11, approximately 75,000 Minnesotans have been discharged from active duty and more than 45,000 have served in a combat zone. Veterans face many challenges including translating their military skills and experiences to civilian occupations, unemployment and underemployment, and short- and long-term medical issues resulting from their military duty. In addition, many veterans and their families experience both mental fatigue and physical injuries associated with military deployments. Finally, approximately 23 percent of the state’s population aged 65 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 their quality of life, while monitoring and adapting to emerging needs. In doing so, MDVA contributes to achieving the statewide outcomes of: **All Minnesotans have optimal health, Minnesotans have the education and skills needed to achieve their goals, and Strong and stable families and communities.**

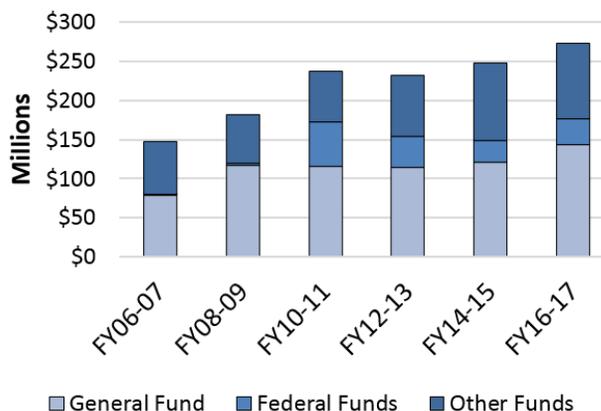
BUDGET

Spending by Program



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

MDVA activities, as a whole, were funded approximately 52% from the general fund, 12% from federal funds and 36% from special revenue funds in the FY2016-17 biennium.

The Program & Services program receives a majority of its funding from the general fund. Program-specific federal funding is also received for cemetery development & maintenance and for the State approval of higher education institutions.

The Veterans Home Healthcare program is funded through general fund appropriations, resident maintenance fees, VA per diem, Medicare and other reimbursements. In recent years, a portion of the federal funds were used to complete the construction of two new 100-bed skilled nursing buildings on the Minneapolis campus. In addition, the Legislature has approved state-funding for the construction of three new state veterans homes. The historical spending graph reflects the following breakdown:

- A general fund appropriation of \$110 million in the FY2016-17 biennium was received and transferred to the special revenue or other fund. The graph above reflects the expenditure of these funds out of the general fund in order to show its source of funding.
- An additional \$92 million of receipts was received from the Federal VA Administration for veteran full and partial per diem, Medicare reimbursements for Medicare Part A, B & D, and receipts from resident maintenance fees and other reimbursements. The graph above reflects the expenditure of these funds in the other funds category.
- \$33 million of federal grant funds were received and expended for two new skilled nursing buildings, Building 21 & 22, on the Minnesota Veterans Home - Minneapolis Campus. MDVA anticipates the receipt of additional federal grant funding for the construction of three new Minnesota state veterans homes to be located in Bemidji, Montevideo, and Preston.

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, ongoing and future needs of veterans and their families. We do this through two divisions: **Programs & Services** and **Veterans Health Care** (Minnesota State Veterans Homes).

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 veteran's services community to assist veterans in obtaining these benefits. Examples include securing or assisting in the provision of financial, educational and medical benefits. Additionally, there are an estimated 253 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>). By working with partners and stakeholders through its Homeless Veteran Registry (<https://mn.gov/mdva/resources/homelessnessandprevention/homelessveteranregistry.jsp>), MDVA works to identify and develop housing plans for veterans who are homeless or at risk of homelessness. Finally, our Programs & Services Division and partners provide resources for financial, family, and mental health counseling, as well as operating three Veterans cemeteries and coordinating funeral honors benefits.

For more information, visit: <https://mn.gov/mdva/resources/>

The Veterans Health Care Division currently operates five Minnesota Veterans Homes. Located in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay. MDVA works to ensure that veterans and their families have options for meeting their long-term skilled nursing and care needs while providing the highest-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 for Alzheimer's and dementia, as well as dental care, physical rehabilitation, work therapy, transportation, chemical dependency, psychological, spiritual, and recreational services to improve the health and quality of life of its residents. In addition, MDVA is currently working with

community partners in the development of plans for three new Minnesota Veterans Homes to expand our capacity and geographic presence.

For more information, visit: <https://mn.gov/mdva/homes/>

For more information, see the 2017 Annual Report for the Minnesota Department of Veterans Affairs (https://mn.gov/mdva/assets/2017-mdva-annual-report-accessible_tcm1066-327252.pdf).

Minnesota Department of Veterans Affairs legal authority comes from:

- Minn. Stat. 196 (<https://www.revisor.mn.gov/statutes/cite/196>),
- Minn. Stat. 197 (<https://www.revisor.mn.gov/statutes/cite/197>), and
- Minn. Stat. 198 (<https://www.revisor.mn.gov/statutes/cite/198>).

Veterans Affairs

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
2000 - Restrict Misc Special Revenue	1,094	1,212	2,468	2,475	1,776	1,936	1,776	1,936
2001 - Other Misc Special Revenue	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
2403 - Gift	411	623	503	761	805	680	805	680
3000 - Federal	12,573	21,600	14,267					
6000 - Miscellaneous Agency	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
Biennial Change				5,766		4,896		4,715
Biennial % Change				2		2		2
Governor's Change from Base								(181)
Governor's % Change from Base								(0)
<u>Expenditures by Program</u>								
Veterans Programs and Services	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795
Veterans Health Care	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
<u>Expenditures by Category</u>								
Compensation	84,537	90,099	95,280	102,416	103,563	105,773	103,111	105,544
Operating Expenses	33,995	47,011	35,093	25,400	26,793	26,931	27,043	27,181
Grants, Aids and Subsidies	9,129	8,795	9,204	11,029	12,250	12,403	12,250	12,403
Capital Outlay-Real Property	1,051	2,245	3,834	589	38		38	
Other Financial Transaction	524	321	255	374	315	304	315	304
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
Total Agency Expenditures	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
Internal Billing Expenditures			0					
Expenditures Less Internal Billing	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
<u>Full-Time Equivalent</u>	1,182.83	1,211.96	1,242.54	1,246.55	1,235.45	1,232.55	1,237.90	1,237.95

