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Minnesota Department of Veterans Affairs

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

AT A GLANCE

- Provide seven major program areas under two divisions, each with numerous Veteran services including:
 - Skilled Nursing and Domiciliary care
 - Adult Day Center and Resources for Caregivers
 - Veteran Suicide Prevention and Awareness
 - Education and Employment Services
 - Federal Veterans Affairs (VA) Claims and Outreach Services
 - Homeless Veteran Prevention and Assistance Services
 - State benefits (State Soldiers Assistance Program)
- Operate 5 State Veterans Homes (three more under construction) and 3 State Veterans Cemeteries (one more under construction)
- Serve more than 313,912 Veterans and their families in Minnesota
- Employ approximately 1,540 staff statewide

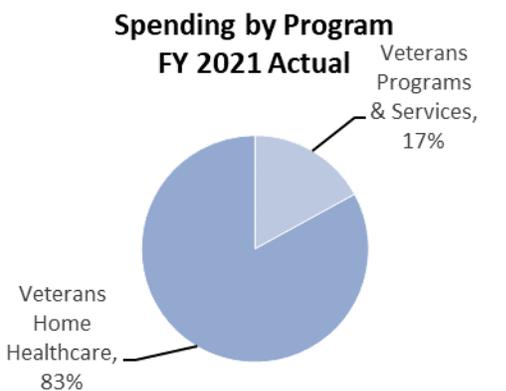
PURPOSE

The mission of the Minnesota Department of Veterans Affairs (MDVA) is “Serving Minnesota Veterans, their dependents and survivors by connecting them with the federal and state care and benefits they have earned.” MDVA is a “post-wartime agency” and was created by the 1943 state Legislature to consolidate the services provided to service members; since 2007, MDVA has also operated the Minnesota State Veterans Homes. As of 2021, there were more than 313,912 Veterans in Minnesota (about 6 percent of the state’s population).

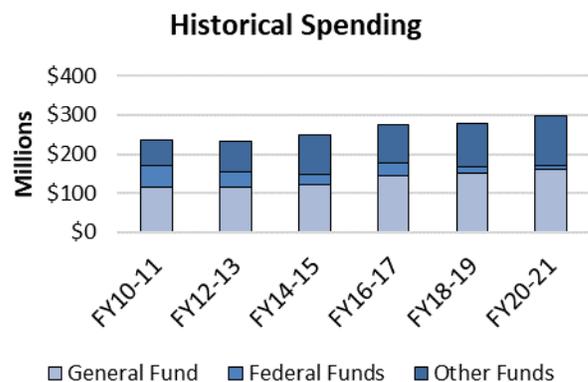
Since 9/11/01, approximately 47,081 Minnesotans have served during this period. Veterans may face many challenges including translating their military skills and experiences to civilian occupations, unemployment, and underemployment, and short- and long-term medical issues resulting from their military duty. In addition, many Veterans and their families experience both mental fatigue and physical injuries associated with military deployments. Finally, approximately 51 percent of the state’s Veteran population is aged 65 and older, 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 such as high Veteran suicide rates, homelessness, and Veteran issues that have been exacerbated by the COVID-19 pandemic.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

MDVA activities were funded approximately 53% from the general fund, 4% from federal funds, and 43% from special revenue funds in the FY2020-21 biennium.

The Programs and Services Division receives nearly all its funding from the general fund. Program-specific federal funding is also received for Veteran burials in MDVA's State cemeteries to cover maintenance and development costs, and the agency receives federal funding for the work the agency does for approving higher educational institutions that offer educational programs to Veterans.

The Veterans Healthcare Division is funded through a general fund appropriation, Resident maintenance fees, VA per diem, Medicare, and other reimbursements. The historical spending graph reflects the following breakdown:

- A general fund appropriation of \$115.5 million in the FY2020-21 biennium was received and transferred to the MDVA special revenue healthcare fund as permitted in state statute. The graph above reflects the expenditure of these funds out of the general fund to show its source of funding.
- An additional \$125.3 million of receipts was received from the Federal VA for Veterans full and partial per diems; Medicare reimbursements for Medicare Part A, B, & D; receipts from Resident maintenance fees; COVID relief funds; and other miscellaneous reimbursements. The graph above reflects the expenditure of these funds in the Other Funds category rather than the Federal Funds category.

STRATEGIES

MDVA strives to enhance the lives of those it serves through the development and implementation of services that are tailored to meet the current, ongoing, and future needs of Veterans and their families. MDVA does this through two divisions: **Programs & Services** and **Veterans Healthcare** (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 Veterans 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 318 Veterans without safe, stable, or affordable housing on any given night in Minnesota (<https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>). 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. Minnesota has achieved the effective end to Veteran homelessness in eight of ten continuums of care. (<https://mn.gov/governor/news/#/detail/appld/1/id/531374>).

MDVA operates three (soon to be four) State Veterans Cemeteries located in Duluth, Little Falls and Preston. The Redwood Falls Cemetery will open in spring 2023. (<https://mn.gov/mdva/blog/#/detail/appld/1/id/503510>)

Finally, the Programs & Services Division and partners provide resources for financial, family and mental health counseling, as well as operating three (increasing to four in spring 2023) Veterans cemeteries and coordinating funeral honors benefits.

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

The Veterans Healthcare Division operates five (increasing to eight in summer 2023 - <https://mn.gov/mdva/blog/#/detail/appld/1/id/534159>) Minnesota Veterans Homes located in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay (new locations will include Bemidji, Montevideo and Preston). MDVA works to ensure that Veterans and their families have options for meeting their long-term 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 our Residents. The Healthcare

Division also leads a robust effort to reduce Veteran suicide rates in MN including participation in the “Governor’s Challenge to Reduce Veteran Suicide.” <https://mn.gov/mdva/news/pressroom/?id=1066-421871>.

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

For more information, see the 2021 Annual Report for the Minnesota Department of Veterans Affairs ([MDVA Annual Report FY 2021 \(mn.gov\)](#)).

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>).

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|---|----------------|----------------|----------------|------------------|----------------|----------------|------------------------------|----------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 22,444 | 20,517 | 24,915 | 63,647 | 27,971 | 27,971 | 72,731 | 39,760 |
| 2000 - Restrict Misc Special Revenue | 2,588 | 1,598 | 2,299 | 2,782 | 2,627 | 2,541 | 2,627 | 2,541 |
| 2001 - Other Misc Special Revenue | 118,007 | 122,395 | 121,616 | 138,167 | 126,339 | 127,696 | 144,767 | 158,928 |
| 2403 - Gift | 686 | 443 | 828 | 956 | 960 | 982 | 960 | 982 |
| 3000 - Federal | 24 | | 39,394 | 64,345 | | | | |
| 3010 - Coronavirus Relief | 2,149 | 8,490 | 2,315 | | | | | |
| 3015 - ARP-State Fiscal Recovery | | | 26 | 174 | | | | |
| 6000 - Miscellaneous Agency | 1,276 | 1,648 | 1,432 | 1,428 | 1,490 | 1,490 | 1,490 | 1,490 |
| Total | 147,173 | 155,091 | 192,827 | 271,499 | 159,387 | 160,680 | 222,575 | 203,701 |
| Biennial Change | | | | 162,061 | | (144,259) | | (38,050) |
| Biennial % Change | | | | 54 | | (31) | | (8) |
| Governor's Change from Base | | | | | | | | 106,209 |
| Governor's % Change from Base | | | | | | | | 33 |
| <u>Expenditures by Program</u> | | | | | | | | |
| Programs and Services | 25,182 | 26,129 | 31,796 | 72,353 | 29,792 | 29,706 | 73,894 | 40,862 |
| Veterans Health Care | 121,991 | 128,962 | 161,031 | 199,146 | 129,595 | 130,974 | 148,681 | 162,839 |
| Total | 147,173 | 155,091 | 192,827 | 271,499 | 159,387 | 160,680 | 222,575 | 203,701 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 105,922 | 109,613 | 107,197 | 117,158 | 111,516 | 112,003 | 132,852 | 145,471 |
| Operating Expenses | 28,479 | 32,160 | 44,158 | 70,142 | 37,499 | 38,354 | 45,696 | 43,402 |
| Grants, Aids and Subsidies | 12,378 | 12,542 | 9,740 | 17,604 | 10,138 | 10,089 | 43,793 | 14,594 |
| Capital Outlay-Real Property | 206 | 336 | 31,404 | 66,391 | 30 | 30 | 30 | 30 |
| Other Financial Transaction | 188 | 440 | 328 | 204 | 204 | 204 | 204 | 204 |
| Total | 147,173 | 155,091 | 192,827 | 271,499 | 159,387 | 160,680 | 222,575 | 203,701 |
| Total Agency Expenditures | 147,173 | 155,091 | 192,827 | 271,499 | 159,387 | 160,680 | 222,575 | 203,701 |
| Internal Billing Expenditures | | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Expenditures Less Internal Billing | 147,173 | 155,086 | 192,821 | 271,493 | 159,381 | 160,674 | 222,569 | 203,695 |

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-------------------------------------|----------|----------|----------|----------|---------------|----------|---------------------------|----------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| <u>Full-Time Equivalents</u> | 1,284.92 | 1,283.78 | 1,206.03 | 1,261.20 | 1,176.78 | 1,157.98 | 1,396.98 | 1,491.88 |

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 3,793 | | 5,586 | | | | |
| Direct Appropriation | 82,141 | 75,914 | 89,530 | 125,493 | 94,276 | 94,276 | 155,714 | 135,547 |
| Open Appropriation | 3,028 | 2,645 | 2,414 | 2,925 | 3,200 | 3,200 | 4,950 | 4,950 |
| Transfers In | 13,639 | 14,346 | 13,512 | 14,888 | 13,319 | 13,319 | 15,138 | 15,138 |
| Transfers Out | 71,562 | 73,391 | 74,953 | 85,245 | 82,824 | 82,824 | 103,071 | 115,875 |
| Cancellations | | 2,792 | | | | | | |
| Balance Forward Out | 4,802 | | 5,587 | | | | | |
| Expenditures | 22,444 | 20,517 | 24,915 | 63,647 | 27,971 | 27,971 | 72,731 | 39,760 |
| Biennial Change in Expenditures | | | | 45,601 | | (32,620) | | 23,929 |
| Biennial % Change in Expenditures | | | | 106 | | (37) | | 27 |
| Governor's Change from Base | | | | | | | | 56,549 |
| Governor's % Change from Base | | | | | | | | 101 |
| Full-Time Equivalents | 104.29 | 106.46 | 104.85 | 114.87 | 119.32 | 118.22 | 155.42 | 154.32 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 2,551 | 2,208 | 2,814 | 2,364 | 1,773 | 1,330 | 1,773 | 1,330 |
| Receipts | 1,142 | 1,293 | 1,225 | 1,565 | 1,558 | 1,643 | 1,558 | 1,643 |
| Transfers In | 631 | 695 | 736 | 626 | 626 | 626 | 626 | 626 |
| Transfers Out | 60 | 80 | 111 | | | | | |
| Balance Forward Out | 1,676 | 2,518 | 2,365 | 1,773 | 1,330 | 1,058 | 1,330 | 1,058 |
| Expenditures | 2,588 | 1,598 | 2,299 | 2,782 | 2,627 | 2,541 | 2,627 | 2,541 |
| Biennial Change in Expenditures | | | | 896 | | 87 | | 87 |
| Biennial % Change in Expenditures | | | | 21 | | 2 | | 2 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 4.53 | 4.75 | 4.71 | 8.64 | 8.79 | 7.59 | 8.79 | 7.59 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Balance Forward In | 13,896 | 13,063 | 19,335 | 12,876 | 530 | 530 | 530 | 530 |
| Receipts | 58,773 | 68,452 | 53,786 | 55,541 | 56,911 | 58,268 | 56,911 | 58,268 |
| Transfers In | 131,225 | 139,456 | 150,411 | 150,510 | 137,746 | 137,702 | 156,174 | 168,934 |
| Transfers Out | 73,501 | 81,766 | 89,041 | 80,230 | 68,318 | 68,274 | 68,318 | 68,274 |
| Balance Forward Out | 12,387 | 16,810 | 12,875 | 530 | 530 | 530 | 530 | 530 |

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------|----------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| Expenditures | 118,007 | 122,395 | 121,616 | 138,167 | 126,339 | 127,696 | 144,767 | 158,928 |
| Biennial Change in Expenditures | | | | 19,381 | | (5,748) | | 43,912 |
| Biennial % Change in Expenditures | | | | 8 | | (2) | | 17 |
| Governor's Change from Base | | | | | | | | 49,660 |
| Governor's % Change from Base | | | | | | | | 20 |
| Full-Time Equivalents | 1,175.09 | 1,161.61 | 1,095.13 | 1,136.69 | 1,047.67 | 1,031.17 | 1,231.77 | 1,328.97 |

2403 - Gift

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 2,065 | 2,115 | 2,461 | 2,618 | 2,579 | 2,634 | 2,579 | 2,634 |
| Receipts | 763 | 744 | 957 | 892 | 990 | 1,035 | 990 | 1,035 |
| Transfers In | 24 | 25 | 31 | 25 | 25 | 25 | 25 | 25 |
| Transfers Out | 69 | | 3 | | | | | |
| Balance Forward Out | 2,097 | 2,440 | 2,617 | 2,579 | 2,634 | 2,712 | 2,634 | 2,712 |
| Expenditures | 686 | 443 | 828 | 956 | 960 | 982 | 960 | 982 |
| Biennial Change in Expenditures | | | | 655 | | 158 | | 158 |
| Biennial % Change in Expenditures | | | | 58 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|-----------|--|---------------|---------------|--|-----------|--|-----------|
| Receipts | 24 | | 39,394 | 64,345 | | | | |
| Expenditures | 24 | | 39,394 | 64,345 | | | | |
| Biennial Change in Expenditures | | | | 103,716 | | (103,739) | | (103,739) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

3010 - Coronavirus Relief

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|---------|--|---------|--|---------|
| Direct Appropriation | 2,149 | 8,495 | 2,315 | | | | | |
| Cancellations | | 5 | | | | | | |
| Expenditures | 2,149 | 8,490 | 2,315 | | | | | |
| Biennial Change in Expenditures | | | | (8,325) | | (2,315) | | (2,315) |
| Biennial % Change in Expenditures | | | | (78) | | | | |

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-------------------------------|--------|--------|--------|----------|---------------|------|---------------------------|------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | 9.72 | | | | | | |

3015 - ARP-State Fiscal Recovery

| | | | | | | | | |
|-----------------------------------|--|--|-----------|------------|--|-------|--|-------|
| Balance Forward In | | | | 174 | | | | |
| Direct Appropriation | | | 200 | | | | | |
| Balance Forward Out | | | 174 | | | | | |
| Expenditures | | | 26 | 174 | | | | |
| Biennial Change in Expenditures | | | | 200 | | (200) | | (200) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

6000 - Miscellaneous Agency

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 338 | 503 | 730 | 765 | 827 | 827 | 827 | 827 |
| Receipts | 1,440 | 1,873 | 1,468 | 1,490 | 1,490 | 1,490 | 1,490 | 1,490 |
| Balance Forward Out | 503 | 728 | 766 | 827 | 827 | 827 | 827 | 827 |
| Expenditures | 1,276 | 1,648 | 1,432 | 1,428 | 1,490 | 1,490 | 1,490 | 1,490 |
| Biennial Change in Expenditures | | | | (63) | | 120 | | 120 |
| Biennial % Change in Expenditures | | | | (2) | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.01 | 1.24 | 1.34 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Veterans Affairs

Agency Change Summary

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|--|----------------|----------------|----------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| FY2023 Appropriations | 128,493 | 128,413 | 128,413 | 256,826 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (30,986) | (30,986) | (61,972) |
| Current Law Base Change | | (3,151) | (3,151) | (6,302) |
| Forecast Base | 128,493 | 94,276 | 94,276 | 188,552 |
| Change Items | | | | |
| Establish Three New State Veterans Homes - Operational Funding | | 5,554 | 14,513 | 20,067 |
| Maintain Current Service Levels | | 14,693 | 18,538 | 33,231 |
| Homeless Veterans and SOAR Program | | 1,400 | 1,400 | 2,800 |
| State Veterans Cemeteries – Funding Adjustment | | 1,780 | 1,780 | 3,560 |
| MACV Supportive Housing Grant Funding | | 7,900 | 750 | 8,650 |
| Extend Spending Authority for MNVEST FY23 Funds to FY24 | (3,000) | 3,000 | | 3,000 |
| Direct Veteran Assistance | | 530 | 530 | 1,060 |
| Veterans Community Health Program Established | | 658 | 633 | 1,291 |
| Minnesota Service Core - Funding Adjustment | | 525 | 525 | 1,050 |
| LinkVet- Funding Adjustment | | 280 | 280 | 560 |
| Post 9/11 Veteran Service Bonus | | 22,000 | | 22,000 |
| Recently Separated Veterans Programs Funding | | 402 | 327 | 729 |
| Supporting Minnesota's 50th Commemoration of the Vietnam War Program | | 250 | | 250 |
| National Guard and Reserve Non-Veteran Interments at State Veterans Cemeteries | | 2,466 | 1,995 | 4,461 |
| Total Governor's Recommendations | 125,493 | 155,714 | 135,547 | 291,261 |
| Open | | | | |
| Fund: 1000 - General | | | | |
| FY2023 Appropriations | 3,500 | 3,500 | 3,500 | 7,000 |
| Base Adjustments | | | | |
| November Forecast Adjustment | (300) | (300) | (300) | (600) |
| February Forecast Adjustment | (275) | | | |
| Forecast Base | 2,925 | 3,200 | 3,200 | 6,400 |
| Change Items | | | | |
| Minnesota GI Bill – Funding Change | | 1,750 | 1,750 | 3,500 |
| Total Governor's Recommendations | 2,925 | 4,950 | 4,950 | 9,900 |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 2,782 | 2,627 | 2,541 | 5,168 |
| Forecast Base | 2,782 | 2,627 | 2,541 | 5,168 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|--|----------------|----------------|----------------|---------------------|
| Total Governor's Recommendations | 2,782 | 2,627 | 2,541 | 5,168 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Planned Spending | 138,167 | 126,339 | 127,696 | 254,035 |
| Forecast Base | 138,167 | 126,339 | 127,696 | 254,035 |
| Change Items | | | | |
| Establish Three New State Veterans Homes - Operational Funding | | 5,554 | 14,513 | 20,067 |
| Maintain Current Service Levels | | 12,874 | 16,719 | 29,593 |
| Total Governor's Recommendations | 138,167 | 144,767 | 158,928 | 303,695 |
| Fund: 2403 - Gift | | | | |
| Planned Spending | 956 | 960 | 982 | 1,942 |
| Forecast Base | 956 | 960 | 982 | 1,942 |
| Total Governor's Recommendations | 956 | 960 | 982 | 1,942 |
| Fund: 3000 - Federal | | | | |
| Planned Spending | 64,345 | | | |
| Forecast Base | 64,345 | | | |
| Total Governor's Recommendations | 64,345 | | | |
| Fund: 6000 - Miscellaneous Agency | | | | |
| Planned Spending | 1,428 | 1,490 | 1,490 | 2,980 |
| Forecast Base | 1,428 | 1,490 | 1,490 | 2,980 |
| Total Governor's Recommendations | 1,428 | 1,490 | 1,490 | 2,980 |
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 1,565 | 1,558 | 1,643 | 3,201 |
| Total Governor's Recommendations | 1,565 | 1,558 | 1,643 | 3,201 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Forecast Revenues | 55,541 | 56,911 | 58,268 | 115,179 |
| Total Governor's Recommendations | 55,541 | 56,911 | 58,268 | 115,179 |
| Fund: 2403 - Gift | | | | |
| Forecast Revenues | 892 | 990 | 1,035 | 2,025 |
| Total Governor's Recommendations | 892 | 990 | 1,035 | 2,025 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|--|--------|-------|-------|---------------------|
| Fund: 3000 - Federal | | | | |
| Forecast Revenues | 64,345 | | | |
| Total Governor's Recommendations | 64,345 | | | |
| Fund: 6000 - Miscellaneous Agency | | | | |
| Forecast Revenues | 1,490 | 1,490 | 1,490 | 2,980 |
| Total Governor's Recommendations | 1,490 | 1,490 | 1,490 | 2,980 |

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Establish Three New State Veterans Homes - Operational Funding

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|--------------|---------------|---------------|---------------|
| General Fund | | | | |
| Expenditures | 5,554 | 14,513 | 14,513 | 14,513 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 5,554 | 14,513 | 14,513 | 14,513 |
| FTEs | 73.75 | 155.50 | 155.50 | 155.50 |

Recommendation:

The Governor recommends additional funding of \$5.554 million in FY 2024 and \$14.513 million in FY 2025 and each subsequent year from the general fund for the Minnesota Department of Veterans Affairs (MDVA) to start-up and operate three new Veterans Homes in Bemidji, Montevideo and Preston, Minnesota. The new Veterans Homes are scheduled to open in summer/early Fall 2023 with the initial residents being admitted in June 2023 (Preston), August 2023 (Bemidji) and September 2023 (Montevideo).

Rationale/Background:

Session Law 2018, chapter 214, article 1, section 19, subd. 3. appropriated \$32 million in State funds to pay 35% of the cost to build three new Veterans Homes in the State of Minnesota. Additional approval was granted to MDVA to seek the other 65% of the funding from the federal VA. In 2021, federal funding was received, and construction began on the three new MN Veterans Homes.

For the current 294,232 Veterans in the state of MN, the Healthcare Division is tasked with operating the MN Veterans Homes which provide skilled nursing level of care to Veterans and their eligible spouses. A needs study has been completed demonstrating that Veterans in greater MN are desiring access and proximity to their loved ones for long-term care, and validated support for the 2018 funding request for construction in the three communities of Bemidji, Montevideo, and Preston.

Currently, Healthcare and specifically long-term care services are experiencing the most challenging workforce situation in recent years with a high number of vacancies in critical direct care roles, higher than average turnover rates, and fewer individuals in the pipeline for healthcare careers. The current MN Veterans Homes are experiencing workforce shortages that are impacting occupancy rates and for some the first challenge they have had since opening their doors for operation 30 years ago. The unprecedented time as the MN Veterans Homes attempt to recover the COVID-19 pandemic and prepare for future delivery of care has presented a unique challenge that we have yet to determine the trajectory which challenges our ability to project and plan. It has required a significant effort in the development and execution of a comprehensive Healthcare Division Recruitment and Retention strategic plan to stabilize each facility, remain competitive and prepare for the future. This current impact will certainly influence the new homes and their ability to meet future operational goals in the first year of operations.

Funding of the new Veterans Homes initially needs to come from the state, and then as initial operations move forward, certification to operate is obtained, and staffing is identified, the goal is to operate in a similar financial

manner to the current MN Veterans Homes with a combination of state appropriation, federal VA per diem, Veterans Maintenance Fees and Medicare/Third Party Reimbursement.

