

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2018-19

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

DEPARTMENT OVERVIEW

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents and serving as a reserve force for the U.S. Armed Forces. The major responsibilities are outlined below.

Executive Director's Office

- Provides general administrative support to Department divisions including: human resources, budgeting, accounting, and administrative support;
- Provides safekeeping of public arms, military records, and relics and banners of the State;
- Administers the National Guard Tuition Assistance Program; and
- The Adjutant General, as the commander of the State's military forces, provides day-to-day command and control, guidance, policies and procedures, administrative support, and logistics support to the Army National Guard, the Air National Guard, and the Civil Air Patrol.

Army & Air National Guard

- Maintains a reserve of trained forces for the U.S. Armed Forces which are called to active duty by the President;
- Protects life and property during natural disasters and civil emergencies when activated by the Governor; and
- Maintains all military equipment for the State's military forces.

Civil Air Patrol

- Operates as a civilian auxiliary of the United States Air Force;
- Provides volunteers for search and rescue missions, and assists federal and state organizations in disaster or emergency efforts; and
- Operates a Civil Air Patrol cadet program, and provides aerospace education.

Division of Veterans Affairs

- Provides assistance to veterans seeking benefits by acting as a power of attorney for veterans and acting as a liaison between counties and the federal government;
- Provides training and payments to County Veterans Service Officers;
- Administers the Western Slope Veterans' Cemetery and its associated fund; and
- Through the Colorado Board of Veterans Affairs, disperses the Colorado State Veterans Trust Fund to provide grants for veterans' programs throughout Colorado.

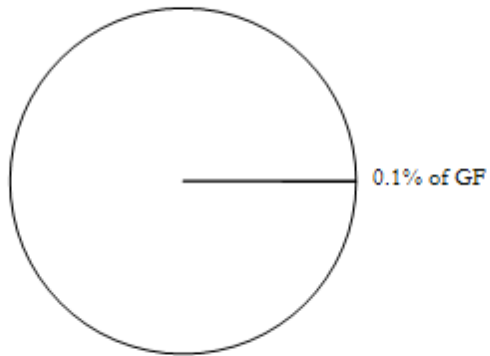
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$8,294,927	\$8,443,132	\$10,530,168	\$10,777,820
Cash Funds	1,281,079	1,211,976	1,135,343	1,149,636
Reappropriated Funds	800,000	800,000	0	0
Federal Funds	215,007,350	215,043,743	215,302,549	215,397,662
TOTAL FUNDS	\$225,383,356	\$225,498,851	\$226,968,060	\$227,325,118
Full Time Equiv. Staff	1,392.3	1,392.4	1,393.3	1,394.7

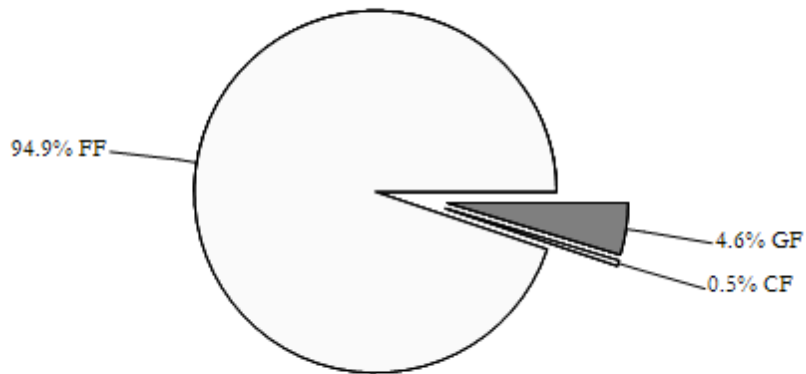
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

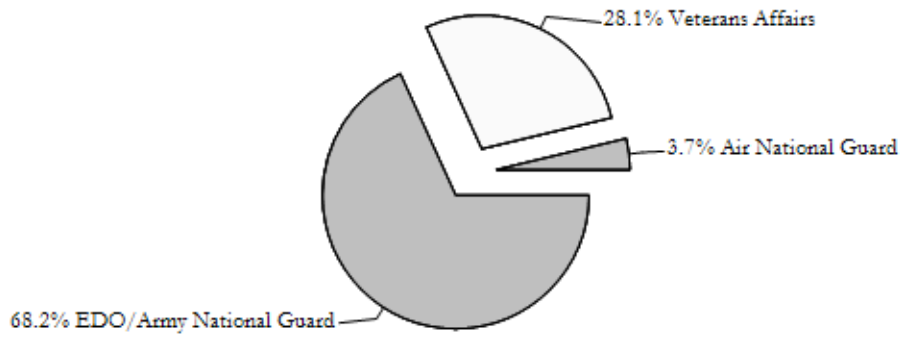


Department Funding Sources

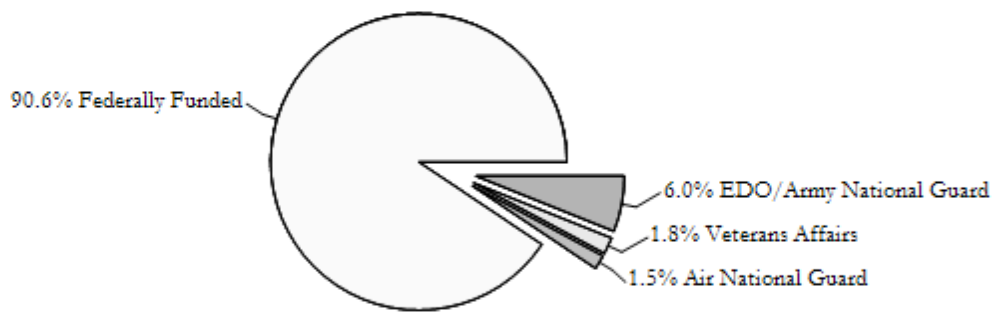


All charts are based on the FY 2017-18 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2017-18 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

Approximately 94.9 percent of Department's budget is federal funds, primarily for training and operations of the Colorado National Guard (Guard) units. The federal government also provides the majority of the funding for construction and maintenance of armories and other military buildings in the State.

COLORADO NATIONAL GUARD

The primary budget driver for the Colorado National Guard is the "federal force structure" (the number of Guard personnel authorized by the U.S. National Guard Bureau) and the State's ability to fill the force structure. Combined with the associated facilities maintenance and utilities needs, this determines the amount of federal funds flowing into and through the Department. The table below shows the authorized strength and active membership of the Colorado National Guard.

COLORADO NATIONAL GUARD AUTHORIZED STRENGTH AND MEMBERSHIP					
Total Authorized Strength	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
Army National Guard	3,998	3,980	3,825	3,812	3,801
Air National Guard	1,553	1,566	1,559	1,559	1,521
Total National Guard Members					
Army National Guard	3,902	3,964	3,787	3,933	3,789
Air National Guard	1,534	1,544	1,518	1,507	1,658
TOTAL	5,436	5,508	5,305	5,440	5,447
Percentage of Slots Filled	97.9%	99.3%	98.5%	101.3%	102.3%

*As of October 2017

Under federal rule, when Colorado National Guard units are activated for federal service they are deployed by the Army or the Air Force. All costs for activation are paid by the Army or Air Force; and do not appear in the Long Bill. There are several reasons the total number of Guard members may exceed the authorized force strength, including: transfers onto Active Duty, into the Reserves, or to another state; recruiting for positions prior to personnel departure; the importance of certain military occupational specialties; and federal programs and guidelines. The table below shows the number of National Guard members activated for federal duty since FY 2007-08:

10-Year Colorado National Guard Deployment			
Fiscal Year	Army National Guard	Air National Guard	Total
2007-08	1,150	243	1,393
2008-09	600	450	1,050
2009-10	529	230	759
2010-11	612	500	1,112
2011-12	596	85	681
2012-13	960	261	1,221
2013-14	525	481	1,006
2014-15	239	40	279
2015-16	332	438	770
2016-17	375	499	874

Guard units may also be activated for state active duty to protect life and property during natural disasters and civil emergencies. When the units are activated by the Governor, the State must pay the costs of Guard activation. The Governor may also activate Guard troops for missions in other

states. When this happens, the state requesting support must pay for the unit costs. In FY 2016-17 the Colorado National Guard made the following deployments:

- Cold Spring Fire (Nederland, CO) (July 10-14, 2016) 74 Guard members to provide aerial wildland firefight support and traffic control points.
- Junkins Fire (Custer & Pueblo County, CO) (Oct 18-25, 2016) 38 Guard members to assist in firefighting operations.
- Sunshine Fire (Boulder County, CO) (March 19-20, 2017) 44 Guard members, 20,328 gallons of water, and 9.2 flight hours to assist in firefighting operations.
- Beulah Flood (Pueblo County, CO) (May 2017) 60 crew in helicopter to assist in area cutoff by flooding.
- Peak 2 Peekaboo Fire (Summit County CO) (July 6-12, 2017) 45 Guard members, aviation firefighting assets, and personnel. 36.1 flight hours.

DIVISION OF VETERANS AFFAIRS

The primary budget drivers for the Division of Veterans Affairs (DVA) are the number of veterans who need assistance with federal benefits claims, the amount of Tobacco Master Settlement funds received and disbursed from the Colorado State Veterans Trust Fund, and the operation of the Western Slope Veterans' Cemetery in Grand Junction. The primary uses of General Fund are Veterans Service Operations. The Division assists veterans with claims before the U.S. Department of Veterans Affairs and administers the County Veterans Service Officer programs with training and other support. The Division administers the Veterans Assistance Grant Program, which provides grants to non-profit or governmental entities that provide mental health, family counseling, job training, employment, housing, and other services to veterans.