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	1,405		1,204				
Direct Appropriation	69,106	74,379	74,910	75,634	75,423	75,423	75,691	75,914
Open Appropriation	2,470	2,503	2,807	3,900	3,900	3,900	3,900	3,900
Transfers In	14,066	15,789	14,827	14,408	14,400	14,400	15,198	15,421
Transfers Out	68,527	75,405	74,133	75,010	72,720	72,720	72,988	73,211
Cancellations		630	350	350				
Balance Forward Out	1,293		1,204					
Expenditures	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
Biennial Change in Expenditures				2,780		5,363		7,182
Biennial % Change in Expenditures				8		15		20
Governor's Change from Base								1,819
Governor's % Change from Base								4
Full-Time Equivalents	88.20	95.52	95.97	97.83	89.33	86.43	96.63	96.68

2000 - Restrict Misc Special Revenue

Balance Forward In	1,857	2,062	2,366	2,190	1,434	1,433	1,434	1,433
Receipts	651	607	1,249	1,170	1,226	1,263	1,226	1,263
Transfers In	502	533	1,193	789	880	784	880	784
Transfers Out			150	240	331	235	331	235
Balance Forward Out	1,915	1,990	2,191	1,434	1,433	1,309	1,433	1,309
Expenditures	1,094	1,212	2,468	2,475	1,776	1,936	1,776	1,936
Biennial Change in Expenditures				2,637		(1,231)		(1,231)
Biennial % Change in Expenditures				114		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.83	4.39	6.60	4.00	4.00	4.00	4.00

2001 - Other Misc Special Revenue

Balance Forward In	8,951	11,157	12,359	13,270	9,660	5,687	9,660	6,157
Receipts	47,122	48,987	51,361	53,424	55,568	57,779	55,568	57,779
Transfers In	111,367	127,457	119,875	127,093	121,883	122,351	121,293	121,761
Transfers Out	58,665	70,271	62,332	68,949	63,621	64,089	63,561	64,029
Balance Forward Out	10,828	12,149	13,271	9,660	5,687	1,508	6,157	2,448

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
Biennial Change in Expenditures				20,042		14,853		12,853
Biennial % Change in Expenditures				10		7		6
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)
Full-Time Equivalents	1,089.74	1,110.60	1,141.12	1,141.12	1,141.12	1,141.12	1,136.27	1,136.27

2403 - Gift

Balance Forward In	1,223	1,357	1,676	1,852	1,776	1,656	1,776	1,656
Receipts	519	906	706	664	664	664	664	664
Transfers In	25	23	22	21	21	21	21	21
Transfers Out		0	50					
Balance Forward Out	1,356	1,663	1,851	1,776	1,656	1,661	1,656	1,661
Expenditures	411	623	503	761	805	680	805	680
Biennial Change in Expenditures				229		221		221
Biennial % Change in Expenditures				22		17		17
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	511	501	485					
Receipts	12,452	21,371	14,267					
Transfers Out			485					
Balance Forward Out	391	272						
Expenditures	12,573	21,600	14,267					
Biennial Change in Expenditures				(19,906)		(14,267)		(14,267)
Biennial % Change in Expenditures				(58)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.00	4.01						

6000 - Miscellaneous Agency

Balance Forward In	409	526	284	310	265	256	265	256
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Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Receipts	1,507	1,570	1,607	1,563	1,563	1,563	1,563	1,563
Balance Forward Out	526	282	311	265	256	247	256	247
Expenditures	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Biennial Change in Expenditures				(17)		(43)		(43)
Biennial % Change in Expenditures				(1)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.89	1.00	1.06	1.00	1.00	1.00	1.00	1.00

Veterans Affairs

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	75,634	75,634	75,634	151,268
Base Adjustments				
All Other One-Time Appropriations		(350)	(350)	(700)
Pension Allocation		139	139	278
Forecast Base	75,634	75,423	75,423	150,846
Change Items				
Programs and Services Operating Adjustment		173	371	544
State Veterans Cemeteries Operating Adjustment		375	400	775
Minnesota Service Core Expansion		250	250	500
Medical Services Provider Realignment		(530)	(530)	(1,060)
Total Governor's Recommendations	75,634	75,691	75,914	151,605
Open				
Fund: 1000 - General				
FY2019 Appropriations	3,900	3,900	3,900	7,800
Forecast Base	3,900	3,900	3,900	7,800
Total Governor's Recommendations	3,900	3,900	3,900	7,800
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2,475	1,776	1,936	3,712
Forecast Base	2,475	1,776	1,936	3,712
Total Governor's Recommendations	2,475	1,776	1,936	3,712
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	115,178	117,803	120,220	238,023
Forecast Base	115,178	117,803	120,220	238,023
Change Items				
Medical Services Provider Realignment		(1,000)	(1,000)	(2,000)
Total Governor's Recommendations	115,178	116,803	119,220	236,023
Fund: 2403 - Gift				
Planned Spending	761	805	680	1,485
Forecast Base	761	805	680	1,485
Total Governor's Recommendations	761	805	680	1,485
Fund: 6000 - Miscellaneous Agency				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	1,608	1,572	1,572	3,144
Forecast Base	1,608	1,572	1,572	3,144
Total Governor's Recommendations	1,608	1,572	1,572	3,144
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,170	1,226	1,263	2,489
Total Governor's Recommendations	1,170	1,226	1,263	2,489
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	53,424	55,568	57,779	113,347
Total Governor's Recommendations	53,424	55,568	57,779	113,347
Fund: 2403 - Gift				
Forecast Revenues	664	664	664	1,328
Total Governor's Recommendations	664	664	664	1,328
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,563	1,563	1,563	3,126
Total Governor's Recommendations	1,563	1,563	1,563	3,126

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Veterans Programs & Services - Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	173	371	371	371
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	173	371	371	371
FTEs	2.3	5.0	5.0	5.0

Recommendation:

The Governor recommends additional funding of \$544,000 in the FY2020-2021 biennium to maintain the Veteran Programs & Services division’s current level of service delivery at the Minnesota Department of Veterans Affairs (MDVA).

