

VETERANS' SERVICES – FUNDING ISSUES IN MONTANA AND OTHER STATES

Prepared for the
Subcommittee On Veterans' Affairs

by

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Introduction

The Subcommittee on Veterans Affairs requested Legislative Fiscal Division analysis related to veterans' services. The questions focused on service enhancements and options for non-general fund sources to finance operations within the Montana Veterans' Affairs Division or other appropriate entities charged with maintaining service to veterans. Specific questions asked were:

What would it cost to add additional veteran service officers (VSO) to the Montana Veterans' Affairs Division (MVAD), and what options exist to fund these positions?

How much does it cost to support the Board of Veterans' Affairs, and what would it cost to support a 10-member advisory council with functions similar to the Board?

What is the outlook for the Veterans' Affairs Cemeteries fund, including projected trends and ability to support veterans' services, including a third cemetery?

How much revenue would be generated if a \$0.25 fee was attached to all vehicle registrations for the purpose of supporting veterans' services?

How is the South Dakota model for partial state reimbursement of county veteran service officer positions structured and funded?

How is the Kentucky Homeless Veterans Program structured and funded?

How is the State of Washington's Post Traumatic Stress Disorder Counseling Program structured and funded?

This document answers those specific questions. This report is intended for informational purposes only, and does not present options for subcommittee action.

What would it cost to add additional veteran service officers (VSO) to the Montana Veterans' Affairs Division (MVAD), and what options exist to fund these positions?

The MVAD hires new VSOs at grade 10, with promotions to grade 11 and grade 12 at the 1.5 and 5-year points, respectively. The state pay plan for fiscal 2003 provides costs of approximately \$28,000, salary and benefits, for a grade 10 position at entry level. Adding Office of Budget and Program Planning standards from the 2003 biennium budget development process for initial start-up costs (office furniture - \$1,500; and computer systems - \$2,000) raises first-year costs for a new VSO to approximately \$32,000. Similarly a grade 12 position at entry level would cost approximately \$32,000, salary and benefits, without startup costs.

Therefore, each additional VSO can be expected to add approximately \$32,000 to division annual expenses. Currently, all Montana VSOs are funded entirely from the general fund. Other options for their funding include state special revenue and federal special revenue.

State Special Revenue: Veterans' cemetery operations are currently funded with a \$10 fee on veterans' license plate fees, which are deposited into the Veterans' Affairs Cemeteries fund. Under current statute, this funding can only be used for support of Montana's veterans' cemeteries. A statutory change would be required in order to utilize a portion of this funding for paying the costs of additional VSOs. For additional Veterans' Affairs Cemeteries fund information, projected stability of the fund is discussed later in this report.

Federal Funding: Research for this report did not identify any sources of federal funding for maintaining ongoing costs of VSOs. One source investigated for potential use was U.S. Department of Labor Veterans Education and Training Service funding currently granted to the Montana Department of Labor and Industry. These funds are granted entirely to fund education and training-specific positions with the Department of Labor and Industry. Currently, no avenue exists to utilize these funds for other than their intended education and training purposes. Therefore, these funds would be unavailable to fund new VSO positions. The only identified example of federal funding for uses other than education and training is a one-time award of \$45,500 granted to the Kentucky Homeless Veterans Program from the U.S. Veterans Administration (VA). This award was for the purchase and start-up costs for a mobile collection office to assist program staff in obtaining claims for benefits from homeless veterans. The award was made on a 65/35 split, with the Kentucky Homeless Veterans Program providing the other \$24,500.

How much does it cost to support the Board of Veterans' Affairs, and what would it cost to support a 10-member advisory council with functions similar to the Board?

The Board of Veterans' Affairs has five members and meets three to four times per year. Each meeting normally lasts for one day. Board members are paid \$50 for each day spent meeting or performing direct Board-related work, in addition to travel-related allowances for mileage, meals, and lodging. In the 5-year period from fiscal 1997 to fiscal 2001, Board expenses averaged approximately \$2,500 per year with a high of \$3,578 in fiscal 1999 and a low of \$1,209 in fiscal 2001.

Expenses for a 10-member advisory council, performing functions to the Board of Veterans Affairs, were calculated using the following assumptions:

- 1) Four meetings are held each year and last one day only,
- 2) All members attend each meeting,
- 3) Each member travels an average of 250 miles,
- 4) Each member claims three meals at the maximum rate, and
- 5) Five members are required to spend one night away from home while traveling to each meeting. These members also claim an additional evening meal.

Based on these assumptions, expenditures for the 10-member council would be approximately \$6,500 per year.

What is the outlook for the Veterans' Affairs Cemeteries fund, including projected trends and ability to support veterans' services, including a third cemetery?

Under current statute, for each set of veteran license plates sold, \$10 is deposited into the Veterans' Affairs Cemeteries state special revenue fund to the credit of the Department of Military Affairs. Prior to fiscal 2002, counties were allowed to recover \$4 for administrative costs upon the original issue of a veteran license plate, with the entire \$10 from subsequent renewals being credited to the Veterans' Affairs Cemetery fund.