In FY 2015-16, the General Assembly appropriated \$657,280 General Fund for County Veteran Service Officer Payments, which was a significant increase over the previous fiscal year. For FY 2017-18, the appropriation was further increased to \$957,280. The Department allocates flat amounts to each county depending upon whether it employs a part-time or one or more full-time veterans service officers.

During FY 2016-17, the County Veterans Service Officer program assisted with 26,684 benefit claims from veterans. In that same period, the number of veterans in Colorado eligible to receive assistance was 409,469. Both figures represent a decline from FY 2015-16.

CASH FUNDS PROGRAM SUPPORT

The Department of Military and Veterans Affairs primarily uses two cash fund sources: the Colorado State Veterans Trust Fund and the Western Slope Military Veterans' Fund.

The Colorado State Veterans Trust Fund (CSVTF) receives 1.0 percent of the proceeds from the tobacco settlement agreement with tobacco manufacturers. The majority of the appropriation to the Department provides grants for veterans' organizations to provide services to veterans around the state. Under current law, 90.0 percent of the tobacco settlement moneys transferred to the Fund plus all interest earned on the Fund's principal are available for appropriation, with the remaining 10.0 percent retained in the fund. Senate Bill 13-235 repaid \$3.9 million to the Colorado State Veterans Trust Fund, which has resulted in more interest earnings beginning in FY 2014-15 due to the higher

principal balance of the Fund. In addition, H.B. 16-1408 (Cash Fund Allocations for Health-related Programs), which modified the allocation of cash fund revenues from the Tobacco Master Settlement Agreement, removed the dollar cap on transfers to the CSVTF.

Cash fund expenditures from the Western Slope Military Veterans' Cemetery Fund support operations of the Western Slope Veterans' Cemetery in Grand Junction and pay for some administrative costs in the Executive Director and Army National Guard Divisions.

SUMMARY: FY 2017-18 APPROPRIATION & FY 2018-19 REQUEST

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	226,868,060	10,430,168	1,135,343	0	215,302,549	1,393.3
Other legislation	100,000	100,000	0	0	0	0.0
TOTAL	\$226,968,060	\$10,530,168	\$1,135,343	\$0	\$215,302,549	1,393.3
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$226,968,060	10,530,168	\$1,135,343	\$0	\$215,302,549	1,393.3
R1 Grand Junction veterans one stop	156,282	156,282	0	0	0	1.3
R2 Safety training	54,585	54,585	0	0	0	0.0
NP1 Operating system suite	4,245	4,245	0	0	0	0.0
NP2 Cybersecurity insurance	1,323	1,323	0	0	0	0.0
Centrally appropriated line items	239,014	129,425	14,293	0	95,296	0.0
Annualize prior year budget actions	1,609	1,792	0	0	(183)	0.1
Annualize prior year legislation	(100,000)	(100,000)	0	0	0	0.0
TOTAL	\$227,325,118	\$10,777,820	\$1,149,636	\$0	\$215,397,662	1,394.7
INCREASE/(DECREASE)	\$357,058	\$247,652	\$14,293	\$0	\$95,113	1.4
Percentage Change	0.2%	2.4%	1.3%	0.0%	0.0%	0.1%

R1 GRAND JUNCTION VETERANS ONE-STOP: The request adds \$156,282 General Fund and 1.3 FTE in FY 2018-19 to staff a new Veterans one-stop center in Grand Junction. The request annualizes to \$230,134 General Fund and 3.2 FTE in FY 2019-20 and \$231,367 General Fund and 3.2 FTE in FY 2020-21 ongoing.

R2 SAFETY TRAINING: The request adds \$54,585 General Fund in FY 2018-19 for training, materials and equipment to support the Department Safety Program for all personnel. The request annualizes to \$24,085 General Fund in FY 2019-20 and ongoing.

NP1 OPERATING SYSTEM SUITE: The request includes the Department's share of a request in the Governor's Office of Information Technology (OIT) to create a new common policy service that encompasses products and services under the new Microsoft Licensing Agreement. This request will be addressed in the briefing for the Governor's Office.

NP2 CYBERSECURITY INSURANCE: The request includes Department's share of a request in the Department of Personnel for cybersecurity liability insurance. This request will be addressed in the briefing for the Department of Personnel.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; vehicle lease payments; payments to the Governor's Office of Information Technology (OIT); Capitol complex leased space; and CORE operations. These requests will be addressed in separate staff briefings for the Department of Personnel and Administration.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes small adjustments for the second-year impact of prior year salary survey and merit based pay and other FY 2017-18 budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION: The request eliminates one-time funding appropriated in S.B. 17-183 (U.S.S. Colorado Commissioning).

ISSUE: VETERANS ONE-STOP CENTER IN GRAND JUNCTION

The Department of Military affairs requests \$156,282 General Fund and 1.3 FTE in FY 2018-19, annualizing to \$231,367 and 3.2 FTE by FY 2020-21, to staff a new veterans one-stop center in Grand Junction. Staff recommends that the JBC sponsor legislation providing more explicit statutory authorization for the one-stop.

SUMMARY

- The Department of Military affairs requests \$156,282 General Fund and 1.3 FTE in FY 2018-19, annualizing to \$231,367 and 3.2 FTE by FY 2020-21, to staff a new veterans one-stop center in Grand Junction. The facility will bring together under one roof multiple government and non-profit resources for veterans.
- This operating request follows the General Assembly's decision to appropriate \$3.5 million in capital construction funding for the one-stop in FY 2017-18.
- There are currently two veterans one-stop centers in the State, in Denver and Colorado Springs. Both of these efforts are led by non-profits and rely on private philanthropy, although they include state, local, and federal government partners. Both opened their doors within the last two years.
- Staff believes the veterans one-stop model holds great promise but recognizes that that the model is new and relatively untested. In particular, other Colorado one-stops are not *led* by a government partner.

RECOMMENDATION

Staff recommends that the Committee sponsor legislation providing more explicit statutory authorization for the one-stop. Such legislation should:

- enable the DMVA to *either* staff such facility directly or contract for management of such a facility;
- require input from a local board including entities currently housed in the building;
- require the Department to develop outcome measures in consultation with the local board;
- establish a sunset review process so that the efficacy of the model is reviewed periodically; and
- create a cash fund specifically for one-stop center lease payment receipts to help support the facility's operating costs.

DISCUSSION

BACKGROUND – APPROVED CAPITAL CONSTRUCTION PROJECT

During the 2017 legislative session, the General Assembly authorized a capital appropriation to the Department of Military and Veterans Affairs of \$3,509,650 Capital Construction Funds to remodel the vacant Grand Junction Army National Guard Armory for a new one-stop veterans center.

The goal of the one-stop is to improve services for Western Slope veterans by making an existing facility a hub for veterans' organizations in the region. The facility will bring together, under one roof, multiple regional organizations that serve veteran needs. These include:

- assistance for veterans in securing federal benefits;
- counseling services;
- employment support;
- education, life skills, and wellness support;
- conference and classrooms; and
- social interaction areas.

The old Armory building was constructed in 1959 and has been vacant since 2013 when the Guard moved into a new Grand Junction Armory. The remodel renovates 14,545 gross square feet and includes both interior and exterior remodeling, refinishes, and mechanical, plumbing, heating and cooling, and other building system upgrades.

The Department's capital request anticipated that design would begin July 2017 and construction would be completed and the facility occupied by October 2019. At the time, it anticipated requiring \$149,855 and 2.2 FTE per year and about \$8,000 per month in utilities funding once the facility opened.



CURRENT REQUEST

The Department now anticipates that it will require **\$231,367 and 3.2 FTE** when the facility is fully staffed. Funding would begin in FY 2018-19 with \$156,282 General Fund and 1.3 FTE. The Department expects to have the facility fully **open and operational in May 2019**—5 months earlier than the original projection. The current request includes the following timing and operations updates:

Timing

July 2018	Facility renovation starts
August 2018	1.0 FTE one-stop manager starts
May 2019	Occupy building
January 2019	1.0 FTE Veterans Service Officer starts
July 2019	1.0 FTE ID card operator (change from original request) and 0.2 FTE structural trades position start

The Department reports that there is a DMVA advisory group that is overseeing this renovation. The small advisory group includes some of the key community members behind the initiative and includes the chair of the Joining Community Forces Board, representatives from veteran-focused non-profits, a County VSO, a community foundation representative, and a young veteran. An engineer at DMVA is acting as the program manager and is responsible for the managing of such items as architect, contractor, scheduling. The DMVA is proceeding in the expectation that there will be multiple tenants in the building, but the specific tenants have not yet been identified.

Community Collaboration: Consistent with the original request, the new request highlights the Department involvement with Colorado Serves, a federally supported organization that facilitates

meetings and share best practices in serving veterans, and “Joining Community Forces”, which brings together organizations serving multiple veteran needs in the region. These organizations provide many services but lack a facility to house many of the activities. The Joining Community Forces collaboration originally proposed the one-stop in 2015 and has been a major driver behind the initiative.

The request lists 42 partners and *potential* tenants. The list includes federal state and local government agencies and educational institutions: the DMVA, the federal Veterans Administration (VA) and Grand Junction VA Medical Center, the Colorado Department of Labor and Employment and Mesa County Workforce Center, the Grand Junction Housing Authority, and Colorado Mesa University. It also includes large numbers of non-profit groups focused on veterans and others with need: the American Legion, American Red Cross, Base Camp 40 Warriors in the Wild, Employer Support for Guard and Reserve, Homeward Bound, Veterans of Foreign Wars, Volunteers of America, Grand Valley Catholic Outreach, Salvation Army, and the Center for Independence, among many others.