This funding is a 1.6% increase to the Veterans Programs & Services division’s base operating budget.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care 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 Programs & Services division, statutorily required services will likely have to be diminished without this operating adjustment, including federal VA disability and pension claims development, and fewer opportunities for engagement with Veterans in challenging geographic or demographic areas. Additionally, without this funding there will be fewer staff providing higher education support services to Veterans and military members across the state. It will be necessary to reduce service in these areas in order to support the core functions of the division, such as the State Soldiers’ Assistance Program, federal VA claims assistance, and State Veterans’ Cemetery operations. Non-statutorily required areas of special emphasis will also likely need to be reduced or eliminated, including areas such as Outreach, the Women Veteran program, and Tribal Veterans Service Officers (TVSO).

Proposal:

The Governor recommends additional operating funds to maintain the agency’s current level of service to Minnesota Veterans and their families. This funding is needed to support the increased costs for employee compensation and benefits.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

Results:

Minnesota is experiencing an increased demand for services due to both the aging of the veteran population and as a result of 17 years of continuous conflict and ongoing military operations worldwide. This proposal is intended to allow MDVA Programs and Services to continue to provide these levels of service and information to the public. The following are a sampling of those service areas and the growth that has occurred.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Per capita average of federal VA dollars being expended on benefits and services provided to Minnesota Veterans, their dependents and survivors.	\$7,937	\$8,445	Federal FY16 & FY17
Quantity	Number of Veterans and their dependents who have MDVA staff acting as their accredited representative to the federal VA.	51,793	54,473	7/31/16 & 7/19/18
Quantity	Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs.	1,071	1,470	FY16 & FY17
Quantity	Number of interments and inurnments at the Minnesota State Veterans Cemeteries.	564	621	FY16 & FY17
Quantity	Number of Veterans and their dependents who were provided statewide, community-based counseling through C.O.R.E. program participation.	575	748	FY16 & FY17
Quality	Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs	100%	100%	FY16 & FY17
Results	Number of Homeless Veterans identified in MN during HUD’s annual Point in Time (PIT) Count.	644	253	Jan. 2010 & Jan. 2017

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: State Veterans Cemeteries Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	375	400	400	400
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	375	400	400	400
FTEs	5.0	5.25	5.25	5.25

Recommendation:

The Governor recommends additional funding of \$775,000 in the FY 2020-2021 biennium to maintain three State Veterans Cemeteries at the current and expected service delivery levels at the Minnesota Department of Veterans Affairs (MDVA).

This additional funding represents a 2.3% increase to the Veterans Programs & Services Division's base operating budget.

Rationale/Background:

State Veterans Cemeteries generate revenue annually on a per-burial basis. This revenue comes from two sources: plot allowances from the US Department of Veterans Affairs for burial of Veterans and burial fees collected from the family of deceased family members who are eligible to be buried in a State Veterans Cemetery. Revenue collected from these two sources are put into cemetery maintenance and development (CMD) accounts and supplement the department's general fund appropriation. The CMD accounts for each cemetery are intended to cover non-salary operational costs, including: utilities, fuel, equipment repairs, equipment procurement, facility repairs, office supplies, and grounds keeping supplies. The accounts are not intended to fund staffing costs.

The original general fund appropriations for each cemetery are different for each location (\$347,000 for Little Falls, \$425,000 for Preston and \$500,000 for Duluth) and don't support all the staff costs for each cemetery. As a result, the department has had to use the CMD accounts and other program funding to support staff costs. Continued use of the CMD accounts to support staff cost is not sustainable and jeopardizes the department's ability to cover emergency and routine equipment repairs, equipment replacement, facility repairs, and other non-salary costs to operate the cemeteries safely and provide the burial services to veterans and family members.

Proposal:

The Governor recommends additional operating funds to support salary and benefit costs at each of the three State Veterans Cemeteries in order for the agency to provide burial services to Minnesota Veterans and their families. This request will bring each of the cemeteries' base level general funding up to \$550,000 per year to be dedicated to salary and benefit costs and to reduce the demand on the CMD accounts.

Without this additional funding, the department will need to reduce FTEs at each cemetery, which will reduce the level of burial services to veterans and their families. This reduction would cause a significant degradation of services. Cemetery maintenance and appearance would be noticeably affected and could negatively impact considerations by the National Cemetery Administration on awarding future funds to expand operations.

Equity and Inclusion:

