FINAL REPORT TO THE 67TH MONTANA LEGISLATURE

State Administration and Veterans' Affairs
Interim Committee

Sheri S. Scurr, Research Analyst
Montana Legislative Services Division

HJ 23 - STUDY OF VETERAN BENEFIT CLAIMS SERVICES: STRUCTURE & FUNDING IN MONTANA & SELECTED STATES

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P.O. Box 201706

Helena, MT 59620-1706

Phone: (406) 444-3064

Fax: (406) 444-3971

Website: http://leg.mt.gov/sava

State Administration and Veterans' Affairs Interim Committee Staff

Sheri Scurr, Research Analyst | Ginger Aldrich, Attorney | Bri Nordhagen, Secretary

This report is a summary of the work of the State Administration and Veterans' Affairs Interim Committee under House Joint Resolution 23, a study of the state structure and funding of veteran benefit claims assistance. This report highlights information presented by staff, stakeholders, and the interested public and explains the processes followed by the committee in reaching its conclusions. To review additional information, including audio/video minutes and exhibits from each meeting, visit the Legislative Branch website at www.leg.mt.gov and navigate to the 2019-2020 State Administration and Veterans' Affairs Interim Committee home page.

State Administration and Veterans' Affairs Interim Committee Members 2019-2020

Before the close of each legislative session, the House and Senate leadership appoint lawmakers to interim committees. The members of the State Administration and Veterans' Affairs Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

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PART I - STUDY ACTIVITIES

PURPOSE AND SCOPE

HOUSE JOINT RESOLUTION 23 (2019)

This report presents the findings and recommendations of the State Administration and Veterans' Affairs Interim Committee (SAVA) under House Joint Resolution 2. HJ 23 was adopted by the 2019 Legislature to request an in-depth study of the structure, funding, and outreach of the Montana Veterans Affairs Division (MVAD) and of alternative ways to provide benefit claims services for Montana's more than 92,000 veterans.

Study tasks. The HJ 23 study tasks were to:

(1) gather information about the current organizational structure, funding, number of veterans served, and outreach efforts of the Montana Veterans Affairs Division (MVAD);

(2) evaluate other service delivery models, such as county-based models and the service structures used in other states;

(3) examine options for improving outreach and increasing the number of veterans served, including in Indian country;

(4) solicit input and recommendations from the Board of Veterans' Affairs, counties, veterans and their families, and all other stakeholders and interested persons about how to maintain and improve the services of MVAD; and

(5) develop recommendations as appropriate based on the study's findings.

The full text of HJ 23 is available at Appendix A.

Study focuses on disability benefit claims assistance. Veterans of the U.S. armed forces are eligible for a range of federal and state benefits. These benefits encompass disability, pensions, health care, education, vocational training, employment services, burial and survivor benefits, home loan and housing assistance programs, and other types of benefits.

Overall, disability, pension, and health care benefits are the most significant types of benefits for veterans. These are federal benefits administered by the U.S. Department of Veterans Affairs (VA). To receive these benefits, veterans must submit claims that involve service records and other documentation to prove eligibility.

Because the disability benefit claims assistance is fundamental to the work of MVAD veteran service officers, the committee's HJ 23 study activities focused on how disability benefit claims assistance is provided by veteran service officers (VSOs) employed at the state and county level in Montana and selected states.

HOUSE BILL 172 (2019)

The 2019 Legislature also passed House Bill 172, which established a four-year grant program administered by MVAD. The bill provided $30,000 of state general funding in each fiscal year through June 30, 2023, to assist counties with veteran service offices.

Although HB 172 was not linked by law or resolution language to the HJ 23 study, SAVA is the interim committee responsible for monitoring veteran affairs and the operations of MVAD. Thus, the committee also monitored implementation of HB 172 as one of the alternative service delivery models to be considered going forward.

The HB 172 grant program terminates June 30, 2023. The full text of the bill is provided at Appendix A. The state summary for Montana in this report provides more information about HB 172 and related policy questions considered by the committee.

COMMITTEE WORK PLAN

MEETING MATERIALS

The committee set the HJ 23 study as one of the committee's top priorities this interim and adopted a work plan reflecting this decision.

The following table offers a chronological index to the committee's activities related to HJ 23 and HB 172. Meeting agendas, minutes logs, and links to the audio and video recordings are available under the meeting minutes tab on SAVA's homepage: https://leg.mt.gov/committees/interim/2019sava/.

Reports and other materials are available at SAVA's committee topics web page for military and veterans' affairs: https://leg.mt.gov/committees/interim/2019sava/veterans-affairs/.

WORK SCHEDULE

Meeting Date	Agenda Items/Reports on HJ 23 and HB 172	Committee Actions
June 27, 2019	○ Overview of Board of Veterans' Affairs and Montana Veterans Affairs Division (MVAD) ○ Intro to HJ 23 study tasks and discussion of study plan	○ Set HJ 23 as one of the committee's priorities, allocating 25% of staff time to the study tasks
Sept. 3, 2019	○ Staff background report on veterans' benefits and services; federal, state, and local roles; and disability claims process ○ Legislative Fiscal Division staff briefing on history of MVAD funding ○ MVAD briefing on Montana veteran population and structure of MVAD's benefit claims services ○ Briefing from Director of Ravalli County Valley Veterans' Service Center about the center and its expectation to apply for HB 172 grant funding	○ Reviewed and adopted a detailed study plan for HJ 23
Oct. 29, 2019	○ Staff briefing on a 50-state overview of veteran claims services and whether the state used state VSOs, county VSOs, or a hybrid model ○ MVAD briefing detailing VSO caseloads compared to county population, regional data on percentage of veterans served, implementation of HB 172 ○ Panel: Training and accreditation of VSOs Angela Kirkland, Veterans' Benefits Administration Coach, VA - Kelly Ackerman, MVAD administrator - Roger Hagan, American Legion - Tom Johnson, Veterans of Foreign Wars - Michael Roof, National Service Director, National Association of County VSOs	○ Requested a potential committee bill to appropriate $300,000 for administrative support staff for MVAD VSOs who most needed the support ○ Selected six states for further study representing different models for VSO services: Alaska, Michigan, Minnesota, Nebraska, South Dakota, and Washington

Meeting Date	Agenda Items/Reports on HJ 23 and HB 172	Committee Actions
Jan. 16, 2020	○ Staff report (first draft) on VSO structure and funding in Alaska, Nebraska, and Washington ○ Briefing from Ravalli County's Valley Veterans Service Center and a Ravalli county commissioner about the center's organization and funding and HB 172	○ No actions related to HJ 23
June 17-18, 2020	○ Staff report (2nd draft) on VSO structure and funding in Michigan, Minnesota, and South Dakota ○ Review of PD 05 - preliminary bill draft to appropriate $300,000 for administrative support for MVAD VSOs	○ Asked for clarifications and further research on total disability compensation paid to veterans in Montana and other states ○ Asked for fiscal analysis of special revenue funding for MVAD and options for increased funding
Sept. 1 2020	○ HJ 23 final report review draft presentation and discussion ○ Agency, stakeholder, and public comment on HJ 23 and HB 172 (2019) grant program to county veteran service offices	○ Discussion ○ No motions made; thus, there were no formal recommendations, and PD 05 did not move forward as a committee bill ○ Final report accepted by consensus

PART II - BACKGROUND

BENEFIT CLAIMS PROCESS

HOW ARE BENEFITS CLAIMED?

Eligibility for benefits varies by type of benefit and usually depends on a veteran's disability rating. Furthermore, for disability and the associated health care benefits, a veteran's disability rating depends on when the veteran served, the extent to which a specific medical condition was caused or aggravated by the veteran's service, and the severity of the condition. To receive a disability rating, a veteran begins by filing a claim with the VA. The claim product includes detailed service and medical records, along with many other documents, as evidence of the veteran's disability and eligibility for the benefits.

Because of the complexities involved in gathering the necessary documentation and in navigating the evidentiary requirements for each type of medical condition that may qualify a veteran for a disability benefit, the claims process can be daunting. Although a veteran may try to navigate the process alone, it is sometimes best for a veteran to seek the assistance of a qualified professional who may legally act and advocate on the veteran's behalf. A qualified professional could be a claims agent, an attorney, or a veteran service officer (VSO).

WHO MAY PRESENT A CLAIM ON A VETERAN'S BEHALF?

Only a VA-accredited agent, attorney, or VSO who holds a veteran's power of attorney may present a disability claim to the VA.

To be a VA-accredited agent, the agent, attorney, or VSO must meet the requirements set forth in federal statutes and implementing regulations.

An individual who meets the VA's accreditation criteria may be a volunteer or an employee within an organization. The majority of claims presented to the VA are submitted through accredited VSOs working for a state, county, or veteran service organization, such as the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and so forth.

Federal laws and regulations also allow organizations to be accredited representatives for veterans. The following types of organizations are examples of organizations that may be accredited:

- national service organizations, such as the American Legion and the National Association of County Veteran Service Officers;

- state government organizations, such as the Montana Veterans Affairs Division and the Washington Department of Veterans Affairs; and

- tribal organizations (VA guidance has been issued, but at this time no tribal organizations have been accredited).

WHAT IS THE CLAIMS PROCESS AND ROLE OF A VETERAN SERVICE OFFICER?

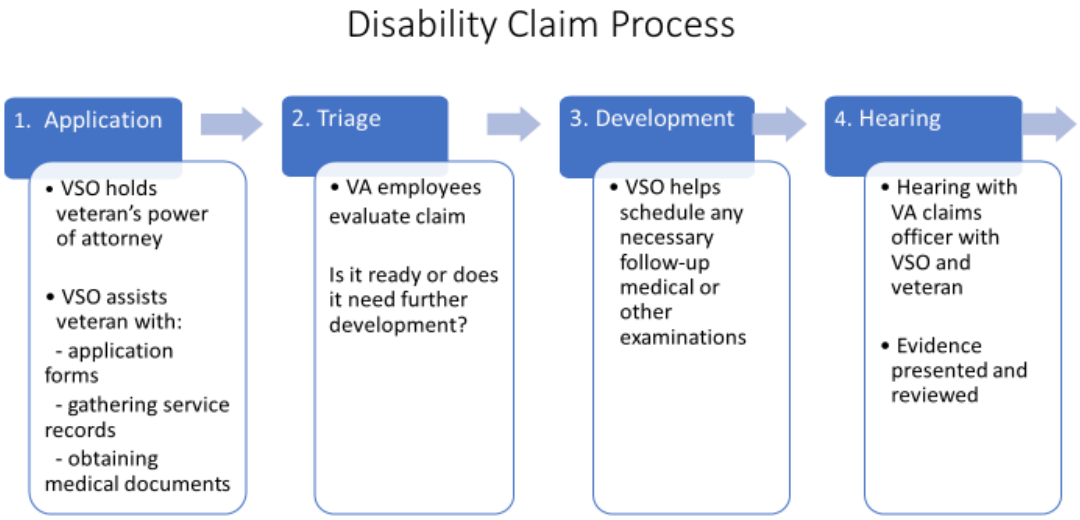
A VSO who holds a veteran's power of attorney and who is accredited by the VA acts as the veteran's representative during the claims process. The VSO walks the veteran through filling out and filing the appropriate application forms and utilizes the veteran's power of attorney to obtain the veteran's military service records and the medical documentation (such as injury reports, test results, and treatment records) needed to fully develop and support the disability claim.

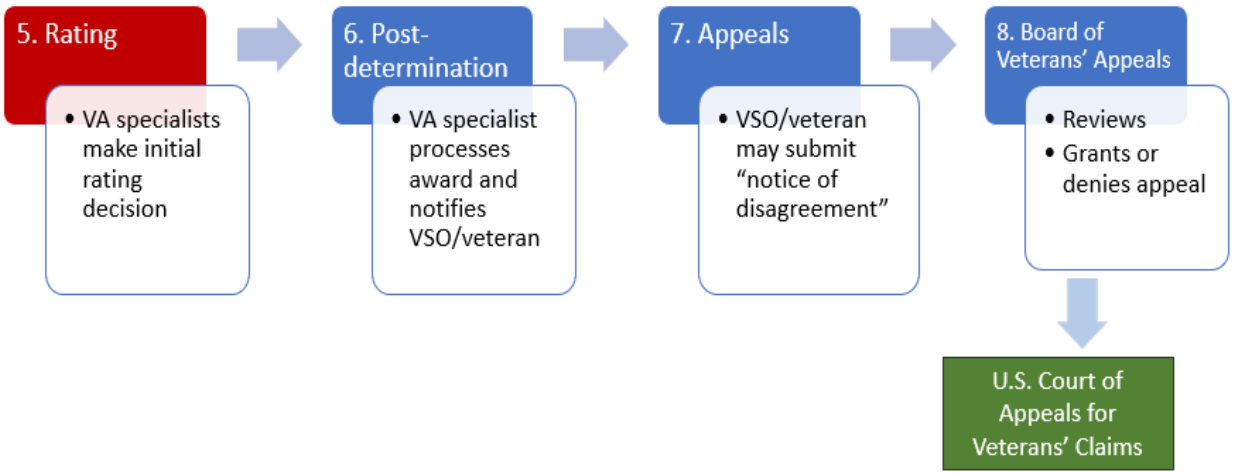
Each disability claim must address:

- the extent to which the injury or condition is service connected;

- the nature of the injury or condition, its severity, and the extent to which it is chronic or acute; and

- evidence to document the service connection and nature of the condition claimed.



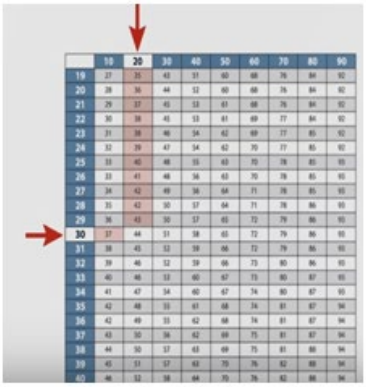


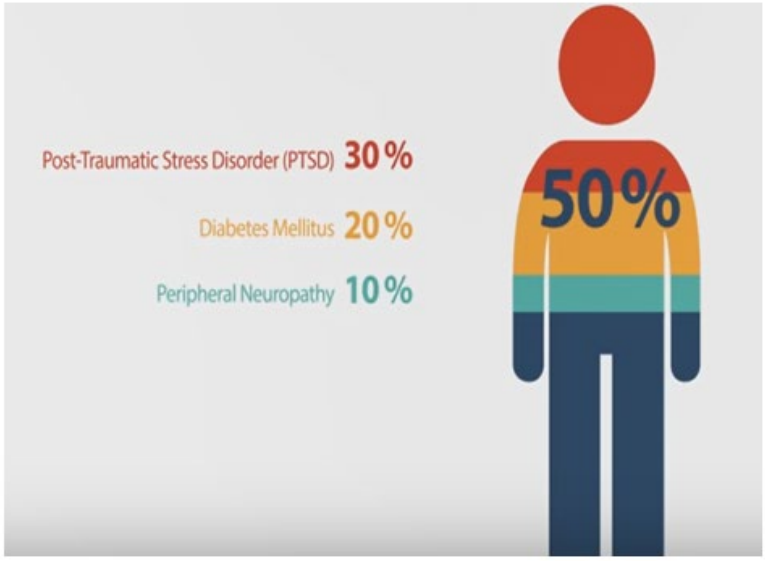
After the VA reviews the claim, a hearing will be scheduled. The VSO holding the veteran's power of attorney will represent and support the veteran during the hearing.

After the hearing and a thorough review of the evidence compared to the VA's criteria for eligibility, a VA claims specialist will determine a disability rating for each condition claimed. Often, a veteran is suffering from more than one condition, so a veteran may receive several different ratings. For example, a veteran might receive a 30% disabled rating for post-traumatic stress disorder, a 20% disabled rating for diabetes, and a 10% disability rating for peripheral neuropathy.

Composite Rating if Multiple Conditions

- Total cannot exceed 100%
- Combined Rating Table





When multiple conditions exist, the VA uses a rating table to determine a composite disability rating. The composite rating is then used when determining the disability compensation amount to be paid. This composite rating will also be used to determine the veteran's eligibility for other federal and state benefits that are based on the veteran's disability rating.

If a veteran disagrees with the VA's determination, the veteran may appeal. If a VSO or the VSO's organization is accredited by the VA for appeals (which requires a national presence for the appeal hearing), the VSO or the VSO's organization also represents the veteran for the appeal.

WHO EMPLOYS VETERAN SERVICE OFFICERS?

Although a VSO may be a volunteer, most are employed either by congressionally chartered veteran service organizations (such as the American Legion, the Veterans of Foreign Wars, or the Disabled American Veterans) or by a state or county government. The VA maintains a database of accredited VSOs and organizations. This database is searchable by state from the following web page: https://www.va.gov/ogc/apps/accreditation/index.asp.

HOW ARE VETERAN SERVICE OFFICERS TRAINED AND ACCREDITED?

Training for VSOs may be provided in a variety of ways. For example, the American Legion, the Veterans of Foreign Wars, the National Association of County Veteran Service Officers, and other similar national veteran organizations offer VSO training.

To be accredited by the VA, an applicant must pass a standard examination and background investigation. Continuing education is required to remain accredited. More information on accreditation is available at the following web page: https://www.va.gov/ogc/accreditation.asp.

WHAT ABOUT QUALITY ASSURANCE?

For a claim to succeed, it is critical that the claim product presented to the VA be as complete and as accurate as possible. A lot is at stake for the veteran, so a VSO needs to be competent in all aspects of the claims process. However, a VSO does not work for the VA and cannot control the VA's ultimate determination.

With respect to VSOs who work for a state or county, it is the employing agency and the VSO's supervisor who set performance measures and monitors the VSO's claim products. Ultimately, if a veteran is unhappy with the service provided by a VSO, the veteran may revoke the power of attorney that enables the VSO to represent the veteran.

BIG PICTURE

FIFTY-STATE COMPARISONS

During the study, the committee asked to see 50-state comparisons that could be used to rank the states in terms of their VSOs' effectiveness in drawing down federal benefits for veterans in their states. Staff prepared three 50-state tables that rank the states based on the latest data available from the VA's National Center for Veterans Analysis and Statistics. These tables are provided at Appendix B along with the initial 50-state matrix summarizing the basic structure of each state's VSO program. The tables provided at Appendix B are as follows:

> Table 1 - state rankings based on the percentage of the state's veterans receiving VA disability compensation (FY 2017).
>
> Table 2 - state rankings based on the average VA disability and pension compensation paid to veterans in the state (FY 2017).
>
> Table 3 - state rankings based on the total amount of VA disability and pension compensation paid compared to the total number of veterans in the state (FY 2019).
>
> Table 4 - states by governance structure and showing whether the state has a state, county, or hybrid VSO structure.

DATA, METRICS, AND CAVEATS

This report summarizes some of the performance criteria and quality control measures used in Montana and the selected states. However, determining measurable and meaningful metrics for program evaluation for a 50-state comparison is a challenge, not only because each state's structural approach and funding for veteran benefit claims assistance is different but also because data is not tracked the same in each state. Furthermore, numbers alone cannot tell the whole story.

The most commonly used metrics for comparisons are:

- what percentage of the state's veterans are receiving disability compensation (Table 1 at Appendix B); and
- what is the total amount of disability compensation being paid to veterans in the state (Table 2 at Appendix B).

No 50-state data is available to show how many veterans receiving disability compensation were working with a VSO rather than submitting the claim themselves or working with an accredited attorney or claims agent; and if the veteran is working with a VSO, there

is no 50-state data available about whether the VSO submitting a claim was a state or county employee, a volunteer, or employed by a veteran service organization, such as the American Legion.

Another limitation is that the national data available from the VA does not always isolate expenditures down to disability compensation alone. For example, the VA's FY 2019 benefit expenditure amounts for the states includes other types of compensation paid, not just disability compensation.

It is important to keep all of this context in mind when reviewing the 50-state comparisons and the state summaries in this report.

SUMMARY OF STATES SELECTED FOR STUDY

At its October 29, 2019, meeting, SAVA reviewed a 50-state matrix (Table 4 at Appendix B) showing which states rely primarily on state VSOs, county VSOs, or a hybrid combination of both. It should be noted, however, that this matrix was developed based only on a high-level review of state websites. Furthermore, because each state has a unique way of conducting business, they do not fit neatly into the VSO categories shown.

After discussion about how best to get a representative sample of different VSO service delivery models, the committee selected six states for further examination:

- **Alaska** - state grant program to veteran service organizations; there are no state or county/local government VSOs.

- **Michigan** - state grant program to the Michigan Veterans Coalition (a coalition of five veteran service organizations); and an additional grant program to counties.

- **Minnesota** - two state regional VSO offices; and a grant to the Minnesota Association of CVSOs, which in turn supports county VSO offices.

- **Nebraska** - a few state VSOs, but VSO services are almost entirely county-based with no state funding.

- **South Dakota** - primarily a county-based program, but state VSOs provide training and assistance to counties, and the state funds a portion of county VSO salaries.

- **Washington** - VSO services are provided primarily through state VSOs working in regional offices; state contracts with veteran service organizations; and a new state pilot program provides grants for counties.

Part III of this report provides a more detailed summary of the structure and funding of VSO services in Montana and each of these selected states. A summary table of the information is provided at Appendix C.

KEY RESOURCES

The information for each state is primarily compiled from the following sources:

- U.S. Department of Veterans' Affairs data.
- Official websites maintained by the organizations referenced in this report.
- Available annual reports, audits, and studies by other entities.
- State statutes.
- Interviews and e-mail correspondence with veteran service offices in each state.

The state maps and veteran population statistics are taken from the VA State Summaries for 2017, which are the most recent VA state summaries available that provide disability compensation amounts paid rather than combining disability compensation with pensions.

