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www.mn.gov/mdva/

AT A GLANCE

- Employ 1,490 staff across the state
- Provide 20 programs or services
- Provide a variety of aging healthcare specialties in 5 State Veterans Homes
- Receive employee, facilities, and 87 software applications support from MN.IT

PURPOSE

The mission of Minnesota Department of Veterans Affairs (MDVA) is "Dedicated to serving Minnesota Veterans and their families." We are a "post wartime agency" and were created by the 1943 state Legislature at the height of World War II to consolidate the services provided to the increasing number of returning service members, and since 2007 we have operated the Minnesota Veterans Homes. Today, there are approximately 360,000 veterans in Minnesota (or seven percent of the state population).

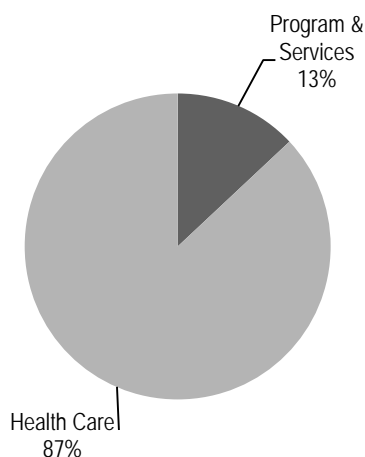
Since 9/11, over 66,000 Minnesotans have been discharged from active duty and 43,000 have served in a combat zone. Veterans face many challenges, including matching their military skills to civilian occupations, higher unemployment rates than their civilian counterparts, and short- and long-term medical issues resulting from their military duty. In addition, both veterans and their families experience mental fatigue and injuries associated with military deployments. Nearly 1/3 (28%) of the state's 75 year old plus population are veterans, many with unique long-term care needs.

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

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

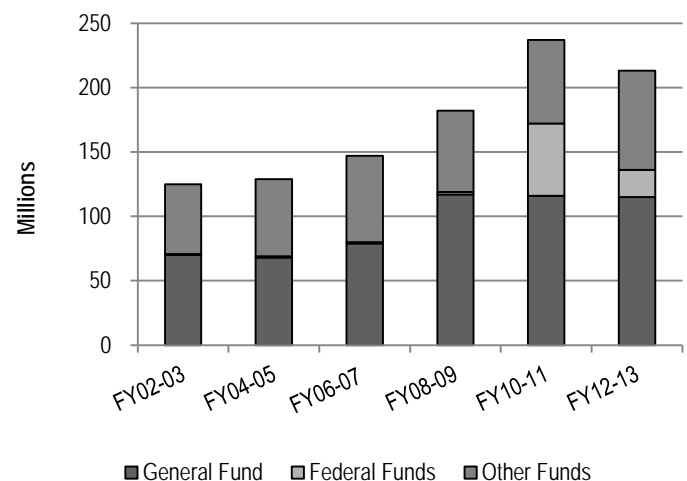
BUDGET

Spending by Program
FY 13 Actual



Source: SWIFT

Historical Spending



Source: Consolidated Fund Statement

MDVA activities are funded approximately 54% from the general fund, 10% from federal funds and 36% from special revenue funds.

The Program & Services Division received a majority of its funding, \$27.6 million for the 2012/13 biennium, from the general fund. Two additional funding sources are included: an additional \$677,000 was received from federal sources for MDVA's roll in approving institutions of higher learning for the use of GI Bill benefits (SAA), and also Little Falls Cemetery construction funding in the amount of \$728,000.

The Healthcare Division is jointly funded by the general fund, federal funds, and residents. The historical spending graph reflects the following breakdown:

- A general fund appropriation of \$88.7 million for the 2012/13 biennium which was transferred to and spent out of the special revenue fund, (the graph above reflects these expenditures out of the general fund).
- An additional \$77.2 million from revenues received from the Federal VA Administration for veteran full and partial per diem, Medicare reimbursements for Medicare Part D (pharmaceuticals), and revenue received from resident maintenance charges, was expended from the special revenue fund.
- And, Federal grant funds were received and spent for the new skilled nursing building 19 on the Minneapolis Campus along with other smaller construction projects at the Fergus Falls and Silver Bay veteran homes during the 2012/13 biennium.

STRATEGIES

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

Many veterans are not aware of the benefits that they have earned through their service. The **Programs & Services Division** collaborates with its partners in the veterans service community to assist veterans in obtaining these benefits. A few areas of assistance are **financial, educational** and/or **medical benefits**. Additionally there are an estimated 309 veterans without safe, stable or affordable housing on any given night in Minnesota (<http://www.endhomelessness.org/library/entry/the-state-of-homelessness-2014>). Finally, veterans experience unemployment at a higher rate than the general population so MDVA's programs also assist homeless veterans, veterans at risk of homelessness or unemployment, and it provides counseling and funeral honor benefits.

MDVA also operates a **Healthcare Division** which supports five State Veterans Homes located in Luverne, Fergus Falls, Silver Bay, Hastings and Minneapolis to ensure that veterans and their families have options for meeting their long-term care needs through high-quality care. The homes offer **24-hour Skilled Nursing**, with Special Care Units, such as **Domiciliary and Adult Day Care**. The homes also offer rehabilitation, work therapy, transportation, chemical dependency, psychological, medical, primary care, spiritual and recreational services to improve the health and quality of life of its residents.