VA Recognition Survey and Regulatory Standards: After admitting residents and prior to receiving federal VA per diem, the federal VA requires a VA Recognition Survey for each of the three new homes (CFR 38, Part 51, subd. 51.20), typically completed within the first 30 days of operation. The MN Veterans Home will admit initial residents over the course of one month to meet the minimum necessary required number of 20 residents needed for a VA Recognition Survey. Each MN Veterans Home needs to pass the environmental, administrative, and clinical care aspects of the survey in full – with no deficiency identified in any area of operations, life safety or clinical services. One deficiency or finding results in a failed survey. It is not uncommon for a home to not pass a VA Recognition Survey on the initial survey, and current national State Veterans Home data reflects a 33% pass rate during the first survey. Upon successfully passing the initial survey, federal VA per diem will be retroactive to the request date from the facility. Additional surveys are required by both the MN Department of Health and the Centers for Medicare and Medicaid Services to validate operations and capture Medicare and Third-Party Insurance Reimbursement.

Design and Planning: The new MN Veterans Homes have the same design with 18 bed households and a common gathering area with communal space and administrative offices. This design was intentional to plan and ensure the most efficient staffing models can be utilized for delivering care services. Preston was designed to be a smaller facility with 54 beds or 3 households of 18 residents. Bemidji and Montevideo are the same design with slightly varying footprint/square footage to be 72 beds or 4 households of 18 residents. An admission process analysis and projection schedule has been developed in alignment with the VA Recognition Survey and CMS Certification survey, which includes a phased admission of residents over a 6-month period. Staffing analysis and planned phased hiring has been developed and the required staff to care for the initial 20 residents have been identified, with subsequent planned hiring phases of staff and increasing census upon passing the VA Recognition Survey and continuing to admit residents.

Proposal:

The Governor recommends additional funding of \$5.554 million in FY 2024 and \$14.513 million in FY 2025 for MDVA to start-up and operate three new Veterans Homes in Bemidji, Montevideo and Preston, Minnesota. This budget request is required to operate the new MN Veterans Homes and as required per Session Law 2018, chapter 214, article 1, section 19, subd. 3. In the 2021 legislative session, the agency’s Healthcare Division received a general fund base appropriation of \$69.536 million per fiscal year for the FY 2024-25 biennium, of which MDVA is planning to use \$7.5 million per fiscal year towards the operational costs of the new homes, however this new budget request includes the additional amount needed to operate the new homes. This budget request ensures necessary resources are available for the start-up costs in the first year of operation, with a transition for the second year of operations to be in alignment with our fiscal model for operations of the five existing Veterans Homes with a strong intent to deliver a high level of quality of care, staffing ratios that support five-star care delivery, and the necessary professionals to ensure the passing of all regulatory surveys. Considering the challenging workforce environment and challenging survey process, projections for operations in the first year require the full support of state appropriations to open successfully.

The MN Veterans Homes have a long history of providing long-term care services to MN Veterans and their families with the current operation of five state Veterans Homes, and it is our proposal and intent that we utilize that fiscal model for operations for our three new MN Veterans Homes.

This recommendation will ensure the required state funding is in place for the following:

Operation Year #1: Plan for no more than a 70% occupancy due to workforce shortage or potential successful survey challenges; requesting state appropriations to support the full staffing needs necessary for admission of 50% resident occupancy.

Operation Year #2: Plan for transition year to more than 70% occupancy, workforce availability that allows the admission of residents, survey performance success to capture available reimbursement; requesting state appropriations in alignment with current homes fiscal model.

FY 2024

| Revenues | Bemidji | Montevideo | Preston | Totals |
|--|--------------------|--------------------|--------------------|--------------------|
| Veteran Per Diems | \$1,501,764 | \$1,253,876 | \$1,803,641 | \$4,559,281 |
| Resident Maintenance Fees | \$644,576 | \$538,179 | \$774,145 | \$1,956,900 |
| Pharmacy Medicare D & Other Reimbursement | \$102,500 | \$102,500 | \$76,875 | \$281,875 |
| Medicare A&B & Other Reimbursements | \$45,791 | \$38,232 | \$54,995 | \$139,019 |
| Total Revenues & Reimbursements | \$2,294,630 | \$1,932,788 | \$2,709,657 | \$6,937,075 |

| Homes Expenditures | Bemidji | Montevideo | Preston | Totals |
|------------------------------------|--------------------|--------------------|--------------------|---------------------|
| Staffing - Salary & Benefits | \$5,072,115 | \$4,949,121 | \$4,744,048 | \$14,765,284 |
| Food & Supplies | \$250,669 | \$212,268 | \$297,894 | \$760,831 |
| MNIT Services + One Time Cost | \$576,558 | \$576,558 | \$432,418 | \$1,585,534 |
| Pharmacy Meds & Distribution Costs | \$140,000 | \$140,000 | \$114,375 | \$394,375 |
| Professional\Tech Contracts | \$110,294 | \$93,398 | \$131,074 | \$334,766 |
| Utilities | \$100,268 | \$84,907 | \$119,158 | \$304,332 |
| Other Expenses | \$120,321 | \$101,888 | \$142,989 | \$365,199 |
| Total Homes Expenditures | \$6,370,225 | \$6,158,140 | \$5,981,956 | \$18,510,321 |
| FTEs | 55 | 56 | 51 | 162 |

| | | |
|---|---|--------------------|
| MDVA Central Office Staffing Costs | Legal, Finance, Facilities, Comms, HR, Healthcare Staff | \$1,480,667 |
| | FTEs | 15 |

| | | |
|--|--|---------------------|
| General Fund Appropriation | | \$13,053,913 |
| General Funds Appropriated in FY22/23 Budget Session for FY24 | | -\$7,500,000 |
| Additional General Funds Appropriation Needed in FY24 | | \$5,553,913 |

FY 2025

| Revenues | Bemidji | Montevideo | Preston | Totals |
|--|--------------------|--------------------|--------------------|---------------------|
| Veteran Per Diems | \$3,094,628 | \$4,005,081 | \$4,005,081 | \$11,104,790 |
| Resident Maintenance Fees | \$1,328,253 | \$1,719,031 | \$1,719,031 | \$4,766,314 |
| Pharmacy Medicare D & Other Reimbursements | \$205,000 | \$205,000 | \$153,750 | \$563,750 |
| Medicare A&B & Other Reimbursements | \$94,359 | \$122,120 | \$122,120 | \$338,600 |
| Total Revenues & Reimbursements | \$4,722,240 | \$6,051,232 | \$5,999,982 | \$16,773,454 |

| Homes Expenditures | Bemidji | Montevideo | Preston | Totals |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Staffing - Salary & Benefits | \$11,300,395 | \$11,403,789 | \$8,175,043 | \$30,879,227 |
| Food & Supplies | \$481,851 | \$623,614 | \$623,614 | \$1,729,080 |
| MNIT Services | \$390,376 | \$390,376 | \$292,782 | \$1,073,534 |
| Pharmacy Meds & Distribution Costs | \$280,000 | \$280,000 | \$228,750 | \$788,750 |
| Professional\Tech Contracts | \$212,015 | \$274,390 | \$274,390 | \$760,795 |
| Repair & Betterment | \$100,000 | \$100,000 | \$75,000 | \$275,000 |
| Utilities | \$192,741 | \$249,446 | \$249,446 | \$691,632 |
| Other Expenses | \$231,289 | \$299,335 | \$299,335 | \$829,958 |
| Total Homes Expenditures | \$13,188,666 | \$13,620,950 | \$10,218,360 | \$37,027,976 |

FTEs 132.9 133.9 93.6 **360.4**

| | | |
|---|---|--------------------|
| MDVA Central Office Staffing Costs | Legal, Finance, Facilities, Comms, HR, Healthcare Staff | \$1,758,569 |
| FTEs | | 17 |

| | | |
|--|--|---------------------|
| General Fund Appropriation | | \$22,013,091 |
| General Funds Appropriated in FY22/23 Budget Session for FY25 | | -\$7,500,000 |
| Additional General Funds Appropriation Needed in FY25 | | \$14,513,091 |

IT Costs

Professional/Technical Contract costs of \$512,000 are required for onetime costs to implement systems and technology that is required to support Veteran Homes operations. Software costs of \$159,000 are required for the licensing, maintenance, and vendor support of Veteran Homes software. Enterprise Services costs of \$696,348 consist of costs to provide computers, telephony service, network connectivity and other MNIT services provided through MNIT rates. Staff Costs of \$218,186 are required for additional resources to provide support of MNIT technology in the new Veteran Homes.

Impact on Children and Families:

This proposal provides quality long-term-care to Veterans and eligible family members in greater Minnesota, where previously access to a MN Veterans Home residents and families had to make the choice of being a resident in a MN Veterans Home greater than two hours away or having to private pay in a local facility.

Equity and Inclusion:

The MN Veterans Home serve Veterans and their families and will employ approximately 400-500 new healthcare employees in outstate MN. A comprehensive community, outreach and recruitment strategy is in place for all new MN Veterans Homes communities that integrate principles of diversity, equity and inclusion to ensure we represent the demographics existing in those communities.

These Veterans Homes were designed and are being built to provide quality care to Veterans and eligible family requiring long-term-care placement and the services they provide.

Residents and families will have access to quality care in a long-term-care setting and not have to drive greater than two hours to visit.

Residents will reside in private rooms with private bath facilities

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

The new MN Veterans Homes communities will increase the access of healthcare for MN Veterans who are aging or disabled, and specifically will have great impact for those eligible members of MN tribes accessing care.

Results:

MDVA utilizes various measurements to determine results and success in the delivery of healthcare services to residents of our MN Veterans Homes. Results will be evaluated in the following metrics:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Dates</i> |
|------------------------|---|--|
| Regulatory | Survey Performance – Federal VA, MN Department of Health and CMS. Each new MN Veterans Homes will ensure all regulatory requirements are met for both state and federal agencies, and pass surveys that allow the ongoing operation, admission of future residents to the home, and capturing of various federal reimbursement dollars available for the future/sustainable operation of the home. | Scheduled 30-90 days post opening (first resident admission) of the home |
| 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. Our new MN Veterans Homes will be included in the Resident Satisfaction Survey process. 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, with an overall rating above 4 (on a 5-point scale) continuously for the past 10+ years | Annual data – from 2009 to current |
| Quantity | Staff turnover rates. The COVID-19 pandemic has worsened the staffing crisis to long-term care, and it is anticipated that recruitment and retention will reach critical levels throughout the country. 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. | CMS published turn-over data initiated 2022 – evaluating against other CMS certified nursing homes |

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Dates</i> |
|-------------------------------|--|--------------------------------|
| Quality | The MN Veterans Homes have four skilled facilities that are certified by CMS. CMS measures all certified/skilled facilities based on various quality measures. Our goal is to maintain a 4-5 star overall staffing ratio at the Skilled Veterans Homes, and we have met those goals consistently | Annual rating published by CMS |

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|------------|------------|-----------|-----------|
| General Fund | | | | |
| Expenditures | 14,693 | 18,538 | 11,128 | 12,176 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 14,693 | 18,538 | 11,128 | 12,176 |
| FTEs | 113 | 146 | 71 | 80 |

Recommendation:

The Governor recommends additional funding of \$14.693 million in FY 2024, \$18.538 million in FY 2025 from the general fund to maintain the current level of service delivery at Minnesota Department of Veterans Affairs (MDVA).

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, and IT 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. For the MDVA, the following efficiencies have been implemented to help offset rising operating costs:

- Sustainability – Agency vehicles and grounds equipment are being replaced with electric or hybrid options as they become available. The new State Veterans Cemetery at Redwood Falls will be “Net Zero” through the utilization of solar power and geothermal HVAC systems.
- Travel Costs – Reduction in travel by maximizing virtual or hybrid options such as MS Teams for meetings and conferences.

However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For MDVA, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff compliment in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services MDVA delivers to Veterans through its Healthcare Division and Programs and Services division will be impacted.

The COVID-19 pandemic has had a significant impact on MDVA’s FY 2022-23 Healthcare budget these past three years, as the agency had to use available funds to continue to operate safely and effectively the five Veterans homes. In FY 2022-23 available funds from the Healthcare Division have been used to pay increased COVID related costs, staff compensation, inflationary operating costs, and the reduction of cost-of-care revenues. To

maintain the agency's current level of service delivery at the five Minnesota State Veterans Homes and to avoid layoffs and reduced direct care to our veterans and spouses, it will require an increase to the general fund appropriation for FY 2024-25. The requested amount does not include any emergency reserve funds.

Each year healthcare costs have risen due to employer-paid health care contributions, Cost-of-Living (COLA) increases, performance-based step increases, FICA and Medicare taxes, along with other salary and compensation-related increases. Other operating costs have also increased due to the higher-than-normal inflation rate this past year. As an example, fuel and utilities costs have increased 15% and food and supply costs increased 12% in FY 2022. There have been cost increases for MNIT services, security, housekeeping, linen services, and basic repairs (to name a few) that are needed for the Veterans Home. This cost growth has put significant pressure on the Veterans Healthcare budget.

Currently, there is a very large healthcare staffing shortage and without the required staff to meet the regulatory requirements for the delivery of direct care, and to meet the quality standards for the MN Veterans, we are unable to admit residents and obtain high occupancy rates. Currently, the MN Veterans Homes have an average occupancy rate of 75%, when prior to the pandemic all were operating at or above 90%. There are nearly 200 FTE vacancies in the MN Veterans Homes and to increase resident census, most of these open vacancies would need to be filled. The Veteran Healthcare receipts in FY 2020 were \$57 million and were on an increase pace of 5% per year. If the number of residents would have been able to be maintained at the pre-COVID 90%+ rate, the estimated FY 2022 revenues would have been \$62.8 million. In FY 2022 the revenue receipts were only \$53.7 million.

For the MDVA Programs & Services division, this request supports maintenance of the current level of services to Veterans and their families. Without this funding, these services would be diminished, and we would be forced to reduce our opportunities for engagement with Veterans in challenging geographic or demographic areas. Programs and Services will necessarily be reduced to primarily support our statutory, core functions such as the State Soldier's Assistance Program, federal VA claims assistance, MN GI Bill and State Veterans' Cemetery operations. Non-statutorily required areas of special emphasis will likely need to be reduced or eliminated, areas such as Outreach, our Women Veteran program and Tribal Veterans Service Officers (TVSO).

Proposal:

The Governor recommends increasing MDVA's operating budget to support maintaining the delivery of current services. Additional operating funds of \$14.693 million in FY 2024, \$18.538 million in FY 2025, \$11.128 million in FY 2026 and \$12.176 million in FY 2027 are needed to maintain the agencies current level of Health Care services to Minnesota Veterans and their families in the State Veterans Homes and the Veterans Programs & Services Division. Current and future compensation growth due to union negotiated increases, inflated non-salary operating costs, and the reduction in cost-of-care revenues in the Veterans Homes has created the need for additional funding to support the FTEs and services that the agency currently provides.

For the five existing Veterans Homes, the Governor recommends \$11.010 million in FY 2024 and \$14.555 million in FY 2025 to cover healthcare compensation costs for 110 FTEs in FY 2024 and 143 FTEs in FY 2025. Without this additional funding the department will need to lay-off staff in our Veterans Homes and reduce the number of beds that are available to care for Veterans and their spouses. In addition, the Governor recommends additional funds of \$1.864 million in FY 2024 and \$2.164 million in FY 2025 to support the increase MNIT technology services due to increased compensation costs along with expected rate and usage cost increases.

For the Veterans Programs & Services Division the Governor is recommending \$1.819 million per fiscal year to support increased salary costs for 3 FTEs and MNIT technology costs within the Veterans Services and Veterans Education and Employment divisions which supports the departments VA Claims Offices, Tribal Veterans Service Officers, Field Operations team, and Higher Education Veterans Representatives throughout Minnesota. These cost increases have accumulated over previous biennium's and have been covered with gap funding from the

States Soldiers Assistance Program (SSAP). Fully funding these areas will return \$1 million to the SSAP which will go to direct financial assistance to Minnesota Veterans and their family members across the state.

Impact on Children and Families:

This proposal provides quality long-term-care to residents and eligible family members in greater Minnesota, where previously to access a MN Veterans Home residents and families had to make the choice of being a resident in a MN Veterans Home greater than two hours away or having to private pay in a local facility. 299 Minnesota children are receiving dependency benefits related to a deceased Veteran’s military service, as well as 7,909 surviving spouses. 241 dependents and survivors of Minnesota Veterans were provided benefits through the State Soldiers Assistance Program in FY 2022.

Equity and Inclusion:

The MN Veterans Home serve Veterans and their families and employ approximately 400-500 healthcare employees in outstate MN. A comprehensive community, outreach and recruitment strategy is in place for all new MN Veterans Homes communities that integrate principles of diversity, equity and inclusion to ensure we represent the demographics existing in those communities.

- These Veterans Homes were designed and are being built to provide quality care to Veterans and eligible family requiring long-term-care placement and the services they provide.
- Residents and families will have access to quality care in a long-term-care setting and not have to drive greater than two hours to visit.

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. MDVA’s Tribal Veterans Service Officers support the nearly 3,000 American Indian Veterans including those who are members of Minnesota’s 11 federally recognized American Indian tribes. 110,248 Minnesota Veterans and their survivors are receiving service-connected disability compensation or VA pensions for total and permanent disability (FY 2023). Women make up over 9% of all Minnesota Veterans and they can receive personalized services from our Women Veterans Program Coordinator.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

This proposal is intended to allow MDVA to continue to provide current levels of service and information to the public. MDVA utilizes various measurements to determine results and success in the delivery of services to Minnesota Veterans and their families. Results will be evaluated in the following metrics:

| <i>Type of Measure</i> | <i>Name of Measure</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. | Annual data – from 2009 to current |

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Dates</i> |
|-------------------------------|--|---|
| | 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, with an overall rating above 4 (on a 5-point scale) continuously for the past 10+ years | |
| Quantity | Staff turnover rates. The COVID-19 pandemic has worsened the staffing crisis to long-term care, and it is anticipated that recruitment and retention will reach critical levels throughout the country. 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. | CMS published turnover data initiated 2022 – evaluating against other CMS certified nursing homes |
| Quality | The MN Veterans Homes have four skilled facilities that are certified by CMS. CMS measures all certified/skilled facilities based on various quality measures. Our goal is to maintain a 4-5 star overall staffing ratio at the Skilled Veterans Homes, and we have met those goals consistently | Annual rating published by CMS |
| Quantity | Per capita average of federal VA dollars being expended on benefits and services provided to Minnesota Veterans, their dependents and survivors. | Annual data – from most current federal fiscal year to prior |
| Quantity | Number of Minnesota GI Bill participants approved for Higher Education, OJT/Apprenticeship, or Licensure and certification programs. | Annual data-from most current fiscal year to prior |

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Homeless Veterans and SOAR Program

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|-------------|-------------|-------------|-------------|
| General Fund | | | | |
| Expenditures | 1,400 | 1,400 | 1,400 | 1,400 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,400 | 1,400 | 1,400 | 1,400 |
| FTEs | 12.7 | 12.7 | 12.7 | 12.7 |

Recommendation:

The Governor recommends additional funding of \$1.4 million in FY 2024 and each subsequent year from the general fund for the Minnesota Department of Veterans Affairs (MDVA) to fund the Homeless Veterans and SOAR Program teams.

Rationale/Background:

MDVA is committed to ending homelessness among Veterans in Minnesota. Specifically, we are dedicated to becoming the fourth state in the nation to reach functional zero statewide.

Governor Walz, Lieutenant Governor Flanagan and Commissioner Herke agree that homelessness is an area that cannot be ignored. Every Minnesotan—especially those who have served our country—should have a safe and stable place to call home. Targeted efforts to find housing for individuals experiencing homelessness have been a priority for many state agencies, including those on the Minnesota Interagency Council on Homelessness (MICH), which the Minnesota Department of Veterans Affairs plays an active role.

The department’s Veteran Homeless teams and programs have grown significantly over the past three biennia. Throughout this period the department has made every effort to ensure that the program funding provided by previous Minnesota legislatures were used wholly for its intended purpose, ending Veteran homelessness statewide. The current and projected growth of the program is at a point that requires its own dedicated funding source for staffing costs to ensure that the teams can continue to provide these essential services.

Proposal:

The requested \$1.4 million per fiscal year is to fund the Homeless Veterans Programs and Veteran SSI/SSDI, Outreach, Access, and Recovery (SOAR) teams. These teams have not previously been funded through a permanent appropriation and have been funded out of the State Soldiers Assistance fund.

| Veterans Programs Division | | | |
|--|------|-----------------|--------------|
| Director of Veterans Programs and Memorial Affairs | | 0.20 | |
| Deputy Director of Veterans Programs | | 1.00 | |
| OASI | | 1.00 | |
| Homeless Programs | | SOAR Program | |
| Supervisor | 1.00 | Supervisor | 1.00 |
| Homeless Prog. Coord | 4.00 | Vet Claims Reps | 4.50 |
| Total FTEs | | | 12.70 |

The Homeless Programs team provides the facilitation of the Homeless Veteran Registry (HVR), a tool that identifies Veterans experiencing homelessness and connects them to services in a timely and efficient manner. The Homeless Programs team also partners with other stakeholders and the United States Interagency Council on Homelessness (USICH) monitoring the drive towards ending Veteran homelessness in Minnesota. This team also provides project management services for the “Every Veteran Deserves a Home Plan” by creating new opportunities for Veterans experiencing homelessness and increasing the efficiencies in the homeless emergency response system to ensure a Veteran’s experience of homelessness is rare, brief, and non-recurring. These services include administering various grants, contracts, and joint power agreements that provide subsidized housing vouchers with wrap around support services, creating permanent supportive housing units, financial incentives to private sector landlords, and various strategic case management and outreach efforts.

The SOAR team provides advocacy services to Veterans and their dependents in danger of homelessness or experiencing homelessness. Advocacy services include reviewing medical records, developing claims, and submitting and representing claims for Veterans and dependents for Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI). These services can stabilize a vulnerable Veteran’s income in Minnesota and can be the reason a Veteran does not experiences homelessness.

Impact on Children and Families:

This request will have a direct and indirect impact on children and families. It will indirectly impact families and children by returning \$1.4 million per fiscal year in gap funding to the State Soldiers Assistance Program that will be used for direct financial assistance to provide Veterans and their dependents with dental and optical care, housing payment assistance, home repairs, vehicle repairs, and help resolve short-term financial crises.

Equity and Inclusion:

Using data from the Homeless Veteran Registry we know that Black, Indigenous, People of Color (BIPOC) Veterans are disproportionately represented in the homeless response system. This is exacerbated in the Veteran homeless response system, with 43% (122) of Veterans currently on the Homeless Veteran Registry being BIPOC Veterans. Of the 303,272 Veterans in the State of Minnesota, 22,927 (7.56%) are BIPOC Veterans. The MDVA Homeless Programs Unit facilitates projects aimed at reducing the barriers BIPOC Veterans who are homeless experience.