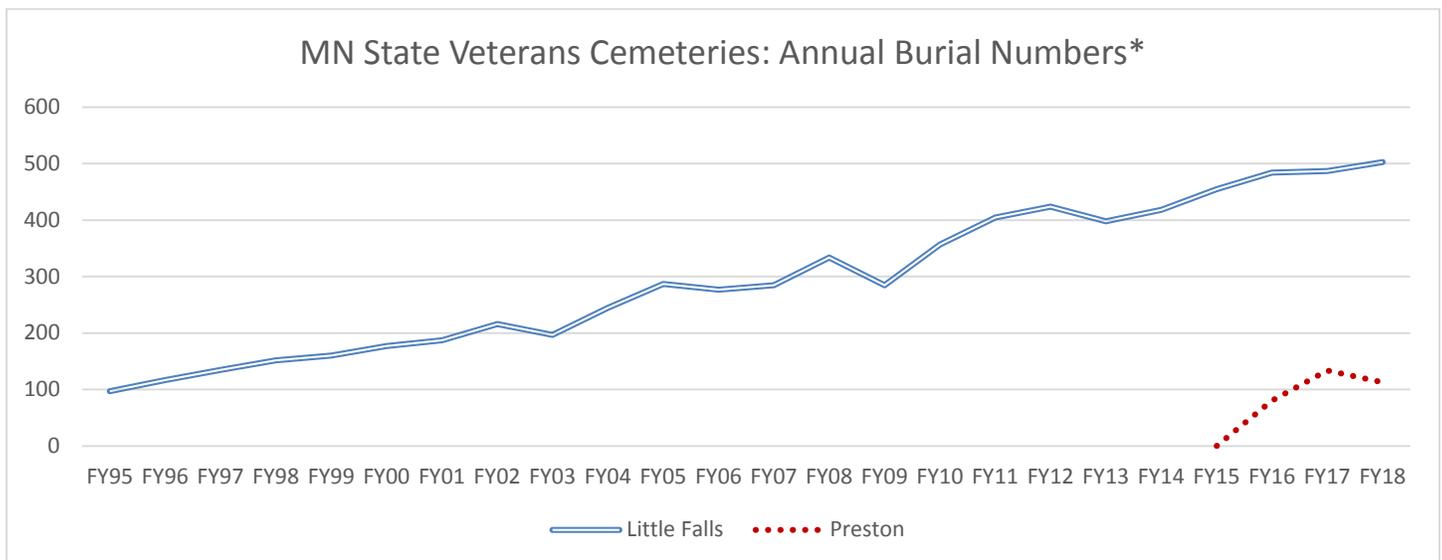
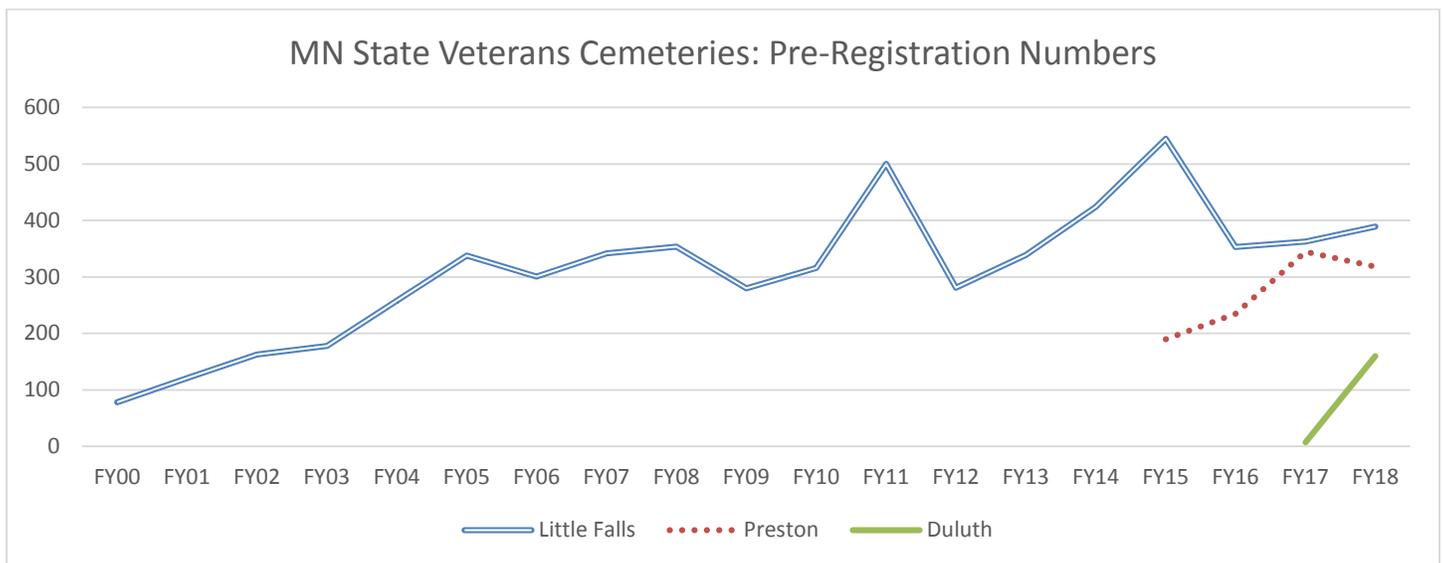
This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

IT Related Proposals:

N/A

Results:

Individuals who wish to be buried in one of the three State Veterans Cemeteries can pre-register. This ensures eligibility in advance and eliminates delays in providing military documents to the cemetery.



* Note: the Duluth cemetery is not included because it opened in FY 2019.

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Service Core Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding of \$500,000 in the FY 2020-2021 biennium to provide additional funds for the Minnesota Service CORE Program at the Minnesota Department of Veterans Affairs (MDVA).

The additional funding increases the Veterans Programs & Services division operating budget by 1.5%, and is a 50% increase to the Minnesota Service CORE Program.

Rationale/Background:

Many Minnesota Veterans and their families experience challenges as they navigate various aspects of life, from reintegration and managing finances, to building a support network, and addressing mental health or substance use concerns. Limited access to these services and the increase in need highlights the importance of offering services and programs that address barriers and increase access across the state. The CORE program responds to these challenges by bringing casework, financial counseling, housing stability, and behavioral health (mental health and substance use) services to Veterans and their families across the state, in their community.

Since 2014-2015 the service has seen a 65% increase in enrollment, serving a total of 822 Veterans and their families statewide in 2017. Additional funding would allow the program to sustain services and to meet the increase in demand, especially in greater Minnesota. Last year the program served Veterans and their families in 63 of 87 counties, and with additional funding, the infrastructure will remain in place and able to respond to requests for service in every county across the state.

Proposal:

The Governor recommends additional funds to increase the grants to cover the costs associated with increased demand and allow the program to expand the provision of casework, behavioral health, financial counseling, housing stability services, and coordination and training with Veteran service officers in areas of the state seeing the greatest increase in enrollment.

Grants- Lutheran Social Service of Minnesota currently provides CORE program services, and through several competitive requests for proposal (RFP) bids has done so since 2008. In two of the last three years the costs of providing the program has exceeded the original budgeted amount due to a 65% increase in program enrollment. If this request is not funded the program will need to institute a cap in the services provided, limit the number of Veterans served and/or eliminate service components to meet the current and forecasted demand.

Programmatic Capacity- The current programmatic need outweighs the programmatic capacity due to funding shortages. In FY 2018, the agency supplemented the \$500,000 CORE budget with a \$135,000 Support our Troops Grant to Lutheran Social Services so they could continue to support Veterans who were currently receiving counseling services. Further, in June 2018 Lutheran Social Services withheld their billing statement as the contract ran out of money in May 2018, and during this time they continued to serve Veterans, showing a gracious dedication to the agency’s mission and partnerships.