Regional Resource: The request also highlights the role of the facility as a regional resource serving military members, veterans, and their families across the Western Slope. The Grand Junction VA Medical Center serves approximately 47,000 veterans. The new facility is close to the Grand Junction VA Medical Center, making it a convenient single stop both for out-of-town veterans who come to Grand Junction to access services and for service members, retirees, and family members living in the city. The request notes that current services are distributed across the metro area and are not easily accessible to disadvantaged veterans or those from out of town.

New State Positions

- *One-stop manager and building trades positions:* Consistent with the original proposal, the request envisions a 1.0 FTE state manager for the one-stop and a 0.2 FTE structural trades position to assist with maintenance.
- *State VSO officer:* The request will add a state VSO officer in Grand Junction. Consistent with the original request, the current request proposes to add a new state VSO position. The current Division of Veterans Affairs Office is geographically distant from the Western Slope and this will provide a new dedicated state VSO position for the region.
- *Military ID Office:* In a change from the original program description, the new request proposes to add a military ID card office with a 1.0 FTE position paid for by the State. The office would serve current military members, retirees, and their family members across the Western Slope, allowing them to access benefits. Department staff report that they previously provided this service using federally-funded staff, but federal authorities are not willing to support this function. In light of a high level of community demand, they are requesting an additional 1.0 FTE state-funded position.

The request notes that this represents *minimal staffing compared to other one-stops* but will be supplemented by community partners and tenants.

Anticipated Outcomes

The Department indicates that hoped for outcomes include:

- A decrease in the time veterans and their families need to access services
- An increase in customer satisfaction
- An increase in the awareness of services and programs outside of the federal VA, including support for family members (who do not receive federal VA services).

The request indicates that these outcomes will be assessed through customer surveys. It also cites results from the Bill Daniels Center including improvements in positive outcomes to shelter/housing, employment, and income generation based on the “Self Sufficiency Outcomes Matrix” in use at the Center. In response to staff questions about whether the new Grand Junction Center would use something similar, the Department responded:

“The Bill Daniels Center is run by Volunteers of America, which is a national program. To that end, we believe their metrics are driven by a national standard within that large organization. To the extent we can model after that within the constraints of staff and funding, we intend to.”

THE MODEL: THE BILL DANIELS CENTER FOR EXCELLENCE (DENVER) AND MOUNT CARMEL VETERANS SERVICE CENTER (COLORADO SPRINGS)

Two veterans one-stop centers have been launched in Colorado since 2015.

Bill Daniels Center

The Bill Daniels Center opened July 1, 2015 at 1247 Santa Fe in Denver. The facility began as a project of Volunteers of America (VOA), and the approximately 8,500 square foot facility was largely funded by a grant from philanthropist Bill Daniels. The mission of the facility is described as:

“...a collaboration of Federal, state, and local community organizations dedicated to serving Veterans in need.”

The Center focuses heavily on homeless veterans and offers showers and storage for personal belongings, among other programs. The most significant resources at the site are housing-related. The VOA has a large federal Supported Services for Veteran Families (SSVF) program that provides rapid rehousing for veterans. The site also houses a VA-funded Community Resource and Referral Center (CRRC). The CRRC provides Veterans who are homeless and at risk of homelessness with one-stop access to services to promote permanent housing, health and mental health care, career development and access to VA and non-VA benefits. Some clinical services are provided on-site.

There are ten other partners who are on the site regularly or periodically, including Colorado Department of Labor and Employment staff who assist with employment services for veterans, legal services volunteers from DU, and a VA veterans benefit representative.

The VOA manager reports an annual budget of approximately \$6.0 million and 25 staff. The program serves 800 to 850 unique veterans and family members per month.

The Center's Annual Report indicates that since the opening of the Veteran Services Center 2 years ago, based on the percentage of change between entry and exit scores using the Self-Sufficiency Outcomes Matrix, VOA has seen:

- An 8.2% increase in positive outcomes to shelter/housing.
- A 28.4% increase in positive outcomes to employment.
- A 29.2% Increase in positive outcomes to income generation.
- A 35.9% increase in positive outcomes to accessing food and nutrition.
- A 0.5% increase in positive outcomes to accessing health care coverage.
- An 11.3% increase in positive outcomes to strengthening family relations.
- A 9.1% increase in positive outcomes to strengthening life skills.
- An 8.5% increase in positive outcomes to community involvement.
- A 7.8% increase in positive outcomes to accessing mental health services.
- A 0.6% increase in positive outcomes to accessing substance use treatment services.
- A 0.9% increase in positive outcomes to accessing legal services.

Mount Carmel Center

The Mount Carmel Center began construction in 2014 and opened March 2016. The facility is a project of philanthropist Jay Cimino, who hired retired army colonel and former Fort Carson Garrison Commander Bob McLaughlin to lead the effort. The mission of the facility is described as:

“To collaborate with community partners providing best practices in transition and wellness services for veterans, military and their families by delivering expertise, resources, space and sustainability.”

The program's leadership emphasizes that the program represents a public-private partnership to provide integrated and streamlined services and to identify and fill service gaps for veterans and their families. The program has grown rapidly from under 200 monthly clients in July 2016 to almost 800 monthly clients in September 2017.

There are 33 different organizations providing on-site services including some with a permanent presence and some that offer classes or are available during scheduled times. Some resources also reflect a combined effort from Mt. Carmel staff and other entities. For example:

- Mount Carmel staff directly administer employment programs funded from multiple sources:
 - A Veterans Integration Program funded by the Coors Foundation that assists service members transitioning from active duty to civilian careers;
 - A state funds grant from the Department of Labor and Employment for House Bill 16-1267 (Colorado Veterans' Service-to-Career Pilot) which provides services that are similar to the Coors-funded program; and
 - A privately-funded initiative that trains troops still on active duty for professions in the auto industry.
- A Mount Carmel staff person directly oversees behavioral health counseling, but the counseling itself is delivered at low or no cost by psychology/counseling students, primarily from UCCS, who are fulfilling licensing requirements for providing supervised counseling

- Case management and resource navigation is provided by multiple agencies, including county VSO staff, United Service Organization (USO) partners, and federal veterans benefit staff.
- Various other entities offer programming on site, such morning yoga classes and legal assistance.
- Based on assessed needs, the program is expanding into other areas. It is in the process of constructing transitional housing for veterans (a major component of Bill Daniels Center services).

Mount Carmel's current operating budget is \$1.2 million. Revenue sources include 22 percent from state grant funding for H.B. 16-1267 (Veterans Service-to-Career Pilot), while most of the rest is from foundation grants, corporate, and individual contributions.

STAFF OBSERVATIONS AND RECOMMENDATIONS

- Staff believes the one-stop model holds great promise and certainly supports staffing a facility the General Assembly has already decided to renovate. The capital request anticipated that staffing would be required, and the expansion to an additional 1.0 FTE to add an ID processing service on-site seems reasonable, given the facility's distance from the nearest sites in Denver and Salt Lake City.
- Staff also recommends that the General Assembly take steps to recognize this as a significant new government function and to promote the new center's success.
 - The Department takes the position that no new statutory authority is required for it to operate the one-stop. While this may be technically accurate, **existing statutory authority is thin, and staff would therefore recommend more explicit statutory authority.**
 - The model proposed is based on the one-stop centers in Denver and Colorado Springs. However, there is a crucial difference: those one-stop centers are led by non-profit organizations with philanthropic support. The State may be able to do this well, given the right leadership and relationships. However, **a one-stop led by a State is in some respects a new model. Staff thus believes careful monitoring of *outcomes* would be beneficial.**

CURRENT STATUTORY AUTHORITY: Staff understands that the Department is relying on Section 28-5-705, C.R.S. as the statutory basis for staffing the new one-stop center. Key parts of this section read as follows.

Section 28-5-705 (1) The division, in accordance with its rules, shall perform the following duties and functions:

(a) (I) Formulate, establish, and supervise a plan and standard procedures to further prompt and efficient service to all veterans in the state of Colorado on a uniform basis, whether by the division or by any county veterans service office; [...]

(b) Render personal service to members and former members, or the surviving spouses, administrators, executors, conservators, guardians, or heirs of members or

former members, of the Colorado state defense force and the Colorado National Guard in any claim they may have against the state or federal government;

(c) Assist all discharged members of the armed forces of the United States, the surviving spouses, administrators, executors, conservators, guardians, or heirs of any such veterans, or any other persons who may have proper claims by filing and prosecuting such claims on behalf of such persons for insurance, pensions, compensation, hospitalization, vocational training, education, loans, readjustment allowances, or any other benefits which such persons may be or may become entitled to receive under any of the laws of the United States, the state of Colorado, or any other state by reason of such service;

(d) Cooperate with and assist veterans' organizations, county veterans service officers, veterans' advisory groups, and all other organizations, now in existence or formed on or after July 1, 1973, which provide assistance to those persons mentioned in paragraph (c) of this subsection (1);

(e) Perform services in this state for the veterans administration on a contractual, grant, or other basis, and perform such other duties and render such other services in furtherance of the purposes of this article or any other law in providing reasonable and proper assistance to veterans;...

JBC staff believes that this section may be sufficient to allow the State to operate the Grand Junction one-stop center but has requested an opinion from the Office of Legislative Legal Services (OLLS). OLLS feedback should be available by the time of the staff briefing presentation. Regardless, staff believes more robust authority would be preferable.