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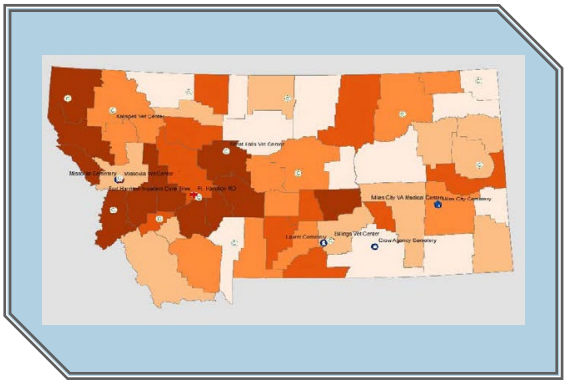
PART III - STATE SUMMARIES

MONTANA



BY THE NUMBERS

Area: 147,040 square miles
Counties: 56
Total Veterans: 91,336 = 11.44% of total pop.
Vets Receiving Disability Compensation - 2017: 22,192 = 24.3% of veteran pop.
State VSOs: 21 (plus 2 vacancies due to budget restrictions)
County VSOs: 4 (Ravalli County)

BASIC STRUCTURE

State organization - regional approach. The Montana Veterans Affairs Division (MVAD) is the lead agency for veteran benefit claims assistance but also manages the state veteran cemeteries. The MVAD is governed by the Board of Veterans' Affairs, which is appointed by the governor. The division is administratively attached to the Montana Department of Military Affairs. The MVAD administrator is hired by the board and is not a cabinet-level official. MVAD is a VA-accredited organization for benefit claims, but as a state entity may not represent veterans for a benefit claim appeals at the federal level.

MVAD currently employs 21 VSOs located in nine offices situated within three regions. Two VSO positions are being kept vacant due to budget restrictions. If fully funded under its current structure, MVAD would have 23 VSOs. Appendix D provides additional detail about MVAD's structure and funding.

Veteran service organizations rely on MVAD. Most MVAD VSOs are also accredited with one or more national veteran service organizations, such as the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans. In Montana, these organizations rely on MVAD to provide their members with VSO services, so they do not employ their own VSOs in Montana. Because the national associations for these service organizations are recognized by the VA to handle appeals, a veteran may work with an MVAD VSO for claims assistance but designate the veteran service organization as the veteran's agent so there is continuity in representation if the VA's claim determination needs to be appealed. For example, a veteran working with an MVAD VSO who is also accredited through the American Legion may designate the American Legion as the holder of the veteran's power of attorney for the claim assistance.

Counties may establish VSO offices. Section 10-5-115, MCA, provides that a county may establish a county veteran service office "with the advice of the board" of veterans' affairs. The statute also says that a county VSO must be trained and accredited as required by federal law. Ravalli County is the only county that has established a county VSO office since the statute was enacted in 2003.

Ravalli County's Valley Veteran Service Center employs four VSOs who are trained and accredited through the National Association of County Veteran Service Officers (NACVSO). The NACVSO is a VA-accredited organization and can represent veterans for claim determination appeals.

Other than stating that a county may establish a VSO office "with the advice of the board," Montana statutes do not provide for any other coordination with or reporting between the county and MVAD, except under the temporary provisions of HB 172.

FUNDING

State funding is general fund and special revenue. About 60% of MVAD's funding is from the state general fund, while about 40% comes from state special revenue. The special revenue is derived from license plate fees and vehicle registration fees. Budgeted funding in FY 2020-2021 for MVAD was about $2.6 million from the general fund and $1.8 million from special revenue, most of which is spent on VSO personal services. See Appendix C for more details.

County funding may be a voter-approved special mill levy. If a county establishes a county VSO office, the county may fund the office with general fund or through a special mill levy approved by the voters. The special mill levy is subject to the statutory cap on total mills that a county may levy. Ravalli County funds its VSO office, the Valley Veterans Service Center, with a 3-mill levy, which generates about $340,000 annually. For FY 2021, the county office's budget is $233,542 for personal services and $45,620 for operations. The office also budgeted about $61,000 for on-time capital expenditures.

House Bill 172 (2019) - pilot grant program to counties. As previously mentioned, HB 172 established a four-year grant program administered by MVAD to provide state funding to counties that had established county veteran service offices.

The bill provided general fund appropriations of $30,000 in each fiscal year through June 30, 2023. The $30,000 is divided among eligible counties proportionate to the total veteran population of the eligible counties. Since Ravalli County is the only eligible county, it received the full $30,000 for FY 2020.

Although MVAD and Ravalli County are experiencing a learning curve related to this grant program, the grant is now being administered as an advanced payment grant rather than a cost-reimbursement grant. This means the county may receive the full grant amount at the

beginning of the fiscal year but must then submit documentation to MVAD to ensure that the money was spent on eligible expenses. MVAD will be subject to legislative audit review to ensure the money was spent only on eligible expenses.

Eligible expenses are not defined in the bill, but the bill's broad language allows the money to be used in "support of veterans and their family members" and prohibits the money from being spent for "any other purpose." Thus, eligible expenses include:

- VSO salaries, benefits, and training;
- equipment and supplies;
- outreach, including travel and advertising; and
- one-time costs that increase veterans' access to services or increase effectiveness of services to veterans in the region served.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

State statute requires training and accreditation. State statute requires that MVAD VSOs be trained and accredited in compliance with federal law. To be accredited with the VA, a VSO must pass an examination and background check. MVAD has not formally set numerical productivity, outreach, or claims approval performance criteria, but as state employees, VSOs and their claim products are subject to regular performance reviews. Also, there is a supervising VSO in each of the three regions.

Reporting required under HB 172. Under HB 172, a county receiving state grant money through MVAD must report certain data to MVAD at the end of each fiscal year. See the statutory language section of this report for details.

ADDITIONAL COMMENTS

Need for administrative support staff. During the HJ 23 study, the committee heard from stakeholders that the productivity of MVAD VSOs could be improved if they had administrative support staff to help do daily administrative tasks, such as answering phones, records management, making appointments, and responding to general questions. In response, the committee considered a potential committee bill, PD 05, that would appropriate $300,000 from the state general fund in each fiscal year for MVAD VSO support staff.

See Part IV of this report for a discussion of the options and recommendations related to PD 05 and other committee findings and recommendations.

Potential revisions to HB 172. As the committee monitored implementation of HB 172, it seemed there was initial confusion about certain aspects of grant administration and reporting. See Part IV of this report for a discussion of the options and recommendations related to these issues.

STATUTORY LANGUAGE

State VSO services. The statute regarding MVAD VSO claims assistance is broadly worded as part of the duties assigned to the Board of Veterans' Affairs under section 10-2-102, MCA, specifically subsection (1)(c).

Montana Code Annotated 2019

10-2-102. Duties of board — employee qualifications. (1) The board shall establish a statewide service for veterans and their families as provided in this section. The board shall:

(a) actively cooperate with local, state, and federal agencies whose services encompass the affairs of veterans and their families;

(b) promote the general welfare of all veterans and their families;

(c) assist veterans and their families who are residents of this state in filing claims for the benefits to which they are entitled. In carrying out this duty, the board and its accredited employees shall, upon the request of an eligible claimant, act as agents for the claimant in developing and presenting claims for benefits provided under Title 38 of the United States Code. The board shall seek to secure speedy and just action for each claimant. A board employee officially acting as an agent on behalf of a claimant must be properly accredited and recognized pursuant to 38 CFR 14.628 and 14.629.

(d) officially advocate for the fair treatment of Montana's veterans and their families by the U.S. department of veterans affairs with respect to claims processing, health care services, and other veteran-related programs and inform veterans and their family members of all available grievance procedures;

(e) develop and implement an information and communication program to keep veterans and their family members informed about available federal, state, and community-based services and benefits. The program may include but is not limited to:

(i) development and distribution of a services and benefits directory;

(ii) regular public service announcements through various media;

(iii) information to assist veterans and their family members in obtaining federal benefits and treatment services related to depleted uranium exposure, including a best practice health screening of any veteran who:

(A) has been identified pursuant to department of defense policy as having possible level I, II, or III exposure to depleted uranium;

(B) is referred for a health screening by a military physician; or

(C) may have been exposed to depleted uranium during service in a combat zone.

(iv) an internet website with information and links relevant to veterans and their families and including information about board meetings and activities related to veterans' affairs; and

(v) a quarterly newsletter, which may be printed or electronically distributed by e-mail or by posting it to an appropriate website.

(f) seek grants to help fund veterans' programs established pursuant to this section;

(g) develop a memorandum of understanding with the federal veterans' employment and training service and with other appropriate entities to facilitate interagency cooperation, such as resource sharing, cross-training, data and information sharing, and service delivery coordination;

(h) establish management tools, including but not limited to needs assessments, policy statements, program goals and objectives, performance measures, and program evaluation criteria;

(i) prepare a biennial report to the governor, the department of military affairs, the appropriate legislative interim committee, and veterans' service organizations. The report must include but is not limited to Montana veteran demographic information, the financial impact of division benefit claim services received by Montana veterans, and a summary of the general and special revenue budgets and expenditures for veterans' affairs.

(j) request legislation responsive to identified needs.

(2) Employees of the board must be residents of this state. Whenever possible, all employees of the board must have served in the military forces of the United States during World War I, World War II, the Korean war, the Vietnam conflict, or other period of conflict involving the United States military overseas and must have been honorably discharged. Preference for employment must be given to disabled veterans.

(3) The board shall hire an administrator to implement board policy and carry out the duties of the board.

County VSO statutes. Two statutes relate to county veteran service offices. The temporary sections reflect the provisions of HB 172.

10-2-115. *(Temporary)* County and multicounty veterans' service offices. (1) A county may provide for a county veterans' service office to assist veterans and their families in filing benefit claims.

(2) The governing body of two or more counties may enter into a memorandum of understanding to establish a multicounty veterans' service office that operates under the same guidelines as a single-county office.

(3) Veterans' service officers assigned to county veterans' service offices must be trained, accredited, and supervised in accordance with applicable provisions of 38 CFR 14.629.

(4) A county may fund its veterans' service office as provided for in 15-10-425 or through other means provided by law. (Terminates June 30, 2023—sec. 6, Ch. 462, L. 2019.)

10-2-115. ***(Effective July 1, 2023)*** **County veterans' service officers.** A county may, with the advice of the board, provide for a county veterans' service officer to assist veterans and their families in filing benefit claims. If a county provides for a veterans' service officer under this section, the officer must be trained, accredited, and supervised in accordance with the applicable provisions of 38 CFR 14.629. A county may fund the position as provided for in 15-10-425 or through other means provided by law.

History: En. Sec. 6, Ch. 491, L. 2003; amd. Sec. 1, Ch. 462, L. 2019.

10-2-116. ***(Temporary)*** **Funding county veterans' service offices — grant — conditions and reporting.** (1) (a) The board shall administer a grant program and award grants to county and multicounty veterans' service offices from funding appropriated by the legislature for the purposes of this section.

(b) The amount paid to each county or multicounty veterans' service office is calculated by multiplying the total annual appropriation for the grant program by the ratio of the number of veterans residing in a county or counties serviced by a county or multicounty veterans' service office to the total number of veterans residing in all counties participating in the grant program and rounding to the nearest whole dollar amount. The number of veterans residing in a county is determined using the most recent data reported by the U.S. department of veterans affairs.

(c) The board shall ensure that all funds are distributed to eligible county or multicounty veterans' service offices.

(2) To receive a grant, a county or multicounty veterans' service office shall:

(a) have established county funding as provided for in 15-10-425 or through other means provided by law;

(b) have established a physical office at an accessible location where veterans and their family members may visit in person;

(c) provide for at least one veterans' service officer;

(d) ensure that each county veterans' service officer meets the qualifications and requirements of 10-2-115; and

(e) ensure that all of the grant money received pursuant to this section is spent in support of veterans and their family members and may not be used for any other purpose.

(3) If the requirements of subsection (2) are met, a grant must be awarded:

(a) to a county veterans' service office established before July 1, 2019;

(b) to a new county veterans' service office during the biennium immediately following the date it was established; and

(c) each subsequent fiscal year a county veterans' service office continues to meet the requirements in subsection (2).

(4) The amount of grant money a county veterans' service office receives is in proportion to the number of veterans residing in the county or counties served by that office as specified in subsection (1)(b).

(5) A county veterans' service office that receives a grant shall report data and information to the department at the end of the fiscal year in which a grant was dispersed. Reported data and information shall encompass the following:

(a) disability benefit claims data and information, including but not limited to:

(i) the number of claim forms submitted by the county veterans' service office to the U.S. department of veterans affairs; and

(ii) the number of notices of disagreement or appeals submitted through the county veterans' service office to the U.S. department of veterans affairs;

(b) the number of medical enrollments submitted by the county veterans' service office to the U.S. department of veterans affairs;

(c) the number of veterans' education enrollments submitted by the county veterans' office to the U.S. department of veterans affairs;

(d) the number of county and state burial benefits processed by the county veterans' service office; and

(e) a description of any other ancillary services provided to county veterans, such as transportation services, mental health services, homeless services, crisis intervention, and military records requests. *(Terminates June 30, 2023—sec. 6, Ch. 462, L. 2019.)*

History: En. Sec. 2, Ch. 462, L. 2019.

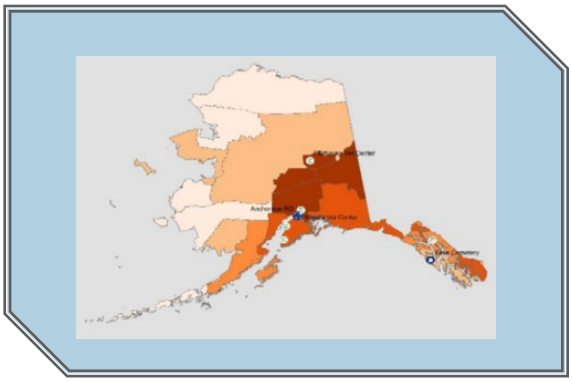
REFERENCES

Montana Code Annotated 2019, https://leg.mt.gov/bills/mca/index.html

Montana Veterans Affairs Division website, http://montanadma.org/montana-veterans-affairs

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

ALASKA



BY THE NUMBERS

Area: 663,268 square miles
Counties: 19 organized boroughs
Total Veterans: 68,719 = 13.12% of total pop.
Vets Receiving Disability Compensation - 2017:
19,772 = 28.8% of veteran pop.
VSOs Employed by Veteran Service Organizations: 17

BASIC STRUCTURE

State organization - primary reliance on veteran service organizations. At the state level, veteran benefit claims services are provided by the Office of Veterans' Affairs under the Department of Military and Veterans Affairs. Although there are a handful of state VSOs, benefit claims services are primarily provided by VSOs employed by veteran service organizations. Each veteran service organization receives state funding through a grant program. Neither the department nor the Office of Veterans' Affairs is accredited with the VA, so all VSOs must be accredited through the veteran service organizations.

Veteran service organization grant program. The Alaska Office of Veterans Affairs administers grants to four veteran service organizations who employ a combined total of 17 VSOs. Each organization hires, trains, and supervises its own VSOs.

The four veteran service organizations are:

- the American Legion;
- the Disabled American Veterans;
- the Vietnam Veterans of America; and
- the Veterans of Foreign Wars.

The grants are administered on a cost-reimbursement basis and executed through a detailed Memorandum of Understanding (MOU) with each organization. Each organization must submit monthly reports and requests for reimbursement.

Other outreach assistance. The Alaska Office of Veterans Affairs reports that there are 450 Tribal Veteran Representatives (TVR). A TVR may be a volunteer. They are not certified VSOs but do receive a basic level of training that helps them do outreach and provide for a "warm hand off" to the accredited VSOs under the veteran service organizations.

FUNDING

General fund for grant program. The state appropriates general fund money to the Department of Military Affairs for its veteran services program, which is then used to fund the grants to the veteran service organizations.

Eligible expenses. Expenses eligible for reimbursement under the grant program include wages and expenses "incident to the employment of full-time service officers and clerical staff." The reimbursement forms list travel costs, office supplies, salaries for VSOs and clerical staff and associated contributions, withholdings, and other personnel costs as expenses that may be claimed for monthly reimbursement.

Grant amount based on VSOs employed. The total annual grant amount for each veteran service organization is set in the MOU based on what is available through legislative appropriations. For example, under the MOU with the Disabled American Veterans, the grant amount for FY 2020 was $240,000 for wages and "incidentals" and $5,000 for outreach and travel.

According to the director of the grant program, the legislature determines its appropriation amount by calculating $62,250 annually for each of the 17 VSOs employed by the veteran service organizations. Of that amount, the state Office of Veterans' Services is authorized to use $2,250 per VSO for grant administration, and the balance is granted to the service organizations.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

The agreements between the state and the veteran service organizations cover the selection, training, and certification criteria for VSOs, operational requirements including the location of offices and office hours, and a very detailed list of duties and reporting requirements.

Each month, the state office receives a report from each veteran service organization detailing the number of:

- veterans served (i.e., direct contacts either personal or by e-mail or phone);
- new claims filed;
- new Powers of Attorney received;
- total Powers of Attorney held;
- transition assistance program briefings provided or supported;
- appeals initiated; and
- rural site visits - these must comply with locations listed in the MOU. The site visits report must briefly detail the impact of the visit (e.g., how many new veterans were signed up) as well as problems encountered (e.g., lack of turnout, high cost of lodging, etc.).

Based on these monthly reports, the director of the Department of Military Affairs and the director of the Office of Veterans' Services provide an annual report to the legislature to justify continued funding or modifications for the grant program.

ADDITIONAL COMMENTS

The director of the Office of Veterans' Services stated that strengths of the program included the following:

- The $60,000 per VSO is less expensive than a state employee, so it is a cost-effective way of supporting VSO services because the state is not having to provide liability insurance or manage personnel issues, such as recruitment, retention, and turnover.

- The veteran service organizations receiving the grants have strong membership ties to the local communities and can reach out and connect with veterans where they live.

- Through the grant agreements, the state is able to provide strong contract oversight and require performance reports to justify continued funding.

The following observations pointed to areas where improvements could be made:

- Because of separate agreements for each veteran service organization and monthly reporting requirements, contract oversight is complex and time intensive. Some thought is being given to how the grant program may be modified to provide for more consolidated and less intensive reporting.

- Currently, training is being provided by each veteran service organization. The Office of Veterans' Services is discussing whether to bring training in-house so it can be coordinated at the state level and provided by a national association, such as the National Association of County Veteran Service Officers or the Veterans of Foreign Wars, which is acknowledged as providing the best training.

STATUTORY LANGUAGE

Alaska's statutory language specifically states that the grant program for veteran service organizations is to be administered on a cost-reimbursement basis and that employment costs, travel expense, and per diem are all eligible expenses.

Alaska Statutes 2019

Sec. 26.10.040. Training in rehabilitation and service work.
The Department of Military and Veterans' Affairs may approve expenditures by

veterans' organizations and may reimburse them for their expenditures in employing full time service officers, for necessary travel expenses, including travel by service officers outside of the state not more than once each year for purposes of training in veterans' rehabilitation and service work, and for per diem not exceeding that allowed state employees. The department shall limit payments to veterans' organizations to an amount that will fairly compensate them for salaries and expenses paid to their full-time service officers in performing rehabilitation work for veterans, including the prosecution of their claims and solution of their problems arising out of military service. This service and assistance shall be given to all veterans and their dependents and to all beneficiaries of any military claim and shall include but not be limited to those services now given by the service departments of the respective organizations.

REFERENCES

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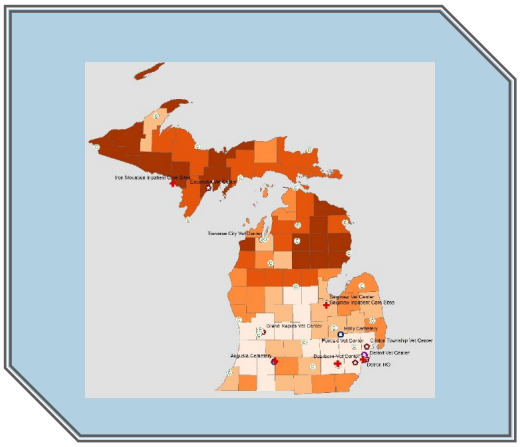
Alaska Statutes 2019, http://www.legis.state.ak.us/basis/statutes.asp

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

MICHIGAN



BY THE NUMBERS

Area: 96,716 square miles
Counties: 83
Total Veterans: 589,326 = 8.2% of state pop.
Vets Receiving Disability Compensation - 2017:
105,234 = 17.9% of veteran pop.
State VSOs: 5
County VSOs: 142

BASIC STRUCTURE

State organization - reliance on grants to service organizations and county VSOS. The Michigan Veterans Affairs Agency (MVAA) is the lead agency for the state's veteran service officer program. The MVAA was created by a 2013 executive order that established the MVAA as "the coordinating office for all agencies of the executive branch of government that are responsible for programs related to services for veterans." The MVAA director is appointed directly by the governor and is a member of the governor's cabinet. The agency itself is administratively housed within the Department of Military and Veterans Affairs. The MVAA is a VA-recognized agency.

Although counties are not mentioned in the executive order, the outreach director for MVAA stated in an interview that prior to the establishment of the MVAA, veteran benefit claims assistance was provided by a patchwork of VSOs working for either the veteran service organizations active in the state or for certain counties that had chosen to establish veteran service departments as authorized by statute.

The MVAA employs five accredited VSOs. A state benefit claims information technology system is used for processing and tracking claims for work done by veteran service organizations and county VSOs.

However, as summarized under the county organization, most benefit claims assistance is provided by the 142 county VSOs.

Grant to veteran service organization coalition. One of the grants administered by the MVAA is to the Michigan Veterans Coalition. The coalition consists of the following five veteran service organizations:

- the American Legion;
- the Disabled American Veterans;
- the Vietnam Veterans of America;
- the Military Order of the Purple Heart; and
- the Veterans of Foreign Wars.

Under the grant agreement, each veteran service organization must provide a specified number of hours of direct VSO services to veterans.

Grants to counties. The MVAA also administers state grants to counties (see the funding section for further details).

A recently replaced grant program was a county incentive grant where available state funding was awarded on a competitive basis to counties that applied to either establish new VSO offices or to enhance existing offices.

In FY 2019, a new statutory block grant program provided that each county with an established VSO office would receive a base grant amount. Any funding available after the base grants are awarded is allocated to each county according to its veteran population.

