



Colorado Department of Military and Veterans Affairs



Mission: Colorado's Department of Military and Veterans Affairs supports the Division of the Colorado National Guard (CONG) in delivering land, air, space, and cyber power in support of state and federal operations; enables the Division of Veterans Affairs (DVA) to deliver high quality service to the State's Veterans and their families; and oversees operations of the Colorado Wing of the Civil Air Patrol (CAP) in delivering aerospace education and emergency services.

Vision: We aim to earn and maintain the trust and confidence in those we serve at the local, state and federal levels...be recognized for excellence in service to our Veterans, members, and families...and become the state of choice for future force structure gains and infrastructure investment.

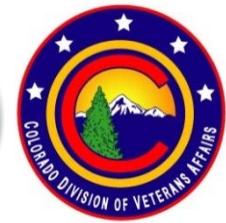


Briefing to the Joint Budget Committee

27 November 2017



Colorado Department of Military and Veterans Affairs Agenda



Colorado Department of Military and Veterans Affairs



Executive Director's Office
 State FTE: 36.2
 General Fund: \$5,484,161
 Cash Fund: \$113,285
 Federal Fund: \$248,568



Division of Veterans Affairs
 State FTE: 17.5
 General Fund: \$2,955,920
 Cash Fund: \$1,022,058
 Federal Fund: \$116,900



Division of the National Guard
 State FTE: 100.1
 Service Members: 5,500
 General Fund: \$393,930
 Cash Fund: N/A
 Federal Fund: \$212,588,894



Colorado Wing - Civil Air Patrol
 State FTE: 1.0
 Volunteers: 1,637
 General Fund: \$120,918
 Cash Fund: N/A
 Federal Fund: N/A



The Adjutant General of Colorado
 Maj. Gen. Michael A. Loh



Deputy Executive Director
 Michael T. "Mickey" Hunt



Division of the National Guard



Division of Veterans Affairs
 Director Reuben Mestas



Director of the Joint Staff
 Brig. Gen. Gregory T. White



Wing Commander, Civil Air Patrol
 Col. Celeste Gamache



Assistant Adjutant General, Army
 Brig. Gen. Laura Clellan



Assistant Adjutant General, Space
 Brig. Gen. Michael Willis



Assistant Adjutant General, Air
 Brig. Gen. Floyd Dunstan



Colorado Department of Military and Veterans Affairs



Division of the Colorado National Guard

Colorado Army National Guard:

- Continued support of deployed service members – COARNG is scheduled to have over 1200 soldiers deploy in 2018-2019
- High Altitude Mountain Training Initiative (HAMTI) - developing world class training facilities in order to make COARNG soldiers the most competent mountain warriors in the world
- Continuing to prepare for supporting the state during emergencies and disasters

Colorado Air National Guard:

- F-35 Lightning II to replace F-16 in 2020s
- 233rd Space Group mission
- Continued maturation of COANG Domestic Ops capabilities (Medical, Comm, Security, Engineering, etc)
- Recruiting and Retention



Colorado Department of Military and Veterans Affairs



Division of Veterans Affairs

- Veterans Service Officers- The Division is working to develop a matrix to demonstrate how the additional money sent to the counties is used to increase their outreach and presence in the respective counties. This effort is being conducted in conjunction with County Veterans Service Officers and the Colorado Board of Veterans Affairs.
- Grants -In response to community and grantee feedback, we are simplifying the application so grantees can better understand the information requested while retaining clear and auditable parameters.
- Cemetery- By increasing community connections, opportunities have presented themselves for our grounds keepers to be included in community based trainings for irrigation parts and repairs, pumps and their use, horticulture and grounds maintenance.