POTENTIAL CHALLENGES OF A STATE-LED EFFORT: Well-run government agencies provide careful, reliable services that can be sustained over the long-term. They are less well known for developing creative responses to problems. The one-stop initiative **is** a new approach to services, and the Department should be applauded for its involvement. *However, whether the Department can do this as well as the Mount Carmel or Bill Daniels Centers—or perhaps better—remains to be seen.*

Concern #1: *How will government staff address a need for new services that aren't already represented among partners?* Non-profits are well positioned to approach donors and gather new resources to launch additional services. How will State representatives deal with a new need that isn't being addressed by existing partners? While the DMVA has legal authority to receive donations, the private sector is rarely interested in donating to the government to provide services, even if the government has legal authority to receive the funds (as is the case for the DMVA).

Concern #2: *How will the State know whether the one-stop is achieving its goals?* How will it know whether services are as good, better, or worse than other one-stop centers?

Since any one-stop is, by definition, designed to meet needs specific to its community, there may be only limited measures that can be compared across center. Nonetheless, staff would like to see clear targets that can be compared—particularly in the resource, referral, and benefits processing areas in which the Department has operated for many years.

To-date, the Department does not appear to have focused a great deal on performance measures that could be reported to outside entities or compared effectively through time. The Department has apparently only recently added a customer satisfaction measure to its performance plan for veterans affairs. Its FY 2017-18 plan includes the following components.

Status	Organization/Program and Key Process(es)	Outcome Measure	Outcome Baseline	Outcome Target FY2018	Outcome Target FY2019	Outcome Target FY2020
Work in progress	Division of Veterans Affairs (DVA)	# of Veterans rating their experience with DVA as excellent or good	TBD	70%	75%	80%
On track	Division of Veterans Affairs - CVSO training program	% of trained and certified CVSO	98%	98%	98%	98%
On track	Division of Veterans Affairs - Veteran outreach	VSO outreach events	120	120	120	120

The federal VA uses a variety of performance measurement tools, as reflected in its annual performance report.¹ Some of these are similar to those in the Bill Daniels performance measures. However, in response to staff questions about reports that might compare VSO (veterans service officer) performance across regions, the Department responded that:

“VSO “performance” is not tracked at the state or federal level other than individual personnel performance plans.”

The Department indicates that it collects no data on the performance of *county* VSO staff, as it considers such staff subject to county authority. More broadly, although it has some “throughput” data on services provided by state staff, it apparently has not engaged in any significant effort to determine how well the state performs in providing veterans services compared to other states.

Concern #3: Will building tenants contribute to ongoing upkeep and maintenance of the building through lease payments?

- The Department’s capital request estimated annual utilities costs at about \$96,000 (\$8,000/month). This was a rough estimate that should also cover other building operating costs based on national averages.
- The Department indicated to the Capital Development Committee that it expects to charge some tenant lease payments, but it is unable to estimate receipts at this time due to uncertainty about which organizations will occupy the building.
- The Department has not included any operating cost amount in the current request, although the 0.2 FTE structural trades position will obviously support ongoing building operations.

Staff believes that tenants should be asked to help cover maintenance and operating costs. Among other benefits, staff believes this will contribute to the view of the building as a shared community resource in which building tenants have a financial, as well as programmatic, stake. This will also help ensure that the building is maintained in excellent condition.

RECOMMENDED BILL: Staff recommends that the Committee sponsor legislation that includes the following elements:

¹ U.S. Department of Veterans Affairs Annual Performance Plan and Report FY 2018/FY 2016 <https://www.va.gov/budget/docs/VAapprFY2018.pdf>

- Provides explicit authority for the DMVA to develop and manage a one-stop center in Grand Junction and, if desired, one-stops at other locations, subject to available appropriation. This authority should enable the DMVA to *either* staff such facility directly or contract for management of such a facility so that this remains an option if the initial model does not provide desired results.
- Requires any one-stop be managed with input from a local board representing all entities currently housed in the building and possibly other interested community parties appointed by the Adjutant General.
- Requires the Department to develop outcome measures in consultation with the local one-stop board and provide sufficient data that one-stop success can be reasonably assessed.
- Establishes a sunset review process so that the efficacy of the model is reviewed at least every five years and the General Assembly and Department have the opportunity to make changes as needed.
- Creates a cash fund specifically for one-stop center lease payment receipts and operating cost outlays. Cash funds received into the fund from lease payments should be made available to support building maintenance and operations. This will help support the long-term sustainability of the facility and tenant involvement in management of the building.

ISSUE: COLORADO VETERANS AND VETERANS PROGRAMS

Veterans represent 9.8 percent of the adult population in Colorado, which is significantly above the national average. Federal Veterans Administration outlays for Colorado totaled \$3.7 billion in FFY 2016, including funding for pensions, disability payments, medical, educational, and other benefits. In FY 2017-18, the General Assembly appropriated \$9.7 million from the General Fund and tobacco settlement funds for Colorado veterans programs.

SUMMARY

- Colorado's 2016 veteran population was 407,616 or 9.8 percent of the adult population. Colorado's veteran population represents a significantly larger share of the population than the national average of 6.6 percent.
- Colorado veterans are generally younger and better educated than the average for the nation.
- Colorado veterans are disproportionately represented in certain counties. This includes not only those counties with significant military bases, such as El Paso, but also some rural parts of the state.
- At a national level, veteran unemployment and incarceration rates are not significantly different from those of the population as whole, but veterans continue to be overrepresented among the homeless population.
- Federal Veterans Administration (VA) outlays to Colorado totaled \$3.7 billion in 2016, with the largest outlays for compensation and pension payments and medical benefits. Colorado per-person VA benefits for compensation and pensions are comparable to national averages, and rehabilitation and educational benefits are higher. Benefits for medical care are, however, lower. Only 40.4 percent of Colorado veterans are registered for VA health services, and only 25.6 percent of Colorado veterans were patients at the VA in 2016.
- In FY 2017-18, the General Assembly appropriated \$9.7 million in state General Fund and discretionary cash funds (tobacco settlement revenue) for Colorado veterans programs. This is a part of \$65.9 million in total funds reflected in the state budget (General Fund, cash funds, and federal funds) specifically directed to veterans.
- Veterans receive additional state benefits, but many of these cannot be easily quantified. For example, state Medicaid expenditures for veterans are likely in the tens of millions, but no solid data is currently available on these expenditures.

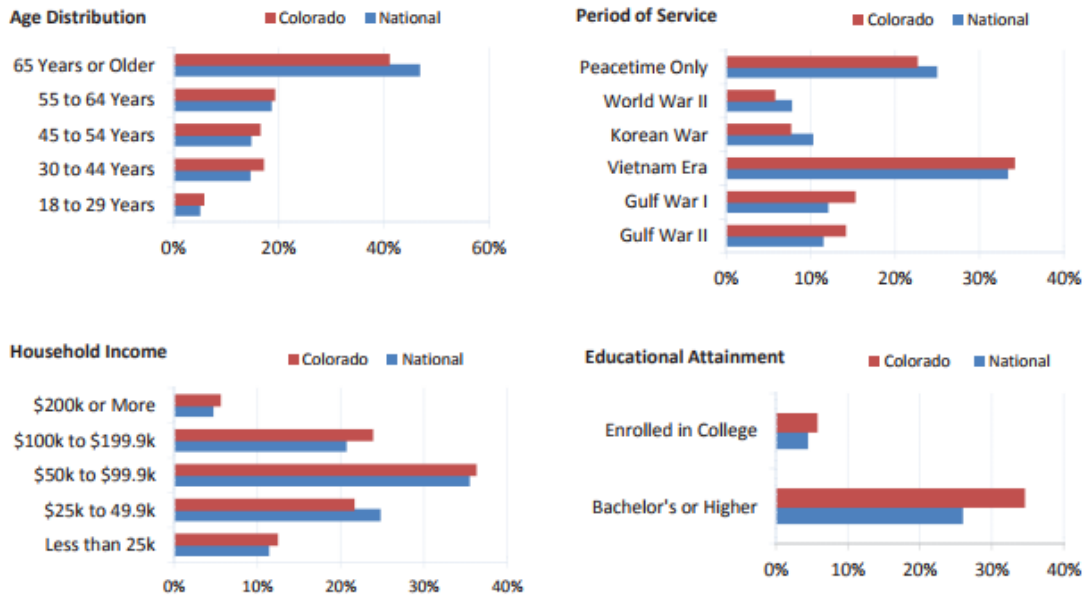
RECOMMENDATION

- Ask the Department of Health Care Policy and Financing (HCPF) about the feasibility of adding veteran status information to CBMS and Medicaid records.
- Explore with DMVA, Human Services, and HCPF Staff whether there are additional steps the State should consider to support use of federal VA healthcare services, instead of Medicaid, for veterans who are eligible for such services.

DISCUSSION

VETERANS IN COLORADO

As most legislators are aware, Colorado is home to a significant share of the U.S. veteran population: Colorado’s 2016 veteran population was 407,616, or 9.8 percent of the adult population. Nationally, veterans comprise 6.6 percent of the adult population. Compared to the national veteran population, the Colorado veteran population is younger, better educated, and includes more women (11.0 percent of the veteran population, versus 9.1 percent nationally). Of Colorado’s veterans, 97,683, or 24.0 percent, receive disability compensation.