In 2021 the department launched a Diversity, Equity, and Inclusion Workgroup with Racial Equity Partners. This workgroup has been using equitable community engagement to bring the voices of BIPOC Veterans who are experiencing homelessness to the forefront and will continue to focus on expanding their voices and informing the department’s programming.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

The MDVA has been engaging with tribal nations to promote the Homeless Veteran Registry (HVR) and access to supportive services offering to maximize housing stability. We are working collaboratively with tribal providers to ensure that our first nation veterans are receiving equitable access to resources and services that they are eligible for.

MDVA has been hosting listening circle sessions monthly, statewide, to hear the stories of marginalized veterans who’ve interacted with the homeless response system. The sharing of their journey from homelessness to housing will contribute to actionable changes within MDVA and with our partner organizations. We also invite marginalized veterans who participate in these listening circles to be a part of our Diversity, Equity, and Inclusion Workgroup.

Results:

Clients Served

The performance measures MDVA will use to track the success of the MDVA Veterans Programs (Veteran SOAR and Homeless Programs) are the following:

Veteran SOAR

- Increased SOAR referrals to Veterans and or their dependents in Minnesota, who are experiencing homelessness or in danger of experiencing homelessness
- Increased SOAR approvals to Veterans and or their dependents in Minnesota, who are experiencing homelessness or in danger of experiencing homelessness

Homeless Programs

- Decrease in overall Veteran homelessness in Minnesota
- Decrease in Veterans experiencing chronic and or long-term homelessness on the Homeless Veteran Registry (HVR)
- Decrease in homeless veteran recidivism rates

Diversity, Equity, and Inclusion (DEI)

- Decrease in BIPOC Veterans experiencing homelessness by 5-7% in Minnesota by the end of FY 2024 when compared to data from start of FY 2023
- Increase the participation rates of veterans with lived experience in the DEI Workgroup.

Minnesota Department of Veterans Affairs
FY 2024-25 Biennial Budget Change Item

Change Item Title: State Veterans Cemeteries – Funding Adjustment

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------------|----------------|----------------|----------------|
| General Fund | | | | |
| Expenditures | 1,780 | 1,780 | 1,780 | 1,780 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,780 | 1,780 | 1,780 | 1,780 |
| FTEs | 9.6 | 9.6 | 9.6 | 9.6 |

Recommendation:

The Governor recommends additional funding of \$1.780 million in FY 2024 and each subsequent year from the general fund to maintain the current level of service delivery at the Minnesota Department of Veterans Affairs’ State Veterans Cemeteries.

Rationale/Background:

In 1994 the Minnesota Department of Veterans Affairs (MDVA) began operating a State Veterans Cemetery near Camp Ripley in Little Falls. At the close of FY 2022, 9,266 total burials had been completed at Little Falls since its opening. With the opening of new cemeteries in Preston (2015), Duluth (2018) and Redwood Falls (2023), it is estimated that more than 1,500 combined burials will be completed per year at the four (4) statewide locations once the locations have reached full operating capacity.

State Veterans Cemeteries generate revenue annually on a per-burial basis. This 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 \$893. Since most Veteran burials occur shortly after their death, most payments are \$893 per Veteran. For every eligible dependent MDVA buries, a fee of \$745 is collected from the family of the deceased dependent. Revenue collected from these two sources are deposited into a cemetery maintenance and development (CMD) account and supplement the department’s general fund appropriation. The CMD accounts have been 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 and are not intended to be used to cover or supplement staffing costs.

Although the practice of supplementing operational costs through the utilization of the CMD account at the Little Falls cemetery has been effective, this model is not sustainable when the cost and revenues at newer facilities are factored in. As newer facilities become more established in their surrounding communities and Veterans plan for burial in one of the statewide locations, the CMD account revenues at each location should increase to a sustainable point in which all maintenance and development at each cemetery should be independently self-sufficient.

When the Preston (2015) and Duluth (2018) facilities opened, a 2-5 year ramp-up period was projected in which CMD accounts with transfers from the Little Falls CMD account could supplement general funds for operational costs. However, after seven years of operations in Preston and 4 years in Duluth along with concurrent data collection, a better estimated timeline for the ramp-up period is 10-12 years. This knowledge, combined with the

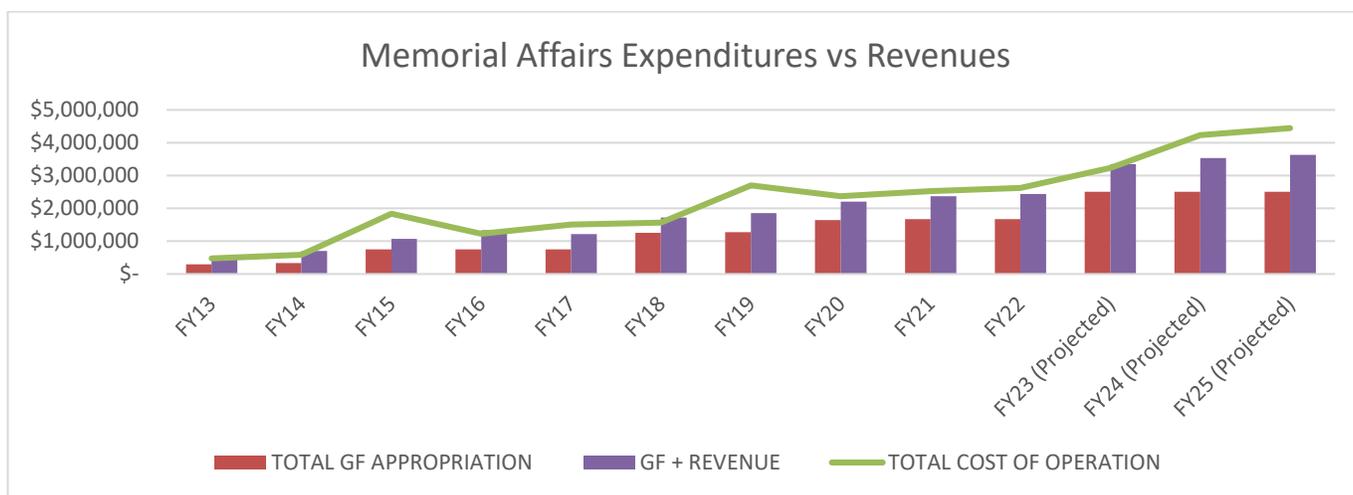
fact that the newest cemetery near Redwood Falls will open in 2023, increases pressure on the Little Falls CMD account to an unsustainable level.

Cost saving measures have been implemented over the years to avoid requesting an increase in general fund appropriations. These measures include the following:

1. Reducing part-time staff from .75 FTE to .50 FTE
2. Delaying the hiring of seasonal employees
3. Utilizing volunteers for basic mowing operations

Without the additional funding, the department will need to reduce FTEs and salary costs at each cemetery which will reduce the level of burial services currently provided to Veterans and their families. The recommendation also includes an annual funding increase of \$50,000 for the purchase of holiday wreaths for placement at each individual gravesite during the holiday season in December.

The following graph shows how overall cemetery operational costs compare to general fund appropriations and revenue. The funding gap will widen to unsustainable levels in FY24 without additional funding.



If a general fund appropriation increase is not authorized, the cemeteries will be left without CMD funds before the end of the FY 2024-25 biennium. Cemeteries in Duluth and Preston will exhaust CMD funds towards the end of FY 2023 and be unable fund a full complement of necessary staff or support ongoing cemetery operations. The cemetery in Little Falls, with a projected roll forward balance of only \$77,000 from FY 2023, will need to reduce staff and non-salary expenditures in FY 2024 and beyond.

This depletion of funding leaves nothing for capital equipment and other capital improvements. Cemetery maintenance and appearance would be noticeably affected and could negatively influence the decision by the National Cemetery Administration on awarding future funds to expand operations.

Proposal:

The Governor recommends additional funds to pay for all salary and operational costs at each of the four State Veterans Cemeteries so that the agency can maintain current and future levels of burial services to Minnesota Veterans and their families. The recommendation will bring each cemetery’s base funding up to the required levels to support salary and operational costs, allowing the CMD accounts to be dedicated to other ongoing costs related to capital improvement of cemetery sites, facilities, and equipment. Currently the cemeteries have a total of 9.6 FTEs that are unfunded by general fund dollars in addition to basic operational costs being unfunded. This funding is necessary to maintain these 9.6 FTEs.

The table below depicts current budget and staff allocation for each cemetery location.

| | Little Falls | Preston | Duluth | Redwood | Total |
|---|-----------------|---------------|---------------|---------------|----------------|
| Current Appropriation | \$ 558 | \$ 557 | \$ 557 | \$ 830 | \$2,502 |
| 2023 Legislative Ask (Salaries & Operational) | \$ 841 | \$ 417 | \$ 417 | \$ 105 | \$1,780 |
| New Base | \$ 1,399 | \$ 974 | \$ 974 | \$ 935 | \$4,282 |
| New Base (Salaries) | \$ 1,059 | \$ 732 | \$ 732 | \$ 732 | \$3,247 |
| New Base (Operational) | \$ 340 | \$ 242 | \$ 242 | \$ 203 | \$1,035 |
| FTEs | 10.80 | 7.30 | 7.30 | 7.30 | 32.70 |

Impact on Children and Families:

Providing a low to no cost dignified burial option for families that is maintained in perpetuity provides families with peace of mind and reduces the stress placed on families during their period of grieving.

Equity and Inclusion:

Veterans are one of the groups identified by the State of Minnesota to reduce or eliminate inequities. This proposal directly impacts Veterans and their family members. Minnesota Veterans cover a broad spectrum of protected class groups including racial/ethnic groups (9%), women (8%), as well as members of the LGBTQ community. 100,158 Minnesota Veterans are service-connected disabled, and another 2,650 receive VA pensions. MDVA is a Veteran-friendly, equal opportunity, affirmative action employer. MDVA is committed to embedding diversity, equity, inclusion, and accessibility at our workplace, and to providing culturally responsive services to all Minnesotans. MDVA recognizes that a diverse workforce is essential and strongly encourages qualified women, racial/ethnic minorities, individuals with disabilities, and Veterans to apply.

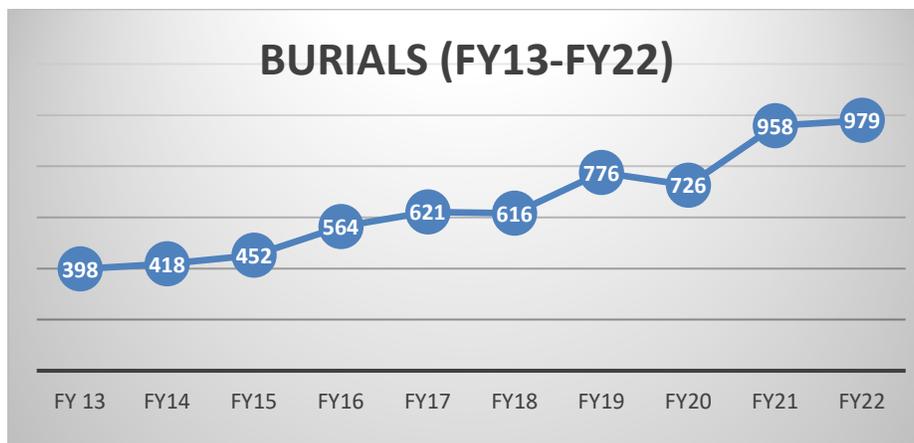
Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

Burials have increased 146% since FY 2013 with the opening of 2 new cemeteries in Preston (2015) and Duluth (2018) and a 51% increase in the rate of burials provided at the oldest facility in Little Falls. With the opening of the fourth cemetery in Redwood Falls (2023) it is expected that annual burials will exceed 1,500 statewide.



State Veterans Cemeteries in Minnesota are recognized as nationwide leaders in customer service and compliance review results based on standards and measures developed by the National Cemetery Administration (NCA). NCA conducts onsite compliance reviews to measure performance every 3 years. Performance measures are a collection of over 80 measures that include both administrative and field operations. During the past 3 years all three cemetery locations have been recognized for Operational Excellence by NCA. NCA's most recent review in Duluth during the summer of 2022 resulted in a perfect 100% score.

Increasing funding to the level recommended will allow the cemeteries to continue providing nationwide leading service to Minnesota Veterans and their families as a way to perpetually honor the sacrifice and service they have given to our Nation.

Minnesota Department of Veterans Affairs
FY 2024-25 Biennial Budget Change Item

Change Item Title: MACV Supportive Housing Grant Funding

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------------------------|----------------|----------------|----------------|----------------|
| General Fund | | | | |
| Expenditures | 7,900 | 750 | 750 | 750 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = | 7,900 | 750 | 750 | 750 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends additional funding of \$7.9 million in FY 2024 and \$750,000 in FY 2025 and each subsequent year from the general fund for the Minnesota Department of Veterans Affairs (MDVA) to provide housing stability for Veterans and work towards ending Veteran homelessness.

\$7.15 million in FY 2024 will provide additional funds for the acquisition of 55 additional permanent supportive housing units in the Veterans Supportive Housing Options Program (VSHO) that is administrated by the Minnesota Assistance Council for Veterans (MACV). Specifically, this funding will be used and leveraged by MACV creating permanent rental units with flexible screening criteria for Veterans experiencing homelessness in Minnesota, MACV will be able to create and/or construct 55 low barrier permanent supportive housing rental units with flexible screening criteria throughout Minnesota.

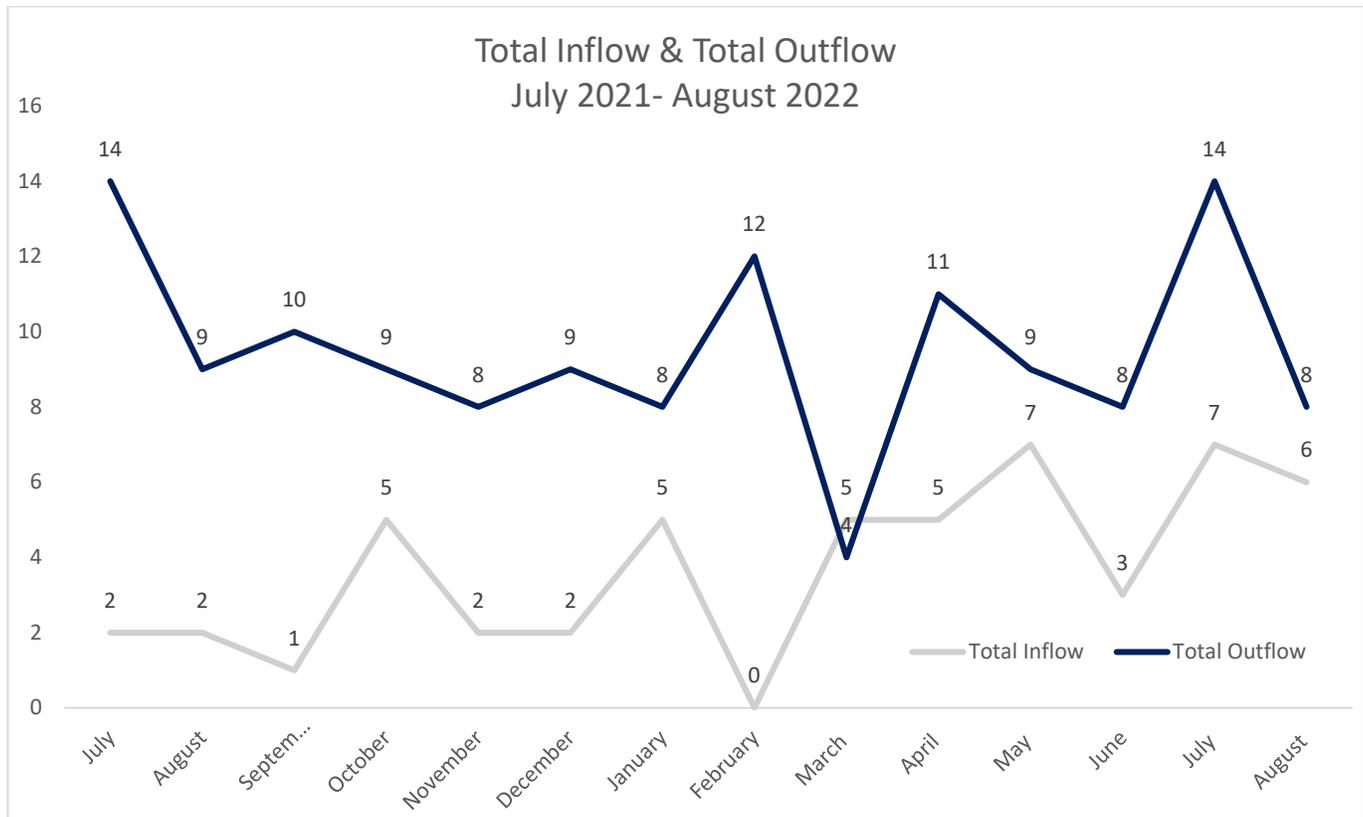
\$750,000 in FY 2024 and each subsequent year will provide property management and residential support services for 105 permanent supportive housing units that provide housing to Veterans who formerly experienced homelessness. These supportive housing units will be administrated by MACV under the VSHO Program and are a critical component of our rental housing community by providing low barrier rental screening to Veterans who are experiencing homelessness. The VSHO Property Management and Residential Services will ensure Veterans a successful transition from homelessness into permanent housing and provide ongoing services as needed.

Rationale/Background:

The Minnesota Department of Veterans Affairs (MDVA) is committed to ending Veteran homelessness in Minnesota. Specifically, the department is dedicated to becoming the fourth state in the nation to reach functional zero. The department is guided in the work to end Veteran homeless by the United State Interagency Council on Homelessness (USICH), and they have set four homelessness benchmarks that communities are required to meet. One of the four benchmarks states no Veteran in Minnesota is experiencing chronic or long-term homelessness. As of January 18th, 2023, there are 81 Veterans who are experiencing chronic or long-term homelessness throughout the state of Minnesota.

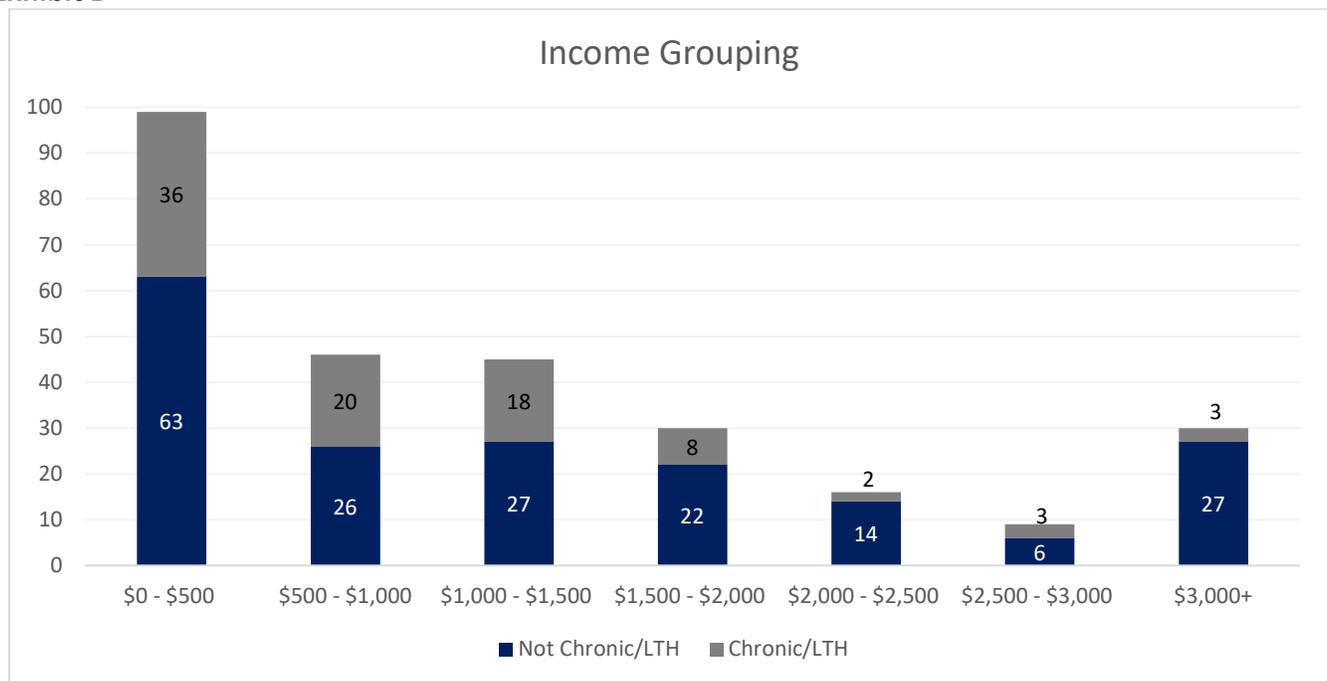
As shown in Exhibit A, MDVA has shown the ability through the Homeless Veteran Registry (HVR) to transition Veterans experiencing chronic or long-term homelessness into permanent housing. The team has noted the challenging part is assisting Veterans experiencing chronic and long-term homelessness with limited income and high barriers.