Division of Civil Air Patrol

- Continue search and rescue, flood and fire watch, and homeland security missions, while adding missions to include those utilizing UAS technology.
- Colorado Wing has 18 teams participating in the 2017-2018 CyberPatriot Competition. Colorado Springs Cadet Squadron won the 2016-2017 All Services Division of CyberPatriot in April 2017.
- Increase the number of mission qualified pilots in the Colorado Wing



Colorado Department of Military and Veterans Affairs



FY 2018-19 Budget Request

Division	FTE	TF	GF	CF	FF
Executive Director's Office/Army National Guard	87.8	\$13,821,897	\$7,235,955	\$125,712	\$6,457,230
Veterans Affairs	19.3	\$4,278,959	\$3,135,675	\$1,023,924	\$119,360
Air National Guard	48.6	\$3,577,893	\$403,190	\$0	\$3,174,703
Federal Funded Program	1,239.0	\$205,646,369	\$0	\$0	\$205,646,369
Total	1,394.7	\$227,325,118	\$10,777,820	\$1,149,636	\$215,397,662



Colorado Department of Military and Veterans Affairs



Issue Items

- Grand Junction One Stop



- Colorado Veterans and Veterans Programs



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2018-19 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, November 27, 2017
1:30 pm – 3:00 pm

1:30-2:00 INTRODUCTIONS AND OPENING COMMENTS

2:00-2:30 VETERANS ONE-STOP IN GRAND JUNCTION

[Background: The State has authorized \$3.5 million capital construction funds in FY 2017-18 to renovate a building for a new one-stop center for veterans in Grand Junction. The DMVA operating request for R1 will annualize to \$231,367 and 3.2 FTE by FY 2020-21 to staff the facility.]

- 1** *[Background: The other major one-stops in the State were launched by non-profits. These non-profits built the facilities and provide significant numbers of staff (15 non-profit staff at Mount Carmel and 25 staff at the Bill Daniels Center).]* Why is the State playing such a significant role in the Grand Junction veterans one-stop instead of a non-profit? Is this due to insufficient non-profit interest or support?

The Department saw the serendipitous confluence of a vacant DMVA facility in Grand Junction with proximity to the Grand Junction Veterans Affairs Medical Center combined with an engaged and organized veterans coalition. The community did not have a facility or a funder. In this way we see an inverse model to Mt. Carmel. Mt. Carmel is a non-profit providing a brick and mortar location that is supplemented by government sponsored programs. Grand Junction will be an example of a government provided brick and mortar location partnered with non-profit programs.

- 2** *[Background: Mount Carmel receives 22 percent of its budget from the Veterans-to-Career Pilot, the Bill Daniels Center does not receive a direct state grant, and the DMVA is requesting state staffing for the Grand Junction one-stop.]* What role should the State play in funding one-stops?

The Veterans-to-Career Pilot Program provides funding to support paid internships, job coaching, and career transition workshops for veterans, their spouses, their children, and/or their caregivers. \$313,600 of the \$500,000 appropriated to the program is administered by the Mt. Carmel Center. Of these funds \$16,000 is applied towards administrative overhead, accounting for 1.067% of the Mt. Carmel budget.

The Department views the State in the role of creating synergy in a rural/underserved area amongst disparate non-profit, community, and governmental stakeholders in support of veterans and their families across the Western Slope. This center is in essence a start-up incubator. In light of that view, the Department believes the role of State funding should continue to be specific and programmatic as opposed to a one-size fits all model.

- a) **Provide additional information on State and county expenditures that support existing one-stops, including support for staff who may be funded in separate state and county budgets but who provide services on-site at one-stops.**

The Department has no visibility on what counties or other Departments provide to the existing one-stops. The Department provided 1 x FTE as a state veterans service officer within the Bill Daniel's Center from August 2015 to September 2017. No monies from either of the Department's two grant streams for veterans (i.e. the Veterans Trust Fund and the Veterans Assistance Grant) have been awarded to either the Bill Daniels Center or the Mt. Carmel Center.

- b) **Should there be a more common/consistent framework for funding veterans' one-stops throughout the State? Why should State support for the Grand Junction facility be different than for the others?**

The Department is operating with a vision to fill a very real need in the Western Slope community. The Department does not believe it can dictate the models that non-governmental organizations choose to utilize in existing locations, nor does it have the framework to compel a non-governmental organization to facilitate the Grand Junction one stop. The Department would certainly entertain the efforts of any non-governmental organization to acquire the facility in the future and to operate the one stop. This is the nature of incurring risk to incubate a start-up, but we think it is well-worth the effort on behalf of Colorado's veterans and their families.