Fund status as of end-of-year fiscal 2001:

- ?? 14,930 veteran license plates were sold in fiscal 2001.
- ?? Annual revenues were approximately \$110,000.
- ?? The fiscal 2001 year-end fund balance was in excess of \$340,000.

The attached table contains specific projections for fund revenues and fund balances through fiscal 2010, based on projected veteran license plate sales growth of 5 percent each year. This projected growth is supported by historical trends:

- 1) For the 5-year period from fiscal 1997 through fiscal 2001, veteran license plate sales increased an average of greater than 5 percent each year, and
- 2) Fiscal 2002 sales to-date show a 5 percent increase over fiscal 2001 for the same period.

Based on this projected growth, annual revenues from license plate sales would increase to over \$230,000 by fiscal 2010. Please note that this projection is mathematical, based on historical sales figures, and does not attempt to trend or identify the affiliation or age group of veterans who may purchase the plates.

The Montana Veterans' Affairs Division is appropriated approximately \$124,000 (\$62,000 per cemetery) of state special revenue spending authority from the Veterans' Affairs Cemeteries fund for each year of the 2003 biennium, as part of the overall budget of the Department of Military Affairs. Using the following assumptions, the attached table also analyzes the fund's ability to support veterans' services, including a third cemetery:

- ?? Fiscal 2002 budgeted costs of \$62,000 per cemetery (including a portion of division administration personal services costs) are used as baseline operating costs for one cemetery,
- ?? Operating costs are assumed to increase annually by 2 percent overall, through a combination of pay plan and inflationary increases, and
- ?? The table assumes that all construction and initial equipment costs for a third cemetery would be federally funded.

Within the constraints of the assumptions and projected sales increases, the following projections are made for the fund:

- ?? Current revenues are not sufficient to fully support the increased operating costs of a third cemetery. However, the fund would become self-sustaining by fiscal 2008 with annual revenues exceeding the annual operating costs for three cemeteries.
- ?? A third cemetery could be added as early as fiscal 2002, and the current fund balance could be drawn down until annual revenues were sufficient to fund annual expenditures. In that situation, the fund balance would decrease to a low of approximately \$234,000 at the end of fiscal 2007, and increase in fiscal 2008 and subsequent years.
- ?? Additionally, based on the projections and current appropriations, the fund would be able to support some veterans' services. The extent of those services would vary widely depending on the number of cemeteries in operation.

How much revenue would be generated if a \$0.25 fee was attached to all vehicle registrations for the purpose of supporting veterans' services?

According to the Title and Registration Bureau within the Department of Justice, the end of calendar year 2000 saw 1,108,608 personal vehicles registered within the state of Montana. A \$0.25 fee attached to these registrations for the purpose of supporting veterans' services would have generated over \$277,000.

How is the South Dakota model for partial state reimbursement of county veteran service officer positions structured and funded?

South Dakota law directs that "*County veterans' service officers shall certify eligibility requirements of claimants who are residents of their county having claims against the state for burial benefits and headstone placement, and for applications for loans from the Veterans' Division revolving fund. They shall provide monthly reports of contacts to the Division of Veterans' Affairs and their county commissions*". Each county, based on the number of veterans domiciled within that county, has an established minimum salary that it must spend on providing a veteran service officer. Providing it meets this minimum, the state then provides the county a set reimbursement based on 25 percent of the minimum salary. Both the minimum salary and the reimbursement amount are set in statute. The state reimbursement payments are funded by the state general fund.

How is the Kentucky Homeless Veterans Program structured and funded?

In 2000, the Kentucky legislature enacted House Bill 295, which established the Homeless Veterans Program within the Kentucky Department of Veterans Affairs. The program's primary mission is advocacy, and is budgeted for one FTE's salary plus minor administrative expenses. Ongoing program operations are funded entirely with state general fund, however the program administrator did apply for and receive the \$45,500 grant identified earlier in this report.

How is the State of Washington's Post Traumatic Stress Disorder Counseling Program structured and funded?

The Post Traumatic Stress Disorder (PTSD) Counseling Program within the Washington State Department of Veterans Affairs was established in law in 1991, although state-funded counseling services have been in place since 1984. The PTSD Counseling Program contracts with approximately 30 providers throughout the state of Washington to provide confidential counseling to qualified veterans. The program receives approximately \$600,000 of state general fund each year, and also acts as contract manager for approximately \$250,000 of King County funds. The program receives no federal funding.

The King County (including Seattle) funds are provided from a county Soldier/Sailor Relief Fund, which receives its revenues from a state mandated mill levy. The use of the Soldier/Sailor Relief Fund is not limited to providing counseling services. In fact, many counties use it to fund rent and utility assistance and other programs as necessary.