Exhibit A



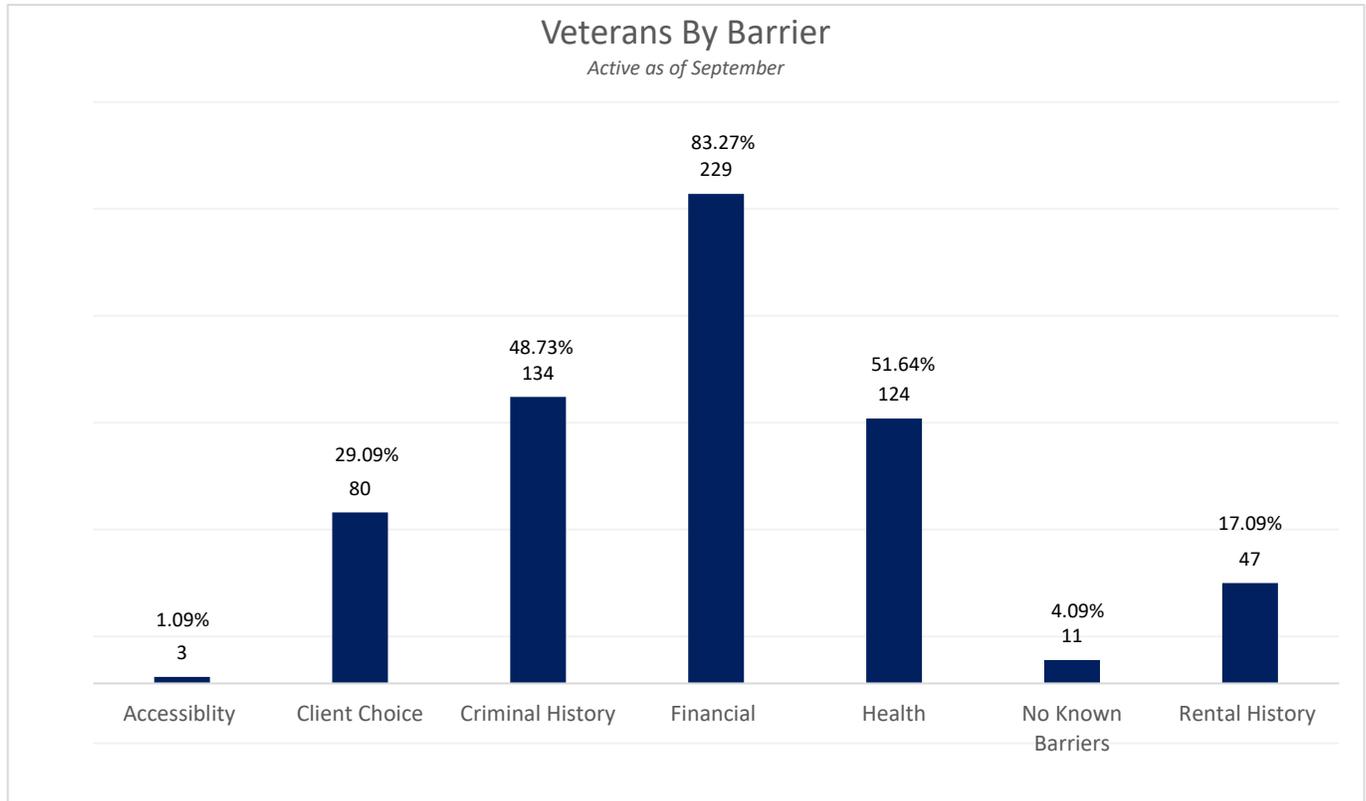
As shown in Exhibit B, most Veterans experiencing chronic or long-term homelessness have limited income meaning they are unable to find housing in the affordable housing market or the through the standard rental screening criteria.

Exhibit B



As seen in Exhibit C, many Veterans that face extremely high barriers to housing, such as multiple or recent felonies, the requirement to register as a sex offender, or have recent evictions. These Veterans experience homelessness longer than their peers and not be experiencing chronic or long-term homelessness when they are identified on the HVR but often “age into” chronic or long-term homelessness. This can be attributed to the lack of flexibility in tenant screening criteria, both in the private rental market and units available through the homeless response system, such as Coordinated Entry.

Exhibit C



The Veterans Supportive Housing Options (VSHO) program was funded through the Veterans Omnibus bill to the Minnesota Assistance Council for Veterans (MACV) during the 2022 Minnesota Legislative Session. This funding was allocated to MACV at the start of the FY 2023 and funds the acquisition of permanent supportive housing units, the day-to-day administration operations of the units and provides on-site services to Veterans as they transition from homelessness to permanent housing.

During the 2022 Minnesota Legislative session, the department requested \$14.2 million in additional funding to create 100 low barrier permanent supportive housing units with supportive services through a new Veterans Supportive Housing Options (VSHO) program. The level of funding was identified by the number of Veterans on the HVR who were experiencing chronic and or long-term homelessness, knowing we needed 100 units to address the current and possible inflow.

This department’s original request was partially funded in the Veterans Omnibus Bill (\$5.412 million), and MDVA allocated \$4 million for the acquisition of permanent supportive housing units and \$1.412 million for the property management and supportive services for the units and veterans to the Minnesota Assistance Council for Veterans (MACV) at the start of FY 2023. These units are designed to provide rental units to Veterans with an active profile on the HVR, who can live independently and have barriers that are screened out in a standard rental criterion.

Through State of Minnesota assistance, MDVA and its partners, have been able to create 50 low barrier permanent supportive housing units for Veterans experiencing homelessness and are unable to secure housing through the affordable housing or standard rental market due to limited income or high barriers. Upon transitioning into these housing units all Veterans are offered transition services, and services based upon need throughout the tenancy. Additionally, this will limit the number of Veterans who age into chronic or long-term homelessness. Lastly, we feel with the increase in unit capacity MDVA will have the capacity to address the 90 Veterans active on the HVR who are experiencing chronic or long-term homelessness.

Proposal:

The Governor recommends \$7.150 million in funding in FY 2024 to acquire or construct 55 additional permanent supportive rental units throughout Minnesota. The intention is to secure these units by at the estimated cost of \$130,000 per unit and have them secured by the end of 2023.

The Governor also recommends \$750,000 in FY 2024 and each subsequent year to maintain the Property Management and Residential Services in 105 permanent veteran supportive housing units. This funding would add \$750,000 per fiscal year to the MACV grant to fully and permanently fund the services created during the 2022 Legislative Session.

The funding in the 2022 Veterans Omnibus Bill allocated less than half of the funding identified by the HVR and MDVA needed to end chronic and long-term homelessness in Minnesota. The standard set by USICH states we must ensure no Veteran in Minnesota is experiencing chronic and long-term homelessness, using data exhibited above the department knows our community has 81 Veterans experiencing chronic or long-term homelessness who needs access to rental units with supportive services and low barrier rental screening. The Governor recommends that these services are funded to help our progress of becoming the fourth state in nation to end Veteran homelessness.

The MDVA has partnered with MACV on the administration of VSHO, and this partnership has leveraged separate funds to compliment the state funds allocated. We believe this partnership shows how state government can partner with nonprofits to leverage state funds with philanthropic funds.

Governor Walz, Lieutenant Governor Flannagan and Commissioner Herke agree that homelessness is an area that cannot be ignored. Every Minnesotan—especially those who have served our country—should have a safe and stable place to call home. Targeted efforts to find housing for individuals experiencing homelessness have been a priority for many state agencies, including those on the Minnesota Interagency Council on Homelessness (MICH), which the Minnesota Department of Veterans Affairs plays an active role.

The recommendation for additional funding will provide permanent services to Veterans residing in the VSHO rental units to ensure the Veterans can live independently and not transition back into homelessness. As seen in Exhibit D, From the data on our Homeless Veteran Registry (HVR) we know that 47% of the Veterans entering homeless have previous experiences with homelessness. Currently these services are active, but only funded through the end of FY 2023. Without this additional funding the Veterans would lose access to services, and possibly the support needed to live independently. The VSHO funded services are crucial to reducing that number and will not continue without funding.

Impact on Children and Families:

Partially funded through the 2022 Veteran’s Omnibus Bill, the Veteran Supportive Housing Options (VSHO) program provided \$5.412 million to the Minnesota Assistance Council for Veterans (MACV) to provide low-barrier supportive housing to Veterans on the Homeless Veteran Registry (HVR). As of 10/12/2022, MACV has created 50 rental units for Veterans experiencing Chronic and Long-Term homelessness or are experiencing significant barriers to securing permanent housing. These units are targeted to Veterans our community is currently not able to provide housing resources to.

By fully funded this proposal, MDVA can offer housing to all Veterans in Minnesota experiencing Chronic or Long-Term homelessness and those with large rental barriers. This proposal is critical to Minnesota becoming the 4th state to end Veteran homelessness.

At any given time, 46.5% (135) of Veterans on the HVR experiencing high barriers to rental housing, and 31% (88) are experiencing Chronic or Long-Term homelessness. Minnesota needs the ability to provide these Veterans housing, and this proposal can achieve that.

Equity and Inclusion:

Using data from the Homeless Veteran Registry we know that Black, Indigenous, People of Color (BIPOC) Veterans are disproportionately represented in the homeless response system. This is exacerbated in the Veteran homeless response system, with 43% (122) of Veterans currently on the Homeless Veteran Registry being BIPOC Veterans. Of the 303,272 Veterans in the State of Minnesota, 22,927 (7.56%) are BIPOC Veterans. The MDVA Homeless Programs Unit facilitates projects aimed at reducing the barriers BIPOC Veterans who are homeless experience.

In 2021 the department launched a Diversity, Equity, and Inclusion Workgroup with Racial Equity Partners. This workgroup has been using equitable community engagement to bring the voices of BIPOC Veterans who are experiencing homelessness to the forefront and will continue to focus on expanding their voices and informing the department’s programming.

This funding and the housing that will be constructed as a result of the appropriation, will be reserved for Veterans that experience chronic or long-term homelessness, or those that face extremely high barriers to housing. BIPOC Veterans disproportionately fall into these categories. This only exacerbates the disparities experienced by BIPOC in the entire homeless response system. This funding will provide ongoing services to are BIPOC Veterans who are disproportionately provided permanent supportive rental options and experience multiple episodes of homelessness at a higher rate than their white peers. This program will have a positive impact on a sub-population of Veterans experiencing homelessness that has previously been under-served.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

The MDVA has been engaging with tribal nations to promote the Homeless Veteran Registry (HVR) and access to supportive services offering to maximize housing stability. We are working collaboratively with tribal providers to ensure that our first nation veterans are receiving equitable access to resources and services that they are eligible for.

MDVA has been hosting listening circle sessions monthly, statewide, to hear the stories of marginalized veterans who’ve interacted with the homeless response system. The sharing of their journey from homelessness to housing will contribute to actionable changes within MDVA and with our partner organizations. We also invite marginalized veterans who participate in these listening circles to be a part of our Diversity, Equity, and Inclusion Workgroup.

Results:

The performance measures MDVA will use to track the success of creating or constructing VSHO permanent supportive housing units include:

- Number of placements into housing for Veterans who are experiencing chronic or long-term homeless
- Number of placements into housing for Veterans that face extremely high barriers to housing
- Rate of return to homelessness, for those that are placed into these units
- Percent decrease in Veterans who are experiencing unsheltered homelessness
- Percent decrease in Veterans who are experiencing chronic or long-term homelessness

The performance measures MDVA will use to track the success of the VSHO Property Management and Residential Services include:

- Number of Veterans enrolled into the program.
- Number of Individualized Person-Centered Plans completed.
- Number of service referrals completed; type of service if identified.
- Number of successful tenancy mediations completed.
- Number of non-successful tenancy mediations completed.
- Number of lease renewals completed.
- Number of non-lease renewals completed.

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Extend Spending Authority for MNVEST FY23 Funds to FY24

| Fiscal Impact (\$000s) | FY2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|----------|
| General Fund | | | | | |
| Expenditures | (3,000) | 3,000 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Other Funds | | | | | |
| Expenditures | 0 | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (3,000) | 3,000 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends extending the spending authority for the remaining Minnesota Veteran’s Entering Stable Tenancy (MNVEST) appropriations from the FY 2022-23 biennium in the FY 2024-25 biennium to provide housing subsidies for Veterans experiencing homelessness or are in danger of experiencing homelessness and are not eligible for federal HUD-VASH housing subsidies. \$3 million of unspent funding will be reduced from the FY 2023 appropriation and re-appropriated in FY 2024. This is a fiscally neutral budget proposal over the two years. The MNVEST program has been actively enrolling participants into the two-year rental subsidy program, with a program capacity of 150 Veterans and the program administrator has commitments to cover rental payments beyond the end of FY 2023. This request would allow the Minnesota Department of Veterans Affairs (MDVA) to rollover the unspent MNVEST allocations into FY 2024-25.

Rationale/Background:

2021 Session law appropriated \$6.330 million in FY 2022-23 to MDVA for initiatives to prevent and end Veterans homelessness. The Minnesota Department of Veterans Affairs is committed to ending Veteran homelessness among Veterans in Minnesota. Specifically, we are dedicated to becoming the fourth state in the nation to reach functional zero. As part of the planning during the FY 2021 Legislative Session MDVA and the state of Minnesota funded a housing voucher with wrap around services program called the Minnesota Veterans Entering Stable Tenancy (MNVEST) program. This program was then competitively bid through a Request for Proposal (RFP) and contracted to the Minnesota Assistance Council for Veterans (MACV).

The MNVEST Program provides housing subsidies for Veterans experiencing homelessness, or in danger of experiencing homelessness and are not eligible for federal HUD-VASH housing subsidies. For the enrolled participants the program provides intensive case management services and rental assistance throughout the state of Minnesota. These services can be provided to participants for up to two years while the Veterans transitions to independent housing.

The request for a rollover provision would allow MACV to utilize any remaining funds from the FY 2021 allocation into FY 2024-25. This will ensure that Veterans—who are not eligible for VA services—housing vouchers to secure a housing unit and the wrap around services needed to ensure that the Veteran can live independently into the following fiscal years. The initial ramp up time and the difficulties associated with hiring staff to administer the program led to using less of the funds than anticipated in FY 2022-23.

Over the course of the FY 2022-23 biennium MDVA contracted with the Minnesota Assistance Council for Veterans (MACV) to administer the MNVEST program, and MACV has been enrolling Veterans for program services. Currently the number of enrolled participants with an ongoing rental subsidy does not line match with the end of the state FY 2022-23 biennium, creating the possibility MACV will not be able to administer all the funds allocated to housing vouchers for Veterans experiencing homelessness or in danger of experiencing homelessness. The rollover provision would eliminate this concern and allow MACV to utilize all the funds allocated to this project.

Proposal:

Over the course of the FY 2022-23 biennium MDVA contracted with the Minnesota Assistance Council for Veterans (MACV) to administer the MNVEST program, and as MACV complete their staffing plan they have been enrolling Veterans as capacity allows. In planning sessions during this calendar year MACV stated the program ramp up plan would not allow them to utilize 100% of the funding allocated to the 150 housing vouchers, and they would need access to these funds in future fiscal years. The rollover provision would eliminate this concern and allow MACV to utilize all the funds allocated to this project.

This proposal will extend the spending authority for the remaining appropriation (an estimated \$3 million) by reducing this amount from the FY 2023 appropriation base and re-appropriating the funds in FY 2024 to ensure MACV can administer all the funds allocated to permanent housing vouchers in the 2022-23 biennial budget.

This funding will provide direct assistance to Veterans who have served our nation and have no place to call home. While the housing market is not something that can be controlled easily, with this funding we can provide aid for those Veterans who need it most and set them up for success in stable housing as units become available. MDVA has worked diligently with community partners and the homeless response system to ensure Veterans are prioritized wherever possible. It is our responsibility to serve those who have served our nation, and no Veteran should be unsheltered or unable to find housing in Minnesota. These funds will allow us to help these Veterans find and maintain stability and security in housing, with the appropriate matched services to help them heal and stabilize.

Impact on Children and Families:

MDVA utilizes the Homeless Veteran Registry (HVR) to identify Veterans who are experiencing homelessness, or sometimes in danger of experiencing homelessness. Through the HVR tool the MDVA team can partner with stakeholders, identify the needed resources for each Veteran experiencing homelessness, and identify the gaps or barriers to Veterans experiencing homelessness. During this process the MDVA and their stakeholders can provide housing resources to Veterans who do not qualify for Federal Veteran Affairs (VA) benefits.

This proposal helps achieve MDVA's goal of ending Veteran homelessness, ensuring anyone one who has served has access to stable housing.

At any given time 26% (75) of Veterans on the HVR do not qualify for Federal Veteran Affairs (VA) benefits, and prior to MNVEST the state did not have the means to provide rental assistance to these Veterans. Since the implementation of MNVEST, MDVA can assist these Veterans, and by this proposal will ensure Veterans accessing this program can maintain permanent housing.

Equity and Inclusion:

Using data from the Homeless Veteran Registry we know that Black, Indigenous, People of Color (BIPOC) Veterans are disproportionately represented in the homeless response system. This is exacerbated in the Veteran homeless response system, with 43% (122) of Veterans currently on the Homeless Veteran Registry being BIPOC Veterans. Of the 303,272 Veterans in the State of Minnesota, 22,927 (7.56%) are BIPOC Veterans. The MDVA Homeless Programs Unit facilitates projects aimed at reducing the barriers BIPOC Veterans who are homeless experience.

In 2021 the department launched a Diversity, Equity, and Inclusion Workgroup with Racial Equity Partners. This workgroup has been using equitable community engagement to bring the voices of BIPOC Veterans who are experiencing homelessness to the forefront and will continue to focus on expanding their voices and informing the department's programming.

Veterans are a unique cross-section of all populations that experience homelessness. The requested funding would address the inequities of the homeless response system head-on and would potentially positively impact the response to those groups because of their overrepresentation in homelessness. Veterans, specifically, would see tremendous benefit from the requested funding. Lastly, this funding would directly address the disparities the BIPOC community experiences with military discharge status and eligibility for VA services.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

The MDVA has been engaging with tribal nations to promote the Homeless Veteran Registry (HVR) and access to supportive services offering to maximize housing stability. We are working collaboratively with tribal providers to ensure that our first nation veterans are receiving equitable access to resources and services that they are eligible for.

MDVA has been hosting listening circle sessions monthly, statewide, to hear the stories of marginalized veterans who've interacted with the homeless response system. The sharing of their journey from homelessness to housing will contribute to actionable changes within MDVA and with our partner organizations. We also invite marginalized veterans who participate in these listening circles to be a part of our Diversity, Equity, and Inclusion Workgroup.

Results:

The performance measures MDVA will use to track the success of constructing the MNVEST administration include:

- Number of Veterans enrolled into the program.
- Number of Individualized Person-Centered Plans completed.
- Number of service referrals completed; type of service if identified.
- Number of successful tenancy mediations completed.
- Number of non-successful tenancy mediations completed.
- Number of lease renewals completed.
- Number of non-lease renewals completed.

Statutory Change(s):

Laws of 2021, Chapter 12, Section 37 subd 2 (i)

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Direct Veteran Assistance

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------------|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 530 | 530 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = | 530 | 530 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends additional onetime funding of \$1.060 million in FY 2024-2025 from the general fund for increasing the Direct Veteran Assistance grant administered by the Minnesota Assistance Council for Veterans (MACV). MACV continues to provide critical prevention resources to Veterans in Minnesota as they continue to experience impacts from the COVID-19 pandemic, without these additional funds we would expect to see the number of Veterans experiencing homelessness in Minnesota to increase.

Rationale/Background:

The Minnesota Department of Veterans Affairs (MDVA) is committed to ending Veteran homelessness in Minnesota. Specifically, we are dedicated to becoming the fourth state in the nation to reach functional zero. MDVA is guided in the work to end Veteran homeless by the United State Interagency Council on Homelessness (USICH), and they have set four homelessness benchmarks that communities are required to meet.

One of the four USICH benchmarks MDVA states the community must experience more Veterans transitioning from homelessness than Veterans transitioning into homelessness. Currently Minnesota experiences more Veterans transitioning into homelessness than transitioning from homelessness, and this additional funding is critical to Minnesota’s efforts in achieving this benchmark. Without this funding, MACV would have limited funds for prevention efforts, along with funds to remove minor barriers that block the transition into permanent housing and moving us farther from the goal of ending Veteran homelessness in Minnesota. Lastly, because of the increased demand, MACV saw the utilization rate of this program increase over the last few fiscal years, with the funds in FY23 being utilized in the first 4 months of the fiscal year.



Governor Walz, Lieutenant Governor Flanagan, and Commissioner Herke agree that homelessness is an area that cannot be ignored. Every Minnesotan—especially those who have served our country—should have a safe and stable place to call home. Targeted efforts to find housing for individuals experiencing homelessness have been a priority for many state agencies, including those on the Minnesota Interagency Council on Homelessness (MICH), which the Minnesota Department of Veterans Affairs plays an active role.

Proposal:

MACV utilizes the legislatively funded grant to provide a comprehensive program of services, housing support and financial assistance tailored to help every Veteran and their family to obtain and or maintain stable permanent housing. While these services and financial assistance may have additional aims (i.e. increasing income through employment), the primary objective of all services, housing support, and financial assistance delivered through this program is focused on supporting Veterans obtain permanent housing or supporting Veterans who are in danger of experiencing homelessness.

The Governor is recommending that the legislatively appropriated MACV grant—specifically the Direct Veteran Assistance line be increased by \$530,000 from \$370,000 to \$900,000 per fiscal year. MACV has continued to see an increase in Veteran prevention requests, specifically noting a 94% increase in rental assistance, 200% increase in mortgage assistance and 40% increase in utilities assistance during fiscal year 2023 (Q1). This is due to the continued impacts of the COVID-19 pandemic, increases of living costs and adjusting the eligibility scope to match Federal standards. Without the additional funds MACV would be limited in the long-term ability to continue providing Veterans in the community prevention resources. This would have a direct effect on Minnesota’s goal of ending Veteran homelessness, and additionally sustaining that achievement. We know this prevention work is an important factor to this goal, and often is more cost effective than the alternative—needing to assist a Veteran in transitioning once they enter homelessness.

Impact on Children and Families:

MDVA utilizes the Homeless Veteran Registry (HVR) to identify Veterans who are experiencing homelessness, or sometimes in danger of experiencing homelessness. Through the HVR tool the MDVA team can partner with stakeholders, identify the needed resources for each Veteran experiencing homelessness and their family, and identify the gaps or barriers to Veterans experiencing homelessness.

This proposal helps achieve MDVA’s goal of ending Veteran homelessness, ensuring anyone one who has served have access to stable housing.

Equity and Inclusion:

Using data from the Homeless Veteran Registry we know that Black, Indigenous, People of Color (BIPOC) Veterans are disproportionately represented in the homeless response system. This is exacerbated in the Veteran homeless response system, with 43% (122) of Veterans currently on the Homeless Veteran Registry being BIPOC Veterans. Of the 303,272 Veterans in the State of Minnesota, 22,927 (7.56%) are BIPOC Veterans. The MDVA Homeless Programs Unit facilitates projects aimed at reducing the barriers BIPOC Veterans who are homeless experience.

In 2021 the department launched a Diversity, Equity, and Inclusion Workgroup with Racial Equity Partners. This workgroup has been using equitable community engagement to bring the voices of BIPOC Veterans who are experiencing homelessness to the forefront and will continue to focus on expanding their voices and informing the department’s programming.

This funding is dedicated to Veterans and former service members who are homeless or are at risk of becoming homeless. BIPOC Veterans disproportionately fall into these categories. This only exacerbates the disparities experienced by BIPOC in the entire homeless response system. This funding will provide assistance with past-due rents, mortgages, utility assistance, and other expenses that lead to housing instability. This program will have a positive impact on a sub-population of Veterans experiencing homelessness that has previously been under-served.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

The MDVA has been engaging with tribal nations to promote the Homeless Veteran Registry (HVR) and access to supportive services offering to maximize housing stability. We are working collaboratively with tribal providers to ensure that our first nation veterans are receiving equitable access to resources and services that they are eligible for.

MDVA has been hosting listening circle sessions monthly, statewide, to hear the stories of marginalized veterans who’ve interacted with the homeless response system. The sharing of their journey from homelessness to housing will contribute to actionable changes within MDVA and with our partner organizations. We also invite marginalized veterans who participate in these listening circles to be a part of our Diversity, Equity, and Inclusion Workgroup.