During FY 2018 the agency started to implement several cost saving measures. First, Lutheran Social Services checked every client for insurance so that their primary insurance carriers could be billed reducing the overall amount billed to the contract. Second, Lutheran Social Services inserted contract language with their third party providers that they use to expand their network to provide services statewide to ensure that their third party providers are required to bill a client’s primary insurance provider.

Lastly, there was the need to reduce counseling time in late FY18 to 45 minutes from 60 minutes in an effort to reduce monthly costs and stretch the contract costs further through FY 2018. Even with these cost saving measures the original contract amount was approximately \$204,000 short for FY 2018. An increase in annual funding of \$250,000 will allow the agency to continue to provide these much needed counseling services to the current client base and continue to serve the growing need.

If additional funding is not provided, the agency will need to look at implementing additional cost saving measures such as limiting the number of appointments an individual can make under the CORE contract, limiting the number of clients the agency can serve, and limiting the geographical area that is served. All of these measures are counterproductive to an individual’s mental health treatment and negatively impacts progress that has been made with their current Lutheran Social Services provider.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY 2016). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Veterans and their families connected with services through the C.O.R.E program	FY15: 498 FY16: 575 FY17: 748	FY18: 822	7/1/2014-6/30/2018
Results	Percent of C.O.R.E. program participants who reported being satisfied with the services received, being treated with respect, and who would use the services again	FY16: 98%	FY17: 99%	7/1/2015-6/30/2017

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Medical Services Provider Realignment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(530)	(530)	(530)	(530)
Revenues	0	0	0	0
Other Funds				
Expenditures	(470)	(470)	(470)	(470)
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,000)	(1,000)	(1,000)	(1,000)
FTEs Reduction	(4.85)	(4.85)	(4.85)	(4.85)

Recommendation:

The Governor recommends a general fund budget reduction of \$1.06 million in the FY 2020-2021 biennium for the Veterans Healthcare Program at the Minnesota Department of Veterans Affairs (MDVA). The reduction is the result of MDVA contracting for medical service providers (e.g. physicians and nurse practitioners) in three of the State Veterans Homes, and ensuring that service providers are delivering care up to the top of their individual licensure and expertise (e.g. nurse practitioners focusing on care that is more advanced and requires more expertise, while allowing other staff to provide care that is more common or requires less expertise). The goal of the realignment is to provide a more efficient and effective model of care.

This is a 0.5% reduction to the Veterans Healthcare division’s base operating budget.

Rationale/Background:

MDVA has two different models of providing physician and nurse practitioner services at each Veterans Home. The Minneapolis, Silver Bay, and Hastings Veterans Homes have MDVA-staffed physicians and nurse practitioners that provide regulatory and acute visits for residents. The Luverne and Fergus Falls Veterans Homes have contracted physicians and nurse practitioners that provide regulatory and acute visits for each resident. There is value in both models of care; however, a critical difference is the cost to the agency.

Proposal:

The Governor recommends that MDVA realign care delivery at the Minneapolis, Hastings, and Silver Bay Veterans Homes. The realignment will move to a care model that uses contracted providers for medical services, and will ensure that care providers are delivering care that is commensurate with their level of individual licensure and expertise. This proposal will result in the same level of care at a lower cost.

There will be a reduction in FTEs as a result of this recommendation. The reductions will be achieved through attrition (retirements), right-sizing of positions, and the realignment of clinical services in each home, with the potential for one employee layoff.

Equity and Diversity:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

IT Related Proposals:

N/A

Results:

This proposal is intended to allow the MDVA Healthcare division to continue to provide current levels of care that the resident veterans and eligible family members have earned, ensure that all staff are working up to the top of their licensure, and operate three of the five skilled facilities with a more efficient provider care model, especially in areas where it has been proven difficult to contract services.

Minnesotans expect that our Veterans and eligible family members are taken care of at this stage of their lives, and that their care meets or exceeds community standards, which MDVA Healthcare does in all of its facilities (see table below).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</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)	4.72 (low = 1, high = 5)	2015 & 2017
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.	25.2%	19.9%	2015 & 2017
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	2015 & 2017

Statutory Change(s):

N/A

Program: Programs & Servicesmn.gov/mdva/**AT A GLANCE**

- Serve veterans of all ages and wartime periods by:
 - Acting as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces
 - Administering the State Soldiers' Assistance Fund
 - Working to provide Veterans with a seamless transition from their military service through approved education and training programs, resulting in a career with permanent, full-time employment
 - Providing outreach and state-wide benefits advocacy to include services on tribal reservations
 - Providing burial and perpetual care for veterans and their eligible dependents in three state Veterans' cemeteries
 - Preventing and ending Veteran homelessness
- Work closely with community, state and federal partners
- Approximately 100 employees throughout the state

PURPOSE & CONTEXT

The mission of the Programs and Services Division (PSD) is to meet the needs of Minnesota Veterans and their families by providing proven and innovative programs and services, helping to maximize their quality of life and provide final resting places that commemorate their service and honor their sacrifice to our Nation.

Minnesota is experiencing an increased demand for services due to both the aging of the veteran population and as a result of 17 years of continuous conflict and ongoing military operations worldwide. For example, in 2014 the Minnesota Department of Veterans Affairs (MDVA) filed 1,841 state and federal benefits claims, while in 2016, MDVA filed 2,209 of the same benefits claims. Burials at our State Veterans Cemeteries increased from 418 in 2014 to 621 in 2017. MDVA's work with Lutheran Social Services (LSS) C.O.R.E. served 509 clients in 2014 and 748 in 2017. It should be noted that the veteran population in the state of Minnesota dropped from about 369,000 to 337,000 during the same period. There is no foreseeable change to the military situation, so it is expected that demand for services will continue to increase in the coming months and years. Additionally, the state and federal goal of bringing an end to Veteran homelessness is an area of special emphasis.

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 and support in accessing their higher education, medical, and financial assistance benefits.