MDVA is able to meet the information technology needs of the two divisions through services and support provided by Minnesota Information Technology (MN.IT). MN.IT meets those needs by:

- Administering the Information Technology Service Level Agreement for the departments and offices that defines partnerships, roles and responsibilities, service metrics, and budgets;
- Providing expertise, planning and development of technology systems and data architectures;
- Supplying high-level security for all departmental data, systems, and communications;
- Managing communications networks and telecommunications systems;
- Administering networks and infrastructure connecting all employees and 7 building connections; and
- Providing user support, training, and problem resolution.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 196 and M.S. 197

<https://www.revisor.mn.gov/statutes/?id=196>

<https://www.revisor.mn.gov/statutes/?id=197>

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	11,581	14,924	14,037	17,296	16,382	16,432	16,491	16,653
2000 - Restricted Misc Special Rev	1,024	502	669	1,644	1,200	1,200	1,200	1,200
2001 - Other Misc Special Rev	77,682	85,718	91,268	100,059	93,768	94,042	100,468	105,247
2403 - Gift	488	478	478	504	505	506	505	506
3000 - Federal	19,745	1,672	4,863	23,272	15,169	27,591	15,169	27,591
6000 - Miscellaneous Agency	1,518	1,443	1,557	1,748	1,640	1,640	1,640	1,640
Total	112,038	104,738	112,872	144,522	128,664	141,411	135,473	152,837
Biennial Change				40,618		12,681		30,916
Biennial % Change				19		5		12
Governor's Change from Base								18,235
Governor's % Change from Base								7

Expenditures by Program

Program: Veterans Programs And Services	12,840	16,229	17,312	28,080	17,861	17,920	17,970	18,141
Program: Veterans Health Care	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696
Total	112,038	104,738	112,872	144,522	128,664	141,411	135,473	152,837

Expenditures by Category

Compensation	67,934	71,889	78,123	84,329	78,833	78,791	85,142	86,818
Operating Expenses	18,487	21,896	22,025	26,220	25,119	25,262	25,619	28,661
Other Financial Transactions	1,237	2,024	328	281	268	268	268	268
Grants, Aids and Subsidies	5,929	7,576	8,084	10,419	9,709	9,759	9,709	9,759
Capital Outlay-Real Property	18,451	1,353	4,251	23,274	14,735	27,331	14,735	27,331
Total	112,038	104,738	112,872	144,522	128,664	141,411	135,473	152,837

Full-Time Equivalents

1,094.5	1,148.1	1,182.1	1,182.7	1,107.7	1,097.0	1,182.2	1,182.2
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(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	110	2,741	110	1,345				
Direct Appropriation	57,695	58,990	63,508	62,753	62,753	62,753	69,562	74,179
Open Appropriation	1,294	950	1,605	1,837	1,989	2,090	1,989	2,090
Receipts			0					
Net Transfers	(45,320)	(46,968)	(49,731)	(48,640)	(48,360)	(48,411)	(55,060)	(59,616)
Cancellations		788	110					
Expenditures	11,581	14,924	14,037	17,296	16,382	16,432	16,491	16,653
Balance Forward Out	2,198		1,345					
<i>Biennial Change in Expenditures</i>				4,827		1,482		1,812
<i>Biennial % Change in Expenditures</i>				18		5		6
<i>Gov's Exp Change from Base</i>								330
<i>Gov's Exp % Change from Base</i>								1
FTEs	70.8	79.0	78.1	78.2	69.2	67.2	70.7	68.7

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,122	996	1,455	1,772	1,066	816	1,066	816
Receipts	423	434	492	466	477	477	477	477
Net Transfers	404	504	493	473	473	473	473	473
Expenditures	1,024	502	669	1,644	1,200	1,200	1,200	1,200
Balance Forward Out	925	1,432	1,772	1,066	816	566	816	566
<i>Biennial Change in Expenditures</i>				787		87		87
<i>Biennial % Change in Expenditures</i>				52		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	3.5	3.8	1.9	1.9	1.9	1.9	1.9	1.9

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6,989	11,607	12,854	12,469	3,391	3,164	3,391	3,164
Receipts	37,171	41,837	45,910	46,004	47,036	47,276	47,036	47,276
Net Transfers	43,990	44,569	44,974	44,977	46,505	46,505	53,205	57,710
Expenditures	77,682	85,718	91,268	100,059	93,768	94,042	100,468	105,247
Balance Forward Out	10,469	12,296	12,469	3,391	3,164	2,903	3,164	2,903

(Dollars in Thousands)

2001 - Other Misc Special Rev

2007 Other Misc Special Rev								
Biennial Change in Expenditures				27,928		(3,518)		14,387
Biennial % Change in Expenditures				17		(2)		8
Gov's Exp Change from Base								17,905
Gov's Exp % Change from Base								10
FTEs	1,014.6	1,060.5	1,097.2	1,097.7	1,031.7	1,022.9	1,104.7	1,106.6

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	981	977	1,046	1,056	1,001	996	1,001	996
Receipts	454	497	467	480	480	479	480	479
Net Transfers	28	19	21	(30)	20	20	20	20
Expenditures	488	478	478	504	505	506	505	506
Balance Forward Out	976	1,015	1,056	1,001	996	989	996	989
<i>Biennial Change in Expenditures</i>				16		29		29
<i>Biennial % Change in Expenditures</i>				2		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,555	2,316	2,059	546	357	348	357	348
Receipts	19,076	2,075	4,762	23,081	15,159	27,574	15,159	27,574
Net Transfers		0	(1,411)					
Expenditures	19,745	1,672	4,863	23,272	15,169	27,591	15,169	27,591
Balance Forward Out	1,885	2,720	546	357	348	331	348	331
<i>Biennial Change in Expenditures</i>				6,717		14,625		14,625
<i>Biennial % Change in Expenditures</i>				31		52		52
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	4.4	3.0	3.4	3.4	3.4	3.4	3.4	3.4

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	443	475	678	559	355	257	355	257

(Dollars in Thousands)

