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2014-15 Governors Budget - Veterans Affairs Dept

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Veterans Affairs

http://www.mdva.state.mn.us

Agency Profile

Mission:

Dedicated to serving Minnesota Veterans and their families.

Statewide Outcome(s):

Veterans Affairs supports the following statewide outcome(s).

Minnesotans are healthy.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The Minnesota Department of Veterans Affairs (MDVA) was created by the 1943 state Legislature at the height of World War II to consolidate the services provided to the increasing number of returning soldiers. The Minnesota Veterans Homes came under the jurisdiction of MDVA in 2007 when Governor Pawlenty merged the Minnesota Veterans Homes Board with the agency. Today, there are approximately 381,300 veterans in Minnesota (or seven percent of the state population). Since 9/11, 60,053 Minnesotans have been discharged from active duty and 38,308 have served in one of the combat zones. The challenges they face include higher unemployment rates than their civilian counterparts, short and long-term medical issues as a result of their military duty, and both the veterans and their families have mental fatigue and injuries associated with military deployments. Additionally, there is an aging veteran population in Minnesota with a unique long-term care needs. Given this context, MDVA exists to fulfill the needs of these veterans and their families by providing innovative programs and services to maximize quality of life.

MDVA is funded approximately 50 percent from the general fund, 30 percent from federal funds and 20 percent from special revenue funds.

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 and ongoing needs of veterans and their families. It does this through its two divisions: Programs & Services and the Minnesota State Veterans Homes.

The Programs & Services division collaborates with its partners in the veterans service community to assist veterans in obtaining the financial, educational and/or medical benefits they have earned through their service to the United States armed forces. Many veterans are not aware of the benefits that they have earned through their service to the country. With an estimated 669 veterans experiencing homelessness on any given night in Minnesota (http://www.wilder.org/Wilder-Research/Research-Areas/Homelessness/Pages/statewide-homeless-study-most-recent-results.aspx) and veterans experiencing unemployment at a higher rate than the population at large, the programs also assist veterans at risk for homelessness, unemployment or untreated medical conditions.

MDVA operates state veterans homes in Luverne, Fergus Falls, Silver Bay, Hastings and Minneapolis to ensure that veterans and their families have appropriate options for meeting their long-term care needs through high quality care. The homes offer 24-hour skilled nursing, dementia and domiciliary care. The homes also offer rehabilitation, work therapy, transportation and psychological, spiritual and recreational services to improve the health and quality of life of its residents.

Measuring Success:

As an agency, one measure of success is the number of federal dollars brought into the state for veterans as a result of the efforts of the MDVA. In 2011, for every $1 of general funds invested, the federal return on investment was $35.

The MDVA also measures the success of its strategies by:

- Programs & Services
  - Statistics on veterans served through agency programs are maintained to understand trends and usage in different areas of the state.

- Veterans Homes
  - Surveys are routinely conducted by the Minnesota Department of Health and the Federal Department of Veterans Affairs, and the veterans homes are free of major defects or material non-compliance. If there are findings, they are corrected in a timely manner.
  - Resident surveys are completed periodically to assess the satisfaction with services provided.

Veterans Affairs
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$27,948	$168,922	$28,241	$225,112
Current Law Expenditures (FY 2014-15)	$28,185	$176,148	$26,650	$230,982
Governor's Recommended Expenditures (FY2014-15)	$36,100	$176,148	$26,650	$238,897
$ Change from FY 2014-15 Current Law to Governor's Rec	$7,915	$0	$0	$7,915
% Change from FY 2014-15 Current Law to Governor's Rec	28%	0%	0%	3%

