

VETERANS' AFFAIRS: A HOUSE DIVIDED

A Report to the 58th Legislature
by the
State Administration and Veterans' Affairs Interim Committee
For the 2001-2002 Interim

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EXECUTIVE SUMMARY

This report of the State Administration and Veterans' Affairs Interim Committee concludes a 14-month legislative study, which was requested by the 57th Legislature through Senate Joint Resolution No. 5.¹ The report also concludes for the 2001-2002 interim the Committee's statutory duty to monitor operations of the Department of Military Affairs and the Board of Veterans' Affairs. Under section 5-5-215, Montana Code Annotated (MCA), the Committee's responsibility is to:

. . . monitor the operation of assigned executive branch agencies with specific attention to the following:

- (i) identification of issues likely to require future legislative attention;
- (ii) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and
- (iii) experiences of the state's citizens with the operation of an agency that may be amenable to improvement through legislative action .

. . .

In fulfillment of these duties, the Committee and its Subcommittee on Veterans' Affairs respectfully submits the following findings and recommendations to the 58th Legislature, the Governor, and Montana's U.S. Congressional Delegation.

Recommendation 1:

The Montana Veterans' Affairs Division (MVAD), which is now supervised and directed by the Board of Veterans' Affairs, should be brought under the supervision and direction of the Department of Military Affairs (DMA) as an actual, administrative division of DMA. The Board of Veterans' Affairs should be revised into a Veterans' Affairs Interagency Coordinating Council, and a patriotic license plate program should be established to help provide funding for veterans' affairs. This recommendation is discussed in **Part I** and is contained in the Committee bill LC0221² which will be carried by Senator Roush on behalf of the Committee.

¹ See the full text of SJR 5 at **Appendix A**.

² The full text of the bill as introduced, or as amended during the session, is available online by going to www.leg.mt.gov and clicking on "2003 Session", then "2003 Session (LAWS)", then "Look Up Bill Information", they typing in "LC0221". The bill's status and most recent session actions can also be tracked using LAWS.

Recommendation 2:

The property tax waiver, vehicle registration fee waivers, and special license plate benefits for certain eligible veterans and their surviving spouses should be revised to conform state statutory language to federal practice regarding disability compensation, to provide more equal treatment for veterans and their spouses with regard to vehicle registration fee waivers, and to streamline and simplify current statutory language that is complex and difficult to read. This recommendation is discussed in **Part II** and is contained in the Committee bill, LC0222³ which will be carried by Senator Roush on behalf of the Committee.

Recommendation 3:

The state statutory definitions of "veteran" throughout the MCA should be updated to account for military campaigns and operations that have taken place, and continue to take place, since the Vietnam conflict. This recommendation is discussed in **Part III** and is contained in the Committee bill LC0223,⁴ which will be carried by Representative Lenhart on behalf of the Committee.

Data on Veterans:

In carrying out the study, data and research was compiled on Montana's veteran population, U.S. Department of Veterans Affairs (VA) expenditures in Montana, and the structure of state veterans' affairs in other states. This data and the research findings are provided in **Part IV**.

Federal issues:

The Subcommittee on Veterans' Affairs and the full Committee encountered numerous federal issues, which, as requested in SJR 5, are to be forwarded to Montana's U.S. Congressional Delegation. The Committee also wishes to

³ The full text of the bill as introduced, or as amended during the session, is available online by going to www.leg.mt.gov and clicking on "2003 Session", then "2003 Session (LAWS)", then "Look Up Bill Information", they typing in "LC0222". The bill's status and most recent session actions can also be tracked using LAWS.

⁴ The full text of the bill as introduced, or as amended during the session, is available online by going to www.leg.mt.gov and clicking on "2003 Session", then "2003 Session (LAWS)", then "Look Up Bill Information", they typing in "LC0223". The bill's status and most recent session actions can also be tracked using LAWS.

forward these recommendations to VA Secretary Anthony Principi, Dr. Terrence Batliner, the VISN 19⁵ director, and Mr. Joe Underkofler, Director of the VA Medical Regional Office Center at Fort Harrison, for their consideration. The issues are presented in **Part V** and encompass specific recommendations to: (1) improve communication and collaboration between the VA and state and local entities; and (2) address issues of special concern in Montana, which are related to homelessness, nursing home care, mental health services, chemical dependency treatment, Native Americans, appointment delays, and long-distance travel.

⁵ VISN stands for Veterans Integrated Service Network. The health care system of the Veterans Health Administration is organized into 23 VISNs nationwide. Montana, Colorado, Utah, and Wyoming comprise VISN 19 (though VISN 19 boundaries do not exactly follow each state's boundaries). VISN 19 is called the Rocky Mountain Network.

PART I:
REVISE STATE VETERANS' AFFAIRS STRUCTURE

Recommendation 1: The Montana Veterans' Affairs Division, which is currently directed and supervised by the Board of Veterans' Affairs, should be brought under the Department of Military Affairs. The Board should be converted to a Veterans' Affairs Interagency Coordinating Council, and a patriotic license plate program should be established to help provide funding for veterans' affairs services.

Issue background

In conducting the study requested by SJR 5, the Subcommittee on Veterans' Affairs met five times, held numerous panel discussions, reviewed staff reports, and took public testimony that, in addition to identifying numerous federal issues that are discussed in **Part V**, identified issues about the structure of the state's Veterans' Affairs Division, which is now organized under the Montana Board of Veterans' Affairs.⁶

Board membership and employees: Current statute provides that the Board consists of five members appointed by the Governor to 5-year staggered terms. No more than one member may be from the same county. The Board is attached to the Department of Military Affairs (DMA) for administrative purposes only, a relationship governed by statute that requires DMA to provide certain administrative support but precludes DMA from supervising or directing the Division.⁷ The Board, which typically meets three to four times a year, is statutorily

⁶ The agendas for these meetings are provided at **Appendix B**. Minutes, exhibits, and audio tapes of each of the meetings, as well as the related correspondence and staff reports, are public records and are available from the Montana Legislative Services Division.

⁷ See section 2-15-1205, MCA, which establishes the Board, and section 2-15-121, MCA, which governs administrative attachment.

authorized to hire and supervise its own personnel. The Board's staff of 19.5 FTE⁸ constitutes what has traditionally been called the Montana Veterans' Affairs Division (MVAD). However, as noted above, the MVAD is not an actual division of DMA.

Board budget: The MVAD's general fund budget is approximately \$700,000 annually, about 80% of which is spent on salary and benefits for employees. The MVAD employees are classified state employees (i.e., they are not exempt from the statewide classification and pay plan) and are deployed in nine offices around Montana--a central office in Helena and eight field offices (Butte, Bozeman, Miles City, Glendive, Great Falls, Kalispell, Missoula, and Helena). Bringing the MVAD under DMA will not change the status, rights, classification, or pay of the MVAD employees.

Veteran cemeteries: The Board also administers the two state veterans' cemeteries,⁹ one at Fort Harrison near Helena and one in Miles City. The cemeteries are funded with special revenue (\$10 for each set of certain special veteran license plates sold to the veterans eligible for the plates), which may only be spent for the administration, operation, and maintenance of the cemeteries.