6000 - Miscellaneous Agency

Receipts	1,560	1,646	1,438	1,543	1,543	1,543	1,543	1,543
Net Transfers	(11)							
Expenditures	1,518	1,443	1,557	1,748	1,640	1,640	1,640	1,640
Balance Forward Out	474	678	559	355	257	159	257	159
<i>Biennial Change in Expenditures</i>				343		(24)		(24)
<i>Biennial % Change in Expenditures</i>				12		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.2	1.8	1.5	1.5	1.5	1.5	1.5	1.5

Minnesota Department of Veterans Affairs

FY16-17 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	6,309	10,926	10,926	10,926
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,309	10,926	10,926	10,926
FTEs	74.5	85.2	85.2	85.2

Recommendation:

The governor recommends \$6.309 million in FY 2016 and \$10.926 in FY 2017 in additional funding for compensation and operations-related costs associated with the delivery of agency services. During FY 2015, the Veterans Homes experienced larger than anticipated increases in compensation related costs and decreases in expected revenue growth. MDVA managed these cost increases by using reserve funds to cover the difference between annual revenues and expenditures, to ensure that services continued to be provided to residents at the state's veterans' homes. The reserve is now exhausted, but the structural gap remains. This proposal provides funding to cover the cost increases experienced in FY 2015, and provides funding for annual compensation related cost increases of 1.8 percent during FY 2016 and FY 2017.

Rationale/Background:

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

Many veterans are not aware of the benefits that they have earned through their service. The **Programs & Services Division** collaborates with its partners in the veteran's service community to assist veterans in obtaining these benefits. A few areas of assistance are **financial**, **educational** and/or **medical benefits**. Additionally there are an estimated 317 veterans without safe, stable or affordable housing on any given night in Minnesota (<http://www.endhomelessness.org/library/entry/the-state-of-homelessness-2014>). Finally, veterans experience unemployment at a higher rate than the general population so MDVA's programs also assist homeless veterans, veterans at risk of homelessness or unemployment, and it provides counseling and funeral honor benefits.

MDVA also operates a **Healthcare Division** which supports five State Veterans Homes located in Luverne, Fergus Falls, Silver Bay, Hastings and Minneapolis to ensure that veterans and their families have options for meeting their long-term care needs through high quality care. The homes offer **24-hour Skilled Nursing**, with Special Care Units, such as **Domiciliary and Adult Day Care**. The homes also offer rehabilitation, work therapy, transportation, chemical dependency, psychological, medical, primary care, spiritual and recreational services to improve the health and quality of life of its residents.

MDVA is able to meet the information technology needs of the two divisions through services and support provided by Minnesota Information Technology (MN.IT). MN.IT meets those needs by:

- Administering the Information Technology Service Level Agreement for the departments and offices that defines partnerships, roles and responsibilities, service metrics, and budgets;
- Providing expertise, planning and development of technology systems and data architectures;
- Supplying high-level security for all departmental data, systems, and communications;
- Managing communications networks and telecommunications systems;
- Administering networks and infrastructure connecting all employees and 7 building connections; and
- Providing user support, training, and problem resolution.

Veterans Homes Proposal: Currently MDVA's base funding is not keeping pace with salary and operational cost increases. MDVA saw a 7.5% total increase in compensation costs between FY 2014 and FY 2015. This increase was driven by 5% growth from required increases in compensation, retirement, health insurance and performance step increases. The remaining increase was driven by changes in quality standards implemented to meet federal CMS reimbursement requirements. Additionally, MDVA saw growth in revenue increases slow to zero in FY 2015 due to the agency taking bed space out of use to make facility improvements. Due to the agency's ability to carry forward unspent resources between biennia, MDVA used reserve funds to cover the increasing costs in the short term. However, the shortfall was not only larger than estimated, its impact is being felt longer than previously expected. The following paragraphs outline this need in more detail.

Compensation: In 2015, MDVA saw a 7.5% increase in compensation costs, related both to increases from required salary and other compensation increases and increased federal staffing requirements. To manage these cost increases in FY 2015, MDVA used their reserve fund (or "carryforward") to pay for the increases. In FY 2016, MDVA's reserve will largely be gone, and the agency will need to manage not only the cost increases experienced during FY 2015, but an additional 2% in costs over their FY 2015 costs to cover wage and other inflation. MDVA is asking for an increased appropriation to cover compensation growth experienced last year (8%) and the projected growth in salaries in FY 2016 (2%). FY 2015 salary increases occurred largely due to the following factors:

- Factor #1: in FY2015 MDVA experienced a total of 5% average increase in salary costs related to required increases to salary, retirement, health insurance and performance step increases.
- Factor #2: To be eligible for CMS reimbursement MDVA has added administrative staff and reallocated some hiring to make sure staff meet federal requirements for their qualifications, which means their staff complement has become more expensive.

Federal Revenue: During this time, MDVA also took some beds out of service to install chair lifts in resident rooms. These chair lifts prevent injuries in patients as well as staff, and as a result are expected to reduce workers compensation claims and provide better amenities to residents. However, by taking them out of service this year, it meant that MDVA wasn't able to bill the federal government for those beds while they were out of service, and overall federal revenue is reduced as a result. The reduction in available beds was not widespread enough to allow MDVA to also reduce staffing, so staffing costs remained even as beds were not generating federal revenue. In general, the growth in federal per diem revenues seen during FY 2012, 2013, and 2014 is not projected to continue, while cost growth is projected to continue. As MDVA increases the number of its facilities that are CMS certified over the next two years, more services will become eligible for federal CMS reimbursement, increasing the opportunity for federal reimbursement. In the interim, the higher state appropriation is intended to fill this gap.