Veterans Affairs
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	$0	$4,490	$943	$5,433
REVENUE	$0	$81,973	$26,586	$108,559
TRANSFERS IN	$24,994	$97,916		$122,910
APPROPRIATION	$129,155	$0	$0	$129,155
SOURCES OF FUNDS	**$154,149**	**$184,379**	**$27,529**	**$366,057**
BALANCE FORWARD OUT		$1,283	$879	$2,162
TRANSFERS OUT	$118,049	$6,945		$124,994
EXPENDITURES	$36,100	$176,148	$26,650	$238,897
PAYROLL EXPENSE	$10,614	$137,581	$753	$148,949
OPERATING EXPENSES	$12,617	$33,661	$6,736	$53,014
OTHER FINANCIAL TRANSACTIONS	$0	$1,162	$500	$1,662
GRANTS, AIDS AND SUBSIDIES	$12,869	$3,578		$16,447
CAPITAL OUTLAY-REAL PROPERTY		$166	$18,660	$18,826
USES OF FUNDS	**$154,149**	**$184,376**	**$27,529**	**$366,054**

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

Veterans Affairs and Health Care IT Improvement

The Governor recommends investing in the information technology infrastructure of the Minnesota Department of Veterans Affairs. Doing so will help the department achieve industry standards of care and ensure the safety of the Minnesotans they care for. This proposal funds the infrastructure investment as well as ongoing staff to support it.

Performance Measures:
This proposal will prevent network power outages, delays to provision of benefits, and / or serious life safety events

General Fund	Expenditure	3,090	1,910	5,000	1,910	1,910	3,820
	Net Change	**3,090**	**1,910**	**5,000**	**1,910**	**1,910**	**3,820**

Operating Funding for Southeast Minnesota Veterans Cemetery

The Governor recommends establishing start-up and ongoing operational funds for a new Veterans Cemetery in southeastern Minnesota. The Department of Veterans Affairs received a land donation from Fillmore County to establish a cemetery that will provide burial space for nearly 40,000 veterans. This proposal supplements federal funding to design and construct the cemetery, which will become operational in FY15.

Performance Measures:
This proposal will ensure the proper maintenance and care for the final resting place for generations of Minnesotan veterans

General Fund	Expenditure	0	425	425	425	425	850
	Net Change	**0**	**425**	**425**	**425**	**425**	**850**

Permanent Honor Guard Funding

The Governor recommends establishing ongoing funding of the Honor Guard program. The Honor Guard program supports veterans and their families by providing for military burial honors earned by their service and sacrifice. This proposal reflects an anticipated apex of veteran deaths in 2014, an estimated 400 annually.

Performance Measures:
This proposal will support nationally chartered veterans organizations to provide military burial honors for those who are entitled

General Fund	Expenditure	200	200	400	200	200	400
	Net Change	**200**	**200**	**400**	**200**	**200**	**400**

Minnesota GI Bill Expansion

The Governor recommends expanding eligibility for the Minnesota GI Bill program to all generations of veterans. Currently, only those veterans serving on or after September 11th, 2011 are eligible for benefits. The goal of this proposal is to ensure that all generations of veterans will have the opportunity for education and training, which lead to good jobs.

Performance Measures:
This proposal will help put unemployed Minnesotan veterans of all ages back to work.

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	**500**	**500**	**1,000**	**500**	**500**	**1,000**

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

County Veterans Service Office Grant Expansion

The Governor recommends increasing funding for the County Veteran Service Office (CVSO) grant program. The program provides grants to CVSOs for basic office operations and to achieve programmatic goals to help veterans and their families obtain benefits and services accrued through military service.

Performance Measures:
This proposal will help Minnesota's veterans access the benefits to which they are entitled by their service

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	**500**	**500**	**1,000**	**500**	**500**	**1,000**

Permanent Gold Star Program Funding

The Governor recommends establishing ongoing funding of the Gold Star program. The Gold Star program supports the families of those service members who lost their lives in combat as they heal from their loss. This proposal provides funding for a program previously, but no longer, supported by Federal funding.