- c) **Should the Veterans Service to Career Pilot be available to all major state one-stops? Should it be administered through the Department of Military and Veterans Affairs?(Note: This pilot is set to expire but could potentially be renewed through new 2018 legislation)**

The Department has learned that each community in Colorado has different needs in the veterans space. If the Veterans Service-to-Career Pilot Program is reauthorized then each major state one-stop should apply to participate if they see a fit for their center to avoid redundancy with other community stakeholders. The local community is the best assessor of the need and potential scope.

HB16-1267 created the Colorado Veterans Service-to-Career Program in the CDLE to serve veterans beyond what is allowable under Federal programs such as the Workforce Innovation and Opportunity Act (WIOA). Local workforce centers applied for the funds to support veterans, their spouses and other eligible participants seeking new employment and careers.

The application process was done by RFP and open to workforce centers and nonprofit agencies. The 3 recipients are Arapahoe-Douglas Works, Larimer County, and Pikes Peak workforce centers. The legislature funded the program with a one-year appropriation of \$500,000 from the Marijuana Tax Cash Fund through June 30, 2017; however, during the 2017 legislative session, the appropriation was extended to be available through June 30, 2018.

The Department believes that supporting veterans is best approached through a "whole of government" strategy. The State Departments are structured to provide the right core

competencies to Colorado's citizens in the most effective manner. We believe that veterans are best served by receiving services from subject matter experts rather than creating a subset of service providers and grouping them not within the field in which they work, but rather within the demographic of constituents that they support. As such the Department believes that this employment program is best served by remaining in the Colorado Department of Labor.

3 Address the following 3 questions raised by Staff about proposed state-administration of the new one-stop:

- a) **How will government staff address a need for new services at the one-stop that aren't already represented among partners? Non-profits are better 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?**

The Department will seek needed partners across the non-governmental and governmental spectrum as needed.

- b) **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?**

The Department has benefitted from the addition of a Strategic Planner/Lean Champion as funded by the Joint Budget Committee. This addition has helped inculcate metrics into our processes and the incumbent in this position has already been working with the Joining Community Forces group in Grand Junction to ensure that a common vision and mission is developed for this project. The Department expects to produce baseline metrics from this effort that will allow for accurate measurement of specific goals.

Comparison to the other existing centers will be challenging due to differences in the communities in which they are located, the different levels of funding they receive, and the specific needs of the veterans populations they serve. That being said, the Department will endeavor to find common metrics to use for comparison.

- c) **Will building tenants contribute to ongoing upkeep and maintenance of the building through lease payments?**

Yes, the Department intends to charge tenants at a rate commensurate with the local per sq. ft. rate for similar office space. While the Department hopes that this will supplement the operations budget, the project has not been designed sufficiently to calculate the space available for rent.

4 What is the role of counties in veterans' one-stop services elsewhere and as envisioned at the Grand Junction one-stop? For example, do you expect to enroll veterans for social services on-site? Would you have related county IT services on-site?

The Department will encourage Mesa County to participate and provide on-site services as appropriate. The Department intends to provide a minimal commercial internet backbone as necessary to provide connectivity but will encourage all tenants to operate through their own internal VPN/web interface.

5 Is the DMVA trying to fund positions that are usually funded by other sources or that could be supported by other sources?

The intent of the Department is to create a framework that is minimally staffed to accommodate a need on the Western Slope. The Department believes the current request reflects a minimal staff to operate the facility. We cannot compel Mesa County to move their County Veterans Service Officer to this location.

a) Explain the role of a VSO. Why is another VSO needed? Why can't the county play this role?