County organization. Michigan statutes authorize counties to create a veterans affairs department under a committee appointed by the county board of commissioners. This model predates the establishment of the MVAA in 2013 but continues to provide the basic infrastructure for delivery of benefit claims services for veterans, although counties vary in their levels of service and capability.

Michigan has 83 counties; 77 counties have established departments of veterans affairs; and a total of 142 accredited county VSOs (called veterans counselors in Michigan) are employed by counties.

The Michigan Association of County Veterans Counselors is a statewide association that supports the county veteran counselors. The counselors are county employees who receive training and accreditation through the National Association of County Veteran Service Officers (NACVSO).

A veteran working with a county veteran counselor may designate NACVSO or a national veteran service organization, such as the American Legion, as the holder of the veteran's power of attorney.

The MVAA, the Michigan Veterans Coalition, and the Michigan Association of County Veterans Counselors each have websites that offer a search for veteran counselors by county.

Coordination and outreach. Outreach by VSOs is integrated into three approaches:

- The MVAA contracts with a regional veterans' coordinator in each of Michigan's 10 "prosperity regions." These regional coordinators work with various service providers within the region, including the VSOs, to conduct outreach and help veterans navigate the various benefits and services available.

- Each regional coordinator also works with a Veteran Community Action Team that provides a technology-based "crowd sourced" case management approach to help connect veterans and their families to needed services.

- Finally, the MVAA operates a Veterans' Resource Center program, which is a one-stop information call center that also provides referrals to needed resources.

The MVAA has earned several excellence and innovation awards for its integrated coordination and outreach programs.

FUNDING

According to a Michigan budget summary for FY 2019–FY 2020, the MVAA received a $3.8 million total general fund appropriation for its service contract with the Michigan Veterans Coalition. This has been a relatively stable amount of funding since FY 2006, although there was a significant funding reduction in FY 2010 through FY 2014.

Under the MVAA's contract with the coalition:

- Each veteran service organization submits expense reports to the coalition and the coalition pays the organizations who then pay their VSOs and the associated expenses. The coalition sends consolidated expense reports and invoices to the MVAA monthly.

- Of each grant to a veteran service organization, 75% must be spent on direct services (i.e., VSO salaries and benefits) and 25% must be spent for training, travel, and other support services and expenses.

- The grant funding is further allocated by region, with each region receiving a certain amount based on the region's veteran population. Each region's grant amount is converted to VSO hours based on an hourly rate of pay (e.g., $34/hour). Each organization with VSOs in the region may submit claims for reimbursement based on this hourly rate. The coalition consolidates the hours submitted for reimbursement and sends one invoice to the state MVAA each month. Training and expense reimbursement is provided through a similar but separate process.

Under the county incentive program that was replaced in FY 2019, counties could apply on a competitive basis for the following:

- up to $20,000 for a new veteran service office;
- up to $15,000 for a new full-time VSO;
- up to $10,000 for a new part-time VSO; and
- up to $5,000 for technology upgrades.

In 2018, the Michigan legislature created a new statutory block grant program (a noncompetitive grant) to counties. The bill contained the following provisions:

- It established an account within the state treasury for veteran services. Money appropriated (and any grants or donations deposited in the account) continues to accrue to the fund, including interest earned.

- The grants paid from the fund provide a base amount of $50,000 to each county with a veteran service office, provided that the county meets a list of statutory conditions and maintains a minimum amount of county funding.

- Any additional money remaining in the account may be distributed proportionally based on each county's share of the total veteran population in the state.

- The grant money is provided in advance. However, if expense reports show expenditures for ineligible expenses, the county's next grant is reduced accordingly.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

The MVAA strategic plan outlines specific performance measures and goals. Some of the key goals are as follows:

- Achieve 85% excellent customer satisfaction ratings for MVAA customers by October 1, 2020. (All customers are asked to voluntarily submit satisfaction surveys.)

- Increase the percentage of Michigan veterans receiving disability and/or pension compensation to 25% of the total veteran population by October 1, 2027.

- Provide each veteran access to a VSO within 48 hours of a request and within 50 miles of the veteran's home by October 1, 2020.

- Establish VSO services in tribal communities by October 1, 2020.

- Develop an online appointment scheduling tool for appointments with VSOs by October 1, 2023.

- Increase VSO access for incarcerated veterans.
- Reach 50% of Michigan's veteran population with MVAA messaging, sustained annually.

Reporting requirements. Under the MVAA grant to the Michigan Veterans Coalition, the coalition must submit monthly and quarterly activity reports tracking the following information by region and service organization:

- number of claims submitted by specific type;
- appeal activity by type;
- number of supporting activities, such as courtesy calls and personal interviews;
- a "special populations" report (e.g., number of housebound veterans reached by e-mail, phone call, in person) with special populations including female veterans, incarcerated veterans, housebound veterans, tribal veterans, and so forth;
- number of "recoveries received" (i.e., claims paid); and
- VSO expenses (e.g., travel, lodging, and per diem).

Performance measures: The MVAA grant agreement with the Michigan Veterans Coalition includes several performance measures, including the following:

- Of the claims submitted by the VSOs, 77% must be submitted as fully developed claims.
- The coalition must achieve a 60% or greater "excellent" or "good" customer satisfaction rating.
- All VSOs must participate in regional coordination and outreach activities with veteran community action teams.

ADDITIONAL COMMENTS

Michigan's veteran services programs are highlighted in a 2019 study on innovations by state-level veteran service agencies.

When asked in an interview about areas for improvement, a veteran services program director for the MVAA noted that contract monitoring for the county incentive program was complex and time-intensive and that additional training was needed to ensure

adequate oversight. The director noted, however, that following adverse audit findings the legislature replaced the county incentive program with the noncompetitive block-grant program that simplified contract oversight. The new grant program also addressed county cash flow concerns by providing the grant funding in advance rather than on a cost-reimbursement basis. According to the director, this change simplified and streamlined grant administration and still provided for auditing of county expenditures and ensured that the state could recover any money not spent on eligible expenses.

Another improvement noted by the director was that the legislature changed the budgeting process from direct reliance on unpredictable special revenue funding to general fund appropriations.

STATUTORY LANGUAGE

The Michigan statute for the county grant program creates a separate account to allow appropriated money, including interest earned, to be retained in the account. The language addresses auditing and administration and provides broad language rather than specifying the types of eligible expenses.

Michigan Compiled Laws 2020

35.623a County veteran service fund; creation; grant program; veteran service operations; eligibility; audit.

Sec. 3a.

(1) The county veteran service fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(4) The Michigan veterans affairs agency shall be the administrator of the fund for auditing purposes.

(5) The Michigan veterans affairs agency shall create and operate a grant program that provides grants to counties for county veteran service operations. The Michigan veterans affairs agency shall make grants from the fund, upon appropriation, to each county that meets the conditions listed in subsection (7) for the sole use of the county's veteran service operations. The total disbursement for each grant shall be determined by combining the following amounts:

(a) A base amount of $50,000.00.

(b) A per capita amount according to the number of veterans residing in each county. The amount in this subdivision shall be determined by dividing the amount remaining in the fund after accounting for all disbursements under subdivision (a) by the total number of veterans residing in this state and multiplying the resulting dollar amount by the number of veterans residing in the county receiving the grant. Population figures for veterans residing in this state and in each county of this state shall be obtained from the most recent Geographic Distribution of VA Expenditures (GDX) Report published by the United States Department of Veterans Affairs.

(6) Both of the following apply to the disbursement of a grant under subsection (5):

(a) The base amount described under subsection (5)(a) shall be provided in a lump sum distribution not later than December 31 of each year. The initial base amount shall be provided not later than January 31, 2019.

(b) If the amount remaining in the fund after accounting for all disbursements under subsection (5)(a) is less than the amount obtained by multiplying $1,000.00 by the number of counties receiving grants, the Michigan veterans affairs agency shall not perform a calculation under subsection (5)(b) and shall not disburse the portion of grant funds described under that subsection.

(7) To be eligible for receiving a grant under subsection (5), within 1 year of September 24, 2018, and annually after that date, a county must satisfy all of the following as certified in a form and manner prescribed by the Michigan veterans affairs agency:

(a) Maintain a minimum level of county funding for veteran service operations equal to the level of county funding for veteran service operations for the fiscal year preceding September 24, 2018.

(b) Establish remote access to the United States Department of Veterans Affairs computing systems and require county veteran service officers to obtain a PIV card.

(c) Submit quarterly reports to the Michigan veterans affairs agency in accordance with the reporting requirements determined by that agency.

(d) Provide no less than 20 hours per week toward veteran service operations.

(e) Submit financial reports to the Michigan veterans affairs agency on a regular basis, as determined by that agency, demonstrating that the county expended the grant funds received under subsection (5) directly and solely on veteran service operations during the period of the report. If the Michigan veterans affairs agency determines, by audit or otherwise, that a county expended the grant funds received under subsection (5) for purposes other than veteran service operations, the Michigan veterans affairs agency shall reduce the grant disbursement provided to the county in the succeeding fiscal year by an amount equal to the total of all amounts improperly expended.

(8) As used in this section:

(a) "Accredited veteran service officer" means an individual who has met the qualifications for accreditation under 38 USC 5904 and 38 CFR 14.629.

(b) "County veteran service fund" or "fund" means the fund created in subsection (1).

(c) "PIV card" means a personal identity verification card issued by the United States Department of Veterans Affairs.

(d) "Veteran service operations" means assistance and programming of any kind to meet the needs of veterans in this state. Veteran service operations include, but are not limited to, providing assistance, programming, and services for the purpose of assisting veterans in this state and providing advice, advocacy, and assistance to veterans, servicemembers, dependents, or survivors by an accredited veteran service officer to obtain United States Department of Veterans Affairs health, financial, or memorial benefits for which they are eligible.

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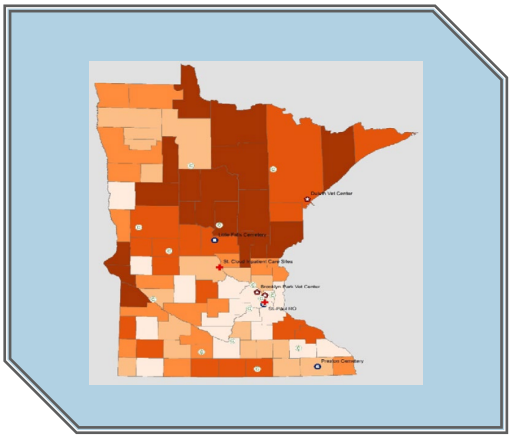
MINNESOTA



BY THE NUMBERS

Area: 86,950 square miles
Counties: 87
Total Veterans: 327,629 = 8.28% of total pop.
Vets Receiving Disability Compensation - 2017:
96,822 = 29.6% of veteran pop.
State VSOs: 32
County VSOs: 120

BASIC STRUCTURE

State organization - state and county VSOs. The Minnesota Department of Veterans Affairs is the state's lead agency for veteran benefit claims assistance. The department operates two regional offices for benefit claims. The department is a VA-accredited agency. By law, the department must:

- provide assistance and resources to any county veteran service office that requests support, which includes administering a grant program to help counties pay for their county veteran services (see the funding section for details);
- establish a certification process for county VSOs in consultation with the Minnesota Association of County Veteran Service Officers (MACVSO); and
- administer a veterans' service grant program that consists of a $50,000 annual block grant to the MACVSO and other grants to counties.

Under the department's Tribal Veterans Service Office (TVSO) initiative, the agency works with six local TVSOs that are not state funded and employs one state TVSO. This is a state initiative rather than accreditation through the VA's program for accreditation of a tribal organization.

County organization. By law, each county:

- must hire a VSO and one or more assistant VSOs and provide all necessary administrative support for the office;

- may have a cooperative agreement with other counties to share veteran service offices and costs; and

- may impose a special levy (in excess of any caps) to fund their VSO costs.

The state's 87 counties employ a total of 120 county VSOs. A few counties share VSOs. County VSOs are trained by MACVSO in partnership with the National Association of County Veteran Service Officers.

State/county relationship. County VSO training must be certified by the Minnesota Department of Veterans Affairs. State VSO field representatives regularly travel to and provide support to the county VSOs in their districts. All county VSO claims are reviewed by state-level VSOs, and only state VSOs represent veterans for VA disability claims hearings. Thus, the county VSOs are essentially "access only" with respect to developing claims, and it is the state and the state VSOs who actually represent the veteran.

FUNDING

Grant to MACVSO. The state provides an annual advanced payment block grant of $50,000 to MACVSO. The grant may be used for administrative costs and for certification of mandated county VSO training and accreditation.

Grants to counties. Each county is eligible for an annual advanced payment base grant amount of $7,500. Eligible expenses include costs for:

- outreach;
- reintegration services for combat veterans;
- collaboration with other veteran service agencies;
- services that reduce homelessness; and
- enhancements to county VSO offices.

Each county is eligible for additional funding determined by the department based on available funding as appropriated by the legislature. However, the additional funding may not exceed a cap based on the county's veteran population. See the statutory language section for the amounts provided by veteran population.

The advanced payment grants are in recognition of county cash flow needs, especially in small counties. The Minnesota statutes that govern the grant program specify that the state may recover any money granted that is not spent on eligible expenses. Each county must still provide documentation for all expenditures and maintain records for all transactions, which must be made available upon request for state monitoring and audit purposes.

The county must submit one annual closing report. If a county has spent grant money on ineligible expenses, the county is not eligible for another grant until the money is repaid or

the issues have been resolved to the state's satisfaction. There is an appeal process available to counties if a dispute arises.

The state statute concerning the county grant program is very broad but states the grant may be used only for county VSO offices. Eligible expenses include VSO compensation, travel, per diem, and necessary goods and services. The grant agreement states the funding may not be used to supplant county funding but must be used to enhance the county VSO office functions.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

Performance criteria is not specified in statute or in the grant agreements, but a department program manager stated in an interview that quality control is systemic to their process for the following reasons:

- the state certifies that each county VSO is trained to standard;
- state VSOs review all county VSO claims;
- only state VSOs handle the disability claims hearings and advocacy with the VA, not the county VSOs; and
- field representatives travel to each county to provide ongoing training and support to the county VSOs, especially if the field representatives notice that a county VSO may be struggling or not performing well.

ADDITIONAL COMMENTS

Minnesota Department of Veterans Affairs staff identified the following as their program's strengths:

- The state's relationship with counties and county VSOs is strong because of open and clear lines of communication.

- State field representative VSOs travel to the county VSO locations regularly to provide training and support.

- The county grant process was set up and resources made available so that counties have access to a grant handbook that walks them through the entire process of applying for a grant and documenting expenses.

- The advanced-payment grant model helps counties with cashflow needs.

- The one closing report at the end of each fiscal year means the administrative burden for the county and the state is kept minimal.

- The MACVSO ensures quality training is provided to county VSOs and greatly assists the state in its communications with county VSOs.

When asked about what improvements could be made, department staff responded that recruitment and retention of county VSOs is a challenge in many counties because of low pay and limited resources in those counties. Also, some county VSOs are part-time or have job responsibilities that are in addition to the employee's VSO duties.

STATUTORY LANGUAGE

County VSOs are required by law. Counties are authorized to impose a special mill levy to fund their VSO office and may coordinate with other counties. Qualifications and training requirements for VSOs are outlined in statute.

The Commissioner of the Department of Veterans Affairs is given discretion to identify eligible expenses but must consult with the MACVSO. Maximum grant amounts to counties are listed in statute according to a specified range of the county's veteran population. Statutory language specifies that the grant money must be provided in advance and that if expense reports and receipts submitted to the state show the grant money is not spent on eligible expenses, the county must repay the money.

Minnesota Statutes of 2019

197.601 QUALIFICATIONS OF COUNTY VETERANS SERVICE OFFICERS.

No person shall be appointed a county veterans service officer or an assistant county veterans service officer under sections 197.60 to 197.606 unless the person is:

(1) a resident of the state of Minnesota;
(2) a citizen of the United States; and
(3) a veteran, as defined in section 197.447.

In addition, a person accepting appointment to the position of county veterans service officer or assistant county veterans service officer or other equivalent assistant position must agree to receive, within six months of the appointment, training and education for the duties of the position, including development of an effective working knowledge of relevant laws, rules, and regulations pertaining to the United States Department of Veterans Affairs, as applicable to veterans cases before the department and the administration of those cases.
…

197.602 JOINT ACTION BY TWO OR MORE COUNTIES.

The county boards of two or more contiguous counties may make a written agreement, executed on behalf of the several county boards by the respective chairs and secretaries thereof, whereby the counties may jointly employ a county veterans service

officer. The agreement shall specify the compensation to be paid to the county veterans service officer, the amount thereof to be paid by each county, the number of days per month to be worked in each county, the percentage of the total amount of compensation to be paid by each county, the amount of travel and other expenses to be paid by each county, and such other terms and conditions as may be agreed upon by the counties.

197.605 DEPARTMENT AS A RESOURCE TO COUNTIES.

Subdivision 1. Resources available. The commissioner of veterans affairs shall make resources available within the Department of Veterans Affairs to every county that operates a county veterans service office, to assist the county with maintaining efficient and effective services to veterans. To receive available resources from the department, a county must formally request them from the commissioner and invite the commissioner or the commissioner's designee or designees into the county as necessary to provide those resources. The commissioner shall consult with the Association of Minnesota Counties and the Minnesota Association of County Veterans Service Officers in developing a list of resources available to counties in support of their county veterans service offices.

Subd. 2. Use of agencies to present claims. Every county veterans service officer and assistant county veterans service officer appointed under sections 197.60 to 197.606 shall use the Minnesota Department of Veterans Affairs or any organization recognized by the United States Department of Veterans Affairs, as may be designated by the veteran by power of attorney, in the presentation of claims to the United States Department of Veterans Affairs for the benefits referred to in section 197.603.

Subd. 4. Certification. The commissioner of veterans affairs shall establish a certification process for county veterans service officers. In doing so, the commissioner shall consult with the Minnesota Association of County Veterans Service Officers.

…

197.608 VETERANS SERVICE OFFICE GRANT PROGRAM.

Subdivision 1. Grant program. A veterans service office grant program is established to be administered by the commissioner of veterans affairs consisting of grants to counties to enable them to enhance the effectiveness of their veterans service offices. "Commissioner" as used in this section means the commissioner of veterans affairs.

…

Subd. 3. Eligibility. (a) To be eligible for a grant under subdivision 6, a county must employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner.

(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the

commissioner is eligible to receive a grant under subdivision 6 for one year from the date the county veterans service officer is appointed.

(c) A county whose county veterans service officer does not receive certification by the end of the first year of the county veterans service officer's appointment is ineligible for the grant under subdivision 6 until the county veterans service officer receives certification.

Subd. 4. Grant process. (a) The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the County Veterans Service Office.

(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant under subdivision 6 only for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant.

(c) The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.

Subd. 5. Qualifying uses. The commissioner shall consult with the Minnesota Association of County Veterans Service Officers in developing a list of qualifying uses for grants awarded under subdivision 6.

Subd. 6. Grant amount. (a) Each county is eligible to receive an annual grant of $7,500 for the following purposes:

(1) to provide outreach to the county's veterans;

(2) to assist in the reintegration of combat veterans into society;

(3) to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans;

(4) to reduce homelessness among veterans; and

(5) to enhance the operations of the county veterans service office.

(b) In addition to the grant amount in paragraph (a), each county is eligible to receive an additional annual grant under this paragraph. The amount of each additional annual grant must be determined by the commissioner and may not exceed:

(1) $0, if the county's veteran population is less than 1,000;

(2) $2,500, if the county's veteran population is 1,000 or more but less than 3,000;

(3) $5,000, if the county's veteran population is 3,000 or more but less than 4,999;

(4) $7,500, if the county's veteran population is 5,000 or more but less than 9,999;

(5) $10,000, if the county's veteran population is 10,000 or more but less than 19,999;

(6) $15,000, if the county's veteran population is 20,000 or more but less than 29,999; or

(7) $20,000, if the county's veteran population is 30,000 or more.

(c) The Minnesota Association of County Veterans Service Officers is eligible to receive an annual grant of $50,000. The grant shall be used for administrative costs of the association, certification of mandated county veterans service officer training and accreditation, and costs associated with reintegration services.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Subd. 7. Recapture. If a county fails to use the grant for the qualified use approved by the commissioner, the commissioner shall seek recovery of the grant from the county and the county must repay the grant amount.

REFERENCES

Minnesota Association of County Veteran Service Officers website, https://www.macvso.org/about.html

Minnesota Department of Veterans Affairs, 2019 Annual Report, https://mn.gov/mdva/assets/2019-mdva-annual-report_tcm1066-423253.pdf

Minnesota Department of Veterans Affairs website, https://mn.gov/mdva/

Minnesota Statutes of 2019, https://www.revisor.mn.gov/statutes/

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

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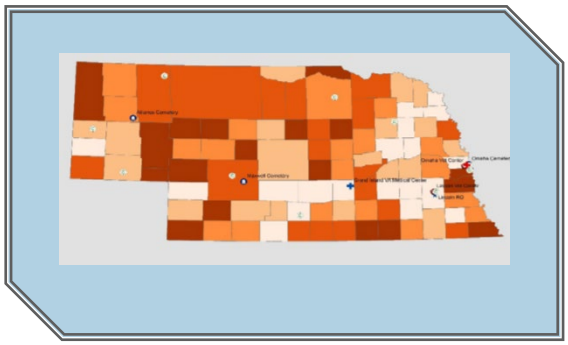
NEBRASKA



BY THE NUMBERS

Area: 77,358 square miles
Counties: 93
Total Veterans: 130,126 = 9.5% of total pop.
Vets Receiving Disability Compensation - 2017:
43,465 = 33.4% of veteran pop.
State VSOs: 8
County VSOs: 73

BASIC STRUCTURE

State organization. The Nebraska Department of Veterans' Affairs is the lead state agency for veteran benefit claims services. The department director is appointed by the governor and is a cabinet-level official. The department is VA-accredited, and the department's VSOs are cross-accredited with eight veteran service organizations.

The department's Veterans Service Office employs eight state VSOs with three support staff.