Performance Measures:
This proposal will help Gold Star families heal from their loss

General Fund	Expenditure	100	100	200	100	100	200
	Net Change	**100**	**100**	**200**	**100**	**100**	**200**

Veteran Lottery Ticket

The Governor recommends creating, in collaboration with the Minnesota Lottery, a Veteran scratch off lottery ticket. Proceeds from this ticket will support grassroots community organizations that serve the emerging needs of veterans. This proposal provides for a method to collect and distribute the proceeds.

Performance Measures:
This proposal will provide financial assistance for Minnesota's grassroots veterans support organizations

Other Funds	Revenue	840	0	840	0	0	0
Other Funds	Transfers Out	840	0	840	0	0	0
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

Veteran License Plates

The Governor recommends creating, in collaboration with the Department of Public Safety, an opportunity for individuals to purchase one of five new specialty license plates, the proceeds of which will go to grassroots community organizations that support the emerging needs of veterans. This proposal provides for a method to collect and distribute the proceeds.

Performance Measures:
If approved, this initiative will provide financial assistance for Minnesota's grassroots veterans support organizations.

Other Funds	Revenue	250	500	750	500	500	1,000
Other Funds	Transfers Out	250	500	750	500	500	1,000
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

Eliminate Minnesota Ambulance Association Grant

The Governor recommends cancelling the $110,000 remainder of a 2009 one-time appropriation for a grant contract with the Minnesota Ambulance Association to administer a Military to Medic program. The contract has expired and the terms of the contract were never fulfilled, as no veterans completed the program due to the availability of other educational / training programs for veterans.

Performance Measures:
This proposal will provide savings to the overall budget solution through re-alignment of current resources.

General Fund	Expenditure	(110)	0	(110)	0	0	0
	Net Change	**(110)**	**0**	**(110)**	**0**	**0**	**0**

Encourage Federal Reimbursement for Veteran Care

The Governor recommends that the Department of Veterans Affairs (DVA) seek opportunities to reduce general fund expenditures for veterans' care by maximizing federal reimbursement of Medicare eligible expenses. This will allow DVA to maintain high quality care for Minnesota's veterans at lower state cost. To accomplish this without risk to quality and quantity of veterans' care, the Governor is instructing DVA to begin consistently monitoring and reporting Medicare related federal reimbursements at its facilities. The Governor is also recommending an adjustment to general fund spending at DVA contingent upon future federal Medicare receipts.

Performance Measures:
This proposal will continue Minnesota's commitment of quality care for older veterans while positively impacting the state's general fund.

General Fund	Expenditure	0	0	0	0	0	0
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

Net All Change Items	General Fund	4,280	3,635	7,915	3,635	3,635	7,270
	Other Funds	0	0	0	0	0	0
	Net Change	**4,280**	**3,635**	**7,915**	**3,635**	**3,635**	**7,270**

Veterans Affairs
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Veterans Programs And Services	76.0	76.0	85.0
Program: Veterans Health Care	1,024.0	976.0	980.0
Veterans Affairs	1,100.0	1,052.0	1,065.0

Veterans Affairs
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	10			10
	ALL OTHER	4			4
	Subtotal	15			15
Dedicated	FEDERAL GRANTS		4,020	26,586	30,606
	DEPARTMENTAL EARNINGS		73,388		73,388
	INVESTMENT INCOME		23		23
	ALL OTHER	0	4,541		4,541
	Subtotal	0	81,973	26,586	108,559
	Total	**15**	**81,973**	**26,586**	**108,573**

Veterans Affairs
Programs & Services

http://www.mdva.state.mn.us/stateprgms.htm

Statewide Outcome(s):

MDVA's Programs and Services supports the following statewide outcome(s).

Minnesotans are healthy.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The Minnesota Department of Veterans Affairs (MDVA) is experiencing an increased demand for services due to the aging of the veteran population and the large number of veterans recently returning from Iraq and Afghanistan. Since 9/11, over 60,000 Minnesotans have served on active duty or have been activated, of which over 38,300 have served in a combat zone. The demand for services will continue to increase over the next months and years as the federal Department of Defense implements an anticipated reduction in force.