Audit requested: In October 2001, a lack of specific information about the caseload of MVAD service officers and the operations of the MVAD prompted the Subcommittee to request a legislative performance audit of the agency. The Legislative Audit Committee reviewed the request and agreed that a performance audit should be conducted.¹⁰

Vocal veteran group: As the audit was being conducted, the Subcommittee held public meetings to fulfill the study tasks listed in SJR 5. During those meetings, some veterans, primarily a Helena chapter of the Vietnam Veterans of America (VVA), supported by the VVA State Council, the Marine Corps League, and

⁸ FTE means "full-time-equivalent positions".

⁹ Statute actually directs DMA to establish and administer the state veterans' cemeteries, but DMA adopted a rule delegating that function to the Board and MVAD.

¹⁰ Legislative Audit Committee, Minutes, October 18, 2001.

leaders in the Military Order of the Purple Heart, as well as individual members of various other veteran groups, were vocal in raising concerns about the VA health care system. They maintained that the Board needed to be more involved in advocating for quality health care, providing veterans with information, and ensuring Montana veterans were being fairly treated in the VA's benefit claims process. They also maintained that the Board was unresponsive (i.e., too far removed) from the concerns of homeless veterans, veterans with PTSD,¹¹ or "nontraditional" veterans, who were not being well-served by some MVAD officers, though other MVAD service officers were highly dedicated and were acting above and beyond the call of duty to help veterans in need of more than benefit claims services.¹²

Disagreement over Board's role: The Board, the MVAD administrator, and representatives of the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars maintained that the concerns being raised about health care were beyond the scope of the Board's duties and that any expansion of the Board's role would be a duplication of services already provided by other agencies.¹³

What does statute say? This disagreement about the Board's responsibilities prompted the Subcommittee to examine statutory language. The statute was found to be broad and unspecific, thus subject to different interpretations. Section 10-2-102, MCA, states:

¹¹ PTSD stands for Post Traumatic Stress Disorder. According to the VA's National Center for Post Traumatic Stress Disorder, PTSD is "a psychiatric disorder that can occur following the experience or witnessing of life-threatening events such as military combat, natural disasters, terrorist incidents, serious accidents, or violent personal assaults like rape. People who suffer from PTSD often relive the experience through nightmares and flashbacks, have difficulty sleeping, and feel detached or estranged, and these symptoms can be severe enough and last long enough to significantly impair the person's daily life". More information about PTSD is available by going to the VA's website at <http://www.ncptsd.org/>.

¹² Subcommittee on Veterans' Affairs, Minutes, August 6, 2001, and November 14-15, 2001.

¹³ Ibid.

10-2-102. Duty of board -- employee qualifications. (1) The board shall establish a statewide service for discharged veterans and their families, actively cooperate with state and federal agencies having to do with the affairs of veterans and their families, and promote the general welfare of all veterans and their families.

(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, or the Vietnam conflict and must have been honorably discharged. Preference for employment must be given to disabled veterans.

Options considered: At its November 14-15, 2001, and January 24, 2002, meetings, the Subcommittee worked through a list of the issues and options, which ranged from maintaining the status quo to a complete overhaul of state veterans' affairs.

Rulemaking problem: A staff review of the statutes governing veterans' affairs and Subcommittee discussion of possible statutory changes highlighted the fact that the Board did not have rulemaking authority and could not adopt rules to implement programs. Because the Board lacked rulemaking authority, previously enacted statute regarding the state veterans' cemeteries had directed DMA, not the Board, to establish the state veterans' cemetery program and adopt rules to implement the program.¹⁴ However, DMA had adopted a rule delegating cemetery administration to the Board.¹⁵

DMA's role: Another aspect of the discussion about options was related to what role DMA should have in veterans' affairs. As previously noted in this report and in the Committee's report from the 1999-2000 interim, The Adjutant General (Major General John E. Prendergast, who is also the Department Director of DMA) has taken an active role in trying to address the concerns of veterans. In

¹⁴ See sections 10-2-601, and 10-2-602, MCA.

¹⁵ Legislative legal staff confirm that this rulemaking process is unconventional. Further analysis noted that because of other discrepancies in statute, neither DMA nor the Board have rulemaking authority for veterans' affairs outside of the veterans' cemetery program.

1999, he formed the Veterans' Resource Coalition, a task force that addressed homeless issues in Helena and published a service directory. In 2001, after Native American veterans voiced concerns, The Adjutant General played a leadership role in convening a 2-day meeting in Great Falls with various, individual Native American veterans, and with tribal representatives from across the state, VA officials, mental health professionals, and others. The Subcommittee welcomed, encouraged, and appreciated these efforts.

Who is accountable for what? DMA's active support of veterans, despite the fact that DMA has no statutory responsibility for or actual authority over veterans' affairs, combined with the statutory discrepancies about rulemaking added to confusion about who was responsible and accountable for what with regard to veterans' affairs.

Initial decision to strengthen the Board: At its November 14-15, 2001, meeting, the Subcommittee moved toward adding Board membership, shortening and limiting terms of office, developing specific language on the Board's powers and duties, giving the Board rulemaking authority, and making it clear that the Board was the lead agency for veterans' affairs. The Subcommittee also requested amendments to fix the statutory shortfalls in rulemaking authority.¹⁶

¹⁶ A more detailed analysis of the rulemaking and administrative attachment issues are provided in the following two staff reports: *Staff Analysis of Statutes Governing Montana Veterans Affairs (with Appendix A: Issues and Options Paper #1)*, presented to the Subcommittee on Veterans' Affairs by Sheri Heffelfinger, November 14, 2001; and *Montana Veterans' Affairs: Statutory Provisions Related to Administrative Attachment and Rulemaking*, presented to the full State Administration and Veterans' Affairs Interim Committee by Sheri Heffelfinger, July 26, 2002.

Audit findings: In June 2002, the legislative performance audit report was published and reported to the Subcommittee.¹⁷ The audit recommended that the Board and MVAD should:

- with DMA, seek legislation to revise statute to reflect cemetery oversight by the Board/MVAD;
- upgrade management information systems and communications equipment to improve veterans' services;
- evaluate staff travel efficiency and develop alternatives for providing rural outreach services;
- establish a comprehensive quality control review for claims processing;
- establish policy for key activities including:
 - records management;
 - claims evidence standards;
 - outreach material standards;
 - home visits;
 - staff overtime; and
 - types of facilities used for rural visits;
- review and revise technician and officer classifications to reflect current duties and responsibilities;
- provide additional staff training and a formalized mentor methodology; and

¹⁷ Legislative Audit Division, *Montana Board of Veterans' Affairs Montana Veterans' Affairs Division*, Report No. 02P-07, June 2002. A summary as well as the full report is available by going to the Legislative Audit Division's website through the Legislative Branch homepage at www.leg.state.mt.us. See also, Legislative Audit Committee, Minutes, June 14, 2002, which includes a record of the Legislative Audit Committee's discussion of the audit. See also, Subcommittee on Veterans' Affairs, Minutes, June 20, 2002, which includes a record of the Subcommittee's discussion of the audit.

- evaluate staff activities and work priorities.