The Veterans Service Officer (VSO) are typically the first-line of assistance that veterans and their family members utilize to connect them with the Federal Veterans Administration (VA) and other State/County Services. VSO's help by connecting them to disability compensation, health care, housing, employment, educational and death benefits- this includes registering them with the VA. Having a VSO in each county is paramount in assisting those in need. VSOs also help with claims and can act as a limited power of attorney for the claimant. VSOs assist Veterans, Active Duty, Reserve, and National Guard members of the Armed Forces of the United States. We also assist spouses, surviving spouses, dependent parents, and dependents with their claims.

A state veterans service officer operates with typically more challenging cases, appeals, and performs training for County Veterans Service Officers. The Department envisions this state veterans service officer as managing complex walk-in cases as well as providing a regional training resource for all Western Slope County Veterans Service Officers

b) Shouldn't the federal government be paying for staff to issue military ID's?

The Defense Eligibility Enrollment and Reporting System (DEERS) provides current military members, retirees, family members, contractors, and volunteers with military ID cards. DMVA operates the only DEERS system on the Western Slope. The next closest systems are in Denver, CO and Salt Lake City, UT. This position should be funded by the state to provide continuity in services.

The DEERS ID system in Grand Junction produces ID's for retirees and non-military members versus currently serving military at a 4-1 ratio. We believe this is perfectly in line with the mission of the One Stop.

6 Is there any state authority to issue US Military ID cards? Would this have to be approved by Secretary of Defense? Is it an appropriate role for a State employee?

The Adjutant General is both the Executive Director of the Department and a federally recognized military officer in charge of national defense force structure. CRS 28-3-106 (m) states that the

Adjutant General “shall attend to the safekeeping and repairing of the ordnance, arms, accoutrements, equipment, and all other military property belonging to the state or issued to it by the United States.” The DEER ID system is military equipment issued to our state militia by the US government. The Secretary of Defense has no direct role in the disposition of this equipment. The Department validated that a state employee can provide this service prior to making a request. It is an appropriate request as it negates an additional issue of a military person assigned to this task being deployed, thus causing a stoppage in this critical service.

- 7 Respond to the staff recommendation that the Committee sponsor legislation to authorize the one-stop. Staff recommended legislation that:**
- **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.**

The Department concurs.

2:30-3:00 COLORADO VETERANS AND VETERANS PROGRAMS

- 8 Are we doing everything we can to get individuals registered in the veterans administration? Is there a backlog for this process? Can veteran service offices help veterans register in the VA?**

The primary role of all Veterans Service Officers, be they State, County or other is to ensure that veterans are receiving the federal benefits they have earned. Claims backlogs are associated with the federal VA's inability to process claims in a timely manner, not a lag in the ability of VSO's to submit information to the VA.

- 9 Should veterans be on veteran's benefits rather than on Medicaid? Are there 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?**

The Department believes that all eligible veterans should receive the federal benefits that they have earned. Not every veteran is eligible for VA medical care. The Department encourages the use of the existing grant (see next question) within HCPF to determine the best way to integrate these systems.

- 10 Can data be exchanged between the federal VA, HCPF (Medicaid), and the DMVA to help identify veterans who are eligible for VA benefits? (b) [Department of Health Care Policy and Financing] What is the feasibility of adding veteran status information in CBMS and Medicaid records?**

Washington state has developed a program called PARIS and Veterans Benefit Enhancement Project which tracks this and asks these questions. It is our understanding that Colorado receives a three-year pilot program to transition to this model.

- 11 How do we compare to other states at accessing federal funds for veterans and veterans programs? Are we leaving federal funds on the table?**

The primary source of federal funds related to veterans is in the form of compensation and pension payments and medical care. This is handled on an individual basis which is the role of the veterans service officer. The Division of Veterans Affairs is not funded or staffed to determine what, if any federal grant programs pertain to some aspect of veterans that would be germane to state government.

- 12 Discuss recent changes in federal rules regarding medical services (Veterans Choice program). How can the State ensure that this program is used effectively by veterans who might otherwise rely on Medicaid or go without services?**

The Department believes that all veterans should see a veterans service officer to ensure they are using their earned federal benefits. As such it would be advisable to direct all veterans participating in Medicaid to a veterans service officer for an initial application or a review as applicable.