As a state, we want veterans to return to Minnesota, and when they do, the MDVA must be ready to meet their needs. 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. As such, the agency must be prepared to meet their needs through providing assistance in accessing higher education, obtaining their earned educational benefit, securing earned federal benefits, and accessing state resources. Veterans may also require employment support as they transition from the military to their civilian careers, and some will need emergency financial assistance.

Therefore, the purpose of MDVA's Programs & Services division is to fill voids that exist in the veterans services community through providing veteran-focused services to Minnesota veterans, their dependents and survivors.

MDVA's Programs & Services are funded primarily funded through the general fund (96 percent), with the remaining funding coming from the federal government to support the Minnesota State Approving Agency.

Strategies:

MDVA administers the following programs to meet the needs of eligible veterans, their dependents and survivors. These programs increase education, advocacy and outreach, which increases the utilization of benefits and services:

- **Claims and Outreach** program 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 (http://www.mdva.state.mn.us/claims.htm).
- **Tribal Veteran Service Officers** provides services to the traditionally under-served group of veterans located on Minnesota's Native American Reservations (http://www.mdva.state.mn.us/PDFs/TVSObrochure2009.pdf).
- **Higher Education Veterans Program** assists veterans and eligible family members navigate the complicated educational benefits system. It also staffs campus veterans assistance offices to work with colleges to enhance or develop "veteran friendly" policies and procedures, such as: payment deferments while awaiting educational benefits, military transfer credit, registration flexibility due to deployments, referrals to appropriate service providers, and facilitation of communication between departments at the college (http://www.mdva.state.mn.us/campusreps.htm).
- **Minnesota GI Bill Program** provides post-secondary education assistance to eligible Minnesota veterans, and to the children and spouses of deceased or severely disabled veterans. The assistance is

also available to eligible veterans enrolled in on-the-job training or apprenticeship programs (http://www.minnesotaveteran.org).

- **Minnesota State Approving Agency (SAA)** reviews, evaluates and approves programs of education and training to verify it meets state and federal criteria for use of benefits.
- **Military Funeral Honors Program** provides stipends to military honor guards, which supports dignified burials of deceased veterans (http://www.mdva.state.mn.us/mfh/index.htm)
- **Minnesota State Veterans Cemetery**, located in Little Falls, is owned and operated by the MDVA (http://www.mdva.state.mn.us/cemetery/index.htm).
- **State Soldiers Assistance Program (SSAP)** provides direct, emergency financial assistance to veterans, their dependents and survivors. The program makes provisions for shelter and utilities, optical and dental benefits, and cash grants for food and personal needs (http://www.mdva.state.mn.us/SSAP/index.htm).
- **LinkVet** is a toll-free, one-stop customer service line for all Minnesota veterans (http://www.minnesotaveteran.org).
- **Minnesota Services C.O.R.E**. (Case Management, Outreach, Referral & Education) works in partnership with Lutheran Social Services to bring essential, community-based services directly to veterans, military members and their families across Minnesota at no cost to them (http://www.mdva.state.mn.us/core/index.htm).
- **Minnesota Veterans Preference** provides administrative support to state agencies and veterans to ensure the state granted veterans preference rights – a limited preference over non-veterans in hiring and promotion for most Minnesota public employment positions – are upheld and enforced (http://www.mdva.state.mn.us/vetspref.htm).
- **Women Veterans Program** strives to ensure women veterans have equitable access to federal and state benefits and services, and ensures response to gender-specific needs of women veterans (http://www.mdva.state.mn.us/women/).
- **Partners** - The MDVA partners with the U.S. Department of Veterans Affairs (VA) to provide claims, benefits. Another close partner is the County Veteran Service Officers (CVSO), who are the first point of contact for veterans in their community for receiving services and benefits. The department also partners with the Minnesota Assistance Council for Veterans (MACV), a non-profit organization, to provide housing employment and legal assistance to veterans in need, and local and national chapters of chartered Veteran Service Organizations.