County organization. There are 73 county VSOs serving 93 counties (some counties share offices). Each county board/commission appoints a county Veterans Service Committee of five members, who are veterans nominated by VA recognized veteran service organizations.

State/county relationship. The state trains and certifies county VSOs, but there is no direct state supervision or control of county VSOs or their claim products.

FUNDING

The Nebraska Department of Veterans' Affairs receives state general fund appropriations for VSO operations.

Counties are authorized to impose a special mill levy to support county VSO offices.

No state funding is provided for county VSOs.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

County VSOs may use the state information technology system to upload claim documents.

The state office tracks the following data for its annual statistical report, which includes the county VSO data from those counties that choose to use the state system:

- number of Power of Attorneys held;
- number of hearings held;
- number of VA rating determinations received.

There is no state-level tracking of individual county VSO productivity or performance.

ADDITIONAL COMMENTS

The director of the Nebraska Department of Veterans' Affairs benefit claims assistance program indicated that voluntary reporting and the quality of claims at the county level varies greatly. Not all counties use the state's claims management system, so the state VSOs do not have a systematic way of monitoring claims as they are developed. Nevertheless, the director said that the state works hard to provide assistance and support to counties upon request.

STATUTORY LANGUAGE

State statutes require each county to have a VSO. Counties are required to cooperate with the state, but reporting is not required.

Nebraska Statutes 2019

80-407. County veterans service committee; duties; appointment of county veterans service officer; member of committee ineligible.

Each county veterans service committee shall cooperate with and assist the Department of Veterans' Affairs in the performance and discharge of its duties and functions. Each such county veterans service committee shall appoint, subject to confirmation by the county board, a county veterans service officer for its county after the applicant has been certified as eligible according to section 80-410 by the Director of Veterans' Affairs. Service officers appointed prior to March 27, 1969, shall also be certified as eligible. The county veterans service committee, in cooperation with the Department of Veterans' Affairs, shall issue a certificate of appointment, and establish a service center for the assistance of veterans, and is authorized to accept, for the purpose of carrying out its program of assistance to veterans, grants of funds from the county, municipalities, veterans, civic, religious, and fraternal organizations and groups, and private citizens. The county boards of the counties involved, after meeting with the affected veterans service committees, are authorized to join two or

more counties in the appointment of a county veterans service officer for a given area with the expenses to be shared by the counties involved. The county board and the county veterans service committee shall be authorized to appoint or place any veterans service officer on a part-time basis if such officer's service shall not require forty hours per week. Members of the county veterans service committee shall be ineligible to serve as county veterans service officers or assistant county veterans service officers.

80-409. County service committee; offices; tax; levy.

The county board of each county in this state shall provide, by special levy or out of the general fund of the county, such amount as is necessary for the use of the county service committee to aid and enable such county service committee to carry out and execute its functions, powers, and duties as defined in sections 80-401 to 80-401.11, 80-403, 80-404, 80-404.04, and 80-406 to 80-410 and to pay its expenses. The county board shall provide offices for the county veterans service officer in a location determined by the board.

80-410. Director; deputy director; Veterans' Advisory Commission; state and county veterans service officers; qualifications.

(1) The Director of Veterans' Affairs, the deputy director, all members of the Veterans' Advisory Commission, and all state service officers shall have served in the armed forces of the United States during the dates set forth in section 80-401.01 and shall have been discharged or otherwise separated with a characterization of honorable from such service. A state service officer shall have been a bona fide resident of the State of Nebraska continuously for at least one year immediately prior to assuming his or her position.

(2) All county veterans service officers shall have served on active duty in the armed forces of the United States, other than active duty for training, shall have been discharged or otherwise separated with a characterization of honorable from the service, and shall have been bona fide residents of the State of Nebraska continuously for at least one year immediately prior to assuming any such position, except that if there is no applicant for county veterans service officer in a county who will have been a bona fide resident of the State of Nebraska continuously for at least one year prior to assuming such position, the one-year residency requirement may be waived.

(3) All members of the county veterans service committees and all personnel, except certain special and clerical help, of the county veterans service offices shall have all of the qualifications described in subsection (2) of this section, except that such persons may have been discharged or otherwise separated with a characterization of general (under honorable conditions).

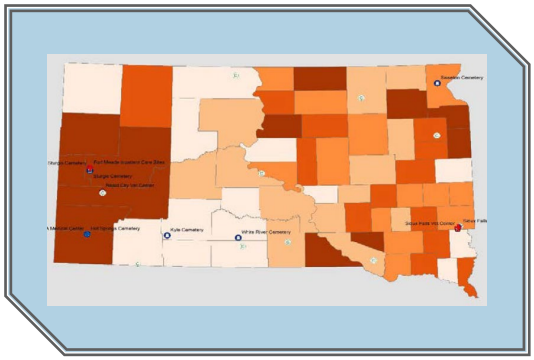
REFERENCES

Nebraska Department of Veterans' Affairs, https://veterans.nebraska.gov/

Nebraska Revised Statutes 2019, https://nebraskalegislature.gov/laws/browse-statutes.php

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

SOUTH DAKOTA



BY THE NUMBERS

Area: 77,116 square miles
Counties: 66
Total Veterans: 65,335 = 10% of total pop.
Vets Receiving Disability Compensation - 2017:
16,422 = 25.1% of veteran pop.
State VSOs: 6
County VSOs: 58

BASIC STRUCTURE

State organization. The South Dakota Department of Veterans Affairs (SDDVA) became an independent agency by executive order in 2011 and is VA-recognized for benefit claims. The SDDVA Claims Division employs two managers, six state VSOs, and two claims examiners.

County organization. Each county is required by law to appoint a full- or part-time VSO and provide additional staff as needed. A county may partner with other counties. State law also specifies that a county VSO is appointed to an initial two-year term followed by four-year terms, and that a county VSO must be a veteran.

State/county relationship. The state trains and certifies county VSOs. Every county VSO must complete annual training approved by SDDVA. All county VSO claims are reviewed for completeness by state VSOs and claims examiners. However, there is no direct state supervision or control of county VSOs or their claim products.

Tribes. Tribes may appoint VSOs who serve under the same conditions as a county VSO. According to a program manager for SDDVA, there are six tribal VSOs.

FUNDING

The state provides VSO salary assistance for counties that apply. Salary assistance is capped at 25% of the basic salary schedule that is established in statute.

South Dakota Codified Laws, Section 33A-1-32, states that the basic salary schedule for county VSOs (for state funding purposes) is as follows:

(1) For counties with population of 50,000 and over, $18,750 annually.
(2) For counties with population of 20,000 to 50,000, $17,500 annually.

(3) For counties with population of 10,000 to 20,000, $15,000 annually.
(4) For counties with population of 5,000 to 10,000, $11,250 annually.
(5) For counties with population up to 5,000, $7,500 annually.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

The county must certify that the grant money was spent on county VSO salaries. State statute also requires that county VSOs meet certain training and certification standards. The South Dakota director of the state's veteran service office explained that state VSOs and claims examiners review county VSO claims and help ensure claims are well developed.

ADDITIONAL COMMENTS

The South Dakota director of the state's veteran service office stated that some counties struggle because they are very rural with large geographical areas, so his office works hard to support and assist county VSOs through regular visits and training programs. A strength cited was that county VSOs are better able than the state to do outreach. A challenge cited was the high turnover of county VSOs due to low pay.

STATUTORY LANGUAGE

State statute requires county VSOs and covers how they must be appointed and trained and provides that the counties must cooperate with the state department. The state's assistance for county VSO salaries is also outlined in statute.

South Dakota Codified Laws 2020

33A-1-22. County veterans' service officer--Approval by secretary of veterans affairs--Term of office. The board of county commissioners of each county in this state shall employ or join with another county or counties in employing a county veterans' service officer who, before such employment takes effect, is approved by the state secretary of veterans affairs. The county veteran's service officer's first appointment ends on the first Monday in January of the second year subsequent to the year of the appointment. The county veteran's service officer may be reappointed for terms of four years for each term. The appointment is subject to removal by the board or boards of county commissioners upon the recommendation of the state secretary of veterans' affairs or for cause.

33A-1-23. County commissioners to assist service officer. The board or boards of county commissioners shall furnish the county veterans' service officer with such assistance and clerical help as may be necessary, when, in the opinion of the board or boards of county commissioners and the Department of Veterans Affairs such action would be in the public interest.

33A-1-24. Duties of county veterans' service officer--Direction by department. Each county veterans' service officer shall provide, within the county or counties employing the officer, local contact between fieldmen of the Department of Veterans Affairs and persons in the armed service or those discharged from such service, and the dependents of such persons. The county veteran's service officer shall aid or assist volunteer service officers in securing evidence and perfecting claims; advise those in the armed service and veterans or their dependents of benefits available to them; and aid them in completing required forms and complying with regulations. The county veteran's service officer works under the direction of the Department of Veterans Affairs.

33A-1-25. Qualifications of county veterans' officer. Each county veterans' service officer shall be a veteran who has served in the armed forces of the United States and is a citizen of the United States.

33A-1-26. Training program for county veterans service officers--Attendance and testing--Certification of compliance. The Department of Veterans Affairs shall establish a training program for county veterans service officers. Every county veterans service officer employed under the provisions of this chapter shall annually complete the training program established by the department and successfully complete a test administered by the department. The secretary of the Department of Veterans Affairs shall certify training compliance to the board of county commissioners. The secretary shall recommend against reappointment of any county veterans service officer not in compliance with the provisions of this section.

33A-1-28. Salary and expenses of county service officer--Office space and equipment. A county veterans' service officer may be employed either part time or full time. The salary and necessary mileage and expense allowance of the officer shall be determined by the board or boards of county commissioners employing the officer. The officer shall be provided with office space, office fixtures, furnishings, and equipment, either in the courthouse or some other central and accessible place.

33A-1-29. Tribal veterans' service officers. Indian tribes, as defined in subdivision 2-14-2(14), may appoint veterans' service officers who shall serve under the same terms and conditions as county veterans' service officers, as provided for in §§ 33A-1-22 to 33A-1-28, inclusive. Such officers shall be known as tribal veterans' service officers.

33A-1-30. Salary reimbursement and services for Indian tribes and service officers--Tribes responsible for financial obligations. Such Indian tribes and veterans' service officers shall receive the same salary reimbursement and services from the Department of Veterans Affairs as those available to county commissioners and county veteran service officers under the provisions of this chapter. Such Indian tribes shall be entirely responsible for all financial obligations accrued by veterans' service

officers, appointed pursuant to the terms of § 33A-1-29, except as provided in this section.

33A-1-31. State aid for salaries of county service officers--Maximum reimbursement. The Department of Veterans Affairs may establish, implement, and maintain a program for providing financial assistance to counties in paying the salaries of county veterans' service officers. Any program established and maintained by the Department of Veterans Affairs shall provide for assistance to applying counties on the basis of one dollar of state funds for each four dollars of county funds provided for payment of the salary of the county veterans' service officer of the applying county. No county may be reimbursed in excess of twenty-five percent of the basic salary schedule outlined in § 33A-1-32 for any fiscal year.

33A-1-32. Basic salary schedule for county service officers. The basic salary schedule for county veterans' service officers, which may be adopted by any board of county commissioners, is:

(1) For counties with population of 50,000 and over, $18,750 per annum;
(2) For counties with population of 20,000 to 50,000, $17,500 per annum;
(3) For counties with population of 10,000 to 20,000, $15,000 per annum;
(4) For counties with population of 5,000 to 10,000, $11,250 per annum;
(5) For counties with population up to 5,000, $7,500 annually.

33A-1-33. Training of county officer required for state reimbursement. A county may only be reimbursed pursuant to § 33A-1-31 if the county veterans' service officer employed has undergone training pursuant to §§ 33A-1-16 and 33A-1-26.

REFERENCES

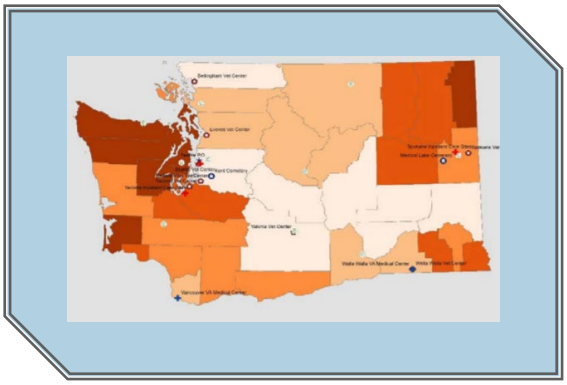
South Dakota Codified Laws 2020, https://sdlegislature.gov/statutes/Codified_Laws/

South Dakota Department of Veterans Affairs home page, https://vetaffairs.sd.gov/

Annual Report, South Dakota Department of Veterans Affairs, 2019, https://vetaffairs.sd.gov/publicaffairs/Other%20Publications/2019%20Annual%20report.pdf

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

WASHINGTON



BY THE NUMBERS

Area: 71,362 square miles
Number of Counties: 39
Total Veterans: 560,200 = 10.6% of total pop.
Vets Receiving Disability Compensation - 2017: 136,809 = 24.4% of veteran pop.
Number of VSOs in VA Database: 218*
*Most of these VSOs are under veteran service organizations. See the basic structure section for details.

BASIC STRUCTURE

State organization. The state Veterans Service Office within the Department of Veterans Affairs is the lead agency for veteran benefit claims assistance for veterans in the state. The department is VA-recognized for benefit claims.

The department's Veterans Service Office uses three methods for providing VSO services: (1) state VSOs with one VSO at each of the state's four veteran nursing homes; (2) contracts with six veteran service organizations that each provide VSO services; and (3) a grant program for county VSOs.

Contracts with veteran service organizations. For VSO services provided by veteran service organizations, the state contracts with the following veteran service organizations:

- the American Legion;
- the Veterans of Foreign Wars;
- the American Veterans;
- the Vietnam Veterans of America;
- the African American PTSD Association; and
- the National Association of Black Veterans.

Each organization is responsible for hiring, training, and supervising their VSOs. The organizations may employ more VSOs than the state contract amount pays for, and they may have additional volunteer VSOs. Each organization may utilize its own information management system to file claims.

County grant program. The state administers a grant program for county VSOs. Under the program, the state issues a Request for Proposal (RFP). Fifteen counties responded

to the 2019 RFP, and three counties were awarded a grant. One of the three counties receiving the grant was establishing a regional office that will also serve veterans in the bordering counties.

FUNDING

Contracts with the veteran service organizations. The state legislature most recently appropriated about $1.6 million in general fund money for contracts with the veteran service organizations. Of the total appropriation, about $1.2 million was allocated to the two largest veteran service organizations in the state, the American Legion and the Veterans of Foreign Wars.

The contracts are administered on a cost-reimbursement basis. The organizations submit monthly invoices for VSO compensation, which the state pays within 30 days.

Grants to counties. For the grant program to counties, the legislature most recently appropriated $600,000, of which $150,000 was allocated to state administrative costs. The remaining $450,000 was allocated to the counties based on what each county requested in their RFP responses.

PERFORMANCE CRITERIA - QUALITY CONTROL MEASURES

State VSOs: The state VSOs at each state nursing home submit quarterly reports. The benchmark performance standard for VSOs is that 80% of the claims submitted by them must be granted by the VA. If claims submitted by a VSO fail to meet this threshold, the state examines potential reasons for the low VA approval rate and takes remedial action if necessary.

Contract program with veteran service organizations. Each service organization submits a quarterly report similar to what state VSOs are asked to submit. This information is then included in an annual report about how many claims have been filed by the VSOs in each organization and how many claims have been granted by the VA. The VSOs are identified as "VSO 1" or "VSO 2."

As specified in the contract, the organization's total claims filed each quarter must meet the cost-per-claim threshold set in the contract. For example, the Veterans of Foreign Wars (VFW) received a contract amount sufficient for monthly compensation amounting to $48,864 for all of its VSOs, which is $146,592 each quarter. The quarterly VSO activity report must show that the VSOs processed enough claims to achieve a minimum of a $200-per-claim ratio. To achieve this ratio, the VSOs must have filed a total of at least 733 claims each quarter.

In addition to the claim productivity quota, each VSO is expected to achieve an 80% "batting average," which means that 80% of the claims submitted by the VSO must be granted by the VA.

There is a certain margin allowed for being below the productivity or "batting average" performance threshold before the state may impose penalties under the contract.

Grant program to counties. The performance measures under the grant agreements with counties are similar to the productivity and "batting average" performance measures in the contract program with the veteran service organizations.

ADDITIONAL COMMENTS

The director of the state's veteran service office explained there are 12 counties (in addition to the three counties that were awarded state grants) that employ county VSOs. These counties do not receive state funding or support, nor do they report statistics or performance to the state. However, the director said the counties are very committed to their county VSO programs because they are seeing a large return on their investments in the form of millions of dollars in VA disability compensation paid to veterans in their counties. He said the state began its county grant program because some counties simply did not have the financial ability to support their own county VSOs.

The director said he viewed the three different methods of structuring VSO services in Washington as a strength because it makes the outreach to veterans multidimensional and not dependent on any one approach.

STATUTORY LANGUAGE

Washington state statutes provide a broad framework for grants to counties and delegate to the department the authority to structure the details of the grants and contracts, subject to available funding as appropriated by the legislature.

Revised Code of Washington

RCW 43.60A.230 - Veterans service officer program.

(1) There is created in the department the veterans service officer program. The purpose of the veterans service officer program is to provide funding to underserved eligible counties to establish and maintain a veterans service officer within the county. "Eligible counties," for the purposes of this section, means counties with a population of one hundred thousand or less.

(2) Subject to the availability of amounts appropriated in the veterans service officer fund under RCW 43.60A.235 for the specific purposes provided in this section, the department must:

(a) Establish a process to educate local governments, veterans, and those still serving in the national guard or armed forces reserve of the veterans service officer program;

(b) Develop partnerships with local governments to assist in establishing and maintaining local veterans service officers in eligible counties who elect to have a veterans service officer; and

(c) Provide funding to support eligible counties in establishing and maintaining local accredited veterans service officers. Funding is provided on a first-come, first-served basis. Funding may only be provided to support the equivalent of one full-time veterans service officer per eligible county.

(3) The application process for the veterans service officer program must be prescribed as to manner and form by the department.

RCW 43.61.030 - Contracts with veterans' organizations to provide veterans services—Use of funds.

The director of veterans affairs is empowered to contract with any veterans' organizations, now or hereafter chartered by act of congress to provide veterans services. All sums paid to veterans' organizations under contract shall be used by the organizations as specified in the contract in the maintenance of a rehabilitation service and to assist veterans in the prosecution of their claims and the solution of their problems arising out of military service. Such service and assistance shall be rendered all veterans and their dependents and also all beneficiaries of any military claim and shall include but not be limited to those services now rendered by the service departments of the respective member organizations.

REFERENCES

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, State Summaries, 2017. https://www.va.gov/vetdata/stateSummaries.asp

Washington State Department of Veterans Affairs, https://www.dva.wa.gov/

Washington State Legislature, Revised Code of Washington, https://apps.leg.wa.gov/rcw/

PART IV - CONCLUSION

SUMMARY OF FINDINGS

HOUSE JOINT RESOLUTION 23 (2019)

Under HJ 23, the committee examined alternative models for delivering VSO benefit claims services and state grants. The study also examined the relationship between the state, counties, and nonprofit service organizations with respect to training, supervision, and performance criteria.

VSO structure. States use a variety of VSO service delivery models. Additionally, each state has its own way of conducting business under these models, and many states use a combination of these approaches. Service delivery models may include the following:

- State VSOs deployed in regional offices (Montana and Washington).
- County VSOs required by state statute (Minnesota, Nebraska, and South Dakota).
- County VSOs authorized by state statute (Montana and Michigan).
- State grants to veteran service organizations for VSO services (Alaska, Michigan, Minnesota, and Washington).

This study did not find a correlation between a particular VSO structure and the total amount of federal VA benefit payments received by veterans in the state.[1]

With respect to outreach under these models, officials interviewed for this study indicated that county offices provide for better local outreach but cautioned that county resources and therefore the quality of service varies greatly county-to-county. Additionally, some counties struggle with recruiting and retaining VSOs.

Grant types and administration. States also use a variety of approaches to provide grants to counties or to veteran service organizations for VSO services. Types of grants used include the following:

[1] Unfortunately, the officials contacted for this study could not provide detailed information about how much of the federal VA benefit payments coming to veterans in their states was attributable to state or county VSOs, so this study could not compare states based on their VSO structures.

- Advanced payment block grants (Michigan, Minnesota, and South Dakota).
- Cost-reimbursement block grants (Alaska and Washington).
- Competitive grants (Washington).

Officials interviewed for this study indicated that counties preferred advanced payment grants because of their cashflow concerns, while cost-reimbursement grants worked fine for veteran service organizations with established VSO programs.

Officials also stated that grant programs can be a costly administrative burden and cumbersome for all involved if reporting requirements are too complex.

In the states with robust grant programs (Alaska, Michigan, and Minnesota), officials stated that grant programs were less costly than hiring additional state VSOs.

Eligible expenses. The study found a spectrum of statutory approaches to defining eligible expenses for grant funding, as follows:

- Broad statutory language that allows for any expense supporting VSO services (Michigan).

- Moderately detailed statutory language providing general categories of eligible expenses, such as compensation, outreach activities, and supplies (Alaska).

- Specific statutory language limiting the use of the money to a particular expense, such as VSO salaries (South Dakota).

- Statutory language delegating to the administering agency the authority to determine the eligible expenses (Minnesota).

Irrespective of whether grants were provided in advance or as a reimbursement, all grant agreements reviewed for this study included audit requirements to ensure grant money was used only for eligible expenses.

Funding allocation formulas. The most common factor included in grant funding formulas was veteran population. However, some states used additional factors either in determining the initial amount allocated or in justifying that the grant money was spent on an eligible expense. Some of the additional factors were:

- hours worked (Washington);
- salary paid (Alaska and South Dakota);
- claims processed (Washington); and
- actual expenses up to a capped amount (Alaska).

The study found different approaches to determining county eligibility for a state grant. For example, Michigan requires that counties maintain a certain minimum level of funding, while Minnesota provides grants to any county with a veteran service office.