The division also works to identify gaps in programming and services which may exist in the veterans' services community, and addresses those shortcomings by providing innovative, 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.

- **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 (Veterans' Campus Representatives), the State Approving Agency and also administers the Minnesota GI Bill and Veterans Employment Preference. (<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 three Veterans' cemeteries: one in Little Falls, one in Preston, and the newly opened facility in Duluth. 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, leads the implementation of the goal in the State Plan to End Veteran Homelessness and supplements certain federal programs. The division manages the State Soldiers Assistance Program, Veterans homelessness initiatives, Minnesota Veteran S.O.A.R., LinkVet, Minnesota Service C.O.R.E., and the Minnesota Operation for Veterans Empowerment (M.O.V.E.). (<http://mn.gov/mdva/resources/familyassistance/>)
- **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 (SOT) 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 (VA), Veterans Services Organizations (VSOs), County Veterans Service Officers (CVSOs), the Minnesota Assistance Council for Veterans (MACV) 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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Per capita average of federal VA dollars being expended on benefits and services provided to Minnesota Veterans, their dependents and survivors.	\$7,937	\$8,445	Federal FY16 & FY17
Quantity	Number of Veterans and their dependents who have MDVA staff acting as their accredited representative to the federal VA.	51,793	54,473	7/31/16 & 7/19/18
Quantity	Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs.	1,071	1,470	FY16 & FY17
Quantity	Number of interments and inurnments at the Minnesota State Veterans Cemeteries.	564	621	FY16 & FY17
Quantity	Number of Veterans and their dependents who were provided statewide, community-based counseling through C.O.R.E. program participation.	575	748	FY16 & FY17
Quality	Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs	100%	100%	FY16 & FY17
Results	Number of Homeless Veterans identified in MN during HUD's annual Point in Time (PIT) Count.	644	253	Jan. 2010 & Jan. 2017

Minnesota Department of Veterans Affairs Programs & Services legal authority comes from:

- Minn. Stat. 197 (<https://www.revisor.mn.gov/statutes/cite/197>)

Veterans Programs and Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
2000 - Restrict Misc Special Revenue	879	1,086	1,954	2,309	1,590	1,750	1,590	1,750
2403 - Gift	9	5	18	25	71	21	71	21
3000 - Federal	655	2,937	4,030					
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795
Biennial Change				5,545		459		2,278
Biennial % Change				14		1		5
Governor's Change from Base								1,819
Governor's % Change from Base								4

Expenditures by Activity

Veterans Services	2,084	3,534	2,462	2,454	3,111	3,128	3,111	3,128
Programs and Services	9,463	12,375	13,841	12,657	13,705	13,665	14,333	14,315
Claims and Outreach	5,818	6,160	6,556	7,009	5,848	5,981	6,018	6,352
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795

Expenditures by Category

Compensation	6,746	7,754	7,990	8,867	8,054	8,032	8,602	8,803
Operating Expenses	2,766	6,676	3,518	3,188	3,885	3,916	4,135	4,166
Grants, Aids and Subsidies	7,745	6,982	7,537	9,356	10,626	10,776	10,626	10,776
Capital Outlay-Real Property	35	619	3,809	589	38		38	
Other Financial Transaction	73	38	4	120	61	50	61	50
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795

Full-Time Equivalent

	92.20	100.36	100.36	104.43	93.33	90.43	100.63	100.68
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Veterans Programs and Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	1,405		1,204				
Direct Appropriation	16,393	17,161	17,335	17,461	17,132	17,132	17,930	18,153
Open Appropriation	2,470	2,503	2,807	3,900	3,900	3,900	3,900	3,900
Transfers In	14,066	15,789	14,767	14,408	14,400	14,400	15,198	15,421
Transfers Out	15,814	18,187	16,498	16,837	14,429	14,429	15,227	15,450
Cancellations		630	350	350				
Balance Forward Out	1,293		1,204					
Expenditures	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
Biennial Change in Expenditures				2,780		5,363		7,182
Biennial % Change in Expenditures				8		15		20
Governor's Change from Base								1,819
Governor's % Change from Base								4
Full-Time Equivalents	88.20	95.52	95.97	97.83	89.33	86.43	96.63	96.68

2000 - Restrict Misc Special Revenue

Balance Forward In	1,638	1,878	2,104	2,035	1,259	1,258	1,259	1,258
Receipts	451	402	843	984	1,040	1,077	1,040	1,077
Transfers In	502	533	1,193	789	880	784	880	784
Transfers Out			150	240	331	235	331	235
Balance Forward Out	1,712	1,727	2,035	1,259	1,258	1,134	1,258	1,134
Expenditures	879	1,086	1,954	2,309	1,590	1,750	1,590	1,750
Biennial Change in Expenditures				2,297		(923)		(923)
Biennial % Change in Expenditures				117		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.83	4.39	6.60	4.00	4.00	4.00	4.00

2403 - Gift

Balance Forward In	104	132	167	130	131	86	131	86
Receipts	13	16	8	5	5	5	5	5
Transfers In	25	23	22	21	21	21	21	21
Transfers Out			50					
Balance Forward Out	132	167	129	131	86	91	86	91

Veterans Programs and Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures	9	5	18	25	71	21	71	21
Biennial Change in Expenditures				30		49		49
Biennial % Change in Expenditures				214		112		112
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	495	501	485					
Receipts	550	2,707	4,030					
Transfers Out			485					
Balance Forward Out	391	272						
Expenditures	655	2,937	4,030					
Biennial Change in Expenditures				438		(4,030)		(4,030)
Biennial % Change in Expenditures				12				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalent	4.00	4.01						

Program: Veterans Healthcare

mn.gov/mdva/

AT A GLANCE

- Five State Veterans Homes in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay
 - Provide 24/7 Skilled Nursing and Domiciliary Care
 - Centers for Medicare and Medicaid Services (CMS) Certification achieved at all four skilled homes
 - One of only three Adult Day Health Care Programs (Medical Model) in the country
- The 2018 bonding bill provided \$32 million in state funding for three new State Veterans Homes – Individual Federal Applications for federal matching funds will be submitted prior to April 1, 2019
- MDVA’s first advanced care dental clinic opened in the summer of 2018 at the Minneapolis home
- Approximately 1,300 employees providing care to Veterans
- Work closely with state, federal, and community partners

PURPOSE & CONTEXT

The first Veterans Home was established in 1887 in Minneapolis as the Minnesota Soldiers Home to “reward the brave and deserving.” This Soldiers Home in Minneapolis was not primarily designed as a medical facility, but as the needs of Veterans changed, so too have the Veterans Homes. In the 1960s, Minnesota started shifting its primary focus to meet the healthcare needs of Veteran residents in our homes. Today, MDVA operates five Veterans Homes located in Fergus Falls, Hastings, Minneapolis, Luverne, and Silver Bay, and one Adult Day Care program in Minneapolis.