Results:

MDVA's Programs and Services division collects data through a variety of methods to track the number of veterans served, claims filed, services provided, outreach visits conducted, and calls received. This data is used to measure division results and gauge success. Overall, the division has seen an increase in the number of veterans served through the various programs, and continues to receive positive feedback on the services provided.

Performance Measures	Previous	Current	Trend
New power of attorney assignments	9,751	10,110	Improving
VA rating decisions obtained	8,266	17,391	Improving
Number of new individuals served in Veterans Resource Centers through the Higher Education Veterans Program	1,679	5,505	Improving
Percent of customers satisfied or extremely satisfied with burial services at Little Falls Veterans Cemetery	99%	100%	Stable
Percent of C.O.R.E. program participants that were satisfied with the services received, and the services met their needs	91%	91%	Stable

Performance Measures Notes:

- Claims and Outreach data are from fiscal years 2011 and 2012. The Claims and Outreach staff track office and outreach visits, claims filed and VA ratings decisions. The office has seen an increase in the number of veterans that choose to have the MDVA represent them in their claim for benefits (performance indicated above as "new power of attorney assignments").

- Higher Education Veterans Program data is from the 2006 (http://www.mdva.state.mn.us/reports/legislative/highereducationcampusrepsreportyear2007.pdf) to 2011 (http://www.mdva.state.mn.us/reports/legislative/HigherEducationVeteransProgramDivision2012.pdf) reports to the legislature.
- Burial data compares survey results from customers that responded to surveys sent out six months after a burial service in fiscal year 2011 vs. 2012. The cemetery also received the prestigious Excellence of Appearance honor from the National Cemetery Administration in 2011. This is one of the highest honors a state cemetery can receive from the federal VA. Minnesota is currently one of only three states in the country to be recognized and receive this accolade.
- The C.O.R.E. performance measure compares FY 2012 second and third quarter survey responses. LSS only recently began surveying participants, so a longer period of time to demonstrate trend could not be achieved.

Program: Veterans Programs And Services
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$27,948	$1,624	$1,681	$31,253
Current Law Expenditures (FY 2014-15)	$28,185	$1,511	$9,364	$39,060
Governor's Recommended Expenditures (FY2014-15)	$32,100	$1,511	$9,364	$42,975
$ Change from FY 2014-15 Current Law to Governor's Rec	$3,915	$0	$0	$3,915
% Change from FY 2014-15 Current Law to Governor's Rec	14%	0%	0%	10%

Program: Veterans Programs And Services
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	$0	$197	$220	$416
REVENUE		$522	$9,300	$9,822
TRANSFERS IN	$24,994	$2,600		$27,594
APPROPRIATION	$35,184	$0	$0	$35,184
SOURCES OF FUNDS	**$60,178**	**$3,319**	**$9,520**	**$73,017**
BALANCE FORWARD OUT		$218	$156	$374
TRANSFERS OUT	$28,078	$1,590		$29,668
EXPENDITURES	$32,100	$1,511	$9,364	$42,975
PAYROLL EXPENSE	$10,614	$521	$753	$11,888
OPERATING EXPENSES	$8,617	$573	$6,736	$15,926
OTHER FINANCIAL TRANSACTIONS	$0	$10	$500	$510
GRANTS, AIDS AND SUBSIDIES	$12,869	$407		$13,277
CAPITAL OUTLAY-REAL PROPERTY			$1,374	$1,374
USES OF FUNDS	**$60,178**	**$3,319**	**$9,520**	**$73,017**

Veterans Affairs
Veterans Health Care/Minnesota Veterans Homes

http://www.mvh.state.mn.us

Statewide Outcome(s):

The Veterans Health Care program supports the following statewide outcome(s).