Facilities: MDVA operates skilled nursing facilities and domiciliary care (i.e. just room and board) in facilities that are aging, and in some cases, historic. Fuel and other utilities costs are increasing at about 4.5% per year, and an increasing number of unanticipated building maintenance issues and repairs are putting upward pressure on MDVA to use operating funds to maintain buildings.

Funding this request will ensure uninterrupted operations across the agency by ensuring services provided by MDVA continue to support the overall state objectives of all **Minnesotans have optimal health, Minnesotans have the education and skills needed to achieve their goals, and strong and stable families and communities.** Additionally the overall veteran enterprise in the state of Minnesota yields over \$2.3 billion annually, up from \$2.1 billion in 2011. MDVA and all of its components contribute greatly to the overall financial benefit veterans receive and the services they require.

This amended proposal maintains the current level of services and staffing complement that the agency provided in FY 2015.

Veterans Services Proposal: This request also includes a 1.8 percent annual compensation increase to the agency's Programs and Services Division. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This increase is intended to allow agencies to maintain their current level of services.

IT Related Proposals:

If funding for this initiative is achieved there will be no additional effects on information technology services required.

Results:

This recommendation will allow MDVA to continue to maintain and improve on the performance measures outlined in the Agency's Agency Profile and Program Narratives.

Statutory Change(s):

There are no statutory changes required for this initiative.

Minnesota Department of Veterans Affairs

FY16-17 Biennial Budget Change Item

Change Item: Agency Repair and Betterment Funding

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	500	500	500	2,636
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	0	0	0	0

Recommendation:

The governor recommends \$500,000 in FY 2016 and \$500,000 in FY 2017 for agency wide repairs and betterment of its facilities. This change would increase the HealthCare program budget by 1% and the agency's overall budget by 0.7%.

Rationale/Background:

MDVA owns or operates over 50 facilities statewide. These range in construction date from the late 1800's to those currently under construction. With that comes the burden of repairs and improvements. MDVA, like most agencies, has annual repairs and maintenance and requires funding for this.

The proper maintenance of MDVA's facilities is important for several reasons. First and foremost, the 5 State Veterans Homes across the state are in fact homes to our residents and thus must be functional and in good repair, void of accident-prone or dangerous areas. Electrical, HVAC, plumbing, clean water and the like are necessary for regulatory and statutory reasons but again because people work and live in our facilities.

The current value of MDVA's facilities are estimated at approximately \$230 million. MDVA forecasts about a .5% repair and betterment cost annually for repairs of its facilities. This has historically been sufficient for necessary maintenance.

Proposal:

Without the proper allocation of repair and betterment funding, facilities can quickly fall into disrepair that can become more costly; these issues can escalate into injuries of vulnerable adult residents or contribute to increased workers compensation claims or even law suits for injuries or illnesses incurred. These issues can also require emergency repairs that may need to be paid for with operational dollars already planned for other uses. Lack of proper repair and betterment funding can have serious and long term effects on the overall successful operations of MDVA. This recommendation increases the funding available to maintain and improve facilities by \$500,000 per year. Repair and betterment funding is managed centrally and administered by facility location. The desired effective date of this initiative is July 1, 2015.

IT Related Proposals:

There are no information technology requirements associated with this initiative.

Results:

The intended results of this initiative are well maintained facilities.

Statutory Change(s):

There are no statutory changes required for this initiative.

Minnesota Department of Veterans Affairs

FY16-17 Biennial Budget Change Item

Change Item: Expansion of the Eligible Uses of Support Our Troops Funds

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The governor recommends expanding the type of entity that can receive funding from the Support Our Troops (SOT) Fund. This is a Special Revenue Fund account and will not have an impact on the agency's base funding.

Rationale/Background:

Minnesota veterans face many challenges and barriers to a plethora of issues ranging from high veteran suicide rates, to PTSD, chronic pain to family issues derived from countless months abroad in support of current conflicts worldwide to the desire to start a business, seek higher education or additional training and the like. Although numerous programs and services exist for persistent issues, a variety of issues develop any given day that do not have a current or standard solution. Left unaddressed, these issues often evolve into a larger community, state or national issue. One mechanism MDVA has at its disposal to deal with a variety of issues is the ability to provide grants through the Support Our Troops account that it splits with Military Affairs. The SOT account was essentially designed to provide necessary and timely funding to those who need it or who can provide services to assist or prevent the progression of problems or issues that develop in the lives of veterans or their families. However, MDVA is beginning to see a decrease in purchases of the plates which reduces the funds generated for community good, and we have also found that the limited provisions in the current law are stifling to the intent of the SOT account. Because supporters of the plates see little return in investment, MDVA believes the plate sales are diminishing. MDVA would like to amend current law to make funding more accessible to those who provide service and solutions to veteran issues, thus ensuring **strong and stable veteran families and communities** through innovative solutions found within the community.

Proposal:

Currently the SOT account is governed by M.S. 190.19 Subd. 2a. This is funding achieved through the sale of license plates, collected by Department of Transportation, split between MDVA and DMA and then transferred to the respective agencies. Additionally the statute provides for four ways in which the funds can be dispersed/used within MDVA. MDVA has found that there are many outstanding causes that these funds could be used for. This account was developed for the following four uses: grants to veterans service organizations, outreach to underserved veterans, providing services and programs for veterans and their families, and transfers to the vehicle services account for Gold Star license plates under section 168.1253. As a result, MDVA is limited in its ability to make the best use of these funds. MDVA would like to add a provision to the uses that states "grants not to exceed \$100,000 annually to eligible non-profit organizations or for profit organizations using commonly accepted business practices and approved by the commissioner of Veterans Affairs, will display or recognize the service or directly impact and improve the lives of Minnesota veterans." As a state agency MDVA would like to continue to be a part of the "leading edge" of new necessary and successful innovative programming supportive of contemporary veteran's issues. Our ability to expand SOT grants to additional recipients will create more capabilities for MDVA to assist the state in ensuring Minnesota has **strong and stable veteran families and communities** through innovative solutions found within the community. Additionally the ability to provide grants will ensure community credibility of the intended purpose of the plates and thus extend the vitality of the program. Lastly, MDVA has been developing an internal process that will now enable the agency to administer this desired change without additional FTE's or resources. If this proposal is enacted, MDVA's desired effective date would be July 1, 2015.