Results:

The performance measures MDVA will use to track the success increasing the Direct Veteran Assistance line in the legislatively appropriated MACV grant are the following:

- Summary of participants served per month, broken down by the following:
 - Housing status
 - County of service
 - Prevention versus homeless requests
 - Expense type
 - Sub-populations

- Outcomes broken down by MDVA and non-MDVA funded Veterans for:
 - Veterans experiencing homelessness broken down by MDVA and non-MDVA funded Veterans
 - Veterans in danger of homelessness served broken down by MDVA and non-funded MDVA funded Veterans
 - Veterans experiencing housing instability served broken down by MDVA and non-MDVA funded Veterans
- Summary of client satisfaction surveys
- Quarterly reports detailing the activities funded during the previous quarter
- 1–2-page summary highlighting activities, programs and accomplishments

Minnesota Department of Veterans Affairs
FY 2024-25 Biennial Budget Change Item

Change Item Title: Veterans Community Health Program Established

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------------|----------------|----------------|----------------|
| General Fund | | | | |
| Expenditures | 658 | 633 | 1,227 | 1,227 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 658 | 633 | 1,227 | 1,227 |
| FTEs | 4 | 4 | 8 | 8 |

Recommendation:

The Governor recommends additional funding of \$658,000 in FY 2024 and \$633,000 in FY 2025 from the general fund for the Minnesota Department of Veterans Affairs (MDVA) to staff Veteran Community Health Navigators in community-based hospitals.

Rationale/Background:

There is a gap in specially trained community healthcare workers that understand Veterans needs and Veteran benefits. This is a challenge to connect Veteran, Service Members and their families to their earned benefits. This budget change seeks to hire, train, and embed specially trained Social Workers as Veteran Community Navigators into the community based non-VA hospitals. They will connect, advocate, and ensure follow-up care to Veterans and their families.

Each year there are approximately 90-100 Veterans that die by suicide in Minnesota. Governor Walz and Commissioner Herke have made preventing Veteran death by suicide a priority for the State of MN. The goal is to reduce Veteran death by suicide to less than 85 per year by 2025 and further to zero by 2035.

Of the Veterans that die by suicide in MN, only 3 of every 10 Veterans that die by suicide are connected to care at a Federal VA Healthcare System. These Veterans are receiving care in community-based hospitals and healthcare systems. Staffing Veteran Community Navigators in these healthcare system across the state will increase Veterans’ access to benefits and assist in coordinating healthcare across systems.

The Veterans Suicide Prevention initiative aligns with MN Department of Health and MN Department of Agriculture’s suicide prevention efforts. The MDVA is presently aligned and integrated with the MN Suicide Prevention Task Force and other local Veteran Suicide Prevention Coalitions across the State of MN. This program will connect Veterans, Service Members, and their families to specially trained Social Workers that can advocate for them to receive all the federal and state benefits that they have earned.

Veteran suicide prevention efforts in Minnesota have been underway within MDVA since 2019. We have just begun to understand the complexity of death by suicide in Veterans and the measures that need to occur to continue to slow the rate of this tragedy. The focus is in aligning present resources and efforts into a collaborative enterprise initiative with federal VA partners, MDH, other state agencies, as well as local community efforts. This coordination and alignment will ensure that regardless of who and where desires suicide prevention assistance,

that access will be available when requested and as requested. Suicide not only effects the person, but also family, friends, community, the military community and military readiness.

Proposal:

The Governor recommends establishing the Veteran Community Health Navigator program, staffed by social workers with Veteran status or Veteran-related experience, embedded in non-VA healthcare systems throughout the state. Their role will be to promote connectedness to earned benefits and resources that will impact overall mental wellness and physical health.

This program would also lead on an initiative to incorporate, “Ask the Question” into the intake processes at non-VA healthcare systems. Significant emphasis would be given to establishing consistent methodology and best practices relating to how that inquiry is presented and developing protocols and standardized procedures triggered by the individual’s response.

Resources needed for the proposal include:

1. Eight FTE’s will be hired to support this program over the course of four years:
 - a. One (1) FTE Director will be added to develop, hire, train, monitor work and support the community navigators that will be located geographically throughout the state.
 - b. Three (3) FTE Social Worker Veteran Community Navigators in FY 2024-25 and four (4) additional FTE Social Worker Veteran Community Navigators in FY 2026-27 biennium will be hired, trained, and positioned in various geographically areas throughout the state in willing community health care systems. This will total seven (7) Social Worker Veteran Community Navigators. These will be strategically located throughout rural and metro areas of the state.
 - c. These positions will require some out-of-state travel to national conferences, symposiums, education and other as needed.
 - d. These positions will require extensive in-state travel, educational materials, computers and office supplies.
2. Training and education \$150,000.
 - a. Provide education to MDVA employees and collaborate with Federal VA to host community education session.
 - b. Hardware and Software purchases \$48,000 for computers, cellular devices and software.
3. Gun Storage Program \$550,000
 - a. Develop contracts with gun dealers and/or ranges to provide secure storage for Veteran-owned firearms.
4. Budget of \$100,000 yearly for FY 2024-25 and \$175,000 yearly for FY 2026-27 biennium
 - a. Education training, incentives, and supplemental storage
 - b. Data collection and analysis

| Category | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|------------------|------------------|--------------------|--------------------|
| Payroll | \$500,000 | \$500,000 | \$986,000 | \$1,011,000 |
| Professional/Technical Contracts: Gun Storage | \$100,000 | \$100,000 | \$175,000 | \$175,000 |
| Hardware | \$8,000 | \$8,000 | \$16,000 | \$16,000 |
| Software | | | | |
| Training | \$50,000 | \$25,000 | \$50,000 | \$25,000 |
| Marketing | | | | |
| Total | \$658,000 | \$633,000 | \$1,227,000 | \$1,227,000 |
| Agency FTE | 4.0 | 4.0 | 8.0 | 8.0 |

Impact on Children and Families:

- This initiative is focused on ensuring Veterans and their families have awareness and access to all benefits that they have earned. Using an up-stream approach to access services (such as housing, food stability, education, mental health services, community support, and employment resources) leads to Veterans having less stressors that are known risk factors to suicide events.
- Veteran death by suicide impacts all MN families, workforces, communities, and tribal communities. The programs end goal is designed to prevent Veterans from entering suicide crisis, by assisting in accessing upstream services. Should Veterans enter crisis, that timely, easily accessed, and effective interventions will reduce and eventually eliminate Veteran suicide. Connecting Veterans and families to resources that support housing, employment, mental health services and a sense of purpose in the communities. Prevention of Veteran death by suicide supports the families of MN by removing potential trauma and loss of the family structure.

Equity and Inclusion:

- The Veteran Suicide Prevention Initiative will focus on the prevention of Veteran death by suicide. It touches all aspects of MN Veterans in all communities, race, gender, age, and other protected classes. There will not be any negative impact to any identified group.
- Veterans are one of the groups identified by the State of Minnesota to reduce or eliminate inequities. This proposal directly impacts Veterans and their family members. Minnesota Veterans cover a broad spectrum of protected class groups including racial/ethnic groups (9%), women (8%), as well as members of the LGBTQ community. 100,158 Minnesota Veterans are service-connected disabled, and another 2,650 receive VA pensions. MDVA is a Veteran-friendly, equal opportunity, affirmative action employer. We are committed to embedding diversity, equity, inclusion, and accessibility at our workplace, and to providing culturally responsive services to all Minnesotans. MDVA recognizes that a diverse workforce is essential and strongly encourages qualified women, racial/ethnic minorities, individuals with disabilities, and Veterans to apply.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current Value</i> | <i>Date</i> | <i>Projected Value (without)</i> | <i>Projected Value (with)</i> | <i>Date</i> |
|------------------------|---|----------------------|--------------|----------------------------------|-------------------------------|--------------|
| Quantity | Number of Veteran Community Navigator FTEs in community-based hospitals | 0 | FY 2022-2023 | 0 | 7 | FY 2026-2027 |

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Minnesota Service CORE - Funding Adjustment

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 525 | 525 | 525 | 525 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 525 | 525 | 525 | 525 |
| FTEs | .5 | .5 | .5 | .5 |

Recommendation:

The Governor recommends additional funding of \$525,000 in FY 2024 and each subsequent year from the general fund to maintain the current level of service delivery through 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.

The department has contracted the MN Service CORE program for over a decade to respond 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. A caseworker connects each Veteran, and their family, to existing programs and facilitates access to informal supports, existing benefits, and available services wherever possible. When barriers to access, such as cost, distance, or appointment availability, are identified, or when these services are not otherwise covered, they are provided through the Minnesota Service CORE program.

A 2017 Wilder Research Report entitled “Social ROI of MN Assistance Council for Veterans” stated:

Many participants who suffer from PTSD receive direct services or are referred to specialized services via Lutheran Social Service of Minnesota (LSS CORE). These services have an estimated effectiveness rate of reducing PTSD by 34 percent, and health care cost savings of \$1,459 per participant. There are more than 500 participants served by these services for a total of \$780,565 in benefits.

Another Wilder Research survey (Veterans’ Needs in Northeastern Minnesota, 2015) found that many Veterans in greater Minnesota reported significant challenges with financial stability and accessing mental health services. All too often a Veteran experiencing these challenges faces barriers that prevent access to the services and supports that could help them.

The Minnesota Service CORE program responds to these challenges by bringing casework, financial counseling, housing stability, caregiver supports, and behavioral health (mental health and substance use) services to Veterans and their families across the state, in their community. A caseworker connects each Veteran, and their family, to existing programs and facilitates access to informal supports, existing benefits, and available services

wherever possible. When barriers to access, such as cost, distance, or appointment availability, are identified, or when these services are not otherwise covered, they are provided through the Minnesota Service CORE program.

For many Veterans and dependents, the MN Service CORE program is the only way they can afford mental health services. In 2018, the department took several budget saving measures to control the growth of expenditures. These same cost saving measures are being considered today, and without an increase in funding the department will need to implement some or all of them in order to constrain the program activity to fit within the appropriated funds.

These cost savings measures are counterproductive to an individual's mental health treatment and negatively impact progress that has been made with their current provider and impact some of the most vulnerable populations the most, the elderly and homeless. The measures include:

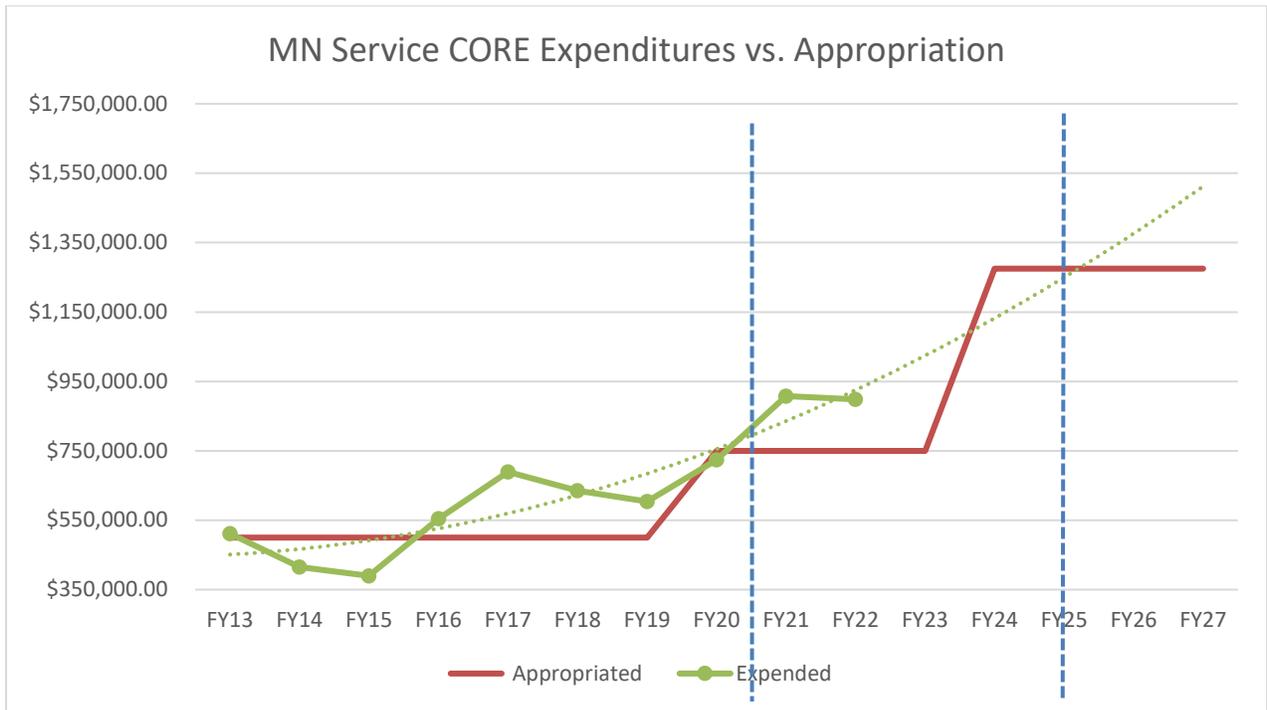
- 1) Instituting a limit on the number of appointments veterans and dependents can have in a quarter or annually, currently the department does not limit the number of appointments.
- 2) Limit the number of Veterans and dependents served (i.e. no more than 500 clients enrolled in the program).
- 3) Reducing the length of counseling sessions from 60 minutes to 45 minutes.
- 4) Limiting the geographical area the program serves.

In late 2018 the department implemented the following cost saving measures that are still active today:

- 1) Lutheran Social Services (LSS) checks every client for billable insurance so that their primary insurance carriers can be billed, reducing the overall amount billed to the state contract.
- 2) LSS inserted contract language with their third-party providers, which they use to expand their network to provide services statewide, requiring them to bill a client's primary insurance provider, further reducing the overall amount billed to the state contract.

In May 2020 the department executed an amendment to the MN Service CORE contract adding back in much needed caregiver services. At the height of the COVID-19 pandemic the department saw waiting lists for MN Veterans Homes grow and family members of current residents were unable to visit their loved ones in-person. These services were previously removed in FY 2017 from the MN CORE service offering as a budget management measure.

From FY 2013 through FY 2018 MN Service CORE program expenditures increased by \$124,000 (24%). In 2019, the Minnesota Legislature increased the MN Service CORE appropriation to \$750,000 beginning in FY 2020. From FY 2020, through FY 2022 MN Service CORE program expenditures increased by \$294,000 (42%). Expenditures are projected to increase by an additional \$351,000 (39%) from the end of FY 2022 through the end of the FY 2024-25 biennium.



Proposal:

The Governor recommends \$525,000 in additional funding each fiscal year. \$150,000 per fiscal year is to cover cost increases the department has incurred since the last appropriation increase in FY 2020. \$85,000 per fiscal year is to partially fund a new position within the Minnesota Department of Veteran Affairs (MDVA) Healthcare division. This position will assume responsibility of the MN Service CORE program from the Programs and Services Division. To date, MDVA has not requested or used any of the LSS Appropriation for the internal management of the contracted services and without this increase a funding gap is created that must be covered with other Veteran programming dollars.

This transfer of responsibility from Programs and Services to Veterans Healthcare will allow the Veterans Healthcare Division to oversee related aspects of behavioral health in communities where veterans are on waiting lists for MN Veterans Homes in addition to spouses who continue to live in the community. This supports two of the agency’s four strategic goals; Strategic Goal #1: Ensure a seamless continuum of support through collaborative relationships at a federal, state and community level that addresses the evolving needs of Veterans and their families and Strategic Goal #2: Increase Veteran awareness and participation in MDVA healthcare, programs and services.

The remaining \$290,000 per fiscal year of funding will be used to cover projected expenditure increases through the end of the FY 2024-25 biennium. These projected expenditure increases are being driven by the increased demand for mental health services and the strategic efforts to end veteran homelessness, veteran suicide prevention, and increasing caregiver supports throughout Minnesota.

In 2020 the department created a collaboration between the Minnesota Veterans Homes, LinkVet, and Lutheran Social Services (current administrator for MN Service CORE) to proactively engage with spouses of Veterans Homes residents, and families who are on a Veterans Homes waiting list to increase caregiver supports and reduce episodes of isolation.

Impact on Children and Families:

This program has a direct impact on children and families by providing free behavioral health counseling to all veterans and dependents, in addition to free financial and housing counseling. These services can create stronger bonds within family units and more financially stable households.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members by addressing immediate gaps in federal Veterans services through increased access to free, confidential community-based services for individual/family counseling, financial counseling, and therapy/wellness support groups. Minnesota Veterans cover a broad spectrum of protected class groups including racial/ethnic groups (9%), women (8%), as well as members of the LGBTQ community. 100,158 Minnesota Veterans are service-connected disabled, and another 2,650 receive VA pensions (FY 2019).

In FY 2019, only 39% of Minnesota Veterans were utilizing the VA healthcare system. The MN Service CORE program provides critical statewide access to mental health resources for those not enrolled in VA Healthcare and for those who are and seek an alternative healthcare provider.

In FY 2021, through 10,304 total hours of service, 701 Veterans sought MN Service Core assistance. MN Service Core program received 100% satisfaction ratings from participants for: *services helpful*, *treated with respect*, *would use again*, and *would recommend*. MN Service CORE staff will continue to seek feedback from Veterans and their family members to further develop ways to increase access for community-based services.

Tribal Consultation:

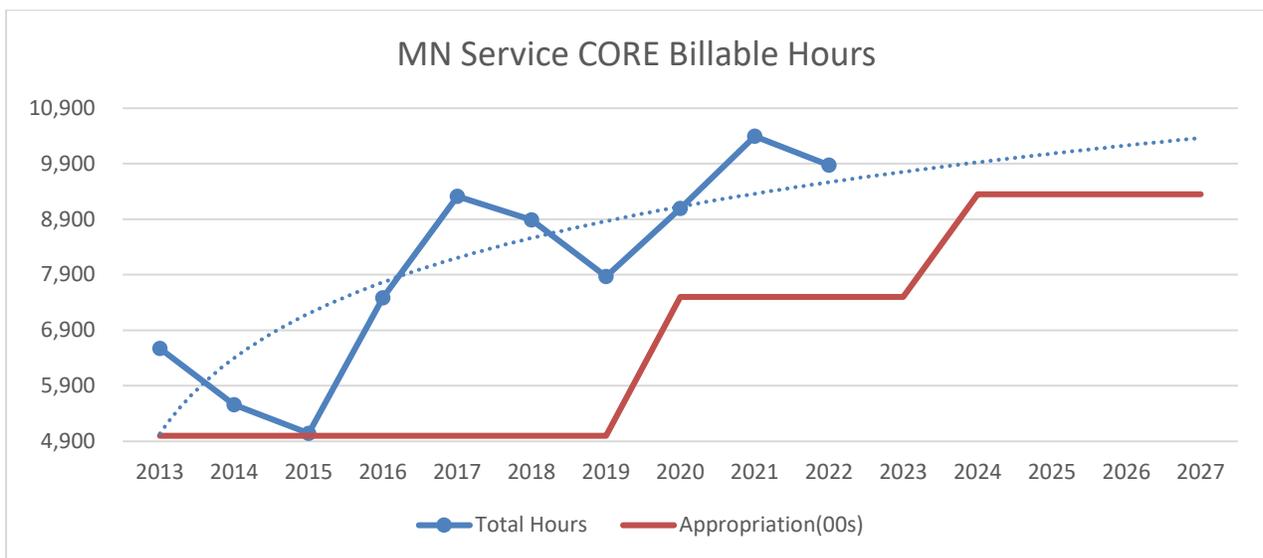
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

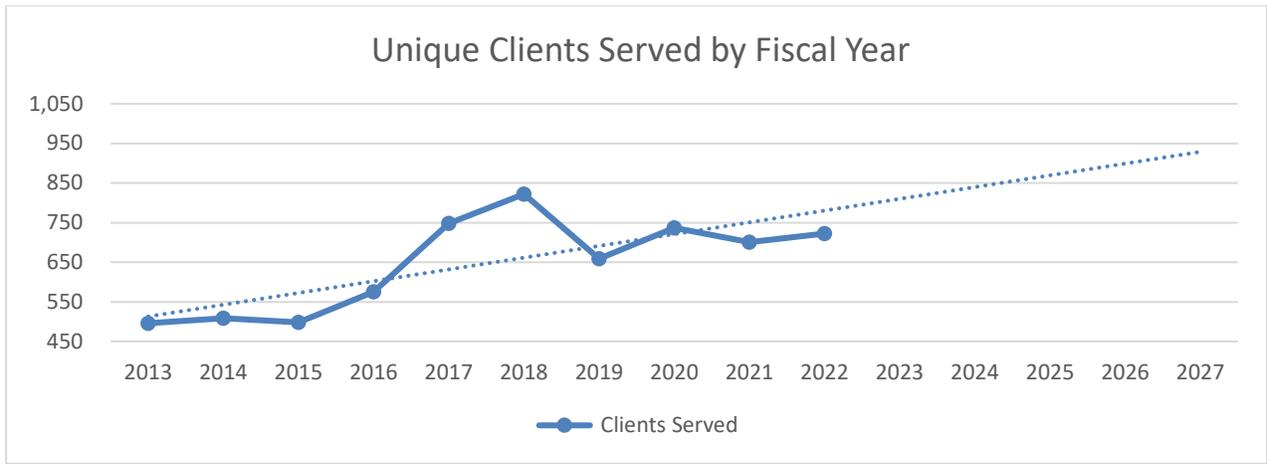
Yes

No

Results:

From FY 2015 through FY 2022 service hours increased over 96% while rate charges remained flat. Services hours are estimated to increase 37% from FY 2020 (the last time an appropriation increase was provided) through the end of the FY 2024-25 biennium. Given current trends, the department anticipates serving over 830 clients by the end of FY 2025, an increase from 722 clients served in FY 2022.





| Type of Measure | Name of Measure | Previous | Current | Dates |
|------------------------|--|---|--|--------------------|
| Quantity | Number of Veterans and their families connected with services through the CORE program | FY13: 496 FY14: 509 FY15: 498 FY16: 575 FY17: 748 | FY18: 822 FY19: 659 FY20: 737 FY21: 701 FY22: 722 | 7/1/2012-6/30/2022 |
| Quantity | Number of service hours provided through the CORE program | FY13: 6,572 FY14: 5,557 FY15: 5,045 FY16: 7,484 FY17: 9,314 | FY18: 8,888 FY19: 7,870 FY20: 9,097 FY21: 10,394 FY22: 9,873 | 7/1/2012-6/30/2022 |

Minnesota Department of Veterans Affairs
FY 2024-25 Biennial Budget Change Item

Change Item Title: LinkVet- Funding Adjustment

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|-----------|-----------|-----------|-----------|
| General Fund | | | | |
| Expenditures | 280 | 280 | 280 | 280 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 280 | 280 | 280 | 280 |
| FTEs | .5 | .5 | .5 | .5 |

Recommendation:

The Governor recommends additional funding of \$280,000 in FY 2024 and each subsequent year from the general fund to maintain the current service delivery through the LinkVet Call-Center.

Rationale/Background:

The 2008 Minnesota Legislature appropriated \$220,000 per fiscal year for the operation of the LinkVet call center.