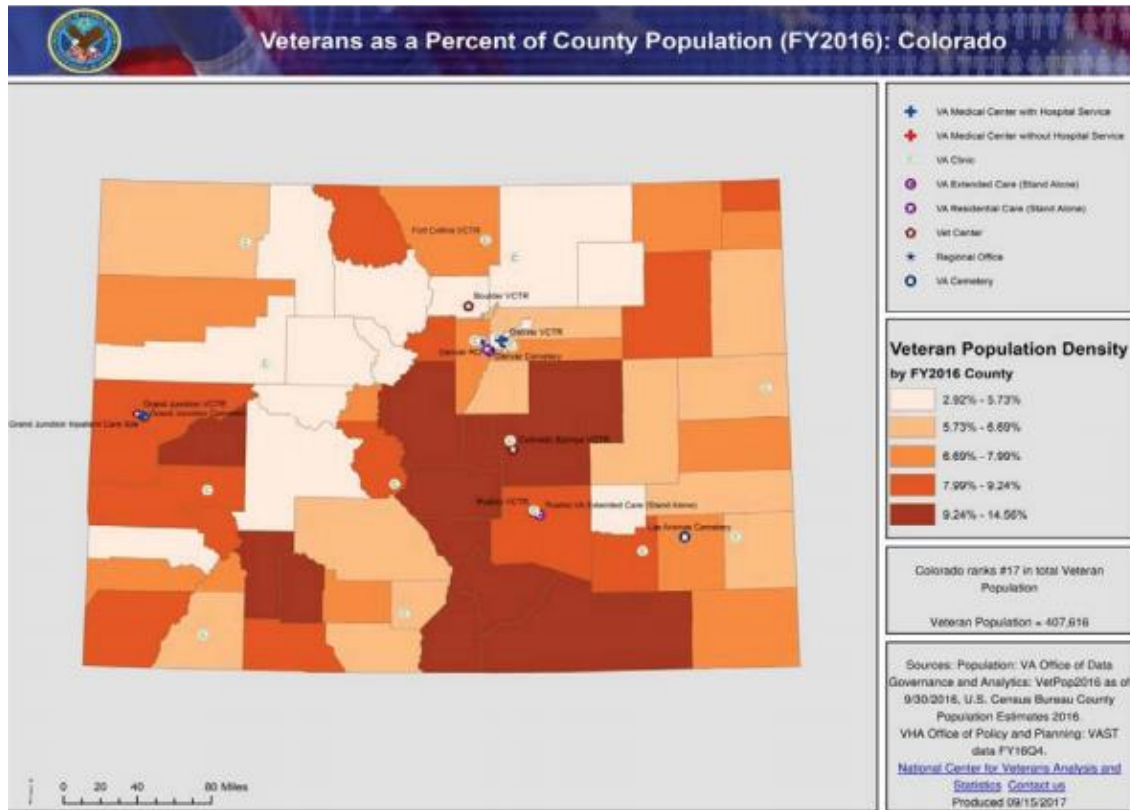


Note for black-and-white copies: Colorado is the upper bar in these charts

Source: U.S. Department of Veterans Affairs, State Summaries, Colorado

https://www.va.gov/vetdata/docs/SpecialReports/State_Summaries_Colorado.pdf

The chart below shows the distribution of veterans by county in Colorado as of FFY 2016. As shown, in many counties—including some rural counties—veterans may comprise as much as 14.5 percent of the total county population.



VETERAN ECONOMIC AND SOCIAL INDICATORS OF WELL-BEING

On a variety of economic and social well-being measures, veteran outcomes look similar to or better than those of the population as a whole. However, in some areas veterans face greater challenges.

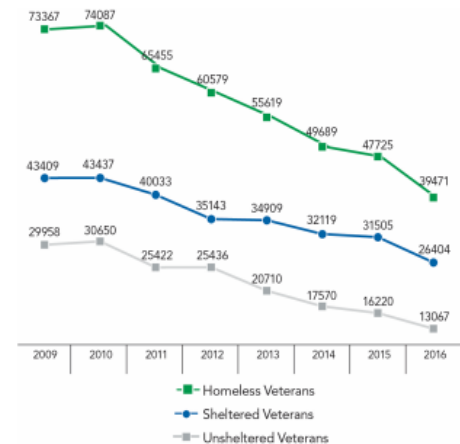
- **For most age groups, veteran unemployment rates are similar to unemployment rates for the population as a whole.** Current Population Survey data found that among men age 25-34, Gulf War-era II veterans had a higher unemployment rate than non-veterans (6.6 percent v. 4.9 percent), but for other age groups unemployment rates were not statistically different. In Colorado, the 2016 veteran unemployment rate of 3.9 percent was higher than the non-veteran unemployment rate of 3.1 percent.² This may in part reflect the younger average age profile of Colorado veterans.
- **Veterans are less likely than non-veterans to be among the “working poor”** as defined by the Bureau of Labor Statistics (individuals who spent 27 weeks in the labor force but lived below the poverty line). The rate for veterans is about half that for non-veterans, examined by age group.³

² U.S. Department of Labor Veterans’ Employment and Training Services, *July 2017 Veteran Employment Update* <https://www.dol.gov/vets/newsletter/pdf/July-2017-VETS-Monthly-Employment-Overview.pdf>; and March 22, 2017 *Employment Situation of Veterans Summary*, Bureau of Labor Statistics. <https://www.bls.gov/news.release/vet.nr0.htm>

³ U.S. Department of Veterans Affairs, *The Veteran Working Poor: The Relationship between Labor Force Activity and Poverty Status*, November 2017. https://www.va.gov/vetdata/docs/SpecialReports/The_Veteran_Working_Poor.pdf

- **National data indicate veterans are *not* more likely to be incarcerated than non-veterans.** In FY 2011-12, an estimated 8 percent of all inmates in state and federal prison and local jails across the nation were veterans, but the total incarceration rate for veterans was lower than the rate for non-veterans.⁴
- **Veterans are more likely than other adults to be homeless. There has been significant progress in addressing this,** as shown in the annual federal 2016 Point in Time (PIT) homeless study. Nonetheless, nationally, 9.2 percent of homeless adults counted in the PIT study in 2016 were veterans, while veterans are only 6.6 percent of the national adult population. Further, **Colorado is one of the states that has experienced a significant increase in homeless veterans,** with 1,181 counted on a single night in 2016. This represented an increase of 24 percent from the prior year.⁵ *The 2017 PIT study for metro Denver indicated that 13.7 percent of the respondents were veterans.* This includes veterans in temporary housing, as well those who are unsheltered.

EXHIBIT 5.1: PIT Estimates of Homeless Veterans
By Sheltered Status, 2009–2016



Source: HUD, 2016 Annual Homeless Assessment Report to Congress

FEDERAL BENEFITS

Federal regulations define a veteran as “a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable”.⁶ Federal benefits vary based on the veteran’s discharge category. There are five major discharge categories, each of which results in different benefits. For example, a veteran with a “general discharge under honorable conditions” receives fewer benefits than a veteran with an “honorable discharge.” Benefits vary depending upon when a veteran served, whether he or she has a service-related injury or disability, and, in some cases, based on a veteran’s income.

The most significant benefits provided by the federal government include health benefits, home loans, tuition support, burial, and disability payments and pensions. The tables below show 2016 federal veterans administration (VA) outlays for Colorado and compare per-veteran federal expenditure in Colorado and the nation.⁷

⁴ Bronson and Berzofsky, *Veterans in Prison and Jail, 2011-12*, U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, December 2015. <https://www.bjs.gov/content/pub/pdf/vpj1112.pdf>

⁵ US Department of Housing and Urban Development, *2016 Annual Homeless Assessment Report to Congress*, Nov. 2016. <https://www.hudexchange.info/resources/documents/2016-AHAR-Part-1.pdf>

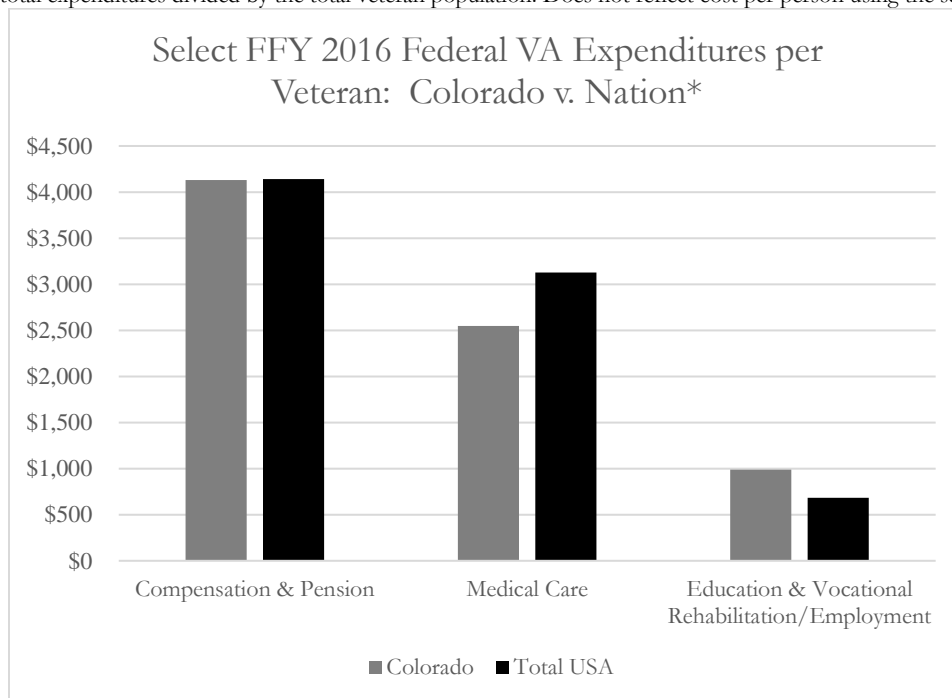
⁶ “Active” is defined as full time. Thus, members of the National Guard and reserves are counted as “active duty” during annual training and when called to active duty in response to a natural disaster or military need.