IT Related Proposals:

This is not an IT proposal and does not require additional IT resources.

Results:

Currently the only measures MDVA has for this program is the sale of plates. In 2010, 31.9 million SOT plates were sold. This number grew to 34.2 million in 2013, but dropped to 33.7 million in 2014. MDVA believes that the number of sales is directly attributed to the new or necessary programming for veterans that evolves from the proceeds. With this initiative MDVA hopes to “turn the curve” in license plate sale by being authorized to grant funds to the community for the good of veterans issues. MDVA will quantify this by measuring the relationship in grants granted and comparing that to the number of plates sold. Through the authority of this initiative MDVA believes veterans and their families will be better served.

A few of several desired results would be that with this change MDVA can address small programming needs of veterans that often escalate to the state legislature as an independent initiative or requested appropriation, provide timely funding for pilot type programs within the veteran community or even supplement current ventures that improve the lives and reduces issues or barriers that veterans and their families deal with.

Statutory Change(s):

This proposal will require a change to M.S. 190.19 subd. 2a.

Program: Programs & Services<http://mn.gov/mdva/>**AT A GLANCE**

- 75 employees across the state
- Serve veterans of all era's and ages
- Provides four major program areas with several services within each program
- Work closely with other state and federal partners.

PURPOSE & CONTEXT

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

We are experiencing an increased demand for services due to both the aging of the veteran population and the large number of veterans recently returning from Iraq and Afghanistan. Since

9/11, over 66,000 Minnesotans have served on active duty or have been activated, of which over 43,000 have served in a combat zone. This demand for services will continue to increase over the next months and years as the Department of Defense implements an anticipated reduction in force.

We stand ready to meet veterans' needs when they return to Minnesota. Many veterans will return with visible combat injuries such as amputated limbs, while many more will carry the invisible wounds of war, such as traumatic brain injury and post-traumatic stress disorder. We meet their needs through providing assistance in accessing their earned state and federal benefits in the realm of higher **education benefits, medical benefits**, and in some cases **financial assistance** for veterans undergoing a temporary but very serious financial crisis.

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

SERVICES PROVIDED

We administer the following programs to meet the needs of eligible veterans, their dependents and survivors. We meet our stated goals through the following activities or services:

- **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** assists 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, acts as the State Approving Agency and administers the Minnesota GI Bill. (<http://mn.gov/mdva/resources/education/>)
- **State Veterans Cemeteries and Memorial Affairs** assures that Veterans and their families are honored with final resting places with national significance and lasting tributes that commemorate their service and sacrifice to our Nation. The division operates one veterans' cemetery in Little Falls and has another under construction in Fillmore County. It also manages the Military Funeral Honors Stipend Program and the Bronze Star Marker Program. (<http://mn.gov/mdva/memorials/>)
- **State Veterans Benefits Division** provides programs and services unique to Minnesota's Veterans and which supplement certain federal programs. The division manages the State Soldiers Assistance Program, LinkVet, Minnesota Service C.O.R.E., Minnesota Operation for Veterans Empowerment (MOVE) and Veterans Preference. (<http://mn.gov/mdva/resources/familyassistance/>)
- **Special Advisor on Ending Veteran's Homelessness** works directly with the MDVA, the State Director to Prevent and End Homelessness, and all key partners throughout Minnesota and leads the implementation of the goal in the State Plan to End Veteran Homelessness on a Veteran by Veteran basis. This 18-month position is a collaborative partnership with the Minnesota Housing Finance Agency.

- **MDVA Grant Programs** provide needed funding to our partners who assist us in our goals of serving veterans.
 - **Veterans Service Organizations (VSO) Grants** are provided to Congressionally Chartered Veterans Service Organizations in Minnesota so that it may assist Minnesota veterans and their families in receiving all federal, state and local benefits to which they are entitled, pursuant to its charter and stated mission.
 - **County Veterans Service Officers (CVSO) Grants** are provided to Minnesota's 87 counties to provide outreach to each county's veterans to assist in the reintegration of combat veterans into society, to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans, to reduce homelessness among veterans 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/>)

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

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of MN Veterans and their dependents receiving federal VA compensation or pensions.	89,248	96,811	5/29/13 & 4/15/14
Quantity	Number of Veterans and their dependents who have MDVA as their accredited representative to the federal VA.	36,755	41,771	9/19/12 & 7/22/14
Quantity	Number of new individuals served in Veterans Resource Centers through the Higher Education Veterans Program.	5,505	6,211	Aug. 2013-Aug. 2014
Results	Percent of customers satisfied or extremely satisfied with burial services at Little Falls Veterans Cemetery.	100%	100%	Aug. 2013-Aug. 2014
Results	Percent of C.O.R.E. program participants that were satisfied with the services received, and the services met their needs.	91%	98%	Aug. 2013-Aug. 2014

Performance Measures Notes:

Burial data compares survey results from customers that responded to surveys sent out six months after a burial service in fiscal year 2013 vs. 2014.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 196.01