On July 1, 2008, the Minnesota Department of Veterans Affairs (MDVA) partnered with ‘Distance Minnesota’, an internal work team within the M-State network, to provide call center operations (1-888-LinkVet) to Minnesota Veterans.

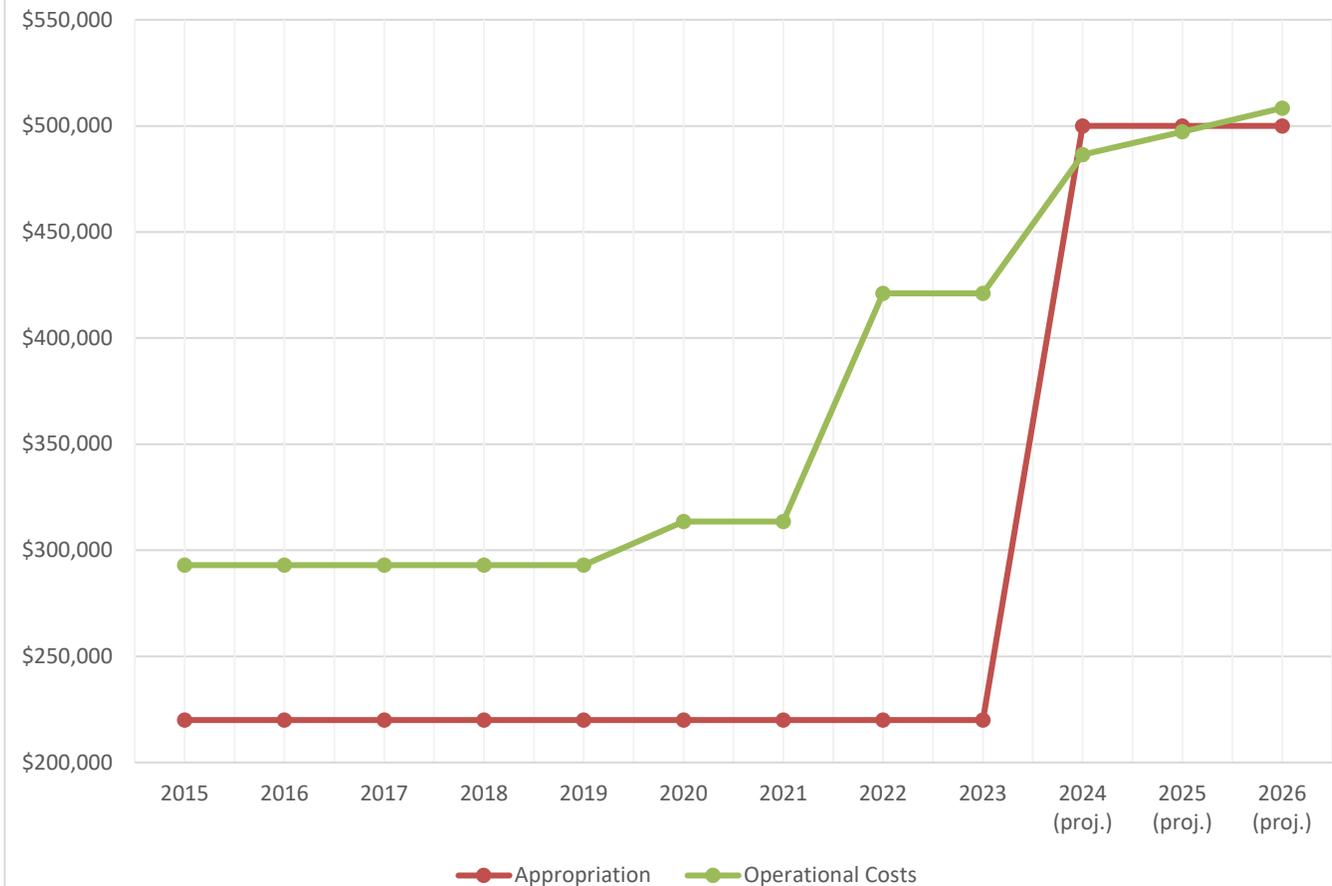
LinkVet expands MDVA’s customer service operations by providing phone, web-based chat service, and a web-based database of frequently asked questions related to veterans benefits and services. LinkVet’s hours of operations are Monday through Friday 7:00am to 8:00pm, Saturday 9:00am to 2:30pm and Sunday 11:00am to 4:30pm.

The initial appropriation for LinkVet was insufficient to fully fund its operation. Since FY 2009, the operational costs have also increased, further exacerbating the financial strain on the department’s budget. Throughout this period the department has utilized funds from the Minnesota Support our Troops license plates and suicide prevention to offset the appropriation deficit and maintain operations.

In 2020, in response to the COVID-19 pandemic, Cisco technology was implemented to allow call center employees to work remotely from their homes while still maintaining connectivity to the call center systems. This has increased monthly MNIT charges for the M-State team but has also provided them with the ability to recruit statewide for vacant positions thereby widening their candidate pools in tight labor markets.

In FY 2011 the LinkVet operating costs were \$277,000 per fiscal year, \$57,000 more than its appropriation. The appropriation deficit grew to \$201,000 in FY 2022 and is projected to grow by \$79,000 to \$280,000 by the end of FY 2025. Distance Minnesota provided call center operations for other entities within the M-State network and until FY 2020 balanced operational increases with their other contracts with various M-State entities. In FY 2020 the department provided a modest increase of \$20,500 to the LinkVet contract to account for staffing cost increases. In FY 2022, M-State cancelled a major contract with Distance Minnesota as several M-State campuses favored bringing their call-center operations in-house. The department assessed the Link-Vet call center operations and agreed to a significant increase of \$107,500 to ensure these vital services continued to operate during weekday evening hours and weekends.

LinkVet Appropriation and Operational Costs



Proposal:

The Governor recommends increasing the LinkVet appropriation by \$280,000 each fiscal year, bringing the total appropriation to \$500,000 per fiscal year. This proposal would return \$152,000 per fiscal year to the agency’s Support our Troops (SOT) fund and \$50,000 per fiscal year to the agency’s Suicide Prevention fund. The SOT fund is utilized to provide funding to non-profits, who provide much needed programs and services to Minnesota veterans, through a competitive grant process.

In addition to off-setting \$202,000 in current supplemental funding each year, this recommendation will provide \$23,000 per fiscal year to offset increasing LinkVet staff costs in the FY 2024-25 biennium. The staff who work for Distance Minnesota and operate the LinkVet call-center are state employees who receive COLA increases under their collective bargaining units. Those increased staff costs are passed on to customers who contract with Distance Minnesota resulting in increased contract rates.

Lastly, this recommendation provides \$55,000 per fiscal year to fund a 0.5 FTE within the department’s communications team to oversee the LinkVet call center contract and various communication initiatives being implemented through LinkVet. This new position is required as the department has transitioned the internal management of LinkVet to the department’s communications team to increase synergies with the various communication initiatives being implemented through LinkVet and to better align the contract to a unit within MDVA that matches the lines of service being provided. This transfer created a funding gap for the cost of managing the contract as previous management was a secondary duty of a Director within Programs and Services who was already fully funded through other veteran programming dollars.

In addition to managing the contract for LinkVet and the department’s strategic communication initiatives, this new 0.5 FTE will be responsible for marketing LinkVet and analyzing and managing the data associated with LinkVet. This will increase the department’s understanding on who is reaching out to LinkVet, better understanding what their issues are, and will allow the department to more rapidly respond to Minnesota Veterans and their dependents’ needs.

Communication initiatives being implemented through LinkVet include acting as an intake pathway for homeless Veterans; coordinating caregiver supports for Veterans and dependents who reside in the Minnesota Veterans Homes or are on a waiting list; veteran suicide prevention initiatives and crisis call reviews; and critical recruitment efforts by MDVA human resources for vacant agency positions.

Impact on Children and Families:

This proposal has an indirect impact on children and families by providing extended customer service hours to the general public to engage with the department during non-standard business hours to ensure that veterans and their families have access to information and referral services to get connected to benefits and services that can improve their lives and prevent and end crisis events.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members by providing increased access to information about compensation, pension, education, medical, employment, and other benefits, as well as referrals to non-emergency interventions or psychological counseling. LinkVet’s increased access extends the Minnesota Department of Veterans Affairs customer service operations into the evening and weekend hours, which are typically hours the public is unable to reach government agencies. Maintaining this coverage ensures that our Veterans can receive the information and referrals to services that they need in the timeliest manner regardless of their socioeconomic status and inability to step away from work to make contact with veterans’ services.

LinkVet has an established track record of positive impacts that have assisted some of our most vulnerable populations, including Black, Indigenous, People of Color (BIPOC) Veterans, in their greatest time of need, greatly expanding our ability to be equitable and inclusive to historically marginalized communities. For example, in 2015, the department tasked LinkVet staff with becoming a primary referral pathway for getting homeless veterans, comprised of 43% BIPOC Veterans, onto the homeless veteran registry. Today, anyone in the State of Minnesota can call 1-888-LinkVet and provide critical information about a homeless veteran allowing outreach teams and case managers to begin developing a housing plan.

In 2020, LinkVet was utilized to connect with veterans on a waiting list and with the spouses of current residents at any of our Minnesota Veterans Homes. In connecting with them, LinkVet staff were able to screen and refer individuals to critical services provided under our Minnesota CORE program which can provide caregiver support, respite services, and behavioral counseling to those in need through our contracted partner Lutheran Social Services.

LinkVet staff will continue to cultivate meaningful relationships with Veterans and their family members to further develop ways to increase access for information about benefits, programs, and services.

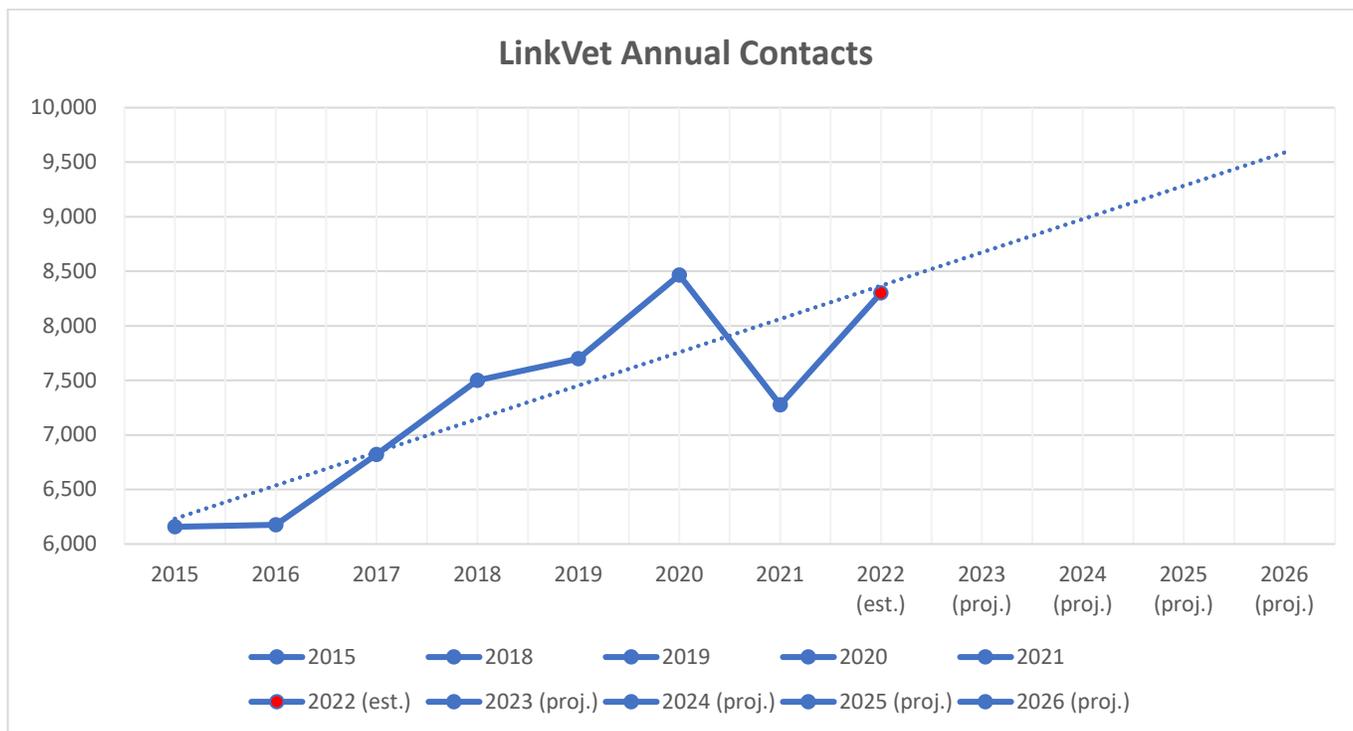
Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

From 2015 through 2022, LinkVet contacts have increased over 32% and are projected to increase an additional 11% from 2022 through the end of the FY 2024-25 biennium.



| CY | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Contacts | 6,158 | 6,177 | 6,820 | 7,501 | 7,699 | 8,466 | 7,276 | 8,302 Estimated | 8,593 Projected | 8,885 Projected | 9,177 Projected | 9,469 Projected |

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Post 9/11 Veteran Service Bonus

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 22,000 | 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) | 22,000 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends additional onetime funding of \$22 million in FY 2024 to expand bonus eligibility to all Minnesota Post 9/11 Veterans. 2022 Session law appropriated \$24.880 million in FY 2023 to administer the Post 9/11 Veteran service Bonus. This additional funding will result in a total of \$46.880 million in funding for the program.

Rationale/Background:

2022 Minnesota Session Law Chapter 54 amended 1997 Minnesota Statute 197.79 to establish a Post 9/11 Veteran Bonus Program. During the processing of the more than 18,500 applications (as of September 19, 2022), Minnesota Department of Veterans Affairs (MDVA) realized two inconsistencies with the 2022 statute that omits many current Minnesota Veterans from any bonus or reduces the bonus amount for Veterans who would otherwise be eligible for a greater amount.

Proposal:

Expanding eligibility for the Post 9/11 Veteran Service Bonus is economic stimulus for Minnesota’s 87 counties and municipalities. This proposal is in line with many other MDVA programs that allow for Veterans who entered military service in other states access to programs and services after becoming a Minnesota resident.

First, the Governor recommends amending the eligibility requirements in Minnesota statute 197.79 Subd. 1 (j) (1) to allow current Minnesota Resident Veterans who entered military service in another state but subsequently moved to Minnesota after their service. These individuals are now paying Minnesota sales tax, income tax, and potentially property tax. The intention of this proposal is to include current Minnesota residents who joined the military in another state.

Secondly, the Governor recommends adding the Inherent Resolve Campaign Medal as one of the qualifying medals. Current language in Subd. 2 of the Post 9/11 Veteran Service Bonus statute defines four medals as qualifiers for the \$1200 and \$2000 bonus:

1. Armed Forces Expeditionary Medal
2. Global War on Terrorism Expeditionary Medal
3. Iraq Campaign Medal
4. Afghanistan Campaign Medal.

The Inherent Resolve Campaign Medal may be awarded to members of the U.S. Army, Navy, Marine Corps, Air Force, and Coast Guard, for service in Iraq, Syria, or contiguous waters or airspace retroactively from 15 June 2014

to a date yet to be determined. Service members who were awarded the Global War on Terrorism Expeditionary Medal for service that is now covered by the Inherent Resolve Campaign Medal may make application to be awarded the Inherent Resolve Campaign Medal in lieu of the Global War on Terrorism Expeditionary Medal.

The MDVA partnership with the Minnesota National Guard identified approximately 1,300 soldiers who were eligible for the Inherent Resolve Campaign Medal in lieu of the Global War on Terrorism Expeditionary Medal. These soldiers would be otherwise be entitled to the \$1,200 bonus, however, since they did not receive one of the four qualifying medals identified in the current statute, they are only eligible for the \$600 bonus.

Impact on Children and Families:

Minnesota Veterans make up a cross section of Minnesota’s demographic. Many Veterans have families with children, grandchildren, nieces, nephews, or younger brothers and sisters. The Post 9/11 Veteran Service Bonus provides a small economic impact to the family budget. Although the bonus is a one-time payment, reports show that families with children who receive a stimulus or bonus funds can relieve family budget concerns.

Equity and Inclusion:

- The proposed budget items address inequities within Chapter 54 of the Minnesota Session Laws – 2022, Regular Session that causes barriers by limiting access for some Veterans to receive a bonus or receive a larger bonus amount for their Post 9/11 service. Veterans are one of the groups identified by the State of Minnesota to reduce or eliminate inequities. Veterans are a diverse group representing many different demographics for race/ethnicity, individuals with disabilities, gender identity, gender expression, sexual orientation, and other protected classes.
- By applying an equity lens to amend eligibility requirements, MDVA can be consistent with agency protocol to allow Veterans who entered military service in other states to have access to programs and services after becoming a Minnesota resident. By applying an equity lens to add the Inherent Resolve Campaign Medal as one of the qualifying medals, MDVA can be inclusive in ensuring eligible Veterans have full access to their service bonus amount.
- The positive impact would be that all eligible Veterans would have full access to their service bonus amounts in recognition of the sacrifices and courage they took to defend our country. The proposed budget item is trying to achieve a more equitable outcome for eligible Veterans instead of a negative impact.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results

The intended results are to ensure Veterans who have earned and received medals and awards for serving in a war zone are rewarded with the proper bonus amount.

Statutory Change(s):

This proposal amends Minnesota Statute 197.79

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Recently Separated Veterans Program Funding

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|-----------|-----------|-----------|-----------|
| General Fund | | | | |
| Expenditures | 402 | 327 | 327 | 327 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 402 | 327 | 327 | 327 |
| FTEs | .5 | .5 | .5 | .5 |

Recommendation:

The Governor recommends additional funding of \$402,000 in FY 2024 and \$327,000 in FY 2025 and each subsequent year from the general fund to provide funds for the Recently Separated Veterans Program.

Rationale/Background:

The Minnesota Department of Veterans Affairs (MDVA) operates the Recently Separated Veterans Program, a collection of related program activities centered around capturing Veterans as they discharge from active duty and connecting them to the benefits and services they are entitled to.

These program activities include:

1. Managing access to the Department of Defense's Certificate Release Discharge Information Repository System (CRDIRS) and Defense Personnel Records Information Retrieval System (DPRIS).
2. Populating and mailing Welcome Home Letters to every veteran who is released from active duty and their County Veterans Service Officer.
3. Managing the LibertyNet system, a digital imaging database of recorded discharges received by MDVA from the Department of Defense.
4. Managing the Discharge Access Database System (DADS), a database and online system of record for all discharges recorded by Minnesota County Recorders.
5. Managing historic discharges maintained on Microfiche.
6. Fulfilling requests for discharges from veterans, surviving family members, CVSOs, funeral homes, and other stakeholders supporting veterans and their dependents with attaining benefits and services.

The department estimates that over 2,600 National Guard and Reserve service members leave military service in Minnesota annually. These estimates do not include service members leaving active-duty military service in Minnesota. Often Veterans do not seek the benefits and services they are entitled to until decades after they have left military service. Ensuring that the Veteran can attain discharge documentation in a timely manner is critical.

In 2009, Olmsted County proposed creating an online database to capture and store recorded discharges throughout Minnesota counties, similar to the Minnesota Official Marriage System (MOMS) that they manage and host for the Minnesota Association of County Officers (MACO). It wasn't until 2016 that the department was in a position to sponsor this new endeavor and through a partnership with the Minnesota Department of Veterans Affairs, Minnesota Association of County Officers, Olmsted County, and MNIT the Discharge Access Database System (DADS) was developed and launched.

Several years ago, the federal Department of Defense issued a memo stating that they were phasing out the issuing of hard copies of DD-214s to State Department of Veterans Affairs and other entities. Their strategic initiative towards utilizing digital systems to verify service continues and access to various systems used today to retrieve DD214 images are planned to sunset in the future.

In FY 2022 there was an average of 5,000+ searches for discharges in DADS each month, highlighting the importance and demand for discharge data. In order to continue to provide a streamlined system that provides robust searching capability for Minnesota County Veteran Service Officers, the department needs to continue to make system improvements and consolidations.

Proposal:

The Governor recommends \$402,000 in FY 2024 and \$327,000 in FY 2025 and each subsequent year to ensure these critical activities can continue and critical IT systems can be upgraded to continue to manage and utilize discharge data. Currently there is no dedicated appropriation for these activities and operating costs are being covered by other program funds. Fully funding the recommendation will result in over \$100,000 year being returned to the State Soldiers Assistance Program fund to provide direct financial assistance to Minnesota Veterans and their dependents.

| Cost Allocation | FY24 | FY25 | FY26 | FY27 |
|---|-------------------|-------------------|-------------------|-------------------|
| DADS Support | \$ 12,000 | \$ 12,000 | \$ 12,000 | \$ 12,000 |
| Administrative Costs (travel, marketing, postage) | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| 0.5 FTE to support CRM and Data Analysis | \$ 65,000 | \$ 65,000 | \$ 65,000 | \$ 65,000 |
| CRM System and Related IT Projects | \$ 305,000 | \$ 230,000 | \$ 230,000 | \$ 230,000 |
| Total | \$ 402,000 | \$ 327,000 | \$ 327,000 | \$ 327,000 |

\$12,000 per year is for contracted costs to maintain and administer the DADS system through a part-time contractor that collaborates with all Minnesota county recorders to ensure that their offices continue to update the county portion of the DADS system.

\$20,000 per year is to cover administrative costs associated with administering the Recently Separated Veterans Programs. Administrative costs include postage for mailing out Welcome Home Letters to Veterans and CVSOs, marketing costs, travel, and other operating costs.

\$65,000 per year is to cover 0.5 FTE to support the management and data analysis of veteran discharge information within a new Customer Relationship Management (CRM) system, the management of existing systems, and integration of systems with emerging DMDC systems. This position is critical as the department expands its integration with federal systems to ensure veteran data is properly managed and accessible to management to make informed decisions related to veterans programming and services.

\$305,000 in FY 2024 and \$230,000 in FY 2025 is allocated to purchase, develop, and implement a CRM system and make improvements to existing systems. These new and improved IT systems will allow the department to engage in various projects to increase IT security protecting discharge documents in addition to service expansions. These projects include:

1. Replacing the current LibertyNet system which houses discharges received directly from the Department of Defense. The LibertyNet software is no longer supported and continues to present security risks and liability to the agency.
2. Interfacing DADS with other DoD system to increase positive search results within DADS.
3. Creating a repository to store incoming discharge data from DMDC’s CRDIRS system to allow for better usage and analyzing of data.
4. Auto-populating welcome home letters through the new CRDIRS repository, reducing staff time.

5. Generating a service verification letter from validated DoD digital discharge data for end-users to use in assisting veterans benefits and services.
6. Designing and implementing a Customer Relationship Management (CRM) software solution to catalog Minnesota Veteran service data and contact information to assist the department in analyzing veterans' issues and engage in key strategic communication initiatives. These initiatives could include informing veterans of time sensitive updates related to their service (i.e. updated service connected issues regarding burn pit legislation).