Minnesotans are healthy.

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; rather, it was seen as a monument to the contributions of veterans. As the needs of returning veterans changed, so did the homes. The shift in focus to making the health care needs of veterans the homes' primary concern began in the 1960s. Today, MDVA operates five veterans homes in Fergus Falls, Hastings, Minneapolis, Luverne, and Silver Bay, and one adult day care facility in Minneapolis. With the number of veterans over the age of 75 expected to increase by approximately nine percent over the next 20 years, the Minnesota veterans homes strive to respond to the needs of the aging veteran population in Minnesota.

The homes are financed by three primary sources: state general fund appropriation (60 percent), federal VA per diem (30 percent) and maintenance charges paid by residents (ten percent). The maintenance charges are based on the residents' ability to pay.

Strategies:

- The five Minnesota veterans homes provide care designed and delivered according to the individual needs of each resident. The homes have the goal of restoring, optimizing and/or maintaining each resident's level of function, personal autonomy, and dignity while recognizing the individual's service to the country. The goal is achieved through operating 24/7 facilities that provide skilled nursing care, special care units for the treatment of dementia and Alzheimer's, and domiciliary (boarding) care.

  The homes also provide the following services:
  - Rehabilitation services, including occupational, physical therapy and physical fitness;
  - Social services, recreational therapy and behavioral services;
  - Transportation to medical visits;
  - Volunteer programs;
  - Drug and alcohol treatment;
  - Dental and optometry care; and
  - Work therapy.

- In recent years, the Homes have undergone a number of changes to improve the quality of care and gain operational efficiencies. These changes include: the implementation of a person-centered care model at all of the homes. This has required staff retraining, facility remodeling, and the ongoing implementation of a central pharmacy. Additionally, the Homes are in the process of becoming compliant with the Centers for Medicare & Medicaid Services (CMS) standards for the purpose of billing services to the federal government under the Medicare Parts A & B programs. The process to become CMS compliant is a multi-departmental, multi-functional effort that is beginning with the agency's largest home in Minneapolis.
- The MDVA partners 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 homes residents. The Homes also partner with veteran service organizations, which provide donations, entertainment and special events to residents.

Results:

In fiscal year 2012, customer satisfaction surveys were conducted at all five Veterans Homes by Pinnacle Quality Insight. The company surveyed residents and families on a number of key indicators, including: nursing, response to individual needs, therapy, safety, and cleanliness. The results were then compared to other veterans homes and nursing homes across the country. The average for the homes was 4.59, which is higher than the national average of 4.23 and the company national average of 4.58. The high scores earned the Minnesota Veterans Homes 49 “Best in Class” certificates.

Also, over the past two years Minnesota Veterans Homes have been free of any material violations from regulators (i.e., Minnesota Department of Health and the VA).

MDVA faces several challenges that influence the results of the Homes’ strategies:

- Recruitment and retention of trained staff.
- Shift in technology and culture within the Homes for the conversion to CMS compliance.
- Obtaining funds to improve and maintain aging Veterans Homes (particularly in Minneapolis and Hastings) and equipment.

Performance Measures	Previous	Current	Trend
Resident satisfaction	-	4.59	

Performance Measures Notes:

Resident satisfaction was measured on a scale from one to five, with five being the highest, for the first time in FY 2012. This score serves as the baseline, and the agency intends to survey residents into the future.