<https://www.revisor.mn.gov/statutes/?id=196.01>

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	11,581	14,924	14,037	17,296	16,382	16,432	16,491	16,653
2000 - Restricted Misc Special Rev	862	283	522	1,413	1,016	1,016	1,016	1,016
2403 - Gift	4	7	5	30	30	30	30	30
3000 - Federal	393	1,015	2,749	9,342	433	442	433	442
Total	12,840	16,229	17,312	28,080	17,861	17,920	17,970	18,141
<i>Biennial Change</i>				16,323		(9,611)		(9,281)
<i>Biennial % Change</i>				56		(21)		(20)
<i>Governor's Change from Base</i>								330
<i>Governor's % Change from Base</i>								1

Expenditures by Budget Activity

Budget Activity: Veterans Services	2,309	4,020	1,876	2,665	2,517	2,517	2,517	2,517
Budget Activity: Programs and Services	6,686	8,364	9,996	18,960	9,053	9,112	9,053	9,112
Budget Activity: Claims and Outreach	3,845	3,845	5,440	6,455	6,291	6,291	6,400	6,512
Total	12,840	16,229	17,312	28,080	17,861	17,920	17,970	18,141

Expenditures by Category

Compensation	5,271	5,885	5,720	6,352	6,082	6,520	6,191	6,261
Operating Expenses	2,929	3,137	2,602	3,167	3,597	3,466	3,597	3,466
Other Financial Transactions	62	229	13	21	21	21	21	21
Grants, Aids and Subsidies	4,539	6,255	6,604	8,694	8,087	8,137	8,087	8,137
Capital Outlay-Real Property	39	722	2,228	9,592	74	256	74	256
Total	12,840	16,229	17,167	27,825	17,861	17,920	17,970	18,141
Total Agency Expenditures	12,840	16,229	17,167	27,825	17,861	17,920	17,970	18,141
Expenditures Less Internal Billing	12,840	16,229	17,167	27,825	17,861	17,920	17,970	18,141
Full-Time Equivalents	78.2	85.8	83.4	83.5	74.5	72.5	76.0	74.0

Program: Veterans Programs And
Services

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	110	2,741	110	1,345				
Direct Appropriation	13,779	14,179	16,051	16,240	16,240	16,240	16,349	16,461
Open Appropriation	1,294	950	1,605	1,837	1,989	2,090	1,989	2,090
Receipts			0					
Net Transfers	(1,404)	(2,156)	(2,274)	(2,127)	(1,847)	(1,898)	(1,847)	(1,898)
Cancellations		788	110					
Expenditures	11,581	14,924	14,037	17,296	16,382	16,432	16,491	16,653
Balance Forward Out	2,198		1,345					
<i>Biennial Change in Expenditures</i>				4,827		1,482		1,812
<i>Biennial % Change in Expenditures</i>				18		5		6
<i>Gov's Exp Change from Base</i>								330
<i>Gov's Exp % Change from Base</i>								1
FTEs	70.8	79.0	78.1	78.2	69.2	67.2	70.7	68.7

2000 - Restricted Misc Special Rev

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	972	883	1,363	1,708	1,050	800	1,050	800
Receipts	213	236	374	282	293	293	293	293
Net Transfers	489	504	493	473	473	473	473	473
Expenditures	862	283	522	1,413	1,016	1,016	1,016	1,016
Balance Forward Out	812	1,340	1,708	1,050	800	550	800	550
<i>Biennial Change in Expenditures</i>				790		98		98
<i>Biennial % Change in Expenditures</i>				69		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	3.5	3.8	1.9	1.9	1.9	1.9	1.9	1.9

2403 - Gift

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	85	99	113	132	75	68	75	68
Receipts	2	2	3	3	3	3	3	3
Net Transfers	17	19	21	(30)	20	20	20	20
Expenditures	4	7	5	30	30	30	30	30
Balance Forward Out	99	113	132	75	68	61	68	61

Program: Veterans Programs And
Services

Program Financing by Fund

(Dollars in Thousands)

2403 - Gift

<i>Biennial Change in Expenditures</i>	23	25	25
<i>Biennial % Change in Expenditures</i>	197	72	72
<i>Gov's Exp Change from Base</i>			0
<i>Gov's Exp % Change from Base</i>			0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		404	457	355	357	348	357	348
Receipts	393	1,033	2,647	9,342	423	425	423	425
Net Transfers		0						
Expenditures	393	1,015	2,749	9,342	433	442	433	442
Balance Forward Out		423	355	357	348	331	348	331
<i>Biennial Change in Expenditures</i>				10,683		(11,216)		(11,216)
<i>Biennial % Change in Expenditures</i>				759		(93)		(93)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	4.0	3.0	3.4	3.4	3.4	3.4	3.4	3.4

Program: Veterans Health Care<http://mn.gov/mdva/>**AT A GLANCE**

- Operate 5 State Veterans Homes in Minneapolis, Hastings, Luverne, Fergus Falls and Silver Bay
- Provide 24/7 Skilled Nursing and Domiciliary Care and operate an Adult Day Care
- Approximately 1,400 employees across the state
- Serve veterans of all eras and ages
- Work closely with other state, federal, and community partners

PURPOSE & CONTEXT

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

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

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

SERVICES PROVIDED

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

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

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

- Implementation of resident-centered care models at all of the Veterans Homes to meet the unique individualized care of Veterans (this includes retraining staff, remodeling facilities, and implementing a separate pharmacy).
- Compliance with the Centers for Medicare & Medicaid Services (CMS) standards for the purpose of enhancing the level of care provided at the Veterans Homes and generating an opportunity to bill services to the federal government under the Medicare and insurance programs (all of five Homes will become CMS-compliant over the next 2 years).
- Development of the capacity to bill Medicare Part D for pharmaceuticals.
- Establishment, in 2014, of a Commissioners Healthcare Task Force to provide guidance for best practices and programming of our homes which has proved to be a valuable resource to our agency leadership.