Impact on Children and Families:

This proposal directly improves access to resources and services within the community for Veteran families and dependents by increasing access to vital discharge documentation used to attain benefits and services.

Equity and Inclusion:

This request directly impacts Recently Separated Veterans (RSVs) and their family members. RSVs are protected veterans and to assist them with transition from military to civilian life, their service and sacrifices have been honored with limited preference in hiring and promotion for most Minnesota public employment positions as granted by Minnesota Statute 43A.11. This proposal aids in making the transition smoother by providing access electronically to vital discharge documentation, such as needed to apply for state public employment, and to attain benefits and services

By investing in Customer Relationship Management software, MDVA will be able to streamline processes to provide discharge documentation, and time sensitive updates related to benefits and services that will positively impact the lives of RSVs and their family members.

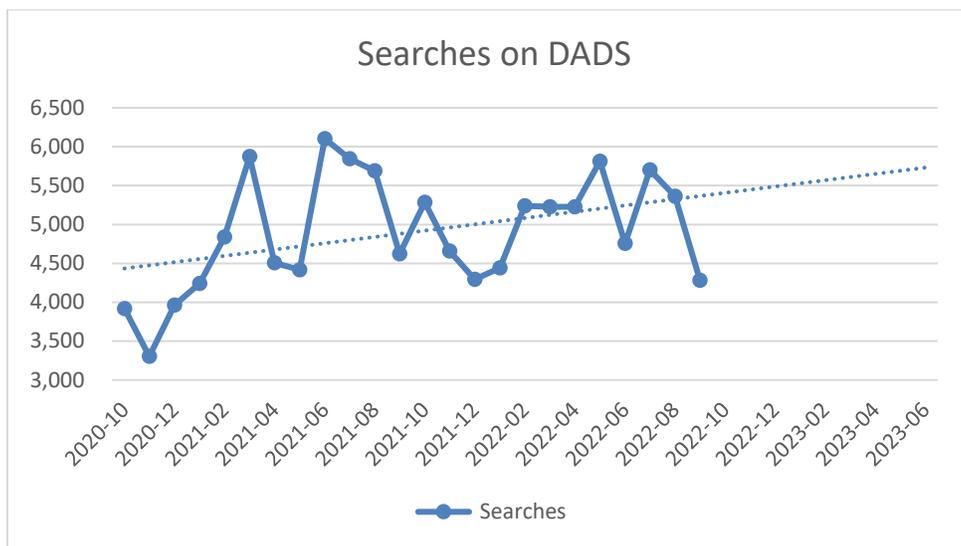
Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

The department has tracked end-user searches in DADS since October 2020. In FY 2022 the average monthly searches performed in DADS was 5,092. The department is continuing to make system improvements to record the number of searches that return positive discharge records and the number of requests fulfilled.



Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Minnesota GI Bill – Funding Change

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 1,750 | 1,750 | 1,750 | 1,750 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,750 | 1,750 | 1,750 | 1,750 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends a policy change to the Minnesota GI Bill, Minnesota Statute 197.791, indexing the eligible Veteran lifetime benefit amount and increasing the fiscal year benefit amount. MDVA receives an annual open appropriation of \$6 million to administer the Minnesota GI Bill program. Veterans in higher education have access to \$3,000 per fiscal year. This annual appropriation amount has not changed since MDVA initiated the program in 2007, however, the cost of attendance at Minnesota’s institutes of higher learning has gone up exponentially during the same period. Additional costs for higher education leave Veterans with little choices other than the burden of student loans. MDVA is seeking to provide additional funding for Veterans who are seeking to become productive members of society while reducing their student loan burden.

Rationale/Background:

The Minnesota GI Bill (197.791) was established in 2007 Minnesota Session Law, Chapter 144. MDVA made policy changes to the program in 2008, 2009, 2012, 2013, 2017, 2018, and 2021. None of the policy changes addressed the continued increase in tuition, fees, and housing at Minnesota’s higher education institutions. Based on Minnesota State College and University data from 2007 to 2022, the cost of tuition, fees, and housing has increased 52% on Minnesota’s colleges and 88% on Minnesota’s universities. Eligible full-time Veteran students have access to \$3k per fiscal year and eligible part-time Veteran students have access to \$500 per term in Minnesota GI Bill funds. The increased cost of attendance has led Veterans to student loans, creating a long-term economic burden on their livelihood and families.

Proposal:

The Governor recommends amending the education assistance in Minnesota statute 197.791 Subd. 5 (c) (1-2) to allow any eligible student access to \$6,000 per fiscal year and \$20,000 in a lifetime.

Many Minnesota Veterans continue to grow professionally in their career choice and return to higher education for additional certificates, second baccalaureate degrees, post-graduate, juris prudence, or doctoral degrees. Characteristically these are part-time students who are working full-time and have families. Most Veterans have exhausted their federal GI Bill or other state benefits through their undergraduate degree. Graduate level tuition, fees, and books are significantly higher than undergraduate tuition, fees, and books and graduate students do not have access to any state or federal grants programs leaving student loans as the only option. The Governor believes both part-time and full-time students should have access to the same benefit based on the individual need.

The Governor recommends striking the following language from 197.791 Subd. 5 (d):

“ For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$500 per term.”

Additional Expenditure Rationale:

MDVA anticipates utilizing an additional \$1.750 million from the \$6 million annual open appropriation. Based on previous expenditures and forecasting, MDVA estimates that 226 Veterans who are currently eligible for \$3,000 would potentially be eligible for \$6,000 during the fiscal year totaling \$678,000 of additional expenditures. MDVA estimates that there are 214 Veteran students who are part-time and are currently eligible for \$500 per semester and may now be eligible for \$6,000 totaling \$1.070 million of additional expenditures. The lifetime limit increase from \$10,000 to \$20,000 is already included in the assumptions provided.

Impact on Children and Families:

- Minnesota Veterans make up a cross section of Minnesota’s demographic. Many Veterans who are attending higher education have families with children, grandchildren, nieces, nephews, or younger brothers and sisters. The Minnesota GI Bill provides a small economic impact to the family budget while these Veterans are seeking to become productive members of society. Although the Minnesota GI Bill is a last dollar in program, reports show that families with children who receive assistance for higher education can relieve family budget concerns and not require families to take on additional student loan debt.

Equity and Inclusion:

- The proposed budget items address inequities within Chapter 54 of the Minnesota Session Laws – 2022, Regular Session that causes barriers by requiring some Veterans who are in higher education to take out student loans to better themselves. Veterans are one of the groups identified by the State of Minnesota to reduce or eliminate inequities. Veterans are a diverse group representing many different demographics for race/ethnicity, individuals with disabilities, gender identity, gender expression, sexual orientation, and other protected classes.
- By applying an equity lens to amend eligibility requirements, MDVA can be consistent with agency protocol to allow Veterans who entered military service in other states to have access to programs and services after becoming a Minnesota resident. By applying an equity lens to add the Inherent Resolve Campaign Medal as one of the qualifying medals, MDVA can be inclusive in ensuring eligible Veterans have full access to their service bonus amount.
- The positive impact would be that all eligible Veterans would have expanded access to their earned benefits while attending higher education in recognition of the sacrifices and courage they took to defend our country. The proposed budget item is trying to achieve a more equitable outcome for eligible Veterans instead of a negative impact.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Results:

The results of the proposal will assist Minnesota's Veterans achieve their lifegoals and become productive members of society. It will also reduce the burden on Minnesota Veterans to take out student loans. Expanding the eligibility amounts for Veterans in higher education provides an economic stimulus for Minnesota's 87 counties and municipalities. Once Veterans complete their higher education goals they compete for highly technical, professional positions in Minnesota's small and large companies ultimately contributing to Minnesota's economy.

Statutory Change(s):

This proposal amends Minnesota Statute 197.791.

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: Supporting Minnesota's 50th Commemoration of the Vietnam War Funding Change

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 250 | 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) | 250 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends a one-time General Fund appropriation of \$250,000 in FY 2024 to fund Minnesota's 50th Commemoration of the Vietnam War advisory committee.

Rationale/Background:

For almost two decades between 1955 and 1975 Americans raised their right hands and committed to serve and defend our Constitution as uniformed members of the United States Armed Forces during a tumultuous period in our country's history. Throughout the years of the Vietnam War, 9 million Americans earned the title of United States veteran. Today and every day, we honor their bravery and commitment and give thanks to a generation of Americans who valiantly fought in service of the country they love while recognizing the continuing impact on so many veterans of the Vietnam conflict, along with their families, caregivers, and survivors. We will always remember those we lost and honor those who came home.

Currently, the State of Minnesota is home to more than 97,000 Vietnam Veterans. The Minnesota Department of Veteran Affairs (MDVA) has convened a Vietnam War 50-year commemoration advisory committee. Over a one-year period this group of statewide stakeholders will better address the needs of Vietnam Veterans, their families and survivors, and the public.

In anticipation of the 50th anniversary of the Vietnam War, MDVA will establish an advisory committee to use the funds to host a commemorative program in the summer of 2024.

These elements will be developed in partnership with the Minnesota Military Museum and Library at Camp Ripley. The intended results are to create greater connectedness among Vietnam Veterans; provide a context for individual service of Minnesotans during the Vietnam War; enable families, friends, and the public to better understand their service and sacrifice; and to preserve the stories of Minnesotans who served in the Vietnam War in a manner like legislative actions after the Civil War and World War I.

The Advisory Committee will be instrumental in defining needs and the means to effectively address them.

Proposal:

This is a new initiative and a request for additional one-time funding beyond the current MDVA budget in anticipation of the 50th commemoration of the Vietnam War. The advisory committee will need administrative, operational, equipment, and supply funding to host a remembrance program in the summer of 2024 (\$250,000).

Equity and Inclusion:

Native American Vietnam Veterans will be asked to serve on the advisory committee. VA data shows that Native American serve in the military at a higher per capita rate than any other population. Additionally, Veterans are comprised of all populations, genders, and ethnicities; and they span an age group of 17 years old and beyond.

Impact on Children and Families:

A chapter dedicated to the Impact on Children and Families in the published history.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

Results:

The results of the proposal will draw awareness of the Minnesotans who served in the Vietnam War and recognize their sacrifice to our Country.

Statutory Change(s):

None

Minnesota Department of Veterans Affairs

FY 2024-25 Biennial Budget Change Item

Change Item Title: National Guard and Reserve Non-Veteran Interments and Elimination of Spouse and Dependent Burial Fees at State Veterans Cemeteries

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 2,466 | 1,995 | 2,026 | 2,060 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,466 | 1,995 | 2,026 | 2,060 |
| FTEs | 6 | 6 | 6 | 6 |

Recommendation:

The Governor recommends funding of \$3.8 million in the FY 2024-25 biennium and \$3.3 million in the FY 2026-27 biennium to fund operational changes created by the federal Burial Equity Act of 2022 which allows members of the National Guard and Reserves to be interred in a State Veterans Cemetery. The Governor also recommends \$661,000 in FY 2024-25 and \$786,000 in FY 2026-27 from the general fund to remove state veteran’s cemetery burial fees for spouses and dependents of eligible veterans.

The percent change to base level general funding would be an 8% increase to the Veterans Programs & Services division operating budget and a 2% increase to the departments general fund operating budget for the FY 2024-25 biennium.

Rationale/Background:

Public Law 117-103, the Consolidated Appropriations Act, 2022, signed by President Biden on March 15, 2022, amended Section 2408 of title 38, United States Code (U.S.C.) to prohibit VA from establishing a condition for a cemetery construction grant that would restrict the ability of a State receiving a grant to inter certain non-veteran individuals who are otherwise ineligible for burial in a VA national cemetery.

It also prohibits VA from denying a grant application based solely on the basis that the state receiving such grant may use funds from the grant to expand, improve, operate, or maintain a veterans’ cemetery in which interment of such individuals is allowed.

Such individuals include:

- Any member of a reserve component of the Armed Forces who was discharged or released from service under conditions other than dishonorable or whose death occurs under conditions other than dishonorable while a member of the reserve component.
- Any member of the Army National Guard or the Air National Guard who was discharged or released from service under conditions other than dishonorable or whose death occurs under conditions other than dishonorable while a member of the Army National Guard or the Air National Guard.
- Any member of the Reserve Officers’ Training Corps (ROTC) of the Army, Navy, or Air Force whose death occurs under conditions other than dishonorable while a member of the ROTC.
- Any spouse of any member described above.
- Any minor child or unmarried adult child (as defined in 2402(a) of Title 38) of the above individuals.

The law prohibits VA from enforcing a condition related to interment of the above-described individuals, that was established before the law was enacted on March 15, 2022.

VA's Benefits Law Group (BLG), Office of General Counsel, has determined that the law allows grant-funded cemeteries in states including Minnesota to inter non-Veteran individuals described above in gravesites and columbaria niches that were developed with federal grant funds.

The new law does not compel grant funded cemeteries in states including Minnesota to inter the non-veteran individuals described, and States and Tribal Organizations still have authority to determine whether they will inter such individuals.

Under requirements of M.S. 197.236 Subd. 9a, a fee is charged for the interment of eligible spouses and dependent children in a state veterans cemetery. The fee is currently set at \$745.

Proposal:

If expanded eligibility for burial is authorized by amending M.S. 197.236 Subd. 8, this request is for additional operating funds for existing State Veterans Cemeteries which will see increased interments above what has been projected, based on demographic analysis. Annual interment projections are based on a 3% annual death rate, with 20%-25% of Veterans residing within 75 miles of a State Veterans Cemetery choosing burial at an existing cemetery location. Accounting for "non-Veteran" deaths in the same service area could substantially increase the number of eligible individuals seeking burial in one of our State Veterans Cemeteries.

To estimate the potential increase in burials, discharge data for the reserve components of the military was reviewed. It is estimated that approximately 134,000 reserve members, who don't currently qualify as "Veterans" for purposes of burial, reside in Minnesota. An overall statewide utilization rate for burial at our cemeteries was determined to be 0.4%. Applying that utilization rate to the estimated number of reserve members in Minnesota it is reasonable to assume up to 535 additional burials could be realized at our cemetery locations statewide.

Additional funds will allow continuity of current cemetery operations at all existing cemeteries and fund additional staffing, supplies, equipment, and facility utilization created by the increase in projected annual interments. Revenue currently generated for all Veteran burials from plot allowance payments of \$893/burial, paid by the VA, will not be realized if expanded eligibility is authorized since payment of the plot allowance was not authorized in the Burial Equity Act. Funds in this request would account for these plot allowance losses which are the largest source of revenue at our cemeteries.

If expanded eligibility for burial is authorized by amending M.S. 197.236 Subd. 8 and additional funding is not provided we will need to look at implementing cost saving measures at operating cemeteries as the number of burials increase due to expanding eligibility for "non-Veterans" as allowed by the new law.

If the fee for interment of eligible spouses and dependent children is eliminated by amending M.S. 197.236 Subd. 9a and additional funding is not provided we will need to look at implementing cost saving measures at operating cemeteries to cover lost revenue generated by these fees.

Equity and Inclusion:

Veterans are one of the groups identified by the State of Minnesota to reduce or eliminate inequities. This proposal directly impacts Veterans and their family members. Minnesota Veterans cover a broad spectrum of protected class groups including racial/ethnic groups (9%), women (8%), as well as members of the LGBTQ community. 100,158 Minnesota Veterans are service-connected disabled, and another 2,650 receive VA pensions. MDVA is a Veteran-friendly, equal opportunity, affirmative action employer. We are committed to embedding diversity, equity, inclusion, and accessibility at our workplace, and to providing culturally responsive

services to all Minnesotans. MDVA recognizes that a diverse workforce is essential and strongly encourages qualified women, racial/ethnic minorities, individuals with disabilities, and Veterans to apply.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

IT Costs:

N/A

Results:

N/A

Statutory Change(s):

M.S. 197.236 Subd. 8

M.S. 197.236 Subd. 9a

M.S. 190.19 Subd. 2a

M.S. 197.236 Subd. 9

Program: Programs and Services<https://mn.gov/mdva/>**AT A GLANCE**

- Serve Veterans of all ages and wartime service 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 Veteran's cemeteries
 - Preventing and ending Veteran homelessness
- Work closely with community, state, and federal partners
- Approximately 108 employees throughout the state

PURPOSE AND CONTEXT

The mission of the Programs & 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 providing final resting places that commemorate their service and honor their sacrifice to our Nation.

Minnesota is experiencing a continuing demand for services due to both the aging of the Veteran population and because of 21 years of continuous conflict and ongoing military operations worldwide. For example, in FY 2021 the Minnesota Department of Veterans Affairs (MDVA) processed 1,054 state and federal benefits claims. Burials at our State Veterans Cemeteries increased from 720 in 2020 to 958 in 2021. The State Soldiers Assistance Program assisted 3,467 Veterans and family members in 2021. The Minnesota GI Bill provided education funding to 1,639 Veterans and family members in 2021. It should be noted that the VA estimated Veteran population in the state of Minnesota dropped from 318,063 in 2020 to 313,912 in 2021. With an end to major military operations related to the Global War on Terrorism and the estimated 47,081 Minnesota Veterans who served during that period, it is expected that demand for services will continue to increase in the coming months and years.

MDVA stands 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. MDVA helps 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.

Calendar year 2022 includes the following initiatives:

1. “Functional Zero” for Veteran Homelessness
Goal: Minnesota seeks to be the fourth state in the nation—joining Connecticut, Delaware, and Virginia—to end Veteran homelessness by reaching functional zero for homeless Veterans statewide. In Minnesota, 85 of 87 counties in the state have reached this milestone. The remaining 2 counties, comprising Minnesota’s most populous areas, will require significant effort and resources to reach the final threshold.
2. Post 9/11 Service Bonus
Goal: Minnesota seeks to honor its Post 9/11 Veterans by providing bonus payments to Minnesota Veterans of the Global War on Terrorism, as it has done for every war since World War I. MDVA was appropriated \$24.88M for this purpose during the 2022 legislative session and hopes to provide bonus payments to the estimated 47,081 eligible Veterans. As in the past, the hope is that that this will spur even more awareness of state and federal benefits to this newest group of Veterans and allow MDVA to effectively outreach to them.
3. Consolidation of Veteran Information Systems
Goal: Continued development of our Veterans Application Tracking System (VATS) to further consolidate all MDVA Veterans information management systems into one database which will provide for better lifetime case management, electronic submissions, improved reporting, and reduction of stand-alone systems.

SERVICES PROVIDED

- **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) and the State Approving Agency, and it 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 one 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 – MDVA partners 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 to provide benefits and services to Veterans. Additionally, MDVA partners with several state agencies to accomplish its 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. | \$10,642 | \$10,977 | Federal FY20 & FY21 |
| Quantity | Number of Veterans and their survivors who have MDVA staff acting as their accredited representative to the federal VA. | 49,735 | 51,897 | FY20 & FY21 |
| Quantity | Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs. | 1,876 | 1,639 | FY20 & FY21 |
| Quantity | Number of interments and inurnments at the Minnesota State Veterans Cemeteries. | 726 | 958 | FY20 & FY21 |
| Quantity | Number of unique Veterans and their dependents who were provided statewide, community-based counseling through C.O.R.E. program participation. | 700 | 701 | FY20 & FY21 |
| Quality | Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs | 99% | 100% | FY20 & FY21 |
| Results | Number of Homeless Veterans identified in MN during HUD’s annual Point in Time (PIT) Count. | 644 | 318 | Jan. 2010 & Jan. 2021 |

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

- Minn. Stat. 190.07 (<https://www.revisor.mn.gov/statutes/cite/196.07>)
- Minn. Stat. 190.19 (<https://www.revisor.mn.gov/statutes/2021/cite/190.19>)
- Minn. Stat. 196.08 (<https://www.revisor.mn.gov/statutes/cite/196.08>)
- Minn. Stat. 196.081 (<https://www.revisor.mn.gov/statutes/cite/196.081>)
- Minn. Stat. 197 (<https://www.revisor.mn.gov/statutes/cite/197>)

Programs and Services

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|---|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 22,444 | 20,479 | 24,550 | 62,273 | 27,371 | 27,371 | 71,473 | 38,527 |
| 2000 - Restrict Misc Special Revenue | 2,418 | 1,413 | 1,973 | 2,510 | 2,383 | 2,297 | 2,383 | 2,297 |
| 2403 - Gift | 27 | 21 | 71 | 41 | 38 | 38 | 38 | 38 |
| 3000 - Federal | 24 | | 2,861 | 7,355 | | | | |
| 3010 - Coronavirus Relief | 269 | 4,217 | 2,315 | | | | | |
| 3015 - ARP-State Fiscal Recovery | | | 26 | 174 | | | | |
| Total | 25,182 | 26,129 | 31,796 | 72,353 | 29,792 | 29,706 | 73,894 | 40,862 |
| Biennial Change | | | | 52,837 | | (44,651) | | 10,607 |
| Biennial % Change | | | | 103 | | (43) | | 10 |
| Governor's Change from Base | | | | | | | | 55,258 |
| Governor's % Change from Base | | | | | | | | 93 |
| <u>Expenditures by Activity</u> | | | | | | | | |
| Veterans Services | 2,882 | 3,133 | 3,645 | 3,697 | 3,578 | 3,578 | 4,347 | 4,097 |
| Programs and Services | 15,119 | 16,107 | 21,117 | 60,590 | 18,282 | 18,191 | 61,315 | 28,528 |
| Claims and Outreach | 7,181 | 6,890 | 7,033 | 8,066 | 7,932 | 7,937 | 8,232 | 8,237 |
| Total | 25,182 | 26,129 | 31,796 | 72,353 | 29,792 | 29,706 | 73,894 | 40,862 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 9,476 | 9,999 | 10,236 | 12,008 | 12,579 | 12,594 | 16,953 | 16,596 |
| Operating Expenses | 4,642 | 4,882 | 12,869 | 35,727 | 8,501 | 8,449 | 14,574 | 11,098 |
| Grants, Aids and Subsidies | 10,992 | 10,823 | 8,308 | 16,226 | 8,711 | 8,662 | 42,366 | 13,167 |
| Capital Outlay-Real Property | 9 | 171 | 261 | 8,391 | | | | |
| Other Financial Transaction | 63 | 255 | 122 | 1 | 1 | 1 | 1 | 1 |
| Total | 25,182 | 26,129 | 31,796 | 72,353 | 29,792 | 29,706 | 73,894 | 40,862 |
| Total Agency Expenditures | 25,182 | 26,129 | 31,796 | 72,353 | 29,792 | 29,706 | 73,894 | 40,862 |
| Internal Billing Expenditures | | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Expenditures Less Internal Billing | 25,182 | 26,124 | 31,790 | 72,347 | 29,786 | 29,700 | 73,888 | 40,856 |
| <u>Full-Time Equivalent</u> | 108.82 | 111.72 | 108.61 | 121.41 | 126.01 | 123.71 | 158.81 | 156.51 |