Training and performance. Of the states reviewed in this study, Washington was the only state that had established performance criteria linked to how many successful claims a VSO had submitted. In Washington, a VSO must maintain an 80% success rate (referred to as a batting average). If a VSO's success rate is less than 80% (within certain margins), remedial actions must be taken.

The committee heard testimony from Montana's Ravalli County Valley Veteran Service Center director that while Washington's batting average performance criteria seems to be a valued practice in Washington, it may not be a fair way of assessing performance in all cases because sometimes a claim is not successful because of an error made by the VA claims agent rather than the VSO.[2]

Michigan stands out as the only state reviewed that uses customer satisfaction survey results as a performance measure not only for its state VSOs, but also for its grantees.

Comments by officials interviewed for this study indicated that quality training and ongoing education is a key to ensuring that VSOs present quality claim products to the VA. However, a common challenge is high turnover due to heavy workloads and relatively low salaries, which presents a training and performance challenge.

Data and reporting. The most common reporting requirements for VSOs (whether employed at the state, county, or veteran service organization level) were:

- outreach activities conducted and number of veterans contacted;
- number of new Power of Attorney documents received;
- number and type of new claims submitted;
- number and type of determinations received from the VA and the amounts awarded; and
- number and type of appeals initiated.

Administration and relationships. Relationships between state agencies, county VSOs, and veteran service organizations varied among the states. In South Dakota, county VSO claim products are carefully reviewed by state VSOs, while in Nebraska there is no state tracking of county VSO performance. In Alaska, trained veteran benefit claims representatives may make the initial contact with a veteran and begin the claims process, but then the veteran is referred to a VA-accredited VSO who submits the claim. In other

[2] Montana Legislative Services Division, State Administration and Veterans' Affairs Interim Committee, Minutes, January 16, 2020, recording starting at about 10:20:00.

words, there is a "warm handoff" to the VSO. In Nebraska, no state funding is provided to counties for county VSOs, and reporting by county VSOs is voluntary. Nevertheless, the Nebraska official interviewed for this study said the state assists and supports county VSOs upon request, and communication and cooperation is strong.

Minnesota stands out in this review as having the most robust coordination between state and county VSOs. State VSOs regularly travel to county VSO offices, all county VSO claims products are reviewed by the state VSOs, and only state VSOs handle disability claims hearings.

Minnesota also stands out for its multidimensional and well-administered grant program. The Minnesota Department of Veterans Affairs offers numerous resources for grantees, such as a web-based resource center, a step-by-step handbook, and numerous sample documents for expense reporting. The Minnesota program director interviewed for this study stated that because of a strong relationship with their grantees, expense reporting is annual, not monthly, and discrepancies are rare. However, grant agreements provide that if there are discrepancies, the state may require additional reporting.

HOUSE BILL 172(2019) - GRANT FOR COUNTY VETERAN SERVICE OFFICES

County eligibility. In monitoring the implementation of HB 172 (2019), the committee noted some areas where statutory language enacted by the bill was not being interpreted as intended by the bill sponsor, Rep. David Bedey. Although these concerns have been addressed administratively, the committee could consider clarifications or leave the program as is until it terminates on June 23, 2023. The statute that allows counties to establish a veteran service office (10-2-115, MCA) would remain, but the revisions concerning multicounty offices would terminate. (See section 1 of HB 172 at Appendix A.)

The new section enacted by HB 172, section 10-2-116(1)(a), MCA, specifies that the grant is to be made to "county and multicounty veteran service offices." Initial information about how the Ravalli County office was established led to concern about whether Valley Veteran Service Center (VVSC) was a private nonprofit organization or a county office eligible for the grant. In response to the committee's questions, the county revised its approach to address the concerns.

Advance payment or reimbursement grant type. Section 10-2-116(1)(c), MCA, specifies that the Board of Veterans' Affairs "shall ensure that all funds are distributed to eligible county or multicounty veterans' service offices." The bill's sponsor, Rep. Bedey, has said this language reflects his intent that the grant money be provided up front and that the grant not be administered as a cost-reimbursement grant. However, there was some initial confusion, and the grant was initially set up on a cost-reimbursement basis. The grant has since been modified and is now being administered as an advance payment grant. To address the potential for misinterpretation going forward, the statute could be

revised to specifically state that the grant is to be administered as a lump-sum advanced payment grant.

Eligible expenses and accountability. Section 10-2-116(2)(e) states that the county must "ensure that all of the grant money received…is spent in support of veterans and their family members and is not used for any other purpose." Because the HB 172 grant program is scheduled to terminate on June 30, 2023, initial administrative guidance was that eligible expenses should not include ongoing expenses, such as VSO salaries. However, after consultation with legislative legal staff, MVAD adjusted its approach, and personal service costs are now included as an eligible expense.

Regarding accountability, HB 172 did not specifically mention audit requirements beyond the general language quoted above. However, because MVAD is a state agency and the grant administrator, it will be subject to audit review on how the money was spent. To meet audit standards, MVAD must require that Ravalli County document to MVAD how the grant money was spent. If there is confusion or concern about this requirement, the language enacted under HB 172 could be clarified with respect to county documentation and state audit requirements.

Data collection and reporting. Under section 10-2-116(5), a county veteran service officer receiving a grant must collect and report to MVAD data about the office's activities. The reported information must encompass:

(a) disability benefit claims data and information, including but not limited to:

(i) the number of claim forms submitted by the county veterans' service office to the U.S. department of veterans affairs; and

(ii) the number of notices of disagreement or appeals submitted through the county veterans' service office to the U.S. department of veterans affairs;

(b) the number of medical enrollments submitted by the county veterans' service office to the U.S. department of veterans affairs;

(c) the number of veterans' education enrollments submitted by the county veterans' office to the U.S. department of veterans affairs;

(d) the number of county and state burial benefits processed by the county veterans' service office; and

(e) a description of any other ancillary services provided to county veterans, such as transportation services, mental health services, homeless services, crisis intervention, and military records requests.

State/county relationship. Under HB 172, MVAD is the grant administrator. MVAD has no role in reviewing VSO claim products or coordinating training. Statute already

required that county VSOs be trained and accredited as required by federal regulations. The HJ 23 review of service delivery models in other states shows various levels of partnership between states and counties and could offer options for Montana going forward.

OPTIONS FOR CONSIDERATION

This section offers some basic options as a potential framework for the committee's discussion in developing recommendations.

Issue areas include:

- VSO structure and state/county relationship;
- funding, grant administration, and eligible expenses;
- training and performance; and
- data collection, reporting, and audit requirements.

In general, options include:

1. No change to current statutes and allow HB 172 to continue as is until it sunsets on June 30, 2020.

2. Increase funding available to MVAD:
    a. For administrative support staff (PD 05); and/or
    b. For VSOs; and/or
    c. MVAD overall.

3. Modify HB 172 with respect to:
    a. Grant administration - specify either:
        i. advance payment grant; or
        ii. cost-reimbursement grant.
    b. Eligible expenses - provide more specific guidance in statute.
    c. Data collection and performance measures - modify what information needs to be collected for program and/or performance evaluation.
    d. Audit requirements - specify:
        i. when expense reporting is to be done (i.e., quarterly, annually, etc.); and/or
        ii. that the documentation is subject to audit; and/or
        iii. that the state may recover amounts not spent on eligible expenses, or that future grant amounts will be reduced accordingly.
    e. State/county relationship - provide for more oversight and coordination between MVAD and county VSOs.

f. Repeal the June 30, 2023, sunset on HB 172 so the grant program can continue.

4. Replace HB 172 with a new type of grant program.

5. Repeal HB 172.

COMMITTEE DISCUSSION AND COMMENTS

Scope of discussion

At its September 1, 2020, meeting, the committee discussed the information presented in this report and what recommendations, if any, to present to the 2021 Legislature concerning the structure and funding of MVAD and whether and how to support county veteran service officers. This discussion encompassed the HB 172 (2019) grant program that sunsets on June 30, 2023, and the options listed in the previous section. The committee also discussed whether to proceed with PD 05, the preliminary committee bill to provide funding for administrative support staff for MVAD VSOs.

Agency and stakeholder comments

Montana Veteran Service Division Administrator Ms. Kelly Ackerman stated that training for VSOs was a critical need and that she was hoping to shift some resources to boost training for VSOs, including efforts to help with training for VSOs working for the Ravalli County Valley Veteran Service Center. She also stated that MVAD did not have enough VSOs to reach all Montana veterans and that she would welcome any effort to support additional VSOs at the county or state level or to have a hybrid approach so that more veterans in Montana could be served. Ms. Ackerman stated that administrative support staff for MVAD VSOs would be a significant help to current VSOs and would allow the VSOs to do more outreach. She said administrative support staff would be less expensive than hiring additional VSOs. Ms. Ackerman said administrative support for VSOs could also be provided through a hybrid county-state approach.

Mr. Roger Hagan offered comments on behalf of the Montana Department of the American Legion. Regarding funding and PD 05, Mr. Hagan stated support for the bill with funding for MVAD administrative support staff coming from a 0.35% increase in the light vehicle registration fees (i.e., an increase of $0.34). Mr. Hagan stated that administrative assistants could also be a way to train future VSOs. He said that with respect to the structure of VSO services, the American Legion supported the concept of a hybrid approach that included county, state, and service organization VSOs working together. He stated support especially for the concept of county VSOs providing a "warm handoff" to state VSOs who could

review and oversee final benefit claim products as well as for a statewide system for tracking VSO claims. He noted many other services for veterans could be supported at the county level or through multicounty offices, that the American Legion's training model has worked well for VSO training, and that the American Legion also supports the idea of start-up funding assistance for counties that have not yet established county VSO offices.

Rep. David Bedey, who sponsored HB 172 (2019), commented that the provisions of his bill, especially with respect to allowing counties to establish multicounty VSO offices, were very important to continue, and that the June 30, 2023, sunset should be repealed. He further emphasized that his intent was to provide advanced payment grant funding for counties because of their cash flow needs, and that this could be clarified going forward. Rep. Bedey also said that personal services should be specified as an eligible expense. Regarding the HB 172 reporting requirements, Rep. Bedey said these requirements were not intended to be too onerous but to establish a close working relationship between the county and the state. He also stated that the audit requirements for the HB 172 grant should not be any more stringent than for other state grant programs.

Committee member comments

Committee members expressed interest and support for county VSOs, especially multicounty VSO offices as well as for administrative support staff for MVAD VSOs. However, some concern was raised about providing continued state funding for county VSOs through HB 172 if only one county would benefit. Some interest was expressed in modifying HB 172 to provide start-up funding so that other counties could establish county or multicounty VSO programs.

As the discussion continued, some committee members noted there would be state budget constraints especially given the COVID-19 pandemic's potential negative effects on state and county budgets. Comments also reflected concern that perhaps now was not the time to move forward with structural or funding changes to MVAD. It was noted that individual legislators could move forward with legislation in the 2021 session if they so desired.

No motions were offered for committee action.

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Appendix A

HJ 23 - Study Resolution

HB 172 - Grant to County Veteran Service Offices

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM LEGISLATIVE STUDY OF THE STRUCTURE, FUNDING, AND OUTREACH OF THE MONTANA VETERANS' AFFAIRS DIVISION OF THE DEPARTMENT OF MILITARY AFFAIRS.

WHEREAS, more than 98,000 veterans live in Montana, which is more than 9% of our state's total population; and

WHEREAS, our veterans and their families rely on the state-level Montana Veterans' Affairs Division of the Department of Military Affairs (MVAD) to help veterans submit claims to access the U.S. Department of Veterans Affairs benefits and health care services to which they are entitled; and

WHEREAS, outreach is critical and the MVAD has only nine state veteran service offices to service the entire state; and

WHEREAS, examination of how many veterans MVAD actually reaches and services county-by-county will provide the Legislature with insight and a better understanding of the opportunities and challenges involved; and

WHEREAS, for fiscal year 2019, the Legislature appropriated $1,180,298 in general fund and $835,373 in special revenue for the MVAD's services, not including for cemeteries, and the Legislature should evaluate whether this is sufficient to meet the need; and

WHEREAS, other models for delivering veteran benefit claims services, including community-based county offices, should be explored; and

WHEREAS, a legislative interim study would also help determine how to improve outreach and increase the number of veterans served.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to

section 5-5-217, MCA, to:

(1) gather information about the current organizational structure, funding, number of veterans served, and outreach efforts of the Montana Veterans' Affairs Division;

(2) evaluate other service delivery models, such as county-based models and the service structures used in other states;

(3) examine options for improving outreach and increasing the number of veterans served, including in Indian country;

(4) solicit input and recommendations from the Board of Veterans' Affairs, counties, veterans and their families, and all other stakeholders and interested persons about how to maintain and improve the services of the Montana Veterans' Affairs Division; and

(5) develop recommendations as appropriate based on the study's findings.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded prior to September 15, 2020.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 67th Legislature.

- END -

AN ACT ALLOWING FOR THE ESTABLISHMENT OF COUNTY AND MULTICOUNTY VETERANS' SERVICE OFFICES; PROVIDING FOR A STATE GRANT PROGRAM FOR COUNTY VETERANS' SERVICE OFFICES; PROVIDING AN APPROPRIATION; AMENDING SECTION 10-2-115, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 10-2-115, MCA, is amended to read:

"10-2-115. ~~County veterans' service officers~~ County and multicounty veterans' service offices. (1) A county may~~, with the advice of the board,~~ provide for a county veterans' service ~~officer~~ office to assist veterans and their families in filing benefit claims. ~~If a county provides for a veterans' service officer under this section, the officer must be trained, accredited, and supervised in accordance with the applicable provisions of 38 CFR 14.629. A county may fund the position as provided for in 15-10-425 or through other means provided by law.~~

(2) The governing body of two or more counties may enter into a memorandum of understanding to establish a multicounty veterans' service office that operates under the same guidelines as a single-county office.

(3) Veterans' service officers assigned to county veterans' service offices must be trained, accredited, and supervised in accordance with applicable provisions of 38 CFR 14.629.

(4) A county may fund its veterans' service office as provided for in 15-10-425 or through other means provided by law."

Section 2. Funding county veterans' service offices -- grant -- conditions and reporting. (1) (a) The board shall administer a grant program and award grants to county and multicounty veterans' service offices from funding appropriated by the legislature for the purposes of this section.

(b) The amount paid to each county or multicounty veterans' service office is calculated by multiplying the total annual appropriation for the grant program by the ratio of the number of veterans residing in a county

or counties serviced by a county or multicounty veterans' service office to the total number of veterans residing in all counties participating in the grant program and rounding to the nearest whole dollar amount. The number of veterans residing in a county is determined using the most recent data reported by the U.S. department of veterans affairs.

(c) The board shall ensure that all funds are distributed to eligible county or multicounty veterans' service offices.

(2) To receive a grant, a county or multicounty veterans' service office shall:

(a) have established county funding as provided for in 15-10-425 or through other means provided by law;

(b) have established a physical office at an accessible location where veterans and their family members may visit in person;

(c) provide for at least one veterans' service officer;

(d) ensure that each county veterans' service officer meets the qualifications and requirements of 10-2-115; and

(e) ensure that all of the grant money received pursuant to this section is spent in support of veterans and their family members and may not be used for any other purpose.

(3) If the requirements of subsection (2) are met, a grant must be awarded:

(a) to a county veterans' service office established before [the effective date of this act];

(b) to a new county veterans' service office during the biennium immediately following the date it was established; and

(c) each subsequent fiscal year a county veterans' service office continues to meet the requirements in subsection (2).

(4) The amount of grant money a county veterans' service office receives is in proportion to the number of veterans residing in the county or counties served by that office as specified in subsection (1)(b).

(5) A county veterans' service office that receives a grant shall report data and information to the department at the end of the fiscal year in which a grant was dispersed. Reported data and information shall encompass the following:

(a) disability benefit claims data and information, including but not limited to:

(i) the number of claim forms submitted by the county veterans' service office to the U.S. department of

veterans affairs; and

(ii) the number of notices of disagreement or appeals submitted through the county veterans' service office to the U.S. department of veterans affairs;

(b) the number of medical enrollments submitted by the county veterans' service office to the U.S. department of veterans affairs;

(c) the number of veterans' education enrollments submitted by the county veterans' office to the U.S. department of veterans affairs;

(d) the number of county and state burial benefits processed by the county veterans' service office; and

(e) a description of any other ancillary services provided to county veterans, such as transportation services, mental health services, homeless services, crisis intervention, and military records requests.

Section 3. Appropriation. (1) The following money is appropriated from the general fund to the department of military affairs for grants awarded to county and multicounty veterans' service offices as provided for in [section 2]:

Fiscal year 2020	$30,000
Fiscal year 2021	$30,000

(2) The legislature intends that the appropriation in fiscal year 2021 be considered as part of the ongoing base for the next legislative session.

Section 4. Codification instruction. [Section 2] is intended to be codified as an integral part of Title 10, chapter 2, part 1, and the provisions of Title 10, chapter 2, part 1, apply to [section 2].

Section 5. Effective date. [This act] is effective July 1, 2019.

Section 6. Termination. [This act] terminates June 30, 2023.

- END -

Appendix B
50-state comparisons

Table 1 - States by the percentage of veterans receiving VA disability compensation

Table 2 - States by average VA disability and pension compensation

Table 3 - States by amount of VA disability and pension compensation

Table 4 - States by VSO structure: state, county, or hybrid structures

State Rankings - Table 1

Percentage of Veterans Receiving Disability Compensation (FY 2017)

Source: FY 2017 State Summaries: National Center for Veterans Analysis and Statistics

U.S. Department of Veterans Affairs

Rank/	State	Total Veteran Population	Veterans Receiving Disability Comp.	Recipients as Percentage of Total
1	**Nebraska**	**130,126**	**43,465**	**33.4%**
2	Oklahoma	303,205	96,228	31.7%
3	**Minnesota**	**327,629**	**96,822**	**29.6%**
4	**Alaska**	**68,719**	**19,772**	**28.8%**
5	Texas	1,584,844	444,206	28.0%
6	Georgia	697,127	186,956	26.8%
7	Alabama	369,962	98,577	26.6%
8	North Carolina	730,357	192,426	26.3%
9	Virginia	725,028	190,201	26.2%
10	South Carolina	402,596	104,047	25.8%
11	Colorado	403,327	102,858	25.5%
12	**South Dakota**	**65,335**	**16,422**	**25.1%**
13	Wyoming	47,220	11,855	25.1%
14	Tennessee	470,390	116,490	24.8%
15	North Dakota	51,677	12,784	24.7%
16	West Virginia	142,694	35,226	24.7%
17	**Washington**	**560,200**	**136,809**	**24.4%**
18	Maine	114,020	27,760	24.3%
19	**Montana**	**91,336**	**22,192**	**24.3%**
20	Hawaii	112,304	27,252	24.3%
21	New Mexico	158,994	38,447	24.2%
22	Oregon	303,689	72,766	24.0%
23	Idaho	122,067	28,906	23.7%
24	Nevada	218,406	50,860	23.3%
25	California	1,681,730	390,864	23.2%
26	Mississippi	191,411	43,828	22.9%
27	Florida	1,525,400	348,567	22.9%
28	Kentucky	295,390	66,679	22.6%
29	Arkansas	222,286	49,531	22.3%
30	Louisiana	284,074	62,640	22.1%
31	Utah	134,313	29,115	21.7%
32	Indiana	409,836	88,213	21.5%
33	Maryland	389,640	83,730	21.5%
34	Missouri	442,579	93,590	21.1%
35	Arizona	507,706	104,936	20.7%
36	Massachusetts	323,253	65,265	20.2%
37	Rhode Island	63,250	12,732	20.1%
38	Kansas	194,186	39,020	20.1%
39	Wisconsin	363,898	71,889	19.8%
40	Iowa	206,430	40,560	19.6%
41	New Hampshire	105,390	20,243	19.2%
42	Delaware	71,845	13,235	18.4%
43	Vermont	43,191	7,887	18.3%
44	**Michigan**	**589,326**	**105,234**	**17.9%**
45	Ohio	774,935	134,742	17.4%
46	New York	776,522	128,866	16.6%
47	New Jersey	355,766	56,939	16.0%
48	Illinois	628,254	98,518	15.7%
49	Pennsylvania	819,185	125,847	15.4%
50	Connecticut	184,302	27,511	14.9%
	Nationally	***19,998,799***	***4,552,819***	***22.8%***

***Bolded states are those included in the HJ 23 (2019) study.**

Table created by Sheri Scurr, Montana Legislative Services Division

State Rankings - Table 2

Average Disability and Pension Compensation Per Recipients (FY 2017)

Source: FY 2017 State Summaries: National Center for Veterans Analysis and Statistics