Healthcare initiatives are reviewed annually both centrally and locally by all homes in an effort to ensure that quality care and operational excellence is achieved. The following health care initiatives were developed with staff and stakeholder input, including agency level policy and procedures to maintain consistent statewide outcomes. The MDVA healthcare program’s goal is to ensure that all are working as one agency providing the highest level of care. Calendar year 2018 includes the following initiatives:

1. Dementia Care –
 - a. **Goal:** Each facility will develop a dementia care strategy which includes identification of a dementia philosophy, integration plan of that philosophy into daily operations and resource allocation for dementia programming and educational plan.
2. Hospice/Palliative Care
 - a. **Goal:** Develop staff competencies in the areas of palliative care, advance care planning and hospice in all Veterans Homes to further enhance the clinical care provided to residents and ensure dignity at end of life.
3. Tobacco Use
 - a. **Goal:** The Centers for Medicare and Medicaid Services (CMS) and Minnesota Department of Health (MDH) have a smoking safety and smoking reduction focus. The MDVA Healthcare Division will continue to support efforts for a tobacco free environment for all residents, employees, volunteers and visitors.
4. Business Office Operations
 - a. **Goal:** To maximize revenues from all available resources and develop division level healthcare policies and procedures regarding evidenced based best practices for standard senior healthcare business operations.

5. Oral Health Care

- a. **Goal:** The Healthcare division will develop an integrated oral health care strategy within all of the homes that includes education for direct care staff on daily oral care, applying for grants to provide dental care services, use of the federal VA dental benefits for those Veterans eligible to receive them, and evaluating the possibility of expansion to add advanced dental clinics at the other Minnesota Veterans Homes in greater Minnesota. Currently, veterans comprise 23 percent of the state's 65 years or older population and nearly one quarter of the state's 75 years or older population. The number of veterans over the age of 75 is expected to increase by approximately 9 percent over the next 20 years.

SERVICES PROVIDED

MDVA provides care that is designed and delivered according to the individual needs of the resident. MDVA 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.

The following programs and services are offered in each Veterans Home:

- Specialty care units for those diagnosed with dementia
- Rehabilitation services, including occupational, physical therapy and physical fitness
- Social services, recreational therapy, and behavioral services
- Coordination of appointments with the closest federal VA Medical Center, including transportation and clinical coordination
- Volunteer programs
- Drug and alcohol supportive services
- Vocational rehabilitation
- On-site specialty services – dental, ophthalmology, audiology, podiatry
- 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
- Analysis of Domiciliary Care and program changes to best meet the needs of the Vietnam era and peacetime era Veteran
- Asset Preservation and repair and betterment funding of \$14 million to extend the useful life and maintain aging facilities at all locations
- Building 22 was completed on the Minneapolis campus in March 2018, marking the completion of a three phase construction project of new skilled nursing homes, serving 300 residents. A secure 12 bed unit is planned to open in October of 2018, this unit will care for Veterans who have had challenges residing at other facilities.
- Compliance with the Centers for Medicare and 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.

RESULTS

The healthcare MDVA provides to Veterans and other eligible residents residing in the Veterans Homes optimizes activities of daily living and is designed to improve quality of life. The MN Veterans Homes provide a community environment for Veterans and families that promotes respect, dignity, and mental, physical, and spiritual well-being. Providing enhanced mental health and chemical dependency training and dedicated professionals, our staff can promote and support transition of domiciliary residents back to their communities. The key measures reviewed 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</i>	<i>Current</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)	4.72 (low = 1, high = 5)	2015 & 2017
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.	25.2%	19.9%	2015 & 2017
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	2015 & 2017

In addition to resident and staff surveys, over the past several 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).

Minnesota Department of Veterans Affairs legal authority comes from M.S. 198
<https://www.revisor.mn.gov/statutes/?id=198>

Veterans Health Care

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	215	126	514	166	186	186	186	186
2001 - Other Misc Special Revenue	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
2403 - Gift	402	619	485	736	734	659	734	659
3000 - Federal	11,918	18,663	10,237					
6000 - Miscellaneous Agency	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637
Biennial Change				220		4,437		2,437
Biennial % Change				0		2		1
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)

Expenditures by Activity

Veterans Health Care	4,346	5,298	6,349	6,742	6,760	6,870	6,760	6,870
Minneapolis Veterans Homes	61,145	71,899	63,733	57,892	59,297	60,654	58,607	59,964
Hastings Veterans Home	9,832	10,600	10,399	11,059	11,243	11,421	11,113	11,291
Silver Bay Veterans Homes	12,421	13,069	13,992	14,399	14,743	14,957	14,563	14,777
Luverne Veterans Home	10,624	11,309	11,671	12,225	12,510	12,735	12,510	12,735
Fergus Falls Veterans Home	13,504	14,227	14,663	15,371	15,742	16,000	15,742	16,000
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637

Expenditures by Category

Compensation	77,792	82,345	87,290	93,549	95,509	97,741	94,509	96,741
Operating Expenses	31,229	40,335	31,575	22,212	22,908	23,015	22,908	23,015
Grants, Aids and Subsidies	1,384	1,814	1,666	1,673	1,624	1,627	1,624	1,627
Capital Outlay-Real Property	1,017	1,626	25					
Other Financial Transaction	451	283	251	254	254	254	254	254
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637