Resources needed to comply: At the Subcommittee's June 20, 2002, meeting the MVAD administrator, on behalf of the Board, concurred with the audit report. However, in the context of considering both the audit recommendations and the Subcommittee's initial draft legislation that would more specifically articulate the Board's statutory duties, the MVAD administrator raised concerns about the Division's lack of resources to carry out some of the specified duties and new rulemaking functions.¹⁸

Following that testimony, other veterans and interested persons, led by the State Council of the VVA, presented testimony in opposition to giving the Board rulemaking authority. Instead, they favored giving rulemaking authority to DMA, bringing the MVAD under the supervision of DMA, and renaming DMA to the Department of Military and Veterans' Affairs. This alternative proposal was opposed by other stakeholders, primarily the Board, the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars.¹⁹

Bringing MVAD under DMA: The division between veteran groups sparked much Subcommittee agonizing over the best course of action. Ultimately, concerns about how to provide funding to the Board to enable it to adopt rules and comply with the audit recommendations led the Subcommittee to move toward giving DMA rulemaking authority, bringing MVAD under DMA, renaming DMA to the Department of Military and Veterans' Affairs, and converting the Board to an advisory council. This recommendation was forwarded to the full Committee on June 21, 2002.

A house divided: On July 26, 2002, the full Committee conducted another public hearing on the proposed restructuring of veterans services as incorporated into a revised committee bill draft. The Committee heard testimony both for and against

¹⁸ The Board of Veterans' Affairs presented an official written response to the legislative performance audit that concurred with all recommendations, but noted the need for additional resources in order to fully comply. The Board's letter is included in the audit report.

¹⁹ Subcommittee on Veterans' Affairs, Minutes, June 20, 2002.

the proposal, which again revealed a deep split between veteran groups and various other stakeholders. Much of the Committee's discussion also centered around how to give rulemaking authority to DMA but keep the Board in charge of MVAD. Staff presented research identifying the statutes governing administrative attachment and rulemaking.²⁰ Ultimately, the full Committee unanimously decided to move forward with a restructuring to give DMA rulemaking authority and bring MVAD under DMA. However, the Committee also requested that staff "go back to the drawing board" and redraft the bill's language on the membership and duties of the Board.

Interagency coordinating council: Based on broad guidance from the Committee, staff developed language converting the Board to an interagency coordinating council, a concept based on the identified need for better communication and coordination among the various agencies providing services to veterans, which had been a consistent theme for at least two interim veterans' affairs studies.²¹

Patriotic license plate: Responding to Committee members concerned about providing a funding mechanism, staff also developed language, modeled after a Florida program and using Montana's generic specialty license plate program. The Florida program established patriotic license plate sales as a means of raising funds for veterans programs. This avoided tax or fee increases or a general fund appropriation.

Subsistence grant study: Staff also developed language requiring further study

²⁰ Legislative Services Division, *Montana Veterans' Affairs: Statutory Provisions Related to Administrative Attachment and Rulemaking*, presented to the full State Administration and Veterans' Affairs Interim Committee by Sheri Heffelfinger, July 26, 2002.

²¹ During the 1999-2000 interim, issues raised to the Subcommittee on Veterans' Affairs regarding homeless standdowns led to the formation, by the initiative of The Adjutant General, of a Veterans' Resource Coalition. During the 2001-2002 interim, the Subcommittee on Veterans' Affairs heard testimony calling for greater interagency coordination and collaboration. At the Subcommittee's urging, the MVAD administrator brought together a Veterans' Resource Council to discuss how to move forward with further interagency coordinating efforts.

of a subsistence emergency grant program for veterans who encounter a severe financial crisis while waiting for a VA claim determination. A panel discussion and public meetings conducted by the HJR 1 Subcommittee on Public Mental Health Services²² had led to a recommendation from the HJR 1 Subcommittee that such a program, which several other states have implemented, be considered in Montana.²³ The HJR 1 subcommittee had heard testimony that the most critical time for many veterans with mental health issues is when they are waiting for their claims to be processed and, because of a medical emergency, mental health crisis, job loss, or other hardship, either become homeless, are institutionalized, or get "picked up" in the criminal justice system. This confirmed concerns that costs were being shifted to state and local governments as a result of a gap in VA services and the backlog of benefit claims. Language in the HJR 1 study resolution had requested that the Subcommittee examine potential cost-shifting issues and consider ways to mitigate the consequences.²⁴

Because of all the changes made, a new bill draft with all the revisions proposed by the Subcommittee was sent to stakeholders to solicit feedback and comments.

Final action: On September 12, 2002, the full Committee revisited LC0221 and discussed all the revisions. At the meeting, the Board of Veterans' Affairs presented an alternative bill draft that would add members to the Board rather than create an interagency coordinating council. The alternative bill would also give the Board rulemaking authority and keep the Board in charge of MVAD. In

²² HJR 1 requested a study aimed at how best to integrate services that serve adults with mental illness or children with serious emotional disturbances. Among the areas of concern noted in the resolution was "the structure and financing of mental health services available for veterans and the extent to which U.S. Department of Veterans Affairs resource allocation decisions may shift costs to state and local services and consideration of options for mitigating the consequences". Membership on the HJR 1 Subcommittee included a member from the Legislative Finance Committee, the Legislative Audit Committee, and each of the statutory interim committees.

²³ See Figure 11 in Part IV for a table summarizing special programs in other states.

²⁴ HJR 1 Subcommittee on Public Mental Health Services, Legislative Finance Committee, Minutes, November 28, 2001, February.

an executive work session, the Committee took limited public testimony on the two different proposals. Testimony again revealed the deep division over whether the DMA or the Board should supervise MVAD. After much discussion, the Committee took executive action and unanimously adopted LC0221 as revised and thus moved forward with its recommendation to bring MVAD under DMA.²⁵

Proponents and opponents of restructuring

Proponents: The Committee's final recommendation to bring MVAD under DMA and convert the Board to an interagency coordinating council were supported by the following:

- the State Council of the Vietnam Veterans of America;
- the Marine Corps League;
- the current commander of the Military Order of the Purple Heart;
- the Tribal Veterans Representative of the Blackfeet Nation; and
- several individual veterans and interested persons.

The following agency representatives also provided testimony supporting the concept of an interagency coordinating council:

- the director of the U.S. Department of Labor Veterans' Employment and Training Program in Montana;
- the director of the Veterans' Education and Training Program at MSU-Northern;
- the director of the VA Vet Center²⁶ in Missoula; and

²⁵ A bill (LC0585) has been requested by Senator Debbie Shea to move ahead with the Board's alternative proposal, which would keep MVAD under the Board.

²⁶ Vet Centers provide VA readjustment counseling (mental health and PTSD counseling) services and are administered regionally. Montana has two Vet Centers, one in Missoula and one in Billings.

- the program administrator for the Intergovernmental Service Bureau in the Department of Public Health and Human Services.