Programs and Services

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|---------------|---|---------------|
| 1000 - General | | | | | | | | |
| Balance Forward In | | 3,793 | | 4,907 | | | | |
| Direct Appropriation | 24,380 | 18,153 | 27,073 | 54,460 | 24,190 | 24,190 | 66,542 | 33,596 |
| Open Appropriation | 3,028 | 2,645 | 2,414 | 2,925 | 3,200 | 3,200 | 4,950 | 4,950 |
| Transfers In | 13,639 | 14,346 | 13,425 | 14,843 | 13,319 | 13,319 | 15,138 | 15,138 |
| Transfers Out | 13,801 | 15,667 | 13,454 | 14,862 | 13,338 | 13,338 | 15,157 | 15,157 |
| Cancellations | | 2,792 | | | | | | |
| Balance Forward Out | 4,802 | | 4,908 | | | | | |
| Expenditures | 22,444 | 20,479 | 24,550 | 62,273 | 27,371 | 27,371 | 71,473 | 38,527 |
| Biennial Change in Expenditures | | | | 43,899 | | (32,081) | | 23,177 |
| Biennial % Change in Expenditures | | | | 102 | | (37) | | 27 |
| Governor's Change from Base | | | | | | | | 55,258 |
| Governor's % Change from Base | | | | | | | | 101 |
| Full-Time Equivalents | 104.29 | 106.46 | 103.90 | 112.77 | 117.22 | 116.12 | 150.02 | 148.92 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 2,424 | 2,078 | 2,576 | 2,265 | 1,706 | 1,267 | 1,706 | 1,267 |
| Receipts | 969 | 1,004 | 1,036 | 1,325 | 1,318 | 1,403 | 1,318 | 1,403 |
| Transfers In | 631 | 695 | 736 | 626 | 626 | 626 | 626 | 626 |
| Transfers Out | 60 | 80 | 111 | | | | | |
| Balance Forward Out | 1,545 | 2,284 | 2,265 | 1,706 | 1,267 | 999 | 1,267 | 999 |
| Expenditures | 2,418 | 1,413 | 1,973 | 2,510 | 2,383 | 2,297 | 2,383 | 2,297 |
| Biennial Change in Expenditures | | | | 652 | | 197 | | 197 |
| Biennial % Change in Expenditures | | | | 17 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 4.53 | 4.75 | 4.71 | 8.64 | 8.79 | 7.59 | 8.79 | 7.59 |

2403 - Gift

| | | | | | | | | |
|---------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Balance Forward In | 144 | 77 | 124 | 161 | 156 | 154 | 156 | 154 |
| Receipts | 6 | 41 | 83 | 11 | 11 | 11 | 11 | 11 |
| Transfers In | 24 | 25 | 28 | 25 | 25 | 25 | 25 | 25 |
| Transfers Out | 69 | | 3 | | | | | |
| Balance Forward Out | 77 | 123 | 161 | 156 | 154 | 152 | 154 | 152 |

Programs and Services

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|-----------|-----------|-----------|-----------|---------------|-----------|---------------------------|-----------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| Expenditures | 27 | 21 | 71 | 41 | 38 | 38 | 38 | 38 |
| Biennial Change in Expenditures | | | | 65 | | (36) | | (36) |
| Biennial % Change in Expenditures | | | | 136 | | (32) | | (32) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|-----------|--|--------------|--------------|--|----------|--|----------|
| Receipts | 24 | | 2,861 | 7,355 | | | | |
| Expenditures | 24 | | 2,861 | 7,355 | | | | |
| Biennial Change in Expenditures | | | | 10,192 | | (10,216) | | (10,216) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

3010 - Coronavirus Relief

| | | | | | | | | |
|-----------------------------------|------------|--------------|--------------|---------|--|---------|--|---------|
| Direct Appropriation | 269 | 4,217 | 2,315 | | | | | |
| Expenditures | 269 | 4,217 | 2,315 | | | | | |
| Biennial Change in Expenditures | | | | (2,171) | | (2,315) | | (2,315) |
| Biennial % Change in Expenditures | | | | (48) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | 0.51 | | | | | | |

3015 - ARP-State Fiscal Recovery

| | | | | | | | | |
|-----------------------------------|--|--|-----------|------------|--|-------|--|-------|
| Balance Forward In | | | | 174 | | | | |
| Direct Appropriation | | | 200 | | | | | |
| Balance Forward Out | | | 174 | | | | | |
| Expenditures | | | 26 | 174 | | | | |
| Biennial Change in Expenditures | | | | 200 | | (200) | | (200) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

Program: Veterans Healthcare

<https://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 two Adult Day Healthcare Programs (Medical Model) in the country
- Approximately 1,215 employees providing care to Veterans
- Work closely with state, federal, and community partners to enhance all State Veterans Homes Resident's lives

PURPOSE AND CONTEXT

The first Minnesota 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 skilled nursing 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 the State Veterans Home. Today, MDVA operates five Veterans Homes located in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay, and one Adult Day Care program in Minneapolis.

Healthcare initiatives are reviewed annually to ensure that both quality care and operational excellence are achieved in all MN SVH. The following healthcare initiatives were developed with staff and stakeholder input, including agency-level policy and procedures to always improve Resident care outcomes. The MDVA healthcare program's goal is to ensure that all facilities are working as one agency providing the highest level of care.

Calendar year 2022 includes the following initiatives:

1. Infection Prevention (IP)

Goal: Under the guidance of MDVA Healthcare senior leaders, each facility developed and continues to refine an IP strategy which includes the latest guidance from CMS, Minnesota Department of Health (MDH), Center for Disease Control and Prevention (CDC) and Department of Labor and Industry (DOLI). This will allow all facilities to minimize the negative effects of all infectious diseases, including COVID-19.
2. Hospice/Palliative Care

Goal: Enhance all areas of palliative care, advance care planning, and hospice in all Veterans Homes to provide Resident's dignity at end of life.
3. Resident Visits (Person Centered Care Approach and Telehealth)

Goal: During the height of the pandemic, visitations were initially eliminated, except for virtual. This greatly reduced essential socialization. Today all types of visitations are welcomed by family and friends. Telehealth visits have been widely used by the Homes, but they do not replace direct contact.
4. Business Office Operations

Goal: Maximize revenues available through all possible means available to include federal VA per diem, Medicare, insurance, and Medicare Part D. Reviews of all resident reimbursement options are continuously reviewed.

5. Oral Healthcare

Goal: The Healthcare division have implemented an integrated oral health care strategy within skilled facilities, which includes education for direct care staff on daily oral care, applying for grants to provide dental care services. In the future, MDVA will be looking to capture federal VA dental benefits for those Veterans eligible.

6. Veteran Suicide Reduction

Goal: MDVA continues working to reduce Veteran suicide rates in Minnesota. Current data shows that around 100 Veterans die by suicide annually in Minnesota. Minnesota Department of Veterans Affairs continues to lead Minnesota’s collaboration in the “Governor’s Challenge to Reduce Veteran Suicide.” MDVA is actively partnering with Minnesota Department of Health, the Federal VA, County Veteran Service Officers, Veterans Service Organizations, and other entities on this effort.

SERVICES PROVIDED

MDVA provides care that is designed and delivered according to the individual needs of the Resident (Resident Centered Care). All MDVA SVH have the goal of restoring, optimizing, and/or maintaining each Resident’s level of function, personal autonomy, and dignity as well as 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, speech and physical therapy – and general physical fitness
- Social services, recreational therapy, and behavioral services
- Coordination of specialty appointments with outside providers
- Life enhancement activities – Entertainment, games, outdoor activities, and many other
- Drug and alcohol supportive services
- Vocational rehabilitation
- On-site specialty services – dental, ophthalmology, audiology, podiatry
- Primary Care and some Specialty Care

In recent years, a stable senior leadership team committed to Veteran centric care has developed uniform changes to improve operations and experience across the system that include:

- Implementation of Resident centered care and family centered care models at all of the Veterans Homes to meet the unique individualized care of Veterans and their families.
- Development of three paths to Domiciliary Care designed to meet the Veteran where they are in life and determine together how to overcome challenges to maximize goals.
- Clinical care advancements to include innovative programming that cares for Veterans with dementia diagnoses, addressing complex medical needs.
- Implementation of a standardized scheduling and timekeeping software system utilized by all MN Veterans Homes for staff ease in scheduling and timekeeping functions, and to allow for future analysis regarding employee costs to guide operational decisions in the future.
- Asset preservation, repair, and betterment funding, as an ongoing necessity to extend the useful life and maintain aging facilities at all locations.
- The four skilled nursing facilities continue to make facility refinements for the long-term health of the facilities. Hastings developed a total campus redesign, with the goal of single rooms with private bathrooms.
- Compliance with CMS standards for the purpose of enhancing the level of care provided at the Veterans Homes and generating an opportunity to bill services to all available sources.

RESULTS

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 as dedicated professionals, our staff can promote and support transition of domiciliary residents back to their communities. The key measures include 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. | 4.88 (low = 1, high = 5) | 4.92 (low = 1, high = 5) | 2020 & 2021 |
| Quality | The annual CMS 5 Star Staffing Report continues to score at the higher end of the rating. MDVA’s goal is to maintain a 4 or 5-star overall staffing ratio at the Skilled Veterans Homes, and this goal has been met for the past two years. | 4 or 5- Star | 4 or 5- Star | 2020 & 2021 |

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. 198.01 (<https://www.revisor.mn.gov/statutes/?id=198.01>)

Veterans Health Care

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--------------------------------------|----------------|----------------|----------------|------------------|----------------|----------------|------------------------------|----------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <i>Expenditures by Fund</i> | | | | | | | | |
| 1000 - General | | 38 | 365 | 1,374 | 600 | 600 | 1,258 | 1,233 |
| 2000 - Restrict Misc Special Revenue | 170 | 185 | 327 | 272 | 244 | 244 | 244 | 244 |
| 2001 - Other Misc Special Revenue | 118,007 | 122,395 | 121,616 | 138,167 | 126,339 | 127,696 | 144,767 | 158,928 |
| 2403 - Gift | 659 | 423 | 757 | 915 | 922 | 944 | 922 | 944 |
| 3000 - Federal | | | 36,533 | 56,990 | | | | |
| 3010 - Coronavirus Relief | 1,880 | 4,273 | | | | | | |
| 6000 - Miscellaneous Agency | 1,276 | 1,648 | 1,432 | 1,428 | 1,490 | 1,490 | 1,490 | 1,490 |
| Total | 121,991 | 128,962 | 161,031 | 199,146 | 129,595 | 130,974 | 148,681 | 162,839 |
| Biennial Change | | | | 109,224 | | (99,608) | | (48,657) |
| Biennial % Change | | | | 44 | | (28) | | (14) |
| Governor's Change from Base | | | | | | | | 50,951 |
| Governor's % Change from Base | | | | | | | | 20 |

Expenditures by Activity

| | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Veterans Healthcare | 9,504 | 15,202 | 16,082 | 21,810 | 16,657 | 16,718 | 19,557 | 20,015 |
| Minneapolis Veterans Homes | 59,023 | 59,642 | 58,674 | 61,995 | 58,124 | 58,721 | 63,606 | 65,968 |
| Hastings Veterans Home | 11,121 | 11,438 | 11,449 | 11,923 | 11,117 | 11,206 | 12,081 | 12,480 |
| Silver Bay Veterans Homes | 14,155 | 13,759 | 13,757 | 14,796 | 13,667 | 13,945 | 14,913 | 15,592 |
| Luverne Veterans Home | 12,469 | 12,654 | 13,115 | 14,025 | 12,980 | 13,101 | 14,287 | 14,829 |
| Fergus Falls Veterans Home | 15,719 | 16,268 | 17,237 | 18,355 | 16,970 | 17,163 | 18,603 | 19,322 |
| Bemidji Veterans Home | | | 7,657 | 21,934 | 20 | 30 | 2,040 | 5,307 |
| Montivideo Veterans Home | | | 12,831 | 21,498 | 20 | 30 | 2,040 | 5,307 |
| Preston Veterans Home | | | 10,228 | 12,810 | 40 | 60 | 1,554 | 4,019 |
| Total | 121,991 | 128,962 | 161,031 | 199,146 | 129,595 | 130,974 | 148,681 | 162,839 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Compensation | 96,445 | 99,614 | 96,961 | 105,150 | 98,937 | 99,409 | 115,899 | 128,875 |
| Operating Expenses | 23,837 | 27,278 | 31,289 | 34,415 | 28,998 | 29,905 | 31,122 | 32,304 |
| Grants, Aids and Subsidies | 1,386 | 1,719 | 1,431 | 1,378 | 1,427 | 1,427 | 1,427 | 1,427 |
| Capital Outlay-Real Property | 198 | 165 | 31,143 | 58,000 | 30 | 30 | 30 | 30 |
| Other Financial Transaction | 125 | 185 | 206 | 203 | 203 | 203 | 203 | 203 |
| Total | 121,991 | 128,962 | 161,031 | 199,146 | 129,595 | 130,974 | 148,681 | 162,839 |

Veterans Health Care

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-------------------------------------|----------------|----------------|----------------|------------------|---------------|----------|------------------------------|----------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Full-Time Equivalents</u> | 1,176.10 | 1,172.06 | 1,097.42 | 1,139.79 | 1,050.77 | 1,034.27 | 1,238.17 | 1,335.37 |

Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|------------|------------------------------|--------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | | | 679 | | | | |
| Direct Appropriation | 57,761 | 57,761 | 62,457 | 71,033 | 70,086 | 70,086 | 89,172 | 101,951 |
| Transfers In | | | 87 | 45 | | | | |
| Transfers Out | 57,761 | 57,723 | 61,499 | 70,383 | 69,486 | 69,486 | 87,914 | 100,718 |
| Balance Forward Out | | | 679 | | | | | |
| Expenditures | | 38 | 365 | 1,374 | 600 | 600 | 1,258 | 1,233 |
| Biennial Change in Expenditures | | | | 1,702 | | (539) | | 752 |
| Biennial % Change in Expenditures | | | | | | (31) | | 43 |
| Governor's Change from Base | | | | | | | | 1,291 |
| Governor's % Change from Base | | | | | | | | 108 |
| Full-Time Equivalents | | | 0.95 | 2.10 | 2.10 | 2.10 | 5.40 | 5.40 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 127 | 130 | 238 | 99 | 67 | 63 | 67 | 63 |
| Receipts | 173 | 289 | 189 | 240 | 240 | 240 | 240 | 240 |
| Balance Forward Out | 130 | 234 | 100 | 67 | 63 | 59 | 63 | 59 |
| Expenditures | 170 | 185 | 327 | 272 | 244 | 244 | 244 | 244 |
| Biennial Change in Expenditures | | | | 244 | | (111) | | (111) |
| Biennial % Change in Expenditures | | | | 69 | | (18) | | (18) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Balance Forward In | 13,896 | 13,063 | 19,335 | 12,876 | 530 | 530 | 530 | 530 |
| Receipts | 58,773 | 68,452 | 53,786 | 55,541 | 56,911 | 58,268 | 56,911 | 58,268 |
| Transfers In | 131,225 | 139,456 | 150,411 | 150,510 | 137,746 | 137,702 | 156,174 | 168,934 |
| Transfers Out | 73,501 | 81,766 | 89,041 | 80,230 | 68,318 | 68,274 | 68,318 | 68,274 |
| Balance Forward Out | 12,387 | 16,810 | 12,875 | 530 | 530 | 530 | 530 | 530 |
| Expenditures | 118,007 | 122,395 | 121,616 | 138,167 | 126,339 | 127,696 | 144,767 | 158,928 |
| Biennial Change in Expenditures | | | | 19,381 | | (5,748) | | 43,912 |
| Biennial % Change in Expenditures | | | | 8 | | (2) | | 17 |
| Governor's Change from Base | | | | | | | | 49,660 |
| Governor's % Change from Base | | | | | | | | 20 |

Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------|----------|----------|----------|----------|---------------|----------|---------------------------|----------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| Full-Time Equivalents | 1,175.09 | 1,161.61 | 1,095.13 | 1,136.69 | 1,047.67 | 1,031.17 | 1,231.77 | 1,328.97 |

2403 - Gift

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 1,922 | 2,038 | 2,337 | 2,457 | 2,423 | 2,480 | 2,423 | 2,480 |
| Receipts | 757 | 703 | 873 | 881 | 979 | 1,024 | 979 | 1,024 |
| Transfers In | | | 3 | | | | | |
| Balance Forward Out | 2,020 | 2,318 | 2,456 | 2,423 | 2,480 | 2,560 | 2,480 | 2,560 |
| Expenditures | 659 | 423 | 757 | 915 | 922 | 944 | 922 | 944 |
| Biennial Change in Expenditures | | | | 591 | | 194 | | 194 |
| Biennial % Change in Expenditures | | | | 55 | | 12 | | 12 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--|--|---------------|---------------|--|----------|--|----------|
| Receipts | | | 36,533 | 56,990 | | | | |
| Expenditures | | | 36,533 | 56,990 | | | | |
| Biennial Change in Expenditures | | | | 93,523 | | (93,523) | | (93,523) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

3010 - Coronavirus Relief

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--|---------|--|---|--|---|
| Direct Appropriation | 1,880 | 4,279 | | | | | | |
| Cancellations | | 5 | | | | | | |
| Expenditures | 1,880 | 4,273 | | | | | | |
| Biennial Change in Expenditures | | | | (6,153) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (100) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | 9.21 | | | | | | |

6000 - Miscellaneous Agency

| | | | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Balance Forward In | 338 | 503 | 730 | 765 | 827 | 827 | 827 | 827 |
|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|

Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| Receipts | 1,440 | 1,873 | 1,468 | 1,490 | 1,490 | 1,490 | 1,490 | 1,490 |
| Balance Forward Out | 503 | 728 | 766 | 827 | 827 | 827 | 827 | 827 |
| Expenditures | 1,276 | 1,648 | 1,432 | 1,428 | 1,490 | 1,490 | 1,490 | 1,490 |
| Biennial Change in Expenditures | | | | (63) | | 120 | | 120 |
| Biennial % Change in Expenditures | | | | (2) | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.01 | 1.24 | 1.34 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Minnesota Department of Veterans Affairs

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Budget | FY 2024 Base | FY 2025 Base | Required State Match or MOE? | FTEs |
|--|--|------------------|------------------|--------------|--------------|------------------------------|----------|
| Department of Veterans Affairs CFDA 64.005 | Grant to States for Construction of State Home Facilities - Bemidji | \$ 7,657 | \$ 21,934 | \$ - | \$ - | Yes | 1 |
| Department of Veterans Affairs CFDA 64.005 | Grant to States for Construction of State Home Facilities - Montevideo | \$ 12,831 | \$ 21,497 | \$ - | \$ - | Yes | 1 |
| Department of Veterans Affairs CFDA 64.005 | Grant to States for Construction of State Home Facilities - Preston | \$ 10,228 | \$ 12,810 | \$ - | \$ - | Yes | 1 |
| Department of Homeland Security CFDA 97.036 | FEMA-4531-DR-MN COVID-19 Emergency Protective Measures | \$ 5,817 | \$ 749 | \$ - | \$ - | Yes | - |
| | Veterans Health Care Program Total | \$ 36,533 | \$ 56,990 | \$ - | \$ - | | 3 |
| Department of Veterans Affairs CFDA 64.203 | Veterans Cemetery Grants Program - Redwood County | 2,861 | 7,355 | 0 | 0 | Yes | 1 |
| | Veterans Programs and Services Program Total | \$ 2,861 | \$ 7,355 | \$ - | \$ - | | 1 |
| | Federal Fund [3000 Fund] – Agency Total | \$ 39,394 | \$ 64,345 | \$ - | \$ - | | 3 |
| US Department of the Treasury CFDA 21.019 | Coronavirus Relief (3010) - MDVA Coronavirus Budget Relief | 2,315 | \$ - | \$ - | \$ - | No | - |
| | Coronavirus Relief Fund [3010 Fund] - Veterans Programs and Services Program Total | \$ 2,315 | \$ - | \$ - | \$ - | | - |
| US Department of the Treasury CFDA 21.027 | ARP State Fiscal Recovery (3015) - Veteran Homeless Navigator Program | 26 | 174 | \$ - | \$ - | No | - |
| | ARP - State Fiscal Recovery Fund [3015 Fund] - Veterans Programs and Services Program Total | \$ 26 | \$ 174 | \$ - | \$ - | | - |
| | Federal Funds - Agency Total | \$ 41,735 | \$ 64,519 | \$ - | \$ - | | 3 |

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 FY22 and FY23, MDVA received Federal VA construction grants to build three new skilled Veterans Homes in Bemidji, Montevideo, and Preston, and to build a new Veterans Cemetery in Redwood Falls. The federal funds shown above are grant amounts received for the completion of these projects. The department also received federal FEMA funds from the Department of Homeland Security to cover costs associated with resident testing for COVID-19.

Department of Veterans Affairs (VA) - Construction Grants for State Veterans Homes

The Federal VA's construction grant program for State Veterans Homes requires the State to provide 35% of the funding for the pre-design, 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 signed memorandum of agreement between the Federal VA and the State of MN is required prior to federal grant funding which requires a maintenance of effort (MOE) provision.

(Dollars in Thousands)

The MOE states that the State of Minnesota will operate and maintain the Homes according to standards and measures as defined by the Federal VA, as well as other State (MN Department of Health) and Federal regulatory agencies (CMS). The Federal 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.

All requirements at this time have been met by the MDVA and the State of Minnesota for the construction of these new Veterans Homes. However, on-going operating funds still need to be appropriated during the FY24/25 biennial budget session to operate the new homes. All three Veterans Homes are expected to open the middle of calendar year 2023.

Department of Veterans Affairs (VA) - Construction Grants for State Cemeteries

The Federal 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 signed memorandum of agreement between the Federal VA and the State of Minnesota is required prior to federal grant funding which requires a Maintenance of Effort (MOE) provision that states that the State of Minnesota 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 Federal 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.

All requirements at this time have been met by the MDVA and the State of Minnesota. The Redwood Falls Veterans State Cemetery is expected to open the middle of calendar year 2023.

Department of Homeland Security - FEMA COVID-19 Emergency Protective Measures

MDVA received funds in FY22/23 to cover the cost to test Veterans Home residents for COVID-19. In FY22, FEMA reimbursed this cost at 100% and in FY23 the reimbursement amount is 90%.

Other Federal Funds

The department also received operational funding reimbursements from the Federal Department of Veterans Affairs (VA) for the following programs that were not reported above as they are not required per MS 3.3005. The MDVA Commissioner is authorized to accept these federal funds per MS 196.053. In FY22 the department received other federal funds of:

- 1) State Veterans Homes Per Diem's for care of Veterans = \$34,875,214
- 2) State Veterans Homes Medicare A, B, and D for care of Veterans = \$3,484,586
- 3) State Cemeteries Plot Allowance for Veteran burials = \$748,951
- 4) State Approving Agency Program for Federal GI Bill educational compliance = \$398,868