Program: Veterans Health Care
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		$167,299	$26,560	$193,859
Current Law Expenditures (FY 2014-15)		$174,637	$17,286	$191,923
Governor's Recommended Expenditures (FY2014-15)	$4,000	$174,637	$17,286	$195,923
$ Change from FY 2014-15 Current Law to Governor's Rec	$4,000	$0	$0	$4,000
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	2%

Program: Veterans Health Care
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$4,293	$723	$5,017
REVENUE	$0	$81,450	$17,286	$98,737
TRANSFERS IN		$95,316		$95,316
APPROPRIATION	$93,971	$0	$0	$93,971
SOURCES OF FUNDS	**$93,971**	**$181,060**	**$18,009**	**$293,040**
BALANCE FORWARD OUT		$1,065	$723	$1,788
TRANSFERS OUT	$89,971	$5,355		$95,326
EXPENDITURES	$4,000	$174,637	$17,286	$195,923
PAYROLL EXPENSE		$137,060		$137,060
OPERATING EXPENSES	$4,000	$33,089	$0	$37,089
OTHER FINANCIAL TRANSACTIONS		$1,152		$1,152
GRANTS, AIDS AND SUBSIDIES		$3,170		$3,170
CAPITAL OUTLAY-REAL PROPERTY		$166	$17,286	$17,452
USES OF FUNDS	**$93,971**	**$181,057**	**$18,009**	**$293,037**

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes /No	State-wide Outcome
State Approving Agency		Promotes and 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. Department of Veterans Affairs in preventing fraud, waste and abuse in the administration of the federal GI Bill.	393	426	435	443	No	No	Education
Little Falls Cemetery Expansion		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.	-	362	724	362	No	Yes	Communities
SE Minnesota Cemetery		To develop a new veterans cemetery in southeastern MN to provide burial space for the nearly 51,000 veterans who reside within a 75-mile radius of the Preston area. *Federal award included in BPAS in the Little Falls Cemetery federal appropriation.	-	500	5,500	1,900	No	Yes	Communities
Veteran Burial Federal Reimbursement		Federal reimbursement for the burial of eligible veterans at the Veterans Cemetery in Little Falls, MN.	165	215	215	215	No	No	Communities
Veterans Programs and Services Total			**558**	**1,503**	**6,874**	**2,920**			
Silver Bay Veterans Home Renovation		Renovation of interior of the home, with additions of new single occupancy resident rooms, dining room expansion, and an addition to accommodate a pharmacy.	241	-	-	-	Yes	Yes	Health
Fergus Falls		Created 21 new, single occupancy resident rooms.	589	2,274	-	-	Yes	Yes	Health
Mpls Building 4 Adult Daycare		Renovation of building on the Minneapolis campus to accommodate an Adult Day Care program for up to 35 Veteran clients daily.	44	170	-	-			Health
Mpls Building 9		New replacement building provides 100 single occupancy nursing care rooms for Veteran residents.	17,711	313	-	-	Yes	Yes	Health
Mpls Buildings 16 & 17		Phase 2 of nursing unit replacement renovations.	-	4,000	8,618	8,618	Yes	Yes	Health
Mpls Generator		New generator for Mpls Veterans Home.	767	452	50	-	Yes	Yes	Health
Veterans Homes Program Total			**19,352**	**7,209**	**8,668**	**8,618**			
Federal Fund - Agency Total			**19,910**	**8,712**	**15,542**	**11,538**			

* Above dollars in thousands.

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 Veterans Homes to help cover the cost of care of Veteran residents (revenue in Departmental Earnings report), MDVA also receives federal funding to reimburse Veteran burials at the State Veterans Cemetery and to manage the ongoing operational needs of the State Approving Agency. Additionally, MDVA received VA construction grants to expand or replace buildings at the Veterans Homes, to expand the Little Falls Cemetery, and to develop a new cemetery in Southeastern Minnesota. The federal funds estimates indicated 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 of the current value of the facility.

The MDVA does not anticipate any changes to the federal operational funding that it receives from the VA, primarily because the federal Office of Management and Budget (OMB) determined the federal VA to be exempt from the sequestration provisions of the Budget Control Act. However, the MDVA has learned from the VA that its construction budget has been reduced by two-thirds for FFY 2013. Therefore, the availability of federal funds for State Veterans Homes construction grants has been greatly diminished, and it is expected that this will be true in the next biennium as well.