U.S. Department of Veterans Affairs

Rank/	State	Total Veteran Population	Veterans Receiving Disability and/or Pensions	Total VA Expenditures for Disabilty and Pensions	Disabilility and Pension Expenditures Divided by Recipients
1	Arkansas	222,286	53,368	$ 1,101,329,000	$ 20,637
2	New Mexico	158,994	40,687	$ 835,879,000	$ 20,544
3	West Virginia	142,694	37,625	$ 746,902,000	$ 19,851
4	North Carolina	730,357	200,430	$ 3,961,193,000	$ 19,763
5	South Carolina	402,596	109,371	$ 2,158,684,000	$ 19,737
6	Oklahoma	303,205	100,232	$ 1,974,309,000	$ 19,697
7	Alabama	369,962	106,340	$ 2,051,662,000	$ 19,293
8	Maine	114,020	29,284	$ 560,854,000	$ 19,152
9	Louisiana	284,074	68,602	$ 1,296,849,000	$ 18,904
10	Pennsylvania	819,185	137,644	$ 2,601,687,000	$ 18,902
11	New Jersey	355,766	59,850	$ 1,116,149,000	$ 18,649
12	Mississippi	191,411	47,353	$ 880,955,000	$ 18,604
13	Tennessee	470,390	123,940	$ 2,300,996,000	$ 18,565
14	**Michigan**	**589,326**	**114,851**	**$ 2,124,528,000**	**$ 18,498**
15	Texas	1,584,844	464,469	$ 8,581,720,000	$ 18,476
16	Georgia	697,127	196,897	$ 3,636,449,000	$ 18,469
17	Kentucky	295,390	71,470	$ 1,300,429,000	$ 18,195
18	New York	776,522	139,856	$ 2,535,865,000	$ 18,132
19	**Nevada**	**218,406**	**53,784**	**$ 964,138,000**	**$ 17,926**
20	Massachusetts	323,253	68,611	$ 1,224,061,000	$ 17,841
21	Vermont	43,191	8,249	$ 144,481,000	$ 17,515
22	Oregon	303,689	77,778	$ 1,359,451,000	$ 17,479
23	California	1,681,730	417,616	$ 7,271,511,000	$ 17,412
24	Rhode Island	63,250	13,540	$ 235,520,000	$ 17,394
25	Missouri	442,579	100,379	$ 1,743,612,000	$ 17,370
26	Illinois	628,254	106,842	$ 1,851,673,000	$ 17,331
27	Delaware	71,845	13,695	$ 235,294,000	$ 17,181
28	Florida	1,525,400	371,833	$ 6,371,816,000	$ 17,136
29	Kansas	194,186	41,356	$ 687,564,000	$ 16,625
30	Maryland	389,640	86,861	$ 1,442,827,000	$ 16,611
31	Arizona	507,706	110,656	$ 1,829,392,000	$ 16,532
32	Utah	134,313	30,690	$ 502,595,000	$ 16,377
33	Virginia	725,028	195,545	$ 3,200,434,000	$ 16,367
34	**Washington**	**560,200**	**142,328**	**$ 2,321,741,000**	**$ 16,313**
35	Ohio	774,935	148,560	$ 2,417,454,000	$ 16,273
36	New Hampshire	105,390	21,077	$ 342,423,000	$ 16,246
37	Connecticut	184,302	29,221	$ 466,341,000	$ 15,959
38	Colorado	403,327	106,637	$ 1,683,948,000	$ 15,791
39	Hawaii	112,304	27,926	$ 439,159,000	$ 15,726
40	Wisconsin	363,898	76,774	$ 1,202,792,000	$ 15,667
41	Idaho	122,067	30,361	$ 469,438,000	$ 15,462
42	**Montana**	**91,336**	**23,523**	**$ 343,464,000**	**$ 14,601**
43	**South Dakota**	**65,335**	**17,427**	**$ 253,310,000**	**$ 14,535**
44	Iowa	206,430	43,349	$ 625,384,000	$ 14,427
45	Indiana	409,836	93,118	$ 1,337,063,000	$ 14,359
46	Wyoming	47,220	12,264	$ 173,021,000	$ 14,108
47	**Alaska**	**68,719**	**20,064**	**$ 281,733,000**	**$ 14,042**
48	North Dakota	51,677	13,289	$ 180,069,000	$ 13,550
49	**Nebraska**	**130,126**	44,719	**$ 582,542,000**	**$ 13,027**
50	**Minnesota**	**327,629**	**100,171**	**$ 1,193,130,000**	**$ 11,911**
	Nationally	***19,998,799***	***4,553,228***	***$ 84,138,460,000***	***$ 18,479***

***Bolded states are those included in the HJ 23 (2019) study.**

Table created by Sheri Scurr, Montana Legislative Services Division

State Rankings - Table 3

Based on Total Veteran Population Compared to Total Disability and Pension Compensation Paid (FY 2019)

Source: Geographic Distribution of VA Expenditures for Fiscal Year 2019, National Center for Veterans Analysis and Statistics

U.S. Department of Veterans Affairs

Rank/	State	*Vet Pop.		**Disability Comp. & Pension		***Disability & Pension per Veteran
1	Oklahoma	296,891	$	2,241,743,199	$	7,551
2	Alabama	361,673	$	2,419,341,791	$	6,689
3	North Carolina	725,313	$	4,772,645,329	$	6,580
4	Texas	1,562,722	$	10,261,180,455	$	6,566
5	South Carolina	398,589	$	2,561,625,198	$	6,427
6	Georgia	690,726	$	4,383,901,844	$	6,347
7	West Virginia	137,337	$	830,071,520	$	6,044
8	New Mexico	154,172	$	921,513,116	$	5,977
9	Tennessee	460,692	$	2,675,980,739	$	5,809
10	Arkansas	216,323	$	1,242,636,065	$	5,744
11	Maine	108,547	$	614,740,366	$	5,663
12	Nevada	210,766	$	1,190,462,609	$	5,648
13	Mississippi	186,702	$	1,026,348,169	$	5,497
14	Louisiana	276,931	$	1,501,913,832	$	5,423
15	Virginia	714,410	$	3,846,120,238	$	5,384
16	California	1,578,509	$	8,354,915,491	$	5,293
17	Oregon	290,444	$	1,526,267,808	$	5,255
18	Florida	1,457,205	$	7,608,439,535	$	5,221
19	**Nebraska**	**124,439**	**$**	**645,761,106**	**$**	**5,189**
20	Colorado	394,145	$	2,000,760,241	$	5,076
21	Kentucky	287,790	$	1,421,468,057	$	4,939
22	**Washington**	**544,290**	**$**	**2,646,996,237**	**$**	**4,863**
23	**Alaska**	**68,891**	**$**	**333,061,001**	**$**	**4,835**
24	Idaho	119,696	$	574,422,789	$	4,799
25	Hawaii	110,524	$	521,143,307	$	4,715
26	Maryland	371,164	$	1,721,262,374	$	4,637
27	Missouri	426,190	$	1,965,143,233	$	4,611
28	Utah	130,817	$	603,120,045	$	4,610
29	**South Dakota**	**64,119**	**$**	**291,447,906**	**$**	**4,545**
30	**Montana**	**89,096**	**$**	**404,725,472**	**$**	**4,543**
31	Arizona	492,472	$	2,227,962,679	$	4,524
32	Massachusetts	298,515	$	1,325,035,560	$	4,439
33	Wyoming	46,613	$	203,047,503	$	4,356
34	Rhode Island	58,976	$	253,652,233	$	4,301
35	**Minnesota**	**308,725**	**$**	**1,323,169,912**	**$**	**4,286**
36	**Michigan**	**552,412**	**$**	**2,355,196,771**	**$**	**4,263**
37	Kansas	188,503	$	793,766,998	$	4,211
38	North Dakota	50,842	$	212,541,757	$	4,180
39	Delaware	69,715	$	282,154,430	$	4,047
40	Wisconsin	344,785	$	1,354,385,794	$	3,928
41	New Hampshire	100,020	$	391,716,556	$	3,916
42	Vermont	41,073	$	159,808,113	$	3,891
43	New York	718,900	$	2,791,811,672	$	3,883
44	Indiana	392,388	$	1,517,487,164	$	3,867
45	New Jersey	325,981	$	1,254,479,565	$	3,848
46	Ohio	733,082	$	2,759,808,533	$	3,765
47	Pennsylvania	768,094	$	2,877,075,999	$	3,746
48	Iowa	196,376	$	714,664,597	$	3,639
49	Illinois	591,989	$	2,136,547,501	$	3,609
50	Connecticut	170,454	$	532,795,572	$	3,126
	Nationally	***19,119,131***	***$***	***97,637,686,000***	***$***	***5,107***

Bolded states are those included in the HJ 23 (2019) study.

* Veteran population estimates, as of September 30, 2019, are produced by the VA Predictive Analytics and Actuary Service (VetPop 2016).

** Disability compensation and pension expenditures include dollars for the following programs: veterans' compensation for service-connected disabilities; dependency and indemnity compensation for service-connected deaths; veterans' pension for nonservice-connected disabilities; and burial and other benefits to veterans and their survivors.

*** The disability compensation and pension amount-per-veteran calculation is the total veteran population divided by the pension and disabiliity compensation paid to veterans in the state. This does not reflect actual payment amounts and is provided only as one way to rank the states.

Table created by Sheri Scurr, Montana Legislative Services Division

Table 4

State Governance Comparison

Sorted by Veteran Service Officer Structure

*Please note: This is a high-level veiw. Each state's VSO structure is different may not fit neatly into the VSO categories listed.

		LEAD AGENCY		BOARD OR COUNCIL		VSO STRUCTURE		
STATE * denotes state in HJ 23 study	**Veteran Population**	**Department of Veterans Affairs/ Services**	**A division within a Dept. of Military Affairs**	**Governing board, council or commission**	**Advisory board, council, or commission**	**Primarily State VSOs**	**Primarily County VSOs**	**Hybrid of State and County VSOs**
***Montana**	**93,356**		**X**	**X**		**X**		
Alabama	68,008	X		X		X		
Arizona	522,188	X			X	X		
Connecticut	199,163	X				X		
Georgia	700,814	X		X		X		
Illinois	665,968	X				X		
Iowa	216,713	X			X	X		
Kentucky	302,068	X				X		
Louisiana	290,455	X			X	X		
Maryland	408,522	X			X	X		
Nevada	225,414	X			X	X		
New Mexico	163,554	X				X		
Oklahoma	308,729	X		X		X		
Virginia	733,046	X			X	X		
***Washington**	**575,128**	**X**			**X**	**X**		
West Virginia	147,869	X			X	X		
Delawrea	73,760		X		X	X		
Hawaii	113,385		X		X	X		
Idaho	124,123		X		X	X		
Kansas	199,486		X	X	X	X		
Maine	119,554		X			X		
Missouri	458,702		X	X		X		
New York	838,129		X			X		
Pennsylvania	872,301		X		X	X		
Utah	137,604		X		X	X		
Wyoming	47,686		X	X		X		
New Hampshire	110,873		X		X	X		
Vermont	45,360		X			X		
Massachusetts	349,687	X					X	
***Minnesota**	**347,277**	**X**					**X**	
Ohio	817,840	X			X		X	
Oregon	316,982	X			X		X	
South Carolina	404,818	X					X	
***South Dakota**	**66,406**	**X**			**X**		**X**	
Texas	1,603,328		X		X		X	
Arkansas	227,840	X			X			X
California	1,789,862	X						X
Florida	1,594,218	X						X
Indiana	427,328	X						X
***Nebraska**	**135,893**	**X**			**X**			**X**
North Dakota	52,371	X		X				X
Tennessee	478,599	X						X
Wisconsin	383,399	X			X			X
Colorado	411,683		X					X
***Michigan**	**627,500**		**X**					**X**
Mississippi	195,629		X	X				X
New Jersey	387,844		X					X
North Carolina	731,241		X		X			X
***Alaska**	**377,310**		**X**		**X**	**state grants to vet service orgs**		
Rhode Island	67,741		X			state grants to vet service orgs		

Appendix C

Summary Table on Selected States

APPENDIX C - Summary Table of Six Selected States

HJ 23 - Study of Veteran Benefit Claims Services: Structure & Funding in Montana and Selected States

Prepared by Sheri Scurr, Research Analyst, Montana Legislatives Service Division

	State VSOs	County VSOs	Vet Service Org. VSOs	State Grant Programs
Alaska	None	None	Yes 4 service organizations 17 total VSOs	▪ Grant to each service organization - $60,000 base amount for direct VSO services - $2,500 for administrative support - cost-reimbursement - specified in statute
Michigan	Yes 5 VSOs	Yes Authorized 83 counties 77 county offices 142 CVSOs	Yes 5 accredited service organizations, each employs VSOs Organizations are members of Michigan Veterans Coalition	▪ Grant to Michigan Veterans Coalition - cost reimbursement -- base amount set in statute -- veteran population -- $34/hour salary (organization committed to perform services for certain number of hours) - 75% of allocation for direct services - 25% for support services and expenses ▪ Incentive Grants to Counties (replaced in FY 2019 by base block grant program): - Up to $20,000 for new office - Up to $15,000 for a new full-time VSO - Up to $10,000 for a new part-time VSO - Up to $5,000 for technology upgrades ▪ Beginning in FY 2019: Advanced payment base grant to each county with a CVSO, and any additional funds allocated proportional to the county's vet population
Minnesota	Yes 15 to 18 VSOs, most of whom are field staff who work with CVSOs in their region	Yes Required 87 counties 120 CVSOs CVSOs are "access only" - Power of Attorney is held by state agency and state VSOs	Yes, but most of the veteran service organizations rely on the state VSOs who are cross-accredited with the organizations	▪ $50,000 Annual Block Grant to MACVSO - advance payment - for admin costs of MACVSO - for training and certification of CVSOs ▪ Block grants to counties - advance payment - $7,500 base amount to each county - any remaining funds allocated based on vet population ▪ Annual block grant to Veteran Service Organizations - advance payment

	State VSOs	County VSOs	Vet Service Org. VSOs	State Grant Programs
Nebraska	Yes 8 SVSOs	Yes Required, may have joint offices 93 counties 73 CVSOs	No, the state Veterans Service Office is accredited with 8 veteran service organizations	▪ No state funding for counties ▪ Counties authorized a special mill levy
South Dakota	Yes 11 VSOs (5 are field officers who travel to assist CVSOs)	Yes Required, may have joint offices 66 counties 58 CVSOs	Yes, but not many. Service organizations rely primarily on state VSOs and CVSOs are cross-accredited, but some veteran service organizations do also have their own	▪ Grant is for salary reimbursement for part of the salaries paid to CVSOs and tribal VSOs - statutory schedule based on veteran population - state grant may not exceed 25% of minimum base salary set in statute ▪ State pays for training and related expenses
Washington	Yes 4 VSOs (each nursing home)	Yes, but only a few under the state's grant program 39 counties FY 2019 - 15 counties applied for grant - 3 grants awarded - one will serve multiple counties	Hybrid, state VSOs and are cross-accredited - 6 Veteran Service Orgs - Each receives state grant - Estimated 25 paid VSOs - About 25 additional volunteer VSOs	▪ State contracts with each Veteran Service Organization for VSO services - available amount is allocated so the organization must produce a certain number of claims to meet contract terms ▪ New grant program for "underserved" counties. Administered as a competitive RFP. - for first year, FY 2019, 15 counties applied, 3 awarded, one county agreed to be a regional office

Appendix D

Montana Veterans Affairs Division

History of MVAD funding, Ms. Kris Wilkinson, August 27, 2019

Revenue sources for MVAD, Ms. Kris Wilkinson, August 25, 2020

MVAD organizational data and budget detail, Ms. Kelly Ackerman, September 2020

MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: August 27, 2019

TO: State Administration and Veterans' Affairs Interim Committee

FROM: Kris Wilkinson, Lead Fiscal Analyst, Legislative Fiscal Division

RE: Funding for the Veterans' Affairs Division

The 2003 Legislature passed SB 401, a bill that revised and expanded the membership and duties of the Board of Veterans' Affairs and established a state special revenue account to provide funding for veterans' services. The purpose of this memorandum is to provide information on the changes and uses of the funding since the state special revenue account was established.

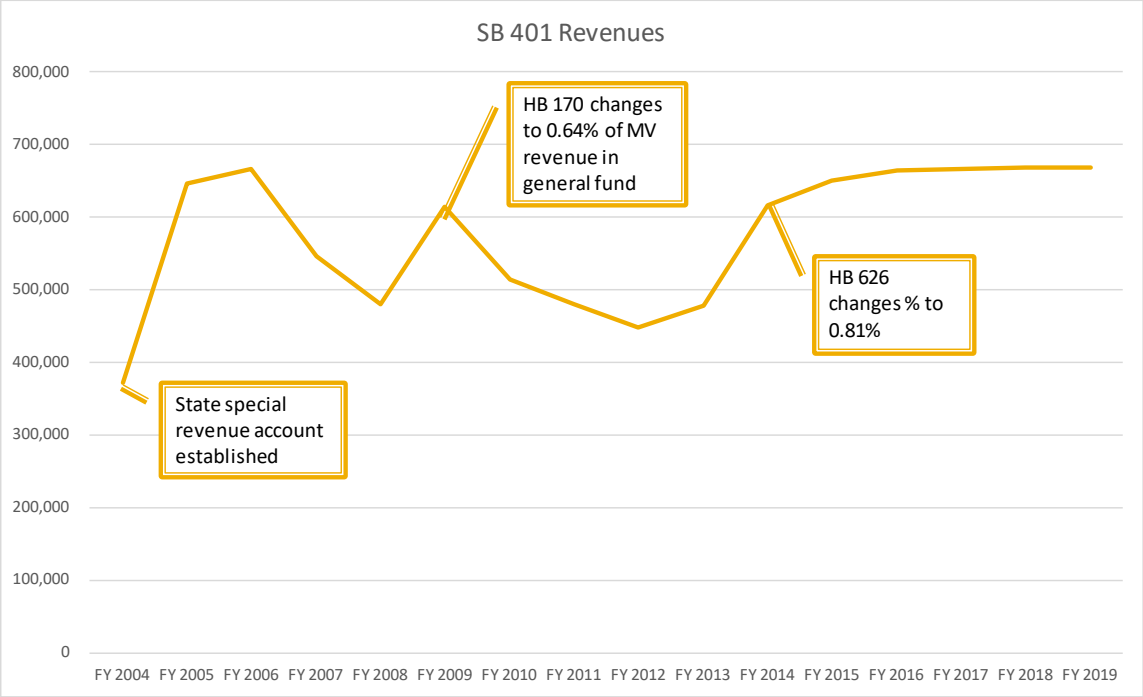
CHANGES TO REVENUES

SB 401 established revenue for the state special revenue account from two sources:

1. Patriotic licenses plates fees
2. A $0.50 "veterans' services" fee on light vehicles

The collection of the fees began in FY 2004.

The following figure shows the revenues collected between FY 2004 and FY 2019 along with changes to the revenues enacted by the legislature.



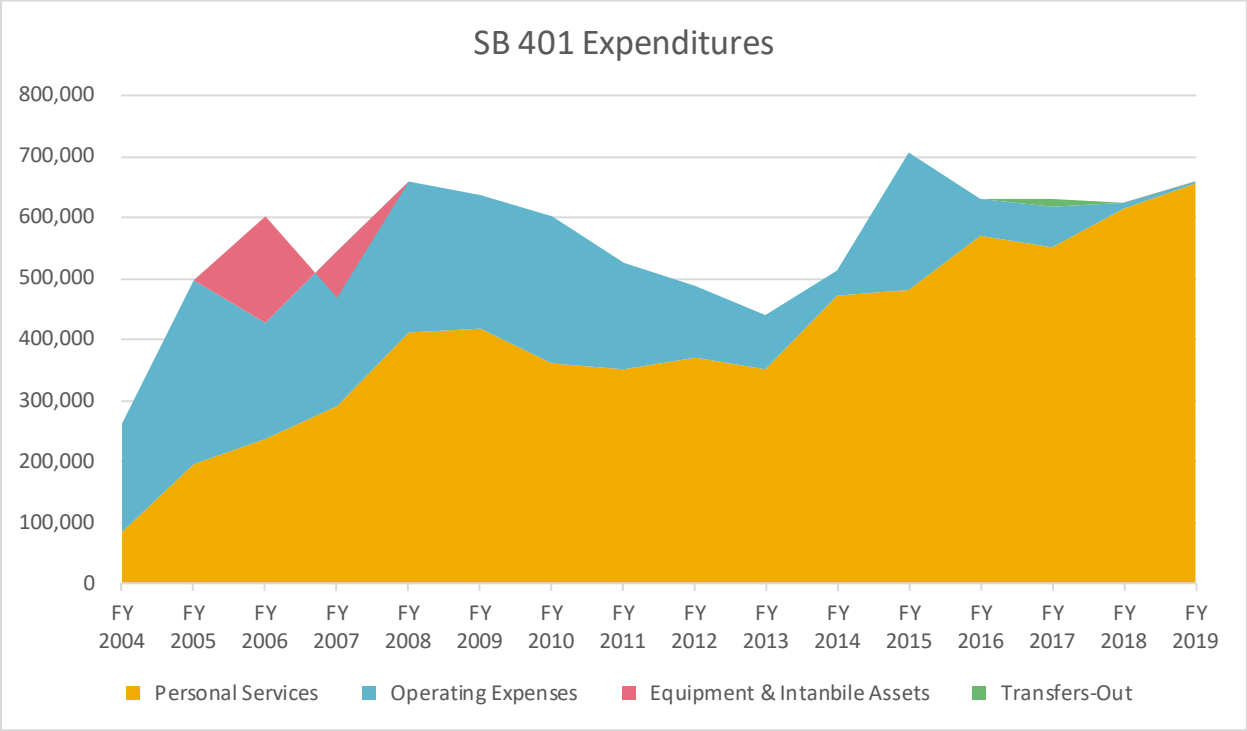
Due to impacts of the Great Recession, purchases of new motor vehicle and related fee revenues dropped significantly between FY 2005 and FY 2013.

The 2007 Legislature amended the revenues for the account in HB 170 eliminating the deposit of patriotic license plates fees and the $0.50 per light vehicle, replacing these with 0.64% of the motor vehicle revenue deposited in the state general fund each year.

The 2013 Joint Appropriations Subcommittee on General Government reviewed the revenues collected in the account compared to the amount anticipated in the fiscal note for HB 170. Based on the review the subcommittee requested, and the 2013 Legislature enacted, HB 626 to realign the allocation of motor vehicle revenues by increasing the percentage of motor vehicle revenue allocated to the Veterans' Affairs Division from 0.64% to 0.81%.

EXPENDITURES INCLUDING FTE

The figure on the following page shows the expenditures by first level made from the SB 401 state special revenue account.



The 2003 Legislature approved an additional 3.0 FTE and $279,586 in FY 2004 and $559,173 in FY 2005 in appropriations from the newly created state special revenue account. The 3.00 FTE provided additional veterans' outreach services including:

- A new veterans' service office opened in Havre to better serve the "hi-line"
- Outreach services programs established at the Montana State Prison, the Montana State Hospital, and the DUI WATCH Program.
- New and updated technology for the Veterans' Affairs Division

The 2007 Legislature added 2.00 FTE and $69,570 in state special revenue appropriations from the SB 401 state special revenue account for additional veterans' service officer positions to serve Native American veterans.