Full-Time Equivalent

1,090.63	1,111.60	1,142.18	1,142.12	1,142.12	1,142.12	1,137.27	1,137.27
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Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	52,713	57,218	57,575	58,173	58,291	58,291	57,761	57,761
Transfers In			60					
Transfers Out	52,713	57,218	57,635	58,173	58,291	58,291	57,761	57,761

2000 - Restrict Misc Special Revenue

Balance Forward In	219	183	263	155	175	175	175	175
Receipts	199	205	407	186	186	186	186	186
Balance Forward Out	203	263	156	175	175	175	175	175
Expenditures	215	126	514	166	186	186	186	186
Biennial Change in Expenditures				339		(308)		(308)
Biennial % Change in Expenditures				100		(45)		(45)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	8,951	11,157	12,359	13,270	9,660	5,687	9,660	6,157
Receipts	47,122	48,987	51,361	53,424	55,568	57,779	55,568	57,779
Transfers In	111,367	127,457	119,875	127,093	121,883	122,351	121,293	121,761
Transfers Out	58,665	70,271	62,332	68,949	63,621	64,089	63,561	64,029
Balance Forward Out	10,828	12,149	13,271	9,660	5,687	1,508	6,157	2,448
Expenditures	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
Biennial Change in Expenditures				20,042		14,853		12,853
Biennial % Change in Expenditures				10		7		6
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)
Full-Time Equivalents	1,089.74	1,110.60	1,141.12	1,141.12	1,141.12	1,141.12	1,136.27	1,136.27

2403 - Gift

Balance Forward In	1,119	1,224	1,509	1,722	1,645	1,570	1,645	1,570
Receipts	507	890	698	659	659	659	659	659
Transfers In		0						
Transfers Out		0						
Balance Forward Out	1,224	1,496	1,723	1,645	1,570	1,570	1,570	1,570

Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures	402	619	485	736	734	659	734	659
Biennial Change in Expenditures				200		172		172
Biennial % Change in Expenditures				20		14		14
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	16	0						
Receipts	11,902	18,663	10,237					
Expenditures	11,918	18,663	10,237					
Biennial Change in Expenditures				(20,344)		(10,237)		(10,237)
Biennial % Change in Expenditures				(67)				
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	409	526	284	310	265	256	265	256
Receipts	1,507	1,570	1,607	1,563	1,563	1,563	1,563	1,563
Balance Forward Out	526	282	311	265	256	247	256	247
Expenditures	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Biennial Change in Expenditures				(17)		(43)		(43)
Biennial % Change in Expenditures				(1)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.89	1.00	1.06	1.00	1.00	1.00	1.00	1.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
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.		4,030				No/Yes	
	Budget Activity Total		4,030					
	Program Total		4,030					
U.S. Department of Veterans Affairs 64.005	Minneapolis Building 22 Phase 3 of nursing unit replacement, demolish Building 17 South and rebuild new 100 bed skilled nursing building 22.		10,237				Yes/Yes	
	Budget Activity Total		10,237					
	Program Total		10,237					
	Federal Fund – Agency Total		14,267					

Narrative

Federal Funds have played a significant role in the construction budgets of the Minnesota Department of Veterans Affairs in years past. During fiscal years FY17 and FY18, MDVA received VA construction grants to replace a 100 bed skilled nursing building on the Minneapolis Veterans Home campus and federal funds to build a new Veterans Cemetery in Duluth, Minnesota. The federal funds shown above are grant amounts received for the completion these two projects.

VA Construction Grants for State Cemeteries

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 burials 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.

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. The department is expected to receive over \$8 million to cover the cost of construction for this new cemetery.

VA Construction Grants for State Veterans Homes

The VA’s construction grant program for State Veterans Homes requires the State to provide 35% of the funding for the predesign, design and construction of a new Home or remodel of an existing one. 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 reimburses 65% of the construction costs within the parameters of the Memorandum of Agreement. A memorandum of agreement 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 Home according to standards and measures as defined by the Federal Department of Veterans Affairs, as well as other State (MDH) and Federal regulatory agencies (CMS). The VA's construction grant program for State Veterans Homes 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 agreement. These additional funds are not recognized in this summary due to the uncertainty of when and if these funds will be received.

MDVA is prepared to submit a request for a VA construction program grant in April of 2019 to provide federal funds for the construction of three new State Veterans Homes which received State funding approval in the 2018 legislative session. The following language is contained in 2018 Minnesota session law, Chapter 214.

Subd. 3. Bemidji, Montevideo, and Preston-New Veterans Homes \$32,000,000

(a) \$12,400,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Bemidji. \$9,400,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Montevideo. \$10,200,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Preston.

(b) These veterans homes are subject to the requirements of the People's Veterans Homes Act in article 2.

Sec. 44. VETERANS HOMES CONSTRUCTION

Subdivision 1. Short title. This section may be cited as the "People's Veterans Homes Act."

Subd. 2. Veterans homes established. (a) The commissioner of veteran's affairs may apply for federal funding and establish veterans homes with up to 72 beds per facility available to provide a continuum of care, including skilled nursing care, for eligible veterans and their spouses in the following locations:

- (1) Preston
 - (2) Montevideo
 - (3) Bemidji
- (a) The state shall provide the necessary operating costs for the veterans homes in excess of any revenue and federal funding for the homes that may be required to continue the operation of the homes and care for Minnesota Veterans.

Subd. 3. Nonstate contribution. The commissioner of administration may accept contributions of land or money from private individuals, businesses, local governments, veterans service organizations, and other nonstate sources for the purpose of providing matching funding when soliciting federal funding for the development of the homes authorized by this section.

Other Federal Funds

The department also received operational funding reimbursements from the U.S. Department of Veterans Affairs (VA) for the following programs in FY18 that were not reported above.

- 1) State Approving Agency Program for the Federal GI Bill educational benefits = \$382,000
- 2) State Veterans Homes Program-Medicare A, B, D and Aid & Attendance for care of Veterans = \$2,396,757
- 3) State Cemetery Program for Veteran burials = \$322,000 (reported on Departmental Earnings Report)
- 4) State Veterans Homes Program per diem for care of Veterans = \$32,521,000 (reported on Departmental Earnings Report)