Partners - We partner with the U.S. Department of Veterans Affairs (VA) to provide services to veterans. The VA provides construction grants that fund 65 percent of the Veterans Homes capital projects and the VA hospitals provide acute and ambulatory care to Veterans Home residents. The Veterans Homes also partner with congressionally chartered Veteran Service Organizations (VSO) which provide donations, entertainment and special events to residents. In addition, our homes partner with community organizations to develop productive relationships that benefit residents, staff and agency leadership.

RESULTS

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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</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 49 "Best in Class" certificates although it is becoming increasingly difficult to maintain our high marks as staff turnover rates are approximately 18 percent annually.	4.64 (low = 1, high = 5)	4.62 (low = 1, high = 5)	2013 & 2014
Quantity	Staff turnover rates. It is important to our residents and their families that we maintain a stable, highly trained staff. While a certain amount of turnover is inevitable we strive to have a steady staffing roster.	18.4%	17.6%	2013 & 2014
Quality	Annual CMS 5 Star Staffing Report. Highly trained and seasoned staff is a major key to delivering positive results and outstanding care in the Veterans Homes. Our homes utilize and conduct a CMS 5 Star staffing report which measures the actual annual staffing patterns. The goal is to maintain a 4-5 star staffing ratio at each of the Homes and we have met those goals for the past two years.	4-5 Star	4-5 Star	2012 & 2013

In addition to resident and staff surveys, over the past two years Minnesota Veterans Homes have had several citation free surveys or surveys with very few recommendations by the Minnesota Department of Health, the Federal Department of Veteran Affairs and CMS at the Minneapolis Veterans Home.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 198.01

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

Expenditures By Fund

	Actual		Actual		Estimate		Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev	163	219	147	231	184	184	184	184	184	184
2001 - Other Misc Special Rev	77,682	85,718	91,268	100,059	93,768	94,042	100,468	105,247	100,468	105,247
2403 - Gift	483	471	473	474	475	476	475	476	475	476
3000 - Federal	19,352	658	2,114	13,930	14,736	27,149	14,736	27,149	14,736	27,149
6000 - Miscellaneous Agency	1,518	1,443	1,557	1,748	1,640	1,640	1,640	1,640	1,640	1,640
Total	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696	117,503	134,696
Biennial Change				24,294		22,292		40,197		
Biennial % Change				13		11		19		
Governor's Change from Base								17,905		
Governor's % Change from Base								8		

Expenditures by Budget Activity

Budget Activity: Veterans Health Care	3,273	5,823	4,256	6,446	6,277	6,277	6,451	6,525
Budget Activity: Minneapolis Veterans Homes	58,169	43,296	49,383	64,289	62,147	74,780	65,540	80,515
Budget Activity: Hastings Veterans Home	8,673	9,123	9,566	10,082	9,427	9,427	10,061	10,477
Budget Activity: Silver Bay Veterans Homes	9,311	9,794	10,492	11,778	10,717	10,756	11,587	12,199
Budget Activity: Luverne Veterans Home	8,789	9,223	9,686	10,438	9,627	9,623	10,338	10,807
Budget Activity: Fergus Falls Veterans Home	10,984	11,250	12,178	13,409	12,607	12,627	13,525	14,172
Total	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696

Expenditures by Category

Compensation	62,663	66,003	72,320	77,809	72,750	72,750	78,950	80,556
Operating Expenses	15,558	18,759	19,422	22,966	21,523	21,797	22,023	25,196
Other Financial Transactions	1,175	1,794	314	260	247	247	247	247
Grants, Aids and Subsidies	1,390	1,321	1,481	1,725	1,622	1,622	1,622	1,622
Capital Outlay-Real Property	18,412	631	2,023	13,682	14,661	27,075	14,661	27,075
Total	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696
Total Agency Expenditures	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696
Expenditures Less Internal Billing	99,199	88,508	95,560	116,442	110,803	123,491	117,503	134,696
Full-Time Equivalents	1,016.3	1,062.3	1,098.8	1,099.2	1,033.2	1,024.4	1,106.2	1,108.1

Program: Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Direct Appropriation	43,916	44,811	47,457	46,513	46,513	46,513	53,213	57,718
Net Transfers	(43,916)	(44,811)	(47,457)	(46,513)	(46,513)	(46,513)	(53,213)	(57,718)

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	150	113	92	64	16	16	16	16
Receipts	210	198	119	184	184	184	184	184
Net Transfers	(84)							
Expenditures	163	219	147	231	184	184	184	184
Balance Forward Out	113	92	64	16	16	16	16	16
<i>Biennial Change in Expenditures</i>				(3)		(10)		(10)
<i>Biennial % Change in Expenditures</i>				(1)		(3)		(3)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs		0						

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6,989	11,607	12,854	12,469	3,391	3,164	3,391	3,164
Receipts	37,171	41,837	45,910	46,004	47,036	47,276	47,036	47,276
Net Transfers	43,990	44,569	44,974	44,977	46,505	46,505	53,205	57,710
Expenditures	77,682	85,718	91,268	100,059	93,768	94,042	100,468	105,247
Balance Forward Out	10,469	12,296	12,469	3,391	3,164	2,903	3,164	2,903
<i>Biennial Change in Expenditures</i>				27,928		(3,518)		14,387
<i>Biennial % Change in Expenditures</i>				17		(2)		8
<i>Gov's Exp Change from Base</i>								17,905
<i>Gov's Exp % Change from Base</i>								10
FTEs	1,014.6	1,060.5	1,097.2	1,097.7	1,031.7	1,022.9	1,104.7	1,106.6