As reflected in the figure above, the state special revenue funding has mainly supported personal services since FY 2016. In the 2021 biennium, the legislature adopted a budget of $689,037 in personal services and $13,021 in operating expenses appropriated from the SB 401 state special revenue account.

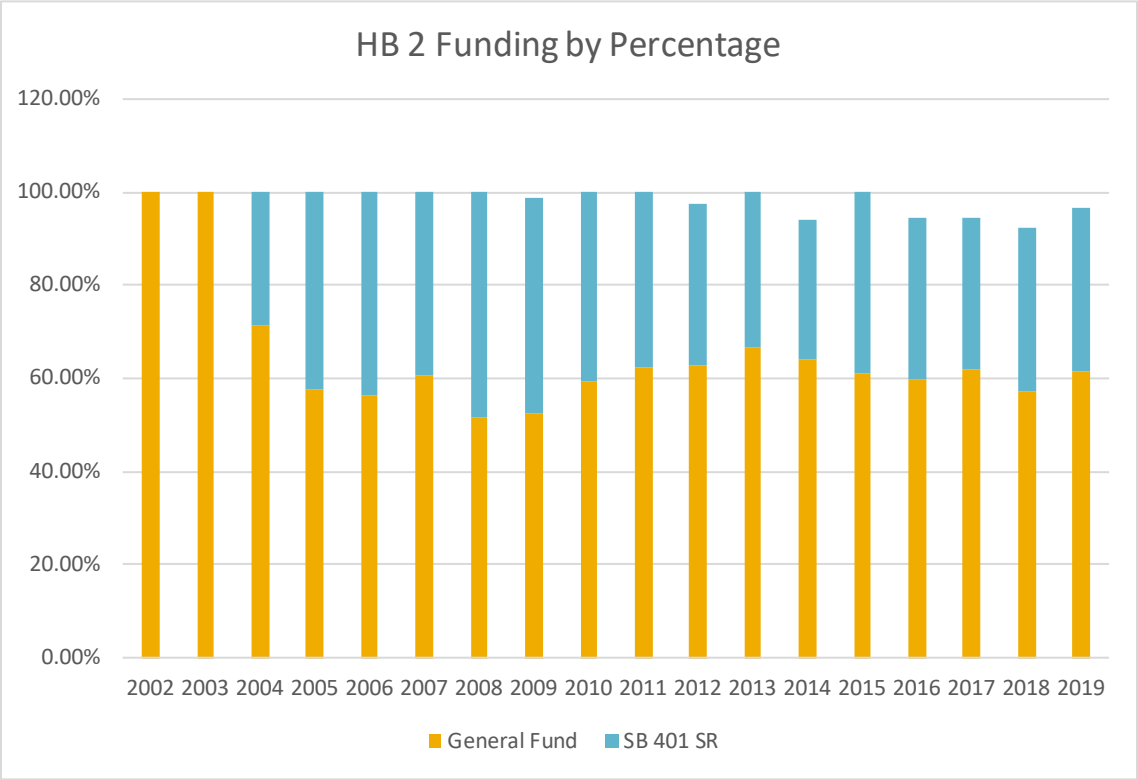
The following figure shows the FTE by fiscal year for the Veterans' Affairs Division since FY 2002.

Department of Military Affairs Veteran's Affairs Division HB 2 Full-time Equivelant Positions										
	FY 2002	FY 2004	FY 2006	FY 2008	FY 2010	FY 2012	FY 2014	FY 2016	FY 2018	FY 2020
Total Division FTE	19.50	22.00	23.00	25.00	30.00	29.00	24.00	26.00	26.12	25.09
Veterans' Service Officers	12.00	15.00	15.00	17.00	20.00	19.00	19.00	21.00	22.12	22.00

It should be noted that between FY 2012 and FY 2019 the legislature added an additional 5.00 FTE for veterans' service officers supported by the general fund.

USES OF GENERAL FUND COMPARED TO THE SB 401 STATE SPECIAL REVENUE

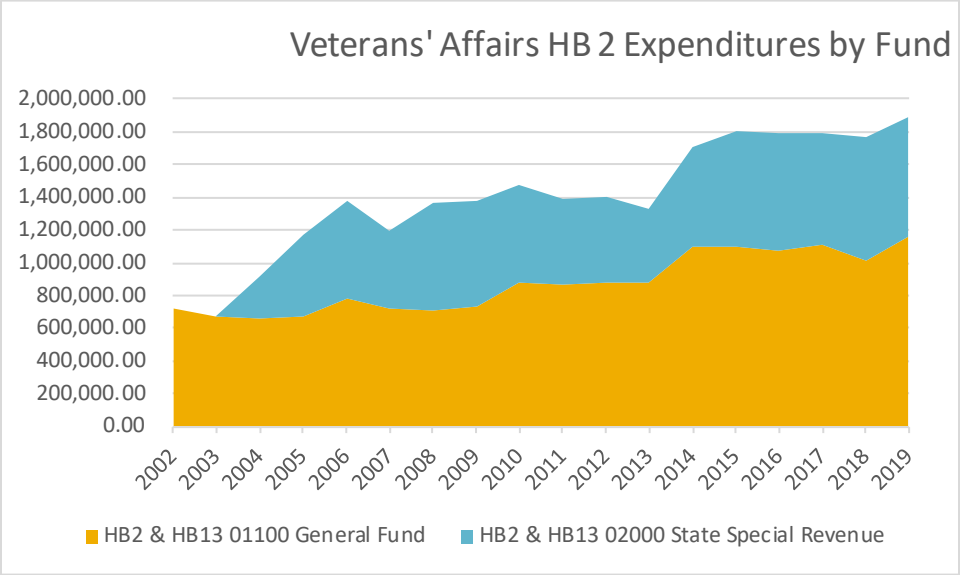
The appropriations to provide for personal services associated with veterans' service officers is included in HB 2. The following figure shows the percentage of expenditures from general fund and SB 401 state special revenue between FY 2002 and FY 2019 from HB 2 authority.



In FY 2005, the first year of full funding for SB 401 state special revenue, the additional services appropriated by the legislature were 42.5% of the HB 2 appropriations for the Veterans' Affairs Division. Since FY 2014, after the implementation of HB 626, the percentage of funding provided by the SB 401 state special revenue account had hovered around 35.0%.

TOTAL HB 2 EXPENDITURES

Total HB 2 expenditures for the Veterans' Affairs Division have increased by 4.4% annually between FY 2005 (the first full year of SB 401 funding) and FY 2019. The following figure shows the total HB 2 expenditures by fund source between FY 2002 and FY 2019.



General fund has increased by 5.2% annually between FY 2005 and FY 2019. State special revenue increased 3.3% annually during the same period.

MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: August 25, 2020

TO: State and Veterans Affairs Interim Committee

FROM: Kris Wilkinson, Lead Fiscal Analyst, Legislative Fiscal Division

RE: Veterans' Affairs Division Budget

The State and Veterans Affairs Interim Committee has oversight responsibility for the Department of Military Affairs, including the Veterans Affairs' Division. The purpose of this memorandum is to provide information on the 2021 biennium budget for the Veterans Affairs Division and to provide additional information on motor vehicle registration fees that support a portion of the budget.

The Veterans' Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City, Fort Harrison in Helena, and Missoula. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs and operates under a state mandate provided in Title 10, Chapter 2, MCA.

CURRENT BUDGET

Appropriation authority for the 2021 biennium is provided through HB 2, HB 158, HB 172, and statutory authority. Figure 1 shows the sources of authority for the 2021 biennium, the expenditures and fund types for the budget, by year, the spending associated with each, and the budget remaining.

Figure 1

Department of Military Affairs Veterans' Affairs Division Budget and Expenditures FY 2020 and FY 2021						
	FY 2020			FY 2021		
	Appropriation	Expenditures	Budget Remaining	Appropriation	Expenditures	Budget Remaining
Source of Authority						
HB 2	$2,252,384	$2,139,584	$112,800	$2,285,456	$215,628	$2,069,828
HB 158 - Purple heart	50,000	0	50,000	50,000	0	50,000
HB 172 - County VA Officers	30,000	30,000	0	30,000	0	30,000
Statutory Authority	798,768	471,198	327,570	806,485	47,481	759,004
Total Authority	$3,131,152	$2,640,782	$490,370	$3,171,941	$263,109	$2,908,832
Expenditure Categories						
Personal Services	$2,429,459	$2,261,431	$168,028	$2,405,838	$235,722	$2,170,116
Operating Expenses	558,343	343,155	215,188	686,103	27,387	658,716
Equipment & Intangible Assets	6,700	6,195	505	0	0	0
Capital Outlay	56,650	0	56,650	0	0	0
Grants	35,000	30,000	5,000	35,000	0	35,000
Transfers Out	45,000	0	45,000	45,000	0	45,000
Total Expenditures	$3,131,152	$2,640,782	$490,370	$3,171,941	$263,109	$2,908,832
Fund Type						
General Fund	$1,372,834	$1,344,568	$28,266	$1,391,875	$194,498	$1,197,377
State Special Revenue	1,758,318	1,296,213	462,105	1,780,066	68,611	1,711,456
Total Funds	$3,131,152	$2,640,782	$490,370	$3,171,941	$263,109	$2,908,833

Sources of Budget Authority

The majority of the legislative budget is included in HB 2, the General Appropriations Act. General fund and state special revenue are provided to support functions throughout the division.

In any given year the legislature passes additional appropriation bills. In the 2021 biennium, the Veterans' Affairs Division received authority from two additional appropriation bills:

- HB 158 revising and funding Purple Heart scholarships for recipients of Purple Heart or higher medal for combat related service. The bill provided $50,000 in general fund each year of the 2021 biennium. The funds were transferred into a state special revenue account. In FY 2020 Veterans' Affairs Division did not receive any applications for scholarship funding.
- HB 172 establishing county and multicounty veterans' service offices. The bill provided $30,000 in general fund each year of the biennium for grants awarded to counties or multi-counties. The intent of the legislature is that the funds become part of the base budget for the 2023 biennium.

The Veterans' Affairs Division has a statutory appropriation for the operation of the Montana Veterans' Cemetery Program. The statutory appropriations are permanent funding sources for the division. Funding allocations are changed through statute, unlike HB 2 which is provided for a two-year period after which time the legislature determines the funding levels for the next two years.

Budget Expenditure Categories

As shown in the figure above, 76.7% of the budget from the sources discussed above is used for personal services. The Veterans' Affairs Division has 25.09 FTE supported in HB 2 and 7.53 FTE funded through the statutorily appropriated Veterans' Cemetery Program. In FY 2020 93.1% of the funding budgeted for personal services was expended.

Operating expenses are 19.7% of the budget in FY 2020 and were 61.5% expended. Expenditures by source of authority vary, HB 2 budgeted appropriations were 72.7% expended while statutory appropriations were 46.7% expended. Statutory appropriations are impacted by the level of funding generated by the sources of revenue discussed below.

Fund Types

HB 2

General fund supports 59.6% of the 2021 biennium budget in HB 2 while state special revenue provides 40.4%. State special revenue is provided to the veterans' service account. The veterans' service account was created by the legislature during the 2003 regular session in SB 401, which allocated proceeds from the sale of veterans' specialty license plates. In addition to the revenue received from the sale of some specialty license plates, this account and the veterans' affairs cemeteries account receive a portion of motor vehicle registration revenue that is deposited in the general fund each year. The 2013 Legislature increased the percentage of motor vehicle fees into this account from 0.64% to 0.81%.

Statutory Appropriations

The statutory funding for the Veterans' Cemetery Program is supported by state special revenue. The state special revenue funds are generated from cemetery plot allowances and donations as well as a percentage of the license plate funding.

IMPACTS OF CHANGES TO MOTOR VEHICLE FEES

The State Administration and Veterans' Affairs Interim Committee (SAVA) is proposing a bill draft to increase the funding for the veterans' services account by $300,000. The following narrative describes potential changes to motor vehicle license fees or the allocation of the fees to generate the additional funding.

Motor Vehicle License Fees

Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motor homes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight. With the exception of fees to support the Motor Vehicle Division and the Montana Highway Patrol in the Department of Justice, the motor vehicle license fees are deposited into the general fund. See Appendix A for 61-3-321, MCA showing the various motor vehicle license fees.

Figure 2 shows updated revenue estimates motor vehicle fees deposited into the general fund as projected by the Legislative Fiscal Division.

Figure 2

Motor Vehicle Registration Fees Forecasted Deposits Into the General Fund* (in millions)				
Vehicle Type	FY 2020	FY 2021	FY 2022	FY 2023
Large Truck	$2.785	$2.793	$2.813	$2.837
Motor Home	2.101	2.106	2.122	2.140
Light Vehicle	81.356	81.583	82.184	82.863
Boats/Snow Mobile	1.412	1.416	1.427	1.439
Total General Fund	$87.654	$87.898	$88.546	$89.279
*Estimates as of August 2020, below HJ 2 estimates				

There are two options to increase the funding going to the veterans' services account:

- Increase the overall fee for motor vehicle registration
- Change the percentage of the funding allocated to the Department of Military Affairs

As shown in Figure 2, the majority of the fees are collected on light vehicle registrations. An increase of $1 in the registration fees would generate $887,570 in funding. To generate an additional $300,000 would require an increase of $0.34 in light vehicle registration fees. This would require a change in the percentage of funding allocated from the general fund to the various programs.

15-1-122, MCA provides for transfers of a portion of the motor vehicle registration fees deposited into the general fund. Figure 3 shows the entities receiving the funds and the percentage allocated to each.

Figure 3

Motor Vehicle Registration Fee Distribution (in millions)						
Entity	% Allocation		FY 2020	FY 2021	FY 2022	FY 2023
Motor Vehicle Recycling and Disposal Program	1.48%		$1.297	$1.301	$1.310	$1.321
Noxious Weed Program	1.50%		1.315	1.318	1.328	1.339
Department of Fish, Wildlife, and Parks	0.72%		0.631	0.633	0.638	0.643
Department of Military Affairs	0.81%		0.710	0.712	0.717	0.723
State Veterans' Cemetery Account		24.55%	0.174	0.175	0.176	0.178
Veterans' Services Account		75.45%	0.536	0.537	0.541	0.546
Search and Rescue	0.04%		0.035	0.035	0.035	0.036
Livestock Loss Mitigation Account	300,000		0.300	0.300	0.300	0.300
Sage Grouse Stewardship Account*	2,000,000		2.000	2.000	0.000	0.000
Remaining in General Fund			$81.366	$81.355	$83.325	$83.292
* Transfer ends in FY 2021						

To generate an additional $300,000 per year in funding without changing the amount of the motor vehicle registration fees, the percentage allocated to the Department of Military Affairs would need to increase by 0.35% to 1.16% and the allocation to the veterans' services account would need to increase to 82.22% or 6.77%. The allocation to the state veterans' cemetery account would need to decrease by the same amount to 17.78%. This option would decrease the amount in the general fund by about $300,000.

APPENDIX A

NOTE: Sections 19 through 22 are not included, those sections relate to additional fees beyond motor vehicle registration fees

61-3-321. Registration fees of vehicles and vessels -- certain vehicles exempt from registration fees -- disposition of fees -- definition. (1) Except as otherwise provided in this section, registration fees must be paid upon registration or, if applicable, renewal of registration of motor vehicles, snowmobiles, watercraft, trailers, semitrailers, and pole trailers as provided in subsections (2) through (20).

(2) (a) Except as provided in subsection (2)(b), unless a light vehicle is permanently registered under **61-3-562**, the annual registration fee for light vehicles, trucks, and buses that weigh 1 ton or less and for logging trucks that weigh 1 ton or less is as follows:

(i) if the vehicle is 4 or less years old, $217;

(ii) if the vehicle is 5 through 10 years old, $87; and

(iii) if the vehicle is 11 or more years old, $28.

(b) For a light vehicle with a manufacturer's suggested retail price of more than $150,000 that is 10 years old or less, the annual registration fee is the amount provided for in subsection (2)(a) plus $825.

(3) (a) Except as provided in subsections (3)(b) and (15), the one-time registration fee based on the declared weight of a trailer, semitrailer, or pole trailer is as follows:

(i) if the declared weight is less than 6,000 pounds, $61.25; or

(ii) if the declared weight is 6,000 pounds or more, $148.25.

(b) For a trailer, semitrailer, or pole trailer that is registered under **61-3-701**, the annual registration fee based on the declared weight is as follows:

(i) if the declared weight is less than 6,000 pounds, $30; or

(ii) if the declared weight is 6,000 pounds or more, $60.

(4) Except as provided in subsection (15), the one-time registration fee for motor vehicles owned and operated solely as collector's items pursuant to **61-3-411**, based on the weight of the vehicle, is as follows:

(a) 2,850 pounds and over, $10; and

(b) under 2,850 pounds, $5.

(5) (a) Except as provided in subsections (5)(b) and (15), the one-time registration fee for off-highway vehicles other than a quadricycle or motorcycle is $61.25.

(b) Whenever a valid summer motorized recreation trail pass issued pursuant to **23-2-111** is affixed to an off-highway vehicle other than a quadricycle or motorcycle, the one-time registration fee is $41.25.

(6) The annual registration fee for heavy trucks, buses, and logging trucks in excess of 1 ton is $22.75.

(7) (a) Except as provided in subsection (7)(c), the annual registration fee for a motor home, based on the age of the motor home, is as follows:

(i) less than 2 years old, $282.50;

(ii) 2 years old and less than 5 years old, $224.25;

(iii) 5 years old and less than 8 years old, $132.50; and

(iv) 8 years old and older, $97.50.

(b) The owner of a motor home that is 11 years old or older and that is subject to the registration fee under this section may permanently register the motor home upon payment of:

(i) a one-time registration fee of $237.50;

(ii) unless a new set of license plates is being issued, an insurance verification fee of $5, which must be deposited in the account established under **61-6-158**;

(iii) if applicable, five times the renewal fees for personalized license plates under **61-3-406**; and

(iv) if applicable, the donation fee for a generic specialty license plate under **61-3-480** or a collegiate license plate under **61-3-465**.

(c) For a motor home with a manufacturer's suggested retail price of more than $300,000 that is 10 years old or less, the annual registration fee is the amount provided in subsection (7)(a) plus $800.

(8) (a) (i) Except as provided in subsections (8)(b), (8)(c), and (15), the one-time registration fee for motorcycles and quadricycles registered for use on the public highways is $53.25, the one-time registration fee for motorcycles and quadricycles registered for off-highway use is $53.25, and the one-time registration fee for motorcycles and quadricycles registered for both off-road use and for use on the public highways is $114.50.

(ii) An additional fee of $16 must be collected for the registration of each motorcycle or quadricycle as a safety fee, which must be deposited in the state motorcycle safety account provided for in **20-25-1002**.

(b) (i) The annual registration fee for motorcycles and quadricycles registered for use on the public highways under **61-3-701** is $44.

(ii) The annual registration fee for motorcycles and quadricycles registered for off-highway use under **61-3-701** is $44.

(iii) The annual registration fee for motorcycles and quadricycles registered for both off-road use and for use on the public highways under **61-3-701** is $88.

(iv) An additional safety fee of $7 must be collected annually for each motorcycle or quadricycle registered under **61-3-701**. The safety fee must be deposited in the state motorcycle safety account provided for in **20-25-1002**.

(c) Whenever a valid summer motorized recreation trail pass issued pursuant to **23-2-111** is affixed to a motorcycle or quadricycle, the one-time registration fee for motorcycles and quadricycles registered for:

(i) use on the public highways is $33.25; and

(ii) both off-road use and for use on the public highways is $94.50.

(9) Except as provided in subsection (15), the one-time registration fee for travel trailers, based on the length of the travel trailer, is as follows:

(a) under 16 feet in length, $72; and

(b) 16 feet in length or longer, $152.

(10) Except as provided in subsection (15), the one-time registration fee for a motorboat, sailboat, personal watercraft, or motorized pontoon required to be numbered under **23-2-512** is as follows:

(a) for a personal watercraft or a motorboat, sailboat, or motorized pontoon less than 16 feet in length, $65.50;

(b) for a motorboat, sailboat, or motorized pontoon at least 16 feet in length but less than 19 feet in length, $125.50; and

(c) for a motorboat, sailboat, or motorized pontoon 19 feet in length or longer, $295.50.

(11) (a) Except as provided in subsections (11)(b), (11)(c), and (15), the one-time registration fee for a snowmobile is $60.50.

(b) Whenever a valid snowmobile trail pass issued pursuant to **23-2-636** is affixed to a snowmobile, the one-time registration fee is $40.50.

(c) (i) A snowmobile that is licensed by a Montana business and is owned exclusively for the purpose of daily rental to customers is assessed:

(A) a fee of $40.50 in the first year of registration; and

(B) if the business reregisters the snowmobile for a second year, a fee of $20.

(ii) If the business reregisters the snowmobile for a third year, the snowmobile must be permanently registered and the business is assessed the registration fee imposed in subsection (11)(a).

(12) (a) The one-time registration fee for a low-speed electric vehicle is $25.

(b) The one-time registration fee for a golf cart that is owned by a person who has or is applying for a low-speed restricted driver's license is $25.

(c) The one-time registration fee for golf carts authorized to operate on certain public streets and highways pursuant to **61-8-391** is $25. Upon receipt of the fee, the department shall issue the owner a decal, which must be displayed visibly on the golf cart.

(13) (a) Except as provided in subsection (13)(b), a fee of $10 must be collected when a new set of standard license plates, a new single standard license plate, or a replacement set of special license plates required under **61-3-332** is issued. The $10 fee imposed under this subsection does not apply when previously issued license plates are transferred under **61-3-335**. All registration fees imposed under this section must be paid if the vehicle to which the plates are transferred is not currently registered.

(b) An additional fee of $15 must be collected if a vehicle owner elects to keep the same license plate number from license plates issued before January 1, 2010, when replacement of those plates is required under **61-3-332**(3).

(c) The fees imposed in this subsection (13) must be deposited in the account established under **61-6-158**, except that $2 of the fee imposed in subsection (13)(a) must be deposited in the state general fund.