Proponent arguments: Proponents argued that bringing MVAD under DMA and establishing an interagency coordinating council would provide:

- Better accountability--a division administrator can be held directly accountable to the department director, who is accountable to the Governor.
- Better accessibility--the current Board is appointed by the Governor based on undefined regional representation. Proponents argued the Board provided no official access to the various stakeholders (veteran groups, service providers, and consumers).
- Responsiveness--proponents argued that the Board did not have a membership representative of the various interests of veterans and, therefore, did not have to be responsive to the identified needs. However, an interagency coordinating council with broad membership would formalize a resource and referral program among various agencies, help coordinate service delivery, encourage cross-training for staff working in different agencies, and thus be more responsive to issues beyond benefit claims and state veterans' cemeteries.
- Effectiveness--a Department of Military and Veterans' Affairs would enhance the profile of veterans' affairs and strengthen the state's position on veterans issues when encountering issues with federal agencies.
- Efficiency--proponents also argued that bringing MVAD under DMA would streamline government, that DMA could accomplish the outlined duties and perform the rulemaking functions within its current budget, that MVAD would be afforded direct access to DMA resources, and that an interagency coordinating council would ensure resource sharing to maximize use of all existing resources.

Opponents: The Committee's recommendation to restructure veterans' affairs under DMA was opposed by:

- the 5-member Board of Veterans' Affairs;
- leadership of the American Legion;
- leadership of the Disabled American Veterans;
- leadership of the Veterans of Foreign Wars; and
- other interested parties and stakeholders.

Opponent arguments: The primary arguments of those opposed to the restructuring were as follows:

- Independence is a necessity--the Board of Veterans' Affairs is doing a good job and should remain in supervisory control of the MVAD in order to preserve the essential relationship between veteran service organizations and the MVAD service officers.
- The Board can exercise rulemaking--the Board should be given rulemaking authority and the necessary resources to carry out its duties.
- The Board is representative of all veterans--concerns about accessibility and responsiveness can be addressed by adding a few members to the Board, but "at large" regional representation is important to ensure that all veterans, not special interests, are represented.
- Independent budget--the Board and MVAD need to remain independent of DMA so the veterans' affairs budget does not have to be prioritized against other DMA programs.
- Conflicting interests--the best interests of active National Guard service members may conflict, at times, with the interests of the veterans.²⁷

²⁷ The actual testimony of proponents and opponents are a matter of public record and can be obtained from the Legislative Services Division.

Staff reports

The following staff reports related to veterans' issues summarize in this part are available from the Legislative Services Division:

Anatomy of Veteran Services, PowerPoint presentation to the Subcommittee on Veterans' Affairs, by Sheri Heffelfinger, November 15, 2001.

Staff Analysis of Statutes Governing Montana Veterans Affairs (with Appendix A: Issues and Options Paper #1), presented to the Subcommittee on Veterans' Affairs by Sheri Heffelfinger, November 14, 2001.

Building an Access Ramp for Mentally Disabled Veterans, presented to the HJR 1 Mental Health Subcommittee by Sheri Heffelfinger, November 28, 2001.

Issues and Options Paper: Structure, Mission, and Funding of Veterans' Affairs, presented to the Subcommittee on Veterans' Affairs by Sheri Heffelfinger, January 25, 2002.

Montana Veterans' Affairs: Statutory Provisions Related to Administrative Attachment and Rulemaking, presented to the State Administration and Veterans' Affairs Interim Committee by Sheri Heffelfinger, July 26, 2002.

PART II:
REVISE PROPERTY TAX AND FEE WAIVERS
FOR VETERANS AND SPOUSES

Recommendation 2: The property tax waiver, vehicle registration fee waivers, and special license plate provisions for veterans and their surviving spouses should be revised to conform with federal practice on disability compensation, provide more equity, and simplify statutory language.

Issue background

Need to broaden 100% service-connected disability language: The Subcommittee on Veterans' Affairs received written and oral testimony that the current statutory language in state property tax, vehicle registration, and special license plate statutes referring to "100% service-connected disabled veterans" or a "100% service-connected disability rating" should be reworded to allow veterans who do not have a 100% service-connected disability rating but are entitled to disability compensation at the 100% service-connected disability rate to receive the benefits.

Equity: Another issue brought to the Subcommittee by veterans and interested persons was that spouses of 100% service-connected disabled veterans should be entitled to receive the same vehicle registration fee waivers provided to the surviving spouses of ex-prisoners of war. Interested persons also asked that benefits available to veterans with a purple heart and a 50% disability rating be transferable to surviving spouses.

Income threshold for property tax waiver: The Subcommittee was also urged to recommend elimination of the income threshold for eligibility for the property tax waiver provided to veterans with a 100% service-connected disability and the

surviving spouses of veterans who were killed while on active duty or who died as a result of a service-connected disability.

Actions

After considering each of the proposed changes to the property tax, vehicle registration fee waivers and special license plate provisions for veterans and their surviving spouses, the Subcommittee decided to consolidate each of these changes into one bill draft. Additionally, the Subcommittee agreed that, in conjunction with the proposed changes, current law should be streamlined and statutory language cleaned up to clarify the provisions and fix various nuances in language that caused some other disparities.²⁸ On July 26, 2002, the Committee unanimously adopted LC0222 as a Committee bill, thus concurring with the Subcommittee's recommended changes.²⁹

²⁸ A staff paper provided on June 20, 2002, is available at **Appendix C**. It provides a summary and comparison of the current statutory provisions on property tax, vehicle registration fees, and special license plate benefits for veterans or their surviving spouses. The paper has been annotated to show what changes would be made if the Committee's recommended legislation, LC0222, is passed and approved.

²⁹ The final draft of LC0222 was not available for the Committee's review, thus the Committee approved the concepts to be contained in the bill. On September 12, 2002, Senator Roush agreed to sponsor the bill for the Committee, with the final details of the bill to be worked out later. Thus, the text of LC0222 is not appended to this report.

**PART III:
UPDATE THE STATUTORY DEFINITION OF "VETERAN"**

Recommendation 3: State statutory definitions of "veteran" should be updated to account for military campaigns and operations that have taken place since the Vietnam conflict.

Issue background

Part of the study requested in SJR 5 was to review and update the definitions of "veteran" used throughout the Montana Code Annotated (MCA) as necessary to ensure that veterans of all qualifying campaigns are encompassed in the definitions. The issue arose in the context of recent military campaigns, such as Haiti, Somalia, Desert Storm, Bosnia, Kosovo, and now, the "war on terrorism" triggered by the September 11, 2001, terrorist attacks in the United States.

Actions

To fulfill this portion of the study, the Subcommittee (with the concurrence of the full Committee) gave general guidance to staff to amend MCA sections as appropriate to ensure state statutes comport with federal definitions of a veteran. Representative Lenhart agreed to carry this bill and to work with staff to develop the actual language for the bill. Thus, the issue was not discussed further by the Committee.³⁰

³⁰ The bill draft is still being prepared, thus, is not appended to this report.

PART IV: DATA ON VETERANS

This part is a compilation of data and research findings collected during the Subcommittee on Veterans' Affairs study of veterans' issues.

What is Montana's veteran population?