⁷ U.S. Department of Veterans Affairs, *State Summaries, Colorado* https://www.va.gov/vetdata/docs/SpecialReports/State_Summaries_Colorado.pdf

FFY 2015-16 FEDERAL VA EXPENDITURES IN COLORADO (EXPENDITURE IN \$000s)					
	TOTAL EXPENDITURE	COMPENSATION & PENSION	MEDICAL CARE	EDUCATION & VOCATIONAL REHABILITATION/ EMPLOYMENT	GENERAL OPERATING/ CONSTRUCTION/ OTHER
Amount	\$3,638,790	\$1,683,271	\$1,038,820	\$403,465	\$513,234
Percent total	100.0%	46.3%	28.5%	11.1%	14.1%

FFY 2015-16 AVERAGE FEDERAL VA EXPENDITURES PER VETERAN: COLORADO V. NATION*					
	TOTAL EXPENDITURE PER VETERAN	COMPENSATION & PENSION	MEDICAL CARE	EDUCATION & VOCATIONAL REHABILITATION/ EMPLOYMENT	GENERAL OPERATING/ CONSTRUCTION/ OTHER
Colorado	\$8,927	\$4,130	\$2,549	\$990	\$1,259
Total USA	\$8,462	\$4,121	\$3,113	\$679	\$550

*Calculated as total expenditures divided by the total veteran population. Does not reflect cost per person using the service.



*Calculated as total expenditures divided by the total veteran population.

Differences in expenditures reflect a combination of the difference in the share of veterans receiving the benefit and the average size of the benefit. The chart below shows the differences in utilization.

	VETERAN POPULATION	PERCENTAGE VET POPULATION RECEIVING DISABILITY COMPENSATION	PERCENTAGE VET POPULATION ENROLLED IN VA HEALTHCARE SYSTEM	PERCENTAGE VET POPULATION TREATED IN VA HEALTHCARE SYSTEM (UNIQUE PATIENTS)	PERCENTAGE VET POPULATION EDUCATION BENEFICIARIES
Colorado	407,616	24.0%	40.4%	25.6%	6.7%
Total USA	20,293,065	21.4%	43.5%	28.8%	4.5%

Colorado veterans are both less likely to be enrolled in health care and cost less per person in services provided. The medical expenditure per unique individual using a medical benefit is \$9,957 in Colorado compared to \$10,789 nationwide.

The VA probably spends less for medical services in Colorado than elsewhere due in part to: (1) the younger average age of Colorado's veteran population; and (2) veterans' dispersion into rural areas where veterans have less access to services and supports. Veterans who live at a distance from a VA medical center are authorized to use other providers, but this is of little use if no other provider is available or willing to provide services.

There may be additional factors at play. A 2006 study by the Institute for Defense Analysis, conducted for the Department of Veterans Affairs, found significant differences across states in both the percentage of veterans receiving disability compensation and the amount of compensation. The analysis found that retiree status and veteran locations in high-density counties explained much of the variation but could not explain all of it.⁸

KEY STATE BENEFITS AND SERVICES:

The state provides a variety of benefits for veterans. Some of these have attached appropriations, others are "tax expenditures", while still others have clear economic and other benefits for veterans but the value is not easy to quantify from a budget perspective.

FY 2017-18 PROGRAMS WITH APPROPRIATIONS DIRECTED TO VETERANS

In FY 2017-18, the State appropriated \$9,662,386 in General Fund and tobacco settlement funds to the following programs directed to veterans. The Long Bill reflected total amounts for these programs of \$65,890,088, including General Fund, cash funds, and federal funds.

Homelake Domiciliary and State Veterans Nursing Homes (Human Services)

State Funds⁹ - \$1,045,430 General Fund

Total Funds - \$53,824,930/ 602.8 FTE

Federal authorities contribute to nursing home construction costs for nursing homes operated and staffed by state staff. They also provide per-diem reimbursements for veterans residing in the homes, thus subsidizing veterans' out-of-pocket costs. The State currently provides a small operating subsidy for these homes. Other funding sources include resident cash payments, some of which originate as Medicaid funds.

⁸ Hunter et. al., *Analysis of Differences in Disability Compensation in the Department of Veterans Affairs*, Institute for Defense Analysis, December 2006.

https://www.va.gov/vetdata/docs/surveysandstudies/state_variance_study-volumes_1_2.pdf

The study found inconsistency across federal VA offices in how claims were addressed and indicated that this was a likely source of the variation. Notably, the study found only weak correlations with outreach activities such as numbers of state VSO officers.

⁹ For purposes of this summary, "State Funds" includes General Fund and tobacco litigation settlement cash funds deposited to the State Veterans Trust Fund. Staff has not included cash fund patient payments to nursing homes or burial payments.

Veterans Treatment Courts (Judicial)

State Funds/Total Funds - \$1,813,455 million

The State appropriates funds to the Judicial Branch for problem-solving courts and offender treatment and services. Six Colorado veterans treatment courts receive allocations from two line items (\$1,188,578 from problem solving courts and \$624,877 from offender treatment and services).

Veterans Employment Specialists (Labor and Employment)

Federal Funds/Total Funds - \$3,092,074 and 39.0 FTE (informational)

The federal government supports veterans' employment specialists at state workforce centers using state staff. This funding represents a portion of the funds shown for informational purposes under Workforce Investment Act programs.

State and County Veterans Service Officers (Military Affairs)

State Funds/Total Funds - \$1,810,316 General Fund/Veterans Trust Fund

State support includes \$853,036 and 12.0 FTE for state veterans service operations and \$957,280 to subsidize county veterans service officer payments and ensure that there is at least one part-time veterans' service officer in each county. Funding is from the General Fund and tobacco settlement funds (Veterans Trust Fund). A new request for operation of the Grand Junction one-stop proposes increased General Fund appropriations for state operations.

Veterans Trust Fund and State Grant Programs (Military Affairs)

State Funds/Total Funds - \$1,740,633 General Fund/Veterans Trust Fund

State support includes \$740,633 in Colorado State Veterans Trust Fund expenditures and an additional \$1,000,000 General Fund and 05 FTE for the Veterans Assistance Grant Program. Both programs provide funds to nonprofit organizations and governmental agencies that provide services to ensure the health and well-being of veterans. The Veterans Trust Fund may also be used for capital improvements at veterans community living centers (nursing homes in Human Services) and for veterans cemetery operations.

Western Slope Veterans Cemetery (Military Affairs)

State Funds - \$187,801 General Fund/Total Funds - \$543,929 and 5.5 FTE

Supports operation of the veterans' cemetery in Grand Junction. Funding sources include state General Fund and federal and cash fund payments for burials.

Veterans State Park Admission (Natural Resources)

State Funds/Total Funds - \$150,000 General Fund

The General Assembly appropriated \$150,000 to offset the cost to the Department of Natural Resources of providing free admission to state parks for veterans.

Senior Citizen and Disabled Veteran Property Tax Exemption (Treasury)

State Funds/Total Funds - \$2,914,751 (continuously appropriated General Fund)

Veterans rated 100 percent permanently and totally disabled are eligible for a property tax exemption of 50 percent of the first \$200,000 in actual value of their primary residence.

STATE TAX-EXPENDITURES/OTHER STATE BENEFITS

A summary compiled by Legislative Council staff also highlights some other benefits that staff is not able to quantify at this time.¹⁰

Tax benefits. Military disability payments and other non-retirement benefits are not considered federal taxable income and are therefore not subject to state income tax. Pension benefits are exempted from state income tax up to \$20,000 per year for persons age 55-64 and \$24,000 per year for persons age 65 and older. As described above, \$3.7 billion in pension and disability payments were paid by the VA to Colorado residents in 2015.

Education benefits. Veterans and their dependents are eligible for in-state tuition statute (12-month residency not required). The VA reported 27,244 Colorado veterans received federal VA education benefits in FFY 2016. It is unknown how many of these would have been classified as “out of state” without this state benefit.

Other. Veterans receive hiring preference through the state employment system. They may receive specialty license plates and some may receive free hunting and fishing licenses (disabled veterans).

OTHER STATE EXPENDITURES FOR FORMER SERVICE MEMBERS: MEDICAID

Medicaid in some cases supplements and in other cases replaces VA medical services for veterans. As shown in the tables above, *only 40.4 percent of Colorado veterans are enrolled with the VA for healthcare services.* There are numerous reasons veterans may not register for the VA.

- Many have private insurance through their employers for themselves and their families and using the VA may seem unnecessary;
- Some may be healthy and may simply not wish to bother with registering;
- Some may find that accessing VA services presents too many administrative or logistical barriers, particularly if he or she lives far from an urban area;
- Some may not be eligible for VA services based on his or her type of discharge.

Given the many veterans who have not registered for VA healthcare, it is reasonable to expect that some of them receive health care through Medicaid. **The Department of Health Care Policy and Financing indicates that it has no mechanism for identifying former service-members in its records and thus no way to estimate associated costs.** Veterans comprise nearly ten percent of Colorado’s adult population, and population survey data suggests that as many as one in ten veterans nationwide relies on Medicaid. **Medicaid expenditures for veterans are likely in the tens of millions.**

In light of this, staff suggests that the Committee consider:

- Asking the Department of Health Care Policy and Financing (HCPF) about the feasibility of adding veteran status information to CBMS and Medicaid records.