(14) The provisions of this part with respect to the payment of registration fees do not apply to and are not binding upon motor vehicles, trailers, semitrailers, snowmobiles, watercraft, or tractors owned or controlled by the United States of America or any state, county, city, or special district, as defined in **18-8-202**, or to a vehicle or vessel that meets the description of property exempt from taxation under **15-6-201**(1)(a), (1)(d), (1)(e), (1)(g), (1)(h), (1)(i), (1)(k), (1)(l), (1)(n), or (1)(o), **15-6-203**, or **15-6-215**, except as provided in **61-3-520**.

(15) Whenever ownership of a trailer, semitrailer, pole trailer, off-highway vehicle, motorcycle, quadricycle, travel trailer, motor home, motorboat, sailboat, personal watercraft, motorized pontoon, snowmobile, motor vehicle owned and operated solely as a collector's item pursuant to **61-3-411**, or low-speed electric vehicle is transferred, the new owner shall title and register the vehicle or vessel as required by this chapter and pay the fees imposed under this section.

(16) A person eligible for a waiver under **61-3-460** is exempt from the fees required under this section.

(17) Except as otherwise provided in this section, revenue collected under this section must be deposited in the state general fund.

(18) The fees imposed by subsections (2) through (12) are not required to be paid by a dealer for the enumerated vehicles or vessels that constitute inventory of the dealership.

(23) (a) The $800 and $825 amounts collected based on the manufacturer's suggested retail price in subsections (2) and (7) are exempt from the provisions of **15-1-122** and must be deposited in the motor vehicle division administration account established in **61-3-112**.

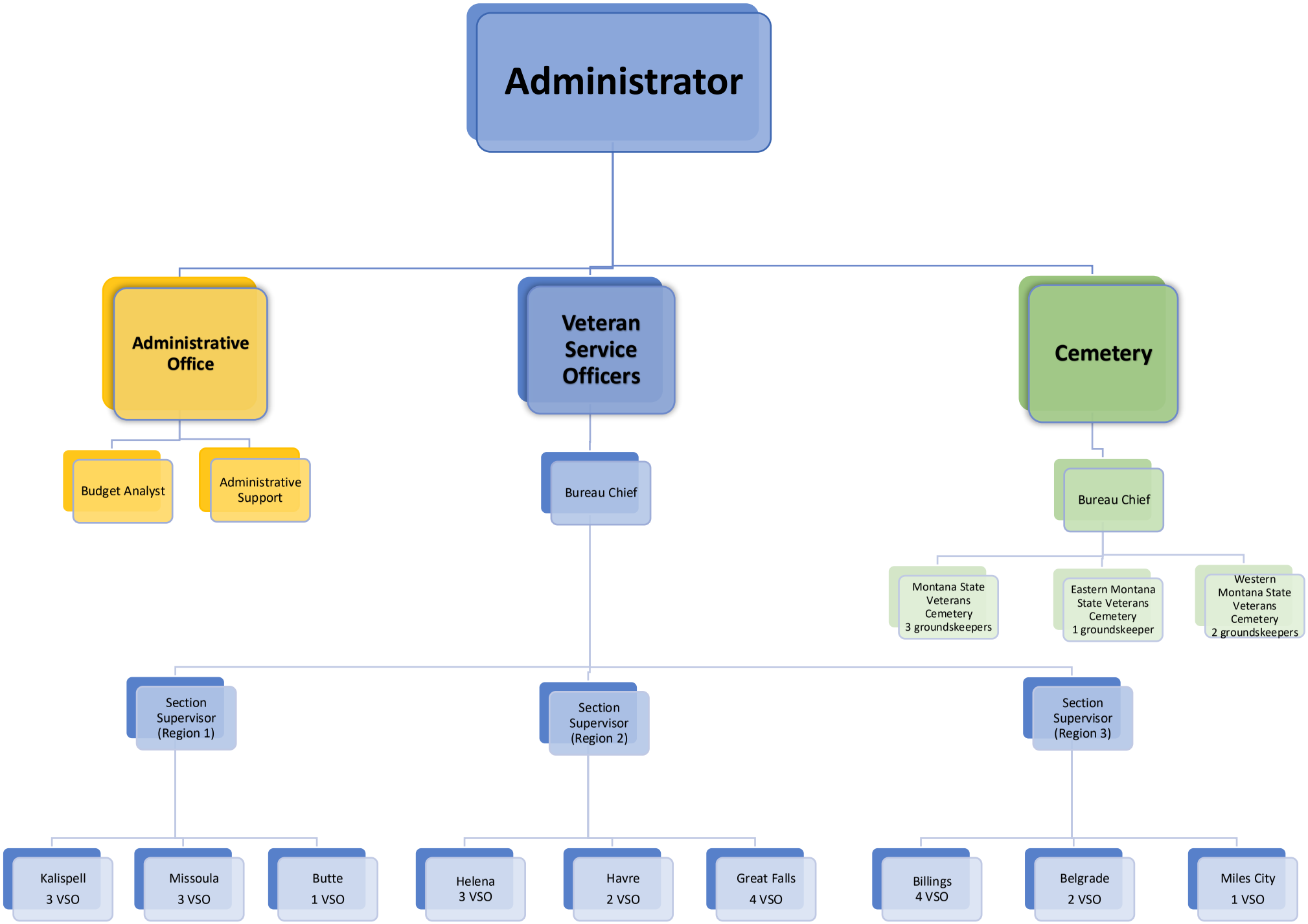
(b) By August 15 of each year, beginning in the fiscal year beginning July 1, 2019, the department of justice shall deposit into the general fund an amount equal to the fiscal yearend balance minus 25% of the current fiscal year appropriation for the account established in **61-3-112**.

(24) For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by a manufacturer for each given type, style, or model of a light vehicle or motor home produced and first made available for retail sale by the manufacturer.

Montana Veterans Affairs Division (MVAD)

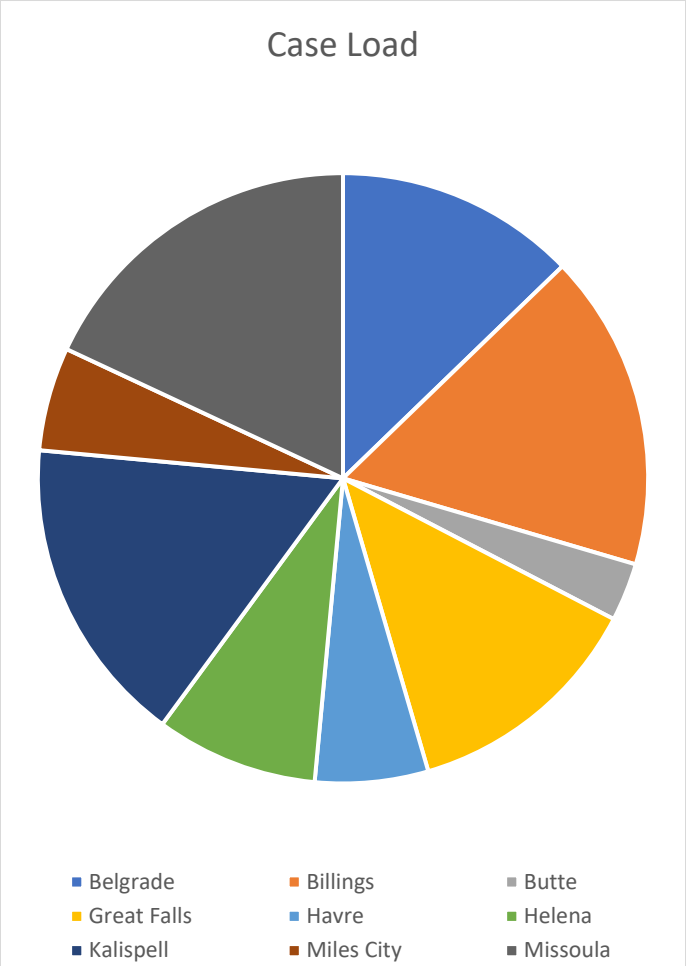
Organizational and Budget Detail
Ms. Kelly Ackerman, September 2020

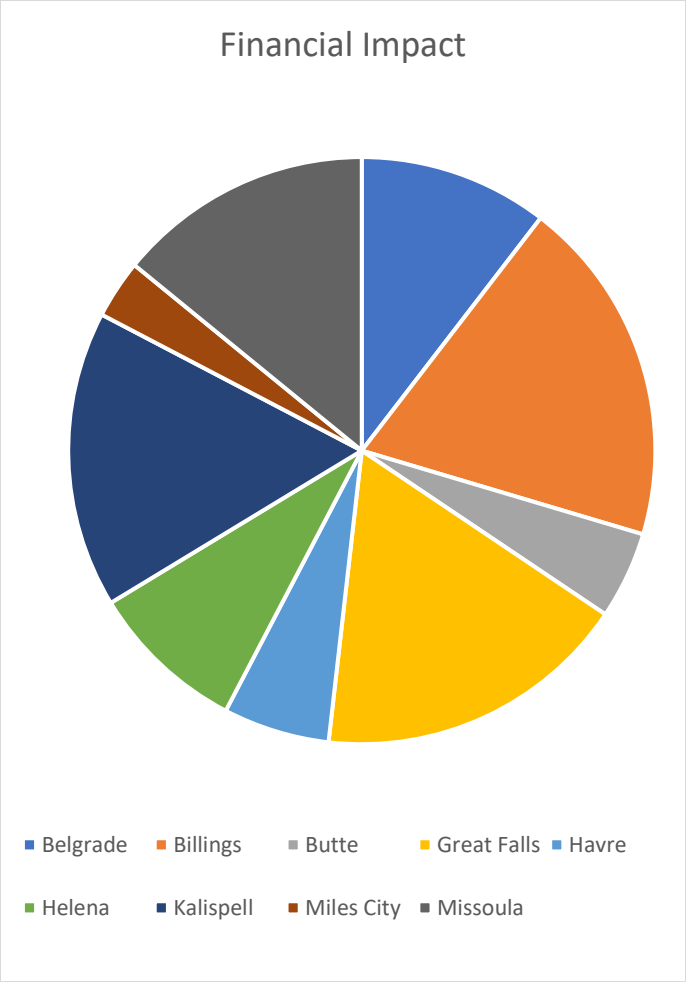
Montana Veterans Affairs Division Organizational Chart 2020



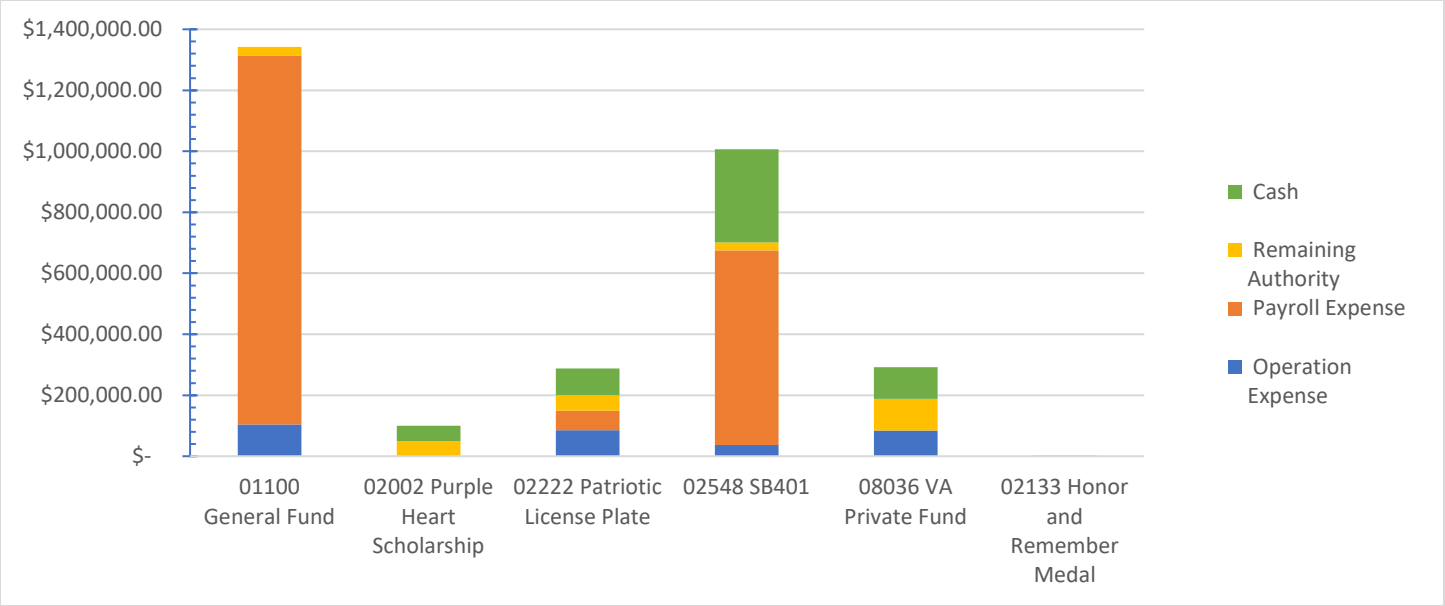
MVAD FY 2020 **JULY 2019-JULY 2020**

Region	City	County	Case Load	Financial Impact	
Region 1	Belgrade	Gallatin	456	$ 19,465,574.00	$ 26,821,564.00
		Park		$ 4,234,388.00	
		S Madison		$ 975,213.00	
		Sweet Grass		$ 870,820.00	
		Meagher		$ 651,906.00	
		Wheatland		$ 623,662.00	
	Billings	Big Horn	599	$ 1,264,633.00	$ 49,274,763.00
		Carbon		$ 2,924,964.00	
		Stillwater		$ 2,217,995.00	
		Golden Valley		$ 396,000.00	
		Treasure		$ 44,408.00	
		Yellowstone		$ 39,519,124.00	
		Mussellshell		$ 2,290,646.00	
		Rosebud		$ 427,384.00	
		Garfield		$ 79,998.00	
		Petroleum		$ 109,611.00	
	Miles City	Carter	196	$ 159,804.00	$ 8,296,062.00
		Custer		$ 2,743,154.00	
		Dawson		$ 1,616,798.00	
		Fallon		$ 140,814.00	
		Powder River		$ 111,840.00	
		Prairie		$ 268,676.00	
		Wibaux		$ 142,266.00	
		McCone		$ 250,544.00	
		Richland		$ 687,956.00	
		Sheridan		$ 288,504.00	
		Daniels		$ 108,611.00	
		Roosevelt		$ 1,044,920.00	
		Rosebud		$ 732,178.00	
Region 2	Havre	Liberty	214	$ 350,584.00	$ 15,066,992.00
		Blaine		$ 1,934,919.00	
		Glacier		$ 3,272,763.00	
		Hill		$ 4,405,818.00	
		Phillips		$ 986,088.00	
		Toole		$ 1,204,906.00	
		Valley		$ 2,363,389.00	
		Pondera		$ 197,955.00	
		Chouteau		$ 350,570.00	
	Great Falls	Cascade	459	$ 37,396,801.00	$ 44,697,324.00
		Chouteau		$ 958,215.00	
		Pondera		$ 1,194,187.00	
		Teton		$ 1,624,670.00	
		Fergus		$ 2,850,704.00	
		Judith Basin		$ 540,071.00	
		Lewis & Clark		$ 132,676.00	
	Helena	Broadwater	307	$ 1,484,904.00	$ 22,240,683.00
		Lewis & Clark		$ 18,149,047.00	
		Powell		$ 248,218.00	
		N Jefferson		$ 2,358,514.00	
Region 3	Kalispell	Flathead	585	$ 26,850,125.00	$ 42,024,044.00
		Lincoln		$ 8,732,640.00	
		Lake		$ 6,441,279.00	
	Missoula	Mineral	644	$ 1,767,473.00	$ 36,249,544.00
		Missoula		$ 21,815,584.00	
		Ravalli		$ 9,193,714.00	
		Sanders		$ 3,472,773.00	
	Butte	Beaverhead	110	$ 1,212,163.00	$ 12,377,029.00
		Deer Lodge		$ 1,744,141.00	
		Granite		$ 566,288.00	
		S. Jefferson		$ 842,327.00	
		N. Madison		$ 523,152.00	
		Powell		$ 1,143,298.00	
		Silverbow		$ 6,331,266.00	
		State Agencies		$ 14,393.00	
			3570	$ 257,048,005.00	





MVAD FY2020 FUNDS



01100 – General Fund – MVAD utilized 98% of their General Fund money in FY2020, of which 90% was for Payroll and Personnel services.

02002 – Purple Heart Scholarship Fund – There were no Purple Heart Scholarship Fund applicants in FY2020; therefore, none of the fund were utilized.

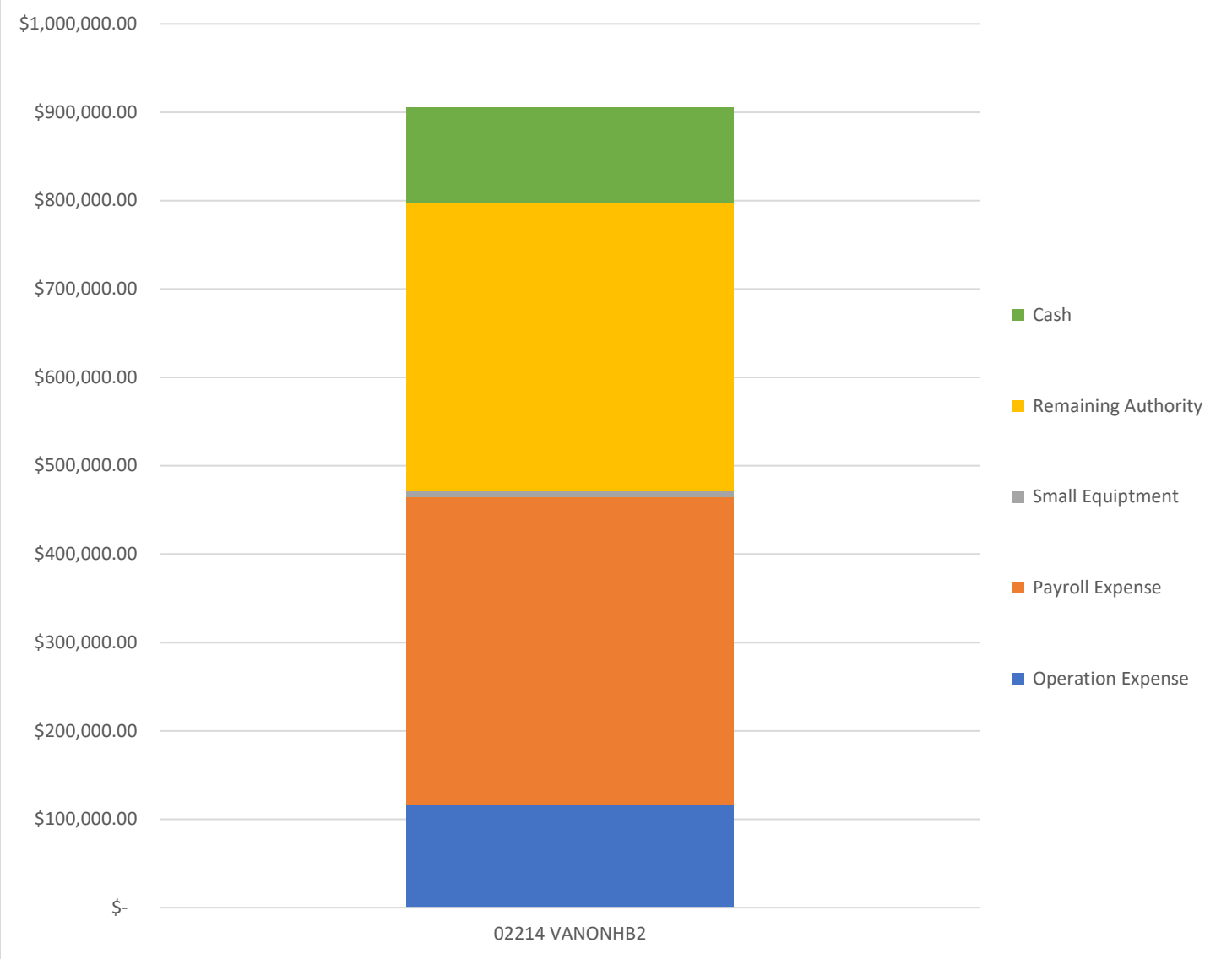
02222 – The Patriotic License Plate Fund – The Patriotic License Plate Fund is what supports Service Officer accreditation and training expenses. Such expenses include travel, lodging, motels, meals, etc. In FY20, MVAD did not fill all open positions, resulting in lack of accreditation expenses, and travel to national training conferences were canceled in the second half of the fiscal year.

02548 – SB401 Fund – Senate Bill 401 funds come from 0.81% of all license plate fees in the state of Montana. SB401 Funds are used to support MVAD outreach. In FY20, MVAD applied 95% of available authority. Outreach was suspended for the last quarter of the Fiscal Year.

08036 - VA Private Fund – MVAD had to take advantage of the 08036 for the upfront costs of the Eastern Montana Veteran Cemetery. The funds were expended in FY19 and reimbursed in FY20. The VA Private Fund is comprised of money from large donations, to be used at the Montana State Veterans Cemeteries, and MVAD utilizes the fund for large equipment costs and repairs.

02133 – Honor and Remember Medallion Fund – There were no applicants for the Honor and Remember Medallion in FY20.

	01100	02002	02222	02548	08036	02133
Operation Expense	$104,494.91	$0	$84,714.20	$37,157.95	$84,123.00	$0
Payroll Expense	$1,210,073.44	$0	$64,813.52	$638,330.07	$0	$0
Remaining Authority	$28,322.65	$50,000.00	$50,896.28	$25,332.05	$104,123.17	$1,300.00
Cash	$0	$50,000.00	$87,607.41	$305,473.69	$104,123.12	$1,451.14



02214 – Veterans Affairs Cemeteries – The Veterans Affairs Cemeteries Fund has Statutory Authority and is what funds the three Montana State Veterans Cemeteries in Ft. Harrison, Missoula, and Miles City

	Operation Expense	Payroll Expense	Small Equipment	Remaining Authority	Cash
02214	$116,788.00	$348,214.40	$6,195.00	$326,483.00	$107,461.04