- Using 2000 Census data, Montana has more than 107,000 veterans and is ranked 2nd highest in the nation for the number of veterans per capita with veterans comprising 11.9% of Montana's total population. (See **Figure 1** for veteran population by state.)
- Yellowstone, Cascade, Missoula, Flathead, Gallatin, and Lewis & Clark Counties have the highest raw numbers of veterans, but, in percentage of veterans per capita, Powell, Deer Lodge, Petroleum, Valley, Cascade and Lincoln Counties rank the highest, respectively. (See **Figure 2** for Montana's veteran population by county.)
- Assuming an average of 1.5 dependent family members per veteran, there are an estimated 170,000 dependent family members of veterans living in Montana, which means that veterans and their dependent family members together comprise more than 25% of Montana's total population.
- More than 80,000 of Montana's veterans are combat-era veterans--more than 37,000 Vietnam-era, 18,000 World War II-era, 15,000 Persian Gulf-era, and 14,000 Korean Conflict-era. (See **Figure 3** for a breakout of Montana veterans by service period. Please note, roughly 4,000 of these veterans served in more than one era.)
- More than 27,000 of Montana's veterans are between 50 and 60 years of age. (See **Figure 4** for Montana's veterans by age.)

Figure 1:

Veterans Compared To Total Population By State

Ranking	State	Total Veterans	Total Population	Percentage of Vets to Total
1	Maine	154,836	1,274,923	12.1%
2	Montana	107,690	902,195	11.9%
3	Nevada	233,598	1,998,257	11.7%
4	West Virginia	205,559	1,808,344	11.4%
5	Florida	1,796,170	15,982,378	11.2%
6	New Hampshire	136,263	1,235,786	11.0%
7	Oklahoma	379,883	3,450,654	11.0%
8	Wyoming	53,983	493,782	10.9%
9	Alaska	68,090	626,932	10.9%
10	Oregon	371,406	3,421,399	10.9%
11	Washington	630,892	5,894,121	10.7%
12	Arkansas	286,102	2,673,400	10.7%
13	Alabama	466,477	4,447,100	10.5%
14	New Mexico	190,066	1,819,046	10.4%
15	South Carolina	416,024	4,012,012	10.4%
16	South Dakota	78,039	754,844	10.3%
17	Missouri	576,461	5,595,211	10.3%
18	Virginia	718,894	7,078,515	10.2%
19	Pennsylvania	1,245,900	12,281,054	10.1%
20	Arizona	517,657	5,130,632	10.1%
21	Delaware	78,872	783,600	10.1%
22	Ohio	1,137,080	11,353,140	10.0%
23	Vermont	59,956	608,827	9.8%
24	Idaho	125,605	1,293,953	9.7%
25	North Carolina	777,225	8,049,313	9.7%
26	Tennessee	549,323	5,689,283	9.7%
27	Colorado	414,637	4,301,261	9.6%
28	Georgia	777,341	8,186,453	9.5%
29	Maryland	500,005	5,296,486	9.4%
30	Indiana	571,393	6,080,485	9.4%
31	Nebraska	160,579	1,711,263	9.4%
32	Kansas	250,019	2,688,418	9.3%
33	Kentucky	375,820	4,041,769	9.3%
34	Iowa	271,339	2,926,324	9.3%
35	Wisconsin	494,057	5,363,675	9.2%
36	Michigan	909,193	9,938,444	9.1%
37	Rhode Island	95,832	1,048,319	9.1%
38	North Dakota	57,338	642,200	8.9%
39	Mississippi	253,972	2,844,658	8.9%
40	Minnesota	434,886	4,919,479	8.8%
41	Louisiana	393,781	4,468,976	8.8%
42	Massachusetts	547,837	6,349,097	8.6%
43	Hawaii	103,552	1,211,537	8.5%
44	D.C.	48,374	572,059	8.5%
45	Texas	1,737,702	20,851,820	8.3%
46	Connecticut	283,749	3,405,565	8.3%
47	Illinois	950,572	12,419,293	7.7%
48	New Jersey	639,568	8,414,350	7.6%
49	California	2,378,518	33,871,648	7.0%
50	New York	1,331,746	18,976,457	7.0%
51	Utah	135,883	2,233,169	6.1%
TOTALS		25,479,743	281,421,906	9.1%

Sources: VetPop2001, U.S. Dept. of Veterans Affairs, Census 2000, U.S. Census Bureau

Figure 2:

Montana Veterans By County

Sorted from highest raw number of veterans to lowest

County	Total Veterans	Total Population	Vets as % of Total Pop	County	Total Veterans	Total Population	Vets as % of Total Pop
Yellowstone	15,083	129,352	11.7%	Madison	842	6,851	12.3%
Cascade	10,904	80,357	13.6%	Blaine	802	7,009	11.4%
Missoula	10,664	95,802	11.1%	Pondera	796	6,424	12.4%
Flathead	8,544	74,471	11.5%	Teton	787	6,445	12.2%
Gallatin	6,763	67,831	10.0%	Chouteau	698	5,970	11.7%
Lewis & Clark	6,637	55,716	11.9%	Toole	643	5,267	12.2%
Silver Bow	4,644	34,606	13.4%	Phillips	603	4,601	13.1%
Ravalli	3,917	36,070	10.9%	Musselshell	589	4,497	13.1%
Lake	2,870	26,507	10.8%	Sheridan	544	4,105	13.2%
Lincoln	2,560	18,837	13.6%	Mineral	513	3,884	13.2%
Hill	2,131	16,673	12.8%	Broadwater	505	4,385	11.5%
Park	1,900	15,694	12.1%	Sweet Grass	410	3,609	11.4%
Custer	1,511	11,696	12.9%	Fallon	361	2,837	12.7%
Fergus	1,495	11,893	12.6%	Granite	355	2,830	12.5%
Deer Lodge	1,435	9,417	15.2%	Judith Basin	299	2,329	12.9%
Sanders	1,333	10,227	13.0%	Wheatland	298	2,259	13.2%
Glacier	1,320	13,247	10.0%	Daniels	271	2,017	13.4%
Rosebud	1,319	9,383	14.1%	McCone	262	1,977	13.3%
Big Horn	1,267	12,671	10.0%	Meagher	260	1,932	13.5%
Roosevelt	1,263	10,620	11.9%	Liberty	240	2,158	11.1%
Powell	1,192	7,180	16.6%	Powder River	237	1,858	12.8%
Beaverhead	1,179	9,202	12.8%	Carter	179	1,360	13.1%
Dawson	1,170	9,059	12.9%	Prairie	163	1,199	13.6%
Jefferson	1,166	10,049	11.6%	Garfield	155	1,279	12.1%
Richland	1,136	9,667	11.8%	Wibaux	121	1,068	11.4%
Valley	1,082	7,675	14.1%	Golden Valley	109	1,042	10.5%
Carbon	1,079	9,552	11.3%	Treasure	105	861	12.2%
Stillwater	906	8,195	11.1%	Petroleum	72	493	14.5%
				TOTALS	107,690	902,195	11.9%

Sources: Vet Pop2001, U.S. Dept. of Veterans Affairs, 2000 Census Data, U.S. Census Bureau

Figure 3:

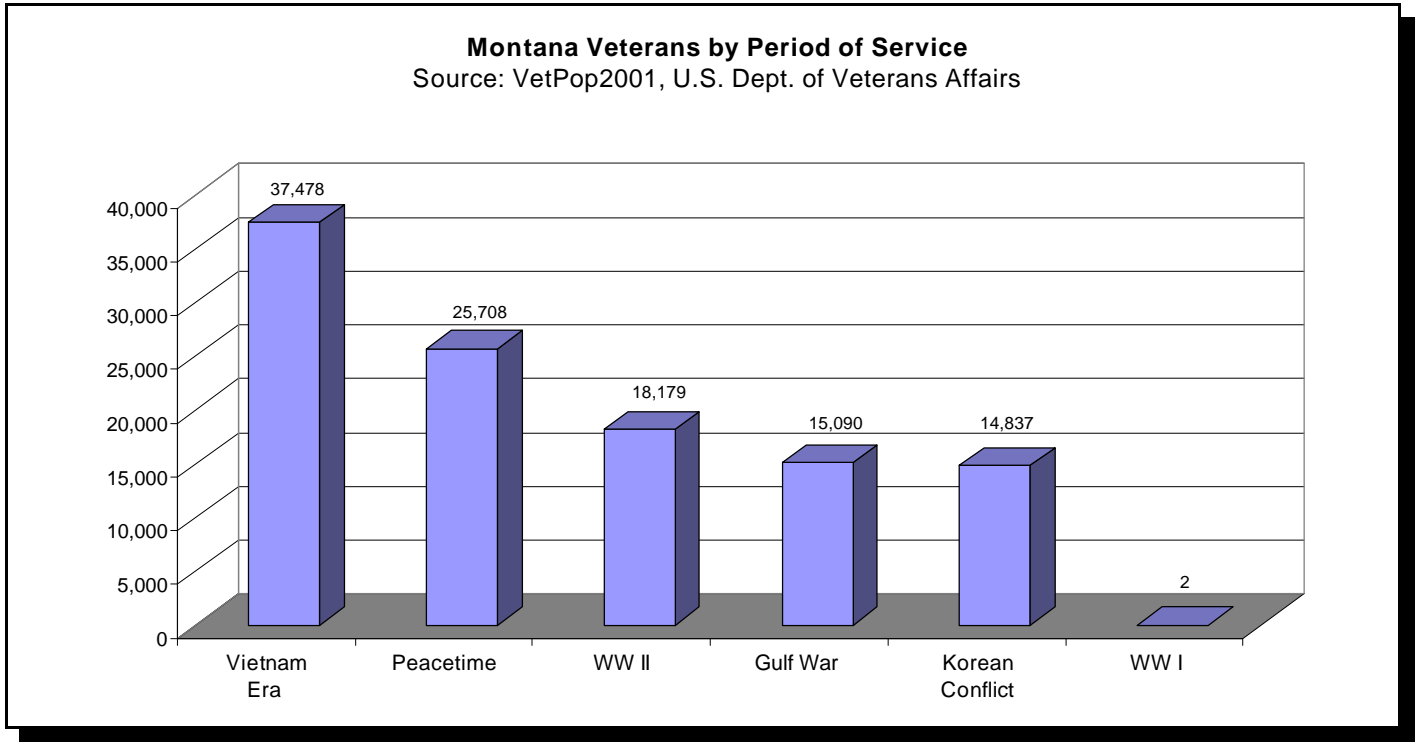
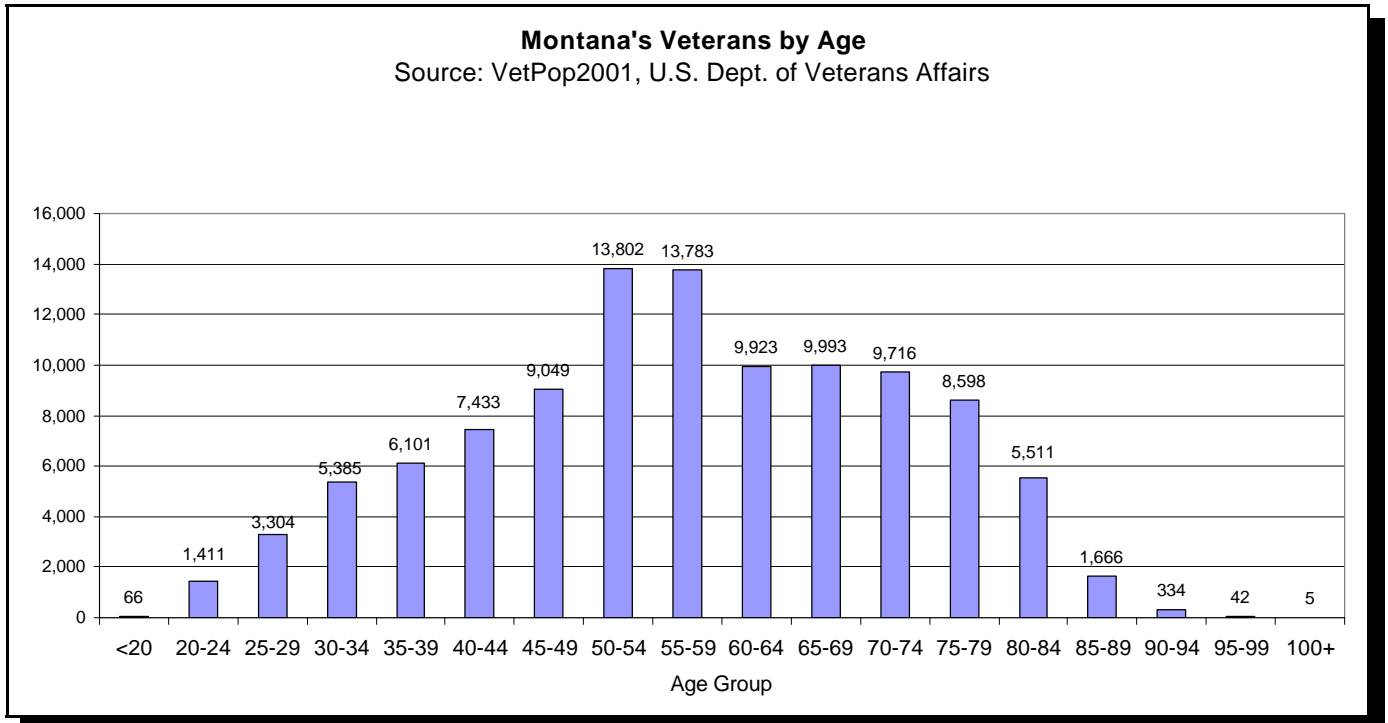


Figure 4:



How much does the VA spend in Montana?

- In the federal fiscal year 2000, the VA spent about \$175 million in Montana. A per capita analysis by state using 2000 Census data shows that this ranked Montana 37th in the nation for VA expenditures per veteran. (See **Figure 5.**)
- Of the VA's total expenditures in Montana in 2001, 54% were for pension and disability compensation, while 37% were for medical services and administration. (See **Figure 6.**)
- For health care, Montana is part of VISN 19, along with Colorado, Wyoming, and Utah. In Colorado, Wyoming, and Utah, the highest VA expenditure as a percentage of total expenditures was for medical services, while in Montana less was spent on medical services than on pension and disability compensation. (See **Figure 7.**)

Figure 5:

Total VA Expenditures Compared to Total Veteran Population: 2000				
		*Veteran	Total	Expenditures
		Population	VA Expenditures	Per Capita
Rank	State	Population	In FY 2000	Veterans
1	Arkansas	286,102	2,161,951,978	\$7,557
2	South Dakota	78,039	244,524,109	\$3,133
3	West Virginia	205,559	569,598,160	\$2,771
4	Tennessee	549,323	1,435,846,851	\$2,614
5	Kansas	250,019	628,496,418	\$2,514
6	Mississippi	253,972	637,179,986	\$2,509
6	North Dakota	57,338	121,650,480	\$2,122
7	New Mexico	190,066	442,542,911	\$2,328
8	Alaska	68,090	156,429,309	\$2,297
9	South Carolina	416,024	949,931,792	\$2,283
10	Oklahoma	379,883	843,045,913	\$2,219
11	Wyoming	53,983	118,999,919	\$2,204
12	Nebraska	160,579	352,584,359	\$2,196
13	Massachusetts	547,837	1,198,586,108	\$2,188
14	Texas	1,737,702	3,745,070,853	\$2,155
15	Hawaii	103,552	220,913,623	\$2,133
17	Colorado	414,637	877,687,538	\$2,117
18	Vermont	59,956	125,951,411	\$2,101
19	Arizona	517,657	1,080,975,989	\$2,088
20	Louisiana	393,781	799,082,177	\$2,029
21	Maine	154,836	311,393,716	\$2,011
22	Alabama	466,477	924,546,680	\$1,982
23	Utah	135,883	266,563,696	\$1,962
24	Rhode Island	95,832	187,924,186	\$1,961
25	Illinois	950,572	1,861,336,906	\$1,958
26	Oregon	371,406	722,316,639	\$1,945
27	New York	1,331,746	2,422,659,374	\$1,819
28	Kentucky	375,820	676,575,721	\$1,800
29	Washington	630,892	1,128,778,148	\$1,789
30	California	2,378,518	4,127,389,203	\$1,735
31	Florida	1,796,170	3,079,069,356	\$1,714
32	North Carolina	777,225	1,329,371,846	\$1,710
33	Virginia	718,894	1,226,747,280	\$1,706
34	Minnesota	434,886	724,919,531	\$1,667
35	Georgia	777,341	1,295,632,561	\$1,667
36	Missouri	576,461	950,710,982	\$1,649
37	Montana	107,690	174,642,230	\$1,622
38	Iowa	271,339	438,917,786	\$1,618
39	Delaware	78,872	126,047,970	\$1,598
40	Wisconsin	494,057	772,888,963	\$1,564
41	Idaho	125,605	193,735,218	\$1,542
42	Pennsylvania	1,245,900	1,884,321,304	\$1,512
43	Nevada	233,598	347,164,129	\$1,486
44	Connecticut	283,749	418,976,660	\$1,477
45	Maryland	500,005	727,393,852	\$1,455
46	New Hampshire	136,263	194,710,007	\$1,429
47	Ohio	1,137,080	1,601,927,728	\$1,409
48	New Jersey	639,568	763,755,556	\$1,194
49	Michigan	909,193	1,063,441,234	\$1,170
50	Indiana	571,393	659,168,726	\$1,154

* Veteran Population as of 9/30/00, based on 2000 U.S. Census Data
 Source: VetPop2001, U.S. Department of Veterans Affairs

Figure 6:

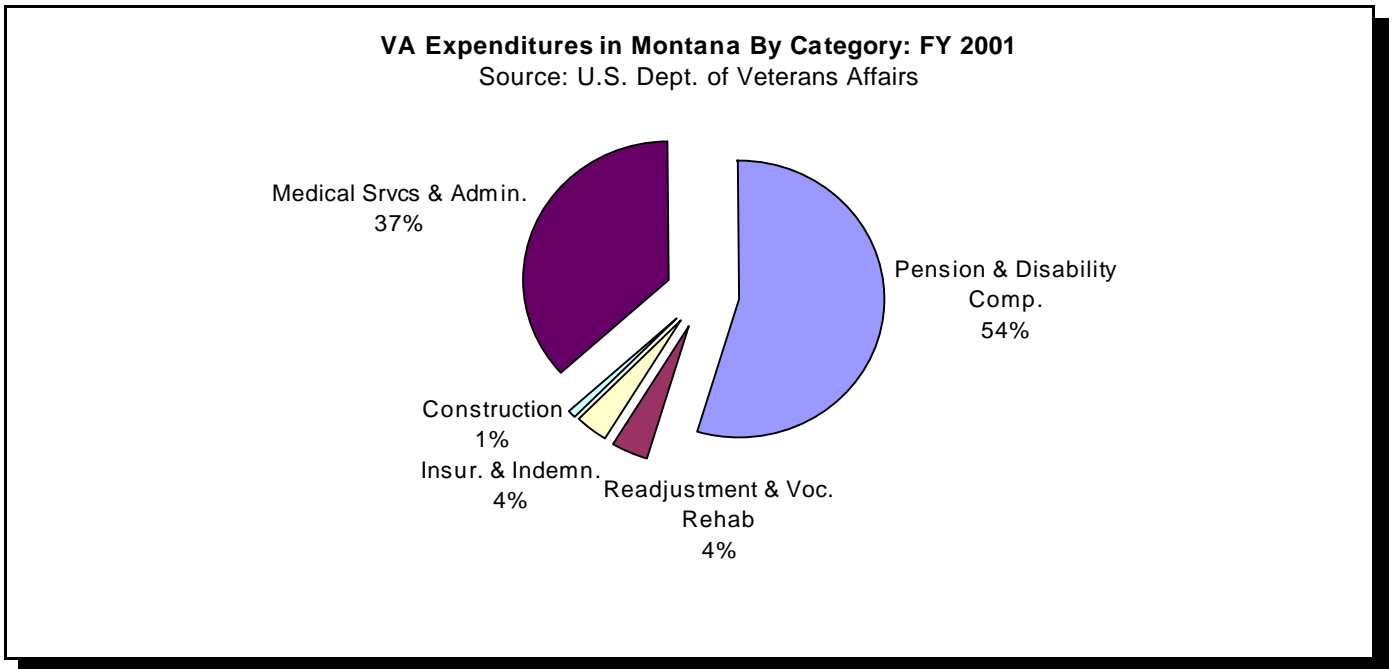
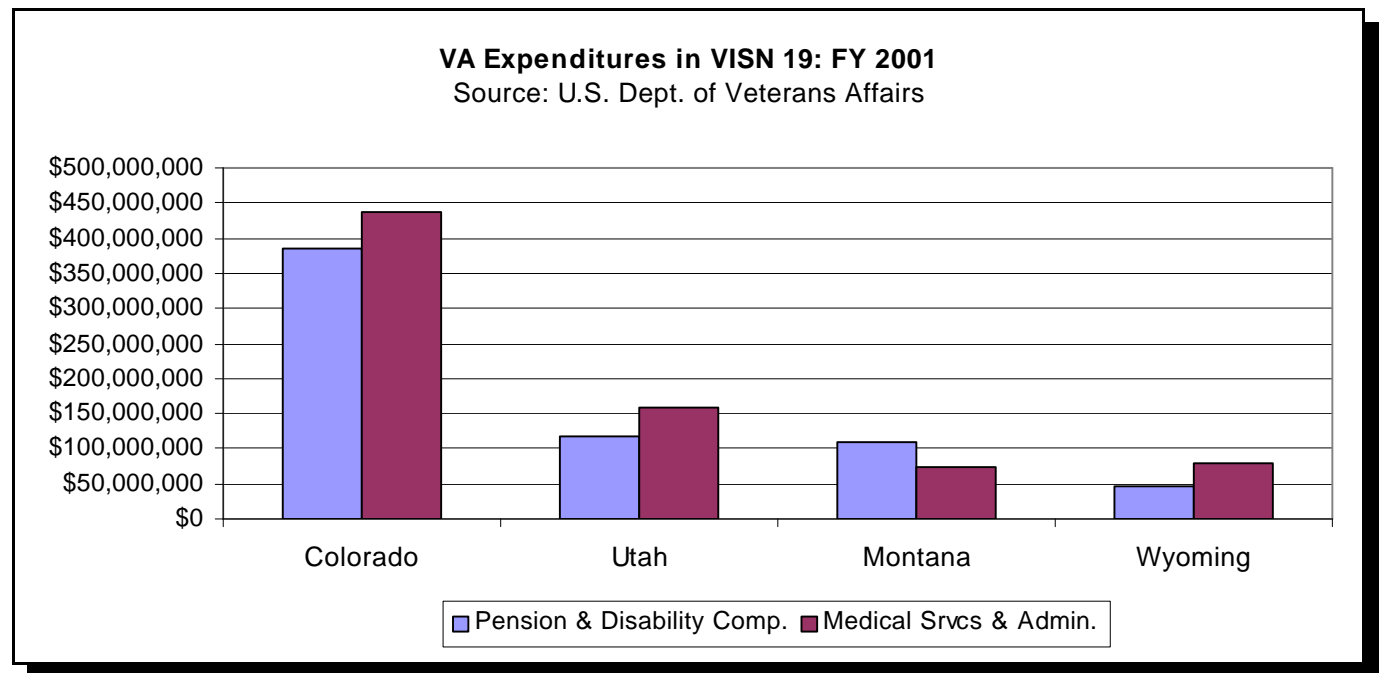