¹⁰ Julia Jackson, Legislative Council Staff, Benefits for Military Veterans in Colorado, April 28, 2017. http://leg.colorado.gov/sites/default/files/state_and_federal_military_benefits_4252017.pdf

- Exploring with DMVA, Human Services, and HCPF Staff whether there are additional steps the State should consider to support use of federal VA healthcare services, instead of Medicaid, for veterans who are eligible for such services

Background about the Potential Scale of Medicaid Expenditures for Veterans

To give a sense of the potential scale of such costs, consider the following:

- The Kaiser Family Foundation (KFF) estimates that **one in ten veterans** nationwide rely on Medicaid for their health care.¹¹ Not all of these veterans are using Medicaid instead of the VA, since in some cases care is coordinated between the VA and Medicaid. However, nationwide, an estimated 39 percent of veterans covered by Medicaid have Medicaid as their only source of coverage.

The KFF estimates that there were 22,397 nonelderly veterans receiving Medicaid in Colorado in 2015. The average per-capita cost for Medicaid in FY 2017-18 was \$4,427, with individual costs for adults ranging from \$3,710 for low-income adults in the ACA expansion population to \$18,586 for individuals with disabilities under age 59. The state-funded share depends upon the extent to which the population comprised “traditional” versus “expansion” population. *Covering 22,397 adults at the lowest rate of \$3,710 would cost \$83.1 million. In fact, KFF indicates that more than half of non-elderly veterans have a disability, and 42 percent have two or more chronic conditions, so per-person costs are likely far greater.*

- In recent years, there has been significant focus on the number of former service members with mental health problems who may have received discharges that do not allow them to access federal VA health benefits (“bad paper”).¹² A number of high-profile analyses have argued that service-related brain injury or trauma is often a contributing factor in such “bad paper” discharges. The federal General Accounting Office recently found that 62 percent of service members separated for misconduct from 2011 through 2015 had been diagnosed within the two years prior to separation with post-traumatic stress disorder, traumatic brain injury, or other conditions that could be associated with misconduct.¹³ While the Pentagon has challenged these figures, the military and VA are paying increasing attention to the problem. For example, the VA will now allow emergency mental health services at VA facilities even for individuals with “bad paper”.¹⁴

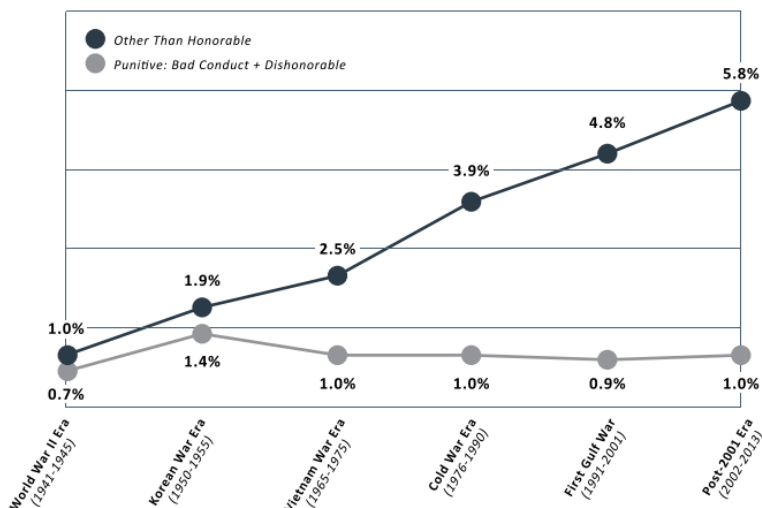
¹¹ Kaiser Family Foundation, *Medicaid’s Role in Covering Veterans*, June 2017. <https://www.kff.org/infographic/medicaids-role-in-covering-veterans/>

¹² Veterans Legal Clinic, Legal Services Center of Harvard Law School, “Underserved: How the VA Wrongfully Excludes Veterans with Bad Paper”, Swords to Plowshares, March 2016. <https://www.swords-to-plowshares.org/wp-content/uploads/Underserved.pdf>

¹³ US General Accounting Office, “DOD Health: Actions Needed to Ensure Post-Traumatic Stress Disorder and Traumatic Brain Injury Are Considered in Misconduct Separations”, May 2017. <http://www.gao.gov/assets/690/684608.pdf>

¹⁴ Fact sheet: Emergent Mental Health Care for Former Service Members, U.S. Department of Veterans Administration, June 2017. https://www.mentalhealth.va.gov/docs/Fact_Sheet-Emergent_Mental_Health_Care_Former_Service_Members.pdf

Veterans with Bad-Paper Discharges as Percent of All Veterans with Characterized Discharges



Source: Veterans Legal Clinic, Legal Services Center of Harvard Law School, *Underserved: How the VA Wrongfully Excludes Veterans with Bad Paper*, Swords to Plowshares, March 2016.

News reports cite VA estimates of more than 500,000 veterans with “other than honorable discharges”.¹⁵ Colorado has about 2.0 percent of the U.S. veteran population. Assuming it has 2.0 percent of the 500,000 veterans receiving “other than honorable” discharges, this would be about 10,000 people. **If 10 percent of these (1,000) with OTH discharges were ultimately deemed disabled and received Medicaid services, the resulting Medicaid cost would be \$18.6 million (rate of \$18,586 per person for the disabled population age 59 and below) and the state share of that would be about \$9.3 million.**

¹⁵ Yen, VA expands mental health care for vets with less-than-honorable discharges, Chicago Tribune, Mar. 9, 2017 <http://www.chicagotribune.com/news/nationworld/ct-mental-healthcare-for-discharged-veterans-20170309-story.html>

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

H. Michael Edwards, Adjutant General

(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD

This division is responsible for the management and administration of the Department and the Army National Guard. The division includes funding for staff, centrally appropriated line items, and miscellaneous programs such as National Guard tuition assistance and Civil Air Patrol operations.

Personal Services	<u>2,094,496</u>	<u>2,295,852</u>	<u>2,433,050</u>	<u>2,495,125</u>
FTE	32.3	31.8	36.2	36.3
General Fund	1,820,541	2,047,055	2,180,436	2,237,280
Cash Funds	0	0	4,046	4,046
Federal Funds	273,955	248,797	248,568	253,799
Health, Life, and Dental	<u>294,831</u>	<u>132,075</u>	<u>1,099,477</u>	<u>1,066,655</u>
General Fund	294,831	132,075	394,619	426,233
Cash Funds	0	0	3,213	7,262
Federal Funds	0	0	701,645	633,160
Short-term Disability	<u>5,505</u>	<u>1,775</u>	<u>15,565</u>	<u>14,114</u>
General Fund	5,505	1,775	5,434	5,199
Cash Funds	0	0	154	233
Federal Funds	0	0	9,977	8,682
S.B. 04-257 Amortization Equalization Disbursement	<u>116,224</u>	<u>49,160</u>	<u>426,805</u>	<u>425,625</u>
General Fund	116,224	49,160	148,590	156,246
Cash Funds	0	0	4,198	7,004
Federal Funds	0	0	274,017	262,375