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	896	878	933	924	926	928	926	928

Program: Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

2403 - Gift

Receipts	452	496	463	477	477	476	477	476
Net Transfers	11		0					
Expenditures	483	471	473	474	475	476	475	476
Balance Forward Out	876	902	924	926	928	928	928	928
<i>Biennial Change in Expenditures</i>				(7)		4		4
<i>Biennial % Change in Expenditures</i>				(1)		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,555	1,912	1,602	191				
Receipts	18,683	1,042	2,115	13,739	14,736	27,149	14,736	27,149
Net Transfers			(1,411)					
Expenditures	19,352	658	2,114	13,930	14,736	27,149	14,736	27,149
Balance Forward Out	1,885	2,297	191					
<i>Biennial Change in Expenditures</i>				(3,966)		25,841		25,841
<i>Biennial % Change in Expenditures</i>				(20)		161		161
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.4							

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	443	475	678	559	355	257	355	257
Receipts	1,560	1,646	1,438	1,543	1,543	1,543	1,543	1,543
Net Transfers	(11)							
Expenditures	1,518	1,443	1,557	1,748	1,640	1,640	1,640	1,640
Balance Forward Out	474	678	559	355	257	159	257	159
<i>Biennial Change in Expenditures</i>				343		(24)		(24)
<i>Biennial % Change in Expenditures</i>				12		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.2	1.8	1.5	1.5	1.5	1.5	1.5	1.5

FY16-17 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
U.S. Department of Veterans Affairs 45.310	<u>State Approving Agency</u> Promotes & safeguards quality education and training programs for Veterans; ensures greater educational training opportunities to meet the changing needs of veterans; and assists the U.S. Veterans Affairs in preventing fraud, waste and abuse in the administration of the Federal GI Bill.		360	444	433	442	No/No	3.4
U.S. Department of Veterans Affairs 64.203	<u>Little Falls Cemetery Expansion</u> To develop new burial sections within the MN State Veterans Cemetery in Little Falls. The project will create over 4,500 additional gravesites, provide landscaping, and expand the existing irrigation system.		955	216			No/Yes	
U.S. Department of Veterans Affairs 64.203	<u>SE Minnesota Cemetery</u> *Note To develop a new cemetery in southeastern MN to provide burial space for the nearly 51,000 veterans that reside within the 75-mile radius of the Preston area.		1,434	8,662			No/Yes	
U.S. Department of Veterans Affairs 45.301	<u>Veteran Burial Reimbursements</u> Federal reimbursement for the burial of eligible veterans at the Veterans Cemetery in Little Falls, MN. The federal reimbursement for this activity is expended from the misc. special revenue fund.		200	200	200	200	No/No	1.9
	<u>Veterans Programs & Services Total</u>		2,949	9,542	633	642		
U.S. Department of Veterans Affairs 64.203 & 64.205	<u>Minneapolis Building 16 & 17</u> Phase 2 of nursing unit replacement renovations-demolish and rebuild new 100 bed skilled nursing bldg.		1,725	13,275	6,235		Yes/Yes	
U.S. Department of Veterans Affairs 64.203 & 64.205	<u>Minneapolis Building 17</u> Phase 3-demolish and rebuild new 100 bed skilled nursing bldg. Complete campus infrastructure and tunnel system/s.				8,000	27,035	Yes/Yes	

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
U.S. Department of Veterans Affairs	<u>Veteran Homes Patient Lifts</u> Install ceiling mounted patient lifts at the 4 skilled nursing homes.			350	387		Yes/Yes	
U.S. Department of Veterans Affairs 64.005	<u>Minneapolis Generator</u> Life/safety-installed new generator to meet campus emergency power needs.		115				Yes/Yes	
U.S. Department of Veterans Affairs 64.005	<u>Luverne Covered Entrance</u> Added a covered entrance and vestibule/receiving area at Luverne.		275				Yes/Yes	
U.S. Department of Veterans Affairs 64.005	<u>Fergus Falls Expansion</u> Add a 21 bed Alzheimer's unit			191			Yes/Yes	
U.S. Department of Veterans Affairs 93.358	<u>Minneapolis & Silver Bay Nursing Grants</u> To develop a comprehensive staff recruitment and retention program which seeks to attain and sustain knowledge and enhanced clinical skills.			114	114	114	Yes/No	
	<u>Veterans Homes Programs Total</u>		2,115	13,920	14,736	27,149		
	<u>Federal Fund – Agency Total</u>		5,064	23,472	15,369	27,791		

Narrative:

Federal Funds play a significant role in both the operational and construction budgets of the MDVA. Besides the U.S. Department of Veterans Affairs (VA) per diem paid to the Veteran Homes to help cover the cost of care of Veteran Residents (revenue in the Departmental Earnings report), MDVA also receives federal funding to reimburse Veteran burials at the State Veterans Cemetery and to manage the on-going operational needs of the State Approving Agency. Additionally, MDVA received VA construction grants to expand or replace buildings at the Veteran Homes, to expand the Little Falls Cemetery, and to develop a new cemetery in Southeastern Minnesota. The federal fund estimates shown above are based on past fiscal years' receipts and federal grant awards.

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

*Note - The Department anticipates that additional federal grant funds will be received for the construction of two new cemeteries in N.W. and S.W. Minnesota. These additional funds are not recognized in this summary due to the uncertainty off when these funds will be received, because the actual properties haven't been acquired yet. Each cemetery is expected to receive \$8 million to cover the cost of construction.