Figure 7:



What do other states do?

- Montana is one of 19 states where the state's veterans' affairs services are structured under an independent board or commission.
- In 16 states, veterans' affairs is a division within a state agency or an office under the Governor.
- In the remaining 15 states, veterans' affairs is structured as a stand-alone, cabinet-level department.
- Of the states with either a veterans' affairs division or a stand-alone department, 10 have veterans' affairs advisory councils.

See **Figure 8** for a chart showing how veterans' affairs is structured in each state.

See **Figure 9** for a summary of the authority, membership, and duties of the boards, commissions, or advisory councils in Montana, South Dakota, North Dakota, Wyoming, Utah, Colorado, and Washington.

See **Figure 10** for information about whether veteran service officers are state, county, or contract employees and what kind of information programs the state provides.

See **Figure 11** for information about special programs, such as emergency subsistence grant programs, for veterans with special needs.³¹

³¹ The information provided in Figures 8 through 11 was compiled by reviewing the 2001 webpage summaries of the states provided through the National Association of State Directors of Veterans' Affairs at www.nasdva.com and is only as accurate and up to date as those webpages were at the time of this writing.

**Figure 8:
State Lead Agencies**

STATE	LEAD AGENCY			ADVISORY COUNCIL TOO?
	Stand Alone Dept.	Division of Dept.	Commission or Board	
Alabama			X	
Alaska		DMVA		
Arizona	X			X
Arkansas	X			
California			X	
Colorado		DPHHS		X
Connecticut	X			
Delaware			X	
Florida	X			X
Georgia			X	
Hawaii		GOV.		X
Idaho			X	
Illinois	X			
Indiana	X			
Iowa	X			X
Kansas			X	
Kentucky	X			
Louisiana			X	
Maine		DMA		
Maryland			X	
Massachusetts	X			
Michigan		DMVA		
Minnesota	X			
Mississippi			X	
Missouri			X	
Montana		DMA	X	
Nebraska	X			
Nevada			X	
New Hampshire			X	
New Jersey		DMVA		
New Mexico			X	
New York		GOV.		
North Carolina		D of A		X
North Dakota			X	
Ohio		GOV.		
Oklahoma			X	
Oregon	X			X
Pennsylvania		DMVA		
Rhode Island		DPHHS		
South Carolina		GOV.		
South Dakota		DMVA		X
Tennessee	X			
Texas			X	
Utah		DMA		X
Vermont		DMA		
Virginia	X			
Washington	X			X
West Virginia			X	
Wisconsin			X	
Wyoming		DMA	X	
TOTALS	15	16	19	10

**Figure 9:
Organization of State Veterans' Affairs in Selected States**

State	Commission, Board, Advisory Council	Authority	Membership	Specified duties
Montana	Board of Veterans' Affairs	<p>Independent governing authority</p> <p>Administratively attached to Dept. of Military Affairs</p> <p>Hires and supervises own staff</p>	<p>5 members appointed by governor, 5-year terms, no more than one from same county, must be honorably discharged veteran of U.S. armed forces "in any of its wars"</p>	<p>shall "provide a statewide service for veterans and their families"</p>
South Dakota	Board of Military Affairs	Advisory	5 members appointed by the Governor	not readily available
North Dakota	<p>Administrative Committee on Veterans' Affairs</p> <p>Veterans' Coordinating Council</p>	<p>Committee acts as the "department director" of the Dept. of Veterans' Affairs</p> <p>Subcommittees act as program directors</p>	<p>15 voting members appointed by the Governor</p> <p>-3 from 6 nominees from each of main veteran organizations (DAV, VFW, American Legion, AMVETS, and VVA)</p> <p>3 ex-officio members, advisory</p> <ul style="list-style-type: none"> - The Adjutant General - VA center director - Exec. Dir. of Job Services 	<p>"The committee is responsible for the organization, policy, and general administration of all veterans' affairs in North Dakota."</p>
Wyoming	Veterans' Affairs Commission	Advisory	12 governor-appointed members, 2-year terms, not less than one from each judicial district	<p>Meets at least once a year at the call of the Governor. Duties to study federal and state legislation, establish liaison with other agencies, make recommendations.</p>

State	Commission, Board, Advisory Council	Authority	Membership	Specified duties
Utah	Veterans' Advisory Council	Advisory	11 governor-appointed members, 4-year staggered terms: <ul style="list-style-type: none"> - 4 veterans at large - 1 governor rep - director of VA Health Care System - director of VA Benefit Claims System - Veterans' Memorial Park rep - Commanders of the three largest veteran service organizations - veterans' division director 	Must meet a least once a quarter at the call of the Veterans' Affairs Division director, solicits input from veterans, reports issues to division director, keeps abreast of federal developments, approves use of money generated by sale of special license plates.
Colorado	Board of Veterans' Affairs	Advisory	7 members appointed by Governor, must be honorably discharged veterans	Meets at the call of the chairperson
Washington	Veterans' Affairs Advisory Committee	Advisory	17 governor-appointed members, 4-year terms: <ul style="list-style-type: none"> - 1 rep of soldiers' home - one from each of the three largest congressionally chartered veteran organizations - 10 to represent other congressionally chartered veteran organizations - 2 members at large - no organization may have more than one representative - Governor must consider geographical regions, minorities, and women veterans 	"To serve in an advisory capacity to the governor and the director on matters pertaining to the Department of Veterans' Affairs."