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>112,262</u>	<u>48,730</u>	<u>426,805</u>	<u>425,625</u>	
General Fund	112,262	48,730	148,590	156,246	
Cash Funds	0	0	4,198	7,004	
Federal Funds	0	0	274,017	262,375	
Salary Survey	<u>37,390</u>	<u>8,260</u>	<u>162,021</u>	<u>276,353</u>	
General Fund	37,390	8,260	56,568	101,574	
Cash Funds	0	0	1,607	4,553	
Federal Funds	0	0	103,846	170,226	
Merit Pay	<u>31,592</u>	<u>0</u>	<u>77,920</u>	<u>0</u>	
General Fund	31,592	0	27,520	0	
Cash Funds	0	0	259	0	
Federal Funds	0	0	50,141	0	
Shift Differential	<u>0</u>	<u>0</u>	<u>27,954</u>	<u>31,196</u>	
Federal Funds	0	0	27,954	31,196	
Workers' Compensation	<u>81,289</u>	<u>101,393</u>	<u>124,934</u>	<u>153,608</u>	
General Fund	28,044	34,880	60,049	73,831	
Federal Funds	53,245	66,513	64,885	79,777	
Operating Expenses	<u>2,999,483</u>	<u>2,376,620</u>	<u>2,474,288</u>	<u>2,420,030</u>	*
General Fund	1,483,095	1,323,439	1,586,583	1,532,325	
Cash Funds	38,401	0	46,000	46,000	
Federal Funds	1,477,987	1,053,181	841,705	841,705	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>18,627</u>	<u>11,100</u>	<u>22,372</u>	<u>22,372</u>	
General Fund	18,627	11,100	22,372	22,372	
Legal Services	<u>11,364</u>	<u>10,132</u>	<u>7,459</u>	<u>12,017</u>	
General Fund	11,364	10,132	7,459	12,017	
Payments to OIT	<u>260,299</u>	<u>127,059</u>	<u>483,825</u>	<u>476,971</u>	*
General Fund	260,299	127,059	483,825	476,971	
Payment to Risk Management and Property Funds	<u>116,976</u>	<u>129,598</u>	<u>174,791</u>	<u>162,722</u>	*
General Fund	116,976	129,598	174,791	162,722	
Vehicle Lease Payments	<u>22,729</u>	<u>22,634</u>	<u>58,069</u>	<u>53,956</u>	
General Fund	22,729	22,634	58,069	53,956	
Leased Space	<u>42,786</u>	<u>43,817</u>	<u>58,198</u>	<u>59,204</u>	
General Fund	42,786	43,817	58,198	59,204	
Capitol Complex Leased Space	<u>48,115</u>	<u>49,882</u>	<u>54,312</u>	<u>49,231</u>	
General Fund	48,115	49,882	54,312	49,231	
CORE Operations	<u>65,220</u>	<u>52,829</u>	<u>58,108</u>	<u>58,753</u>	
General Fund	2,363	115,686	58,108	58,753	
Federal Funds	62,857	(62,857)	0	0	
Civil Air Patrol Operations	<u>57,949</u>	<u>50,692</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	57,949	50,692	58,638	58,638	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Local Armory Incentive Plan	<u>1,892</u>	<u>128</u>	<u>46,610</u>	<u>46,610</u>	
Cash Funds	1,892	128	46,610	46,610	
Distance Learning	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	
Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition fund	<u>1,496,089</u>	<u>1,207,508</u>	<u>1,596,157</u>	<u>1,596,157</u>	
General Fund	495,368	582,796	1,596,157	1,596,157	
Cash Funds	204,631	0	0	0	
Reappropriated Funds	796,090	624,712	0	0	
Army National Guard Cooperative Agreement	<u>7,389,436</u>	<u>9,039,835</u>	<u>3,833,260</u>	<u>3,913,935</u>	
FTE	65.7	62.6	51.5	51.5	
Federal Funds	7,389,436	9,039,835	3,833,260	3,913,935	
TOTAL - (1) Executive Director and Army National Guard	15,304,554	15,759,079	13,723,618	13,821,897	0.7%
<i>FTE</i>	<u>98.0</u>	<u>94.4</u>	<u>87.7</u>	<u>87.8</u>	<u>0.1%</u>
General Fund	5,006,060	4,788,770	7,180,318	7,238,955	0.8%
Cash Funds	244,924	128	113,285	125,712	11.0%
Reappropriated Funds	796,090	624,712	0	0	0.0%
Federal Funds	9,257,480	10,345,469	6,430,015	6,457,230	0.4%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
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(2) DIVISION OF VETERANS AFFAIRS

This division is responsible for various state veterans programs, including funding for state and county veterans service officers, grants supporting veterans organizations and programs, and the Western Slope Veterans Cemetery. Cash fund sources include the Colorado State Veterans Trust Fund and the Western Slope Military Veterans' Cemetery Fund.

Veterans Service Operations	<u>699,501</u>	<u>822,273</u>	<u>853,036</u>	<u>1,028,680</u> *
FTE	11.6	12.0	12.0	13.3
General Fund	666,704	783,678	810,839	986,180
Cash Funds	32,797	38,595	42,197	42,500
County Veterans Service Officer Payments	<u>631,830</u>	<u>647,955</u>	<u>957,280</u>	<u>957,280</u>
General Fund	631,830	647,955	957,280	957,280
Colorado State Veterans Trust Fund Expenditures	<u>751,217</u>	<u>748,005</u>	<u>740,633</u>	<u>740,633</u>
Cash Funds	751,217	748,005	740,633	740,633
Veterans Assistance Grant Program	<u>796,797</u>	<u>926,479</u>	<u>1,000,000</u>	<u>1,000,000</u>
FTE	0.4	0.0	0.5	0.5
General Fund	796,797	926,479	1,000,000	1,000,000
Western Slope Veterans Cemetery	<u>351,303</u>	<u>329,571</u>	<u>543,929</u>	<u>552,366</u>
FTE	3.7	5.5	5.5	5.5
General Fund	183,080	177,322	187,801	192,215
Cash Funds	168,223	152,250	239,228	240,791
Federal Funds	0	0	116,900	119,360

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (2) Division of Veterans Affairs	3,230,648	3,474,283	4,094,878	4,278,959	4.5%
<i>FTE</i>	<u>15.7</u>	<u>17.5</u>	<u>18.0</u>	<u>19.3</u>	<u>7.2%</u>
General Fund	2,278,411	2,535,434	2,955,920	3,135,675	6.1%
Cash Funds	952,237	938,850	1,022,058	1,023,924	0.2%
Federal Funds	0	0	116,900	119,360	2.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
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(3) AIR NATIONAL GUARD

Provides ready forces to the U.S. active armed services and provides ready forces for the preservation of life and property during natural disasters and in Colorado.

Operations and Maintenance Agreement for Buckley/

Greeley	<u>1,376,489</u>	<u>1,425,959</u>	<u>2,137,386</u>	<u>2,183,339</u>	
FTE	17.0	26.1	26.1	26.1	
General Fund	310,018	334,448	393,930	403,190	
Federal Funds	1,066,471	1,091,520	1,743,456	1,780,149	

Buckley Cooperative Agreement

FTE	<u>1,605,858</u>	<u>1,506,821</u>	<u>1,119,479</u>	<u>1,143,040</u>	
Federal Funds	18.9	19.2	17.5	17.5	
	1,605,858	1,506,821	1,119,479	1,143,040	

Security for Space Command Facility at Greeley

FTE	<u>375,528</u>	<u>309,782</u>	<u>246,330</u>	<u>251,514</u>	
Federal Funds	6.0	6.6	5.0	5.0	
	375,528	309,782	246,330	251,514	

TOTAL - (3) Air National Guard	<u>3,357,875</u>	<u>3,242,562</u>	<u>3,503,195</u>	<u>3,577,893</u>	2.1%
FTE	<u>41.9</u>	<u>51.9</u>	<u>48.6</u>	<u>48.6</u>	0.0%
General Fund	310,018	334,448	393,930	403,190	2.4%
Federal Funds	3,047,857	2,908,123	3,109,265	3,174,703	2.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
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(4) FEDERAL FUNDED PROGRAMS

This section provides an estimate of federal funds authorized for Colorado National Guard operations.

Federal Funded Programs Operations	<u>205,646,369</u>	<u>205,646,369</u>	<u>205,646,369</u>	<u>205,646,369</u>	
FTE	1,239.0	1,239.0	1,239.0	1,239.0	
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	
TOTAL - (4) Federal Funded Programs	205,646,369	205,646,369	205,646,369	205,646,369	0.0%
FTE	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	0.0%
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	0.0%
TOTAL - Department of Military and Veterans Affairs	227,539,446	228,122,293	226,968,060	227,325,118	0.2%
FTE	<u>1,394.6</u>	<u>1,402.8</u>	<u>1,393.3</u>	<u>1,394.7</u>	0.1%
General Fund	7,594,489	7,658,652	10,530,168	10,777,820	2.4%
Cash Funds	1,197,161	938,978	1,135,343	1,149,636	1.3%
Reappropriated Funds	796,090	624,712	0	0	0.0%
Federal Funds	217,951,706	218,899,961	215,302,549	215,397,662	0.0%

APPENDIX B

RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2016 SESSION BILLS

H.B. 16-1125 (ALIGNING DEFINITION OF VETERAN WITH FEDERAL LAW): Recreates the definition of "veteran" in state law to conform to the definition used in federal law and makes conforming amendments.

H.B. 16-1197 (MILITARY VETERAN OCCUPATIONAL CREDENTIALS): Requires each state agency that regulates a profession or occupation to evaluate and provide appropriate credit toward licensing and certification for military experience. Each state agency may consult with any military official, state agency, or post-secondary educational institution, and each post-secondary educational institution is obligated to cooperate. Refer to the Department of Regulatory Agencies for additional information.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17.

2017 SESSION BILLS

S.B. 17-166 (SUPPLEMENTAL BILL): Modifies FY 2016-17 appropriations to the Department of Military and Veterans Affairs.

S.B. 17-174 (ALLOCATION OF MONEY FOR NATIONAL GUARD TUITION): Removes the statutory reference to the Colorado Commission on Higher Education allocating funds for the Colorado National Guard Tuition Fund, allowing the Joint Budget Committee to make the program's future appropriations directly from the General Fund to the Department of Military and Veterans Affairs.

S.B. 17-183 (SUPPORT USS COLORADO COMMISSIONING): Appropriates \$100,000 General Fund for FY 2017-18 to the Department of Military and Veterans Affairs and requires the Department to make grants in support of the USS Colorado, a nuclear submarine expected to be commissioned in 2017.

S.B. 17-212 (SUNSET BOARD OF VETERANS AFFAIRS): Implements the recommendations in the Department of Regulatory Agencies' sunset report on the Board of Veterans Affairs and eliminates the repeal date of the board, continuing it indefinitely.

S.B. 17-254 (LONG BILL): General appropriations act for FY 2017-18.

APPENDIX C FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

There were no Long Bill footnotes for FY 2017-18 for the Department of Military and Veterans Affairs.

UPDATE ON REQUESTS FOR INFORMATION

There were no Long Bill requests for information for FY 2017-18 for the Department of Military and Veterans Affairs.

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(I), C.R.S., by November 1 of each year, the Office of State Planning and Budgeting is required to publish an **Annual Performance Report** for the *previous fiscal year* for the Department of Military and Veterans Affairs. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department of Military and Veterans Affairs is required to develop a **Performance Plan** and submit the plan for the current fiscal year to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2018-19 budget request, the most recent Annual Performance Report (FY 2016-17 4th quarter evaluation dated July 2017) and the FY 2017-18 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/military-veterans-affairs>