- 13 What are the most serious problems facing Colorado veterans from the Department's perspective? How do Colorado's issues differ from those of the nation as a whole?**

The most serious problem related to Colorado's veterans is the distance to care for rural veterans or veterans "on the other side of the mountain." We hope that the Choice program allows for more local providers to be integrated into the federal VA's healthcare system. Colorado's unique challenge is mountain passes and the seasonal and travel time distances they can create.

- 14 Is the Department able to estimate the size of Colorado tax benefits for veterans? What would be the impact of providing tax larger exemptions for military pensions?**

The Department has participated in the fiscal note process for previous bills that attempted to exempt military retiree pay from the state income tax. This information is controlled by the Defense Finance and Accounting Service and the Department has no access to this information. The fiscal note from SB 17-075 states that fully implemented impact was estimated at -\$7.9M per year to general fund revenue.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.**

N/A

- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2017 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.**

<http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2017>

N/A

- 3 If the Department receives federal funds of any type, please respond to the following:**
- a. [Rep. Young] Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2017-18 or 2018-19.**

None

- b. [Rep. Young/Sen. Lambert] Are you expecting any changes in federal funding with the passage of the FFY 2017-18 or 2018-19 federal budget? If yes, in which programs, and what is the match requirement for each program?**

Federal funding for the cooperative agreements have volatility based on needs of the Guard. This can cause issues with having a set amount of state match. There is also a historical tendency on the part of the federal government to provide "fall-out funds" at the end of the federal fiscal year as unspent dollars are reallocated across the National Guard. The Department cannot predict these amounts as they change annually and are subject to numerous factors.

c. **[Sen. Moreno] Does the Department have a contingency plan if federal funds are eliminated?**

Federal funds are the primary driver of national defense. The Department does not forecast significant changes and significant cuts would indicate an extreme paradigm shift in national defense and would have to be dealt with accordingly at the time.

4 **Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?**

None

5 **Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy? Do the statewide compensation policies administered by the Department of Personnel help or hinder in addressing vacancy or turnover issues?**

Turnover rate for past year (so far as we still have one more month to go): 13.76% or 14% rounded.

- a. *Turnover rate is attributed to aging population (3.2% were retirements, 1.9% were involuntary, 1.83% transferred to higher positions within state, 3.77% left for more money, to be a mom, to start own business, 1.67% left because they were dissatisfied with supervisor, 1.39% were disability related). Combine retirements with disability = aging population.*
- b. *Current compensation cannot be attributed to adverse in recruitment, but could be adverse in retention.*

6 **Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Chief Information Security Office (CISO) in the Office of Information Technology (OIT)? Have your information technology infrastructure and policies been audited for cybersecurity capabilities? If so, was the audit completed by the legislative auditor or an outside entity? Do you have dedicated cybersecurity personnel? How do your cybersecurity staff interact with the CISO in OIT? What unique security issues does your Department have? Do you handle private or sensitive data? What unique cybersecurity processes or tools do you use to protect this data?**

The Office of Information Security, under the leadership of the state CISO provides security governance, security architecture, risk management, compliance assessment support, and security operations functions for all executive branch agencies (with a few exceptions, such as: CDE, Department of State, Department of Law, Lottery). Agencies, except those mentioned as exceptions, do not have dedicated cybersecurity personnel.

The Office of Information Security has input into the 5-year plans for each Department, and has worked to prioritize projects benefiting each Department, such as: the Enterprise Firewall Refresh project, new quarterly security awareness training, two-step verification, and an enterprise security log collection and correlation engine.

Additionally, the Office of Information Security, within OIT, produces a quarterly risk report card, in which they measure risk for each Department, and have specific goals set, for reducing risk.

Annually, the CISO develops an enterprise information security plan, utilizing input from the Governor's goals, the 5 year plans for each department, and the OIT playbook. The information security plan includes communication and information resources that support the operations and assets of each department.

The Office of Information security, within the Office of Information Technology (OIT) implements enterprise-wide security controls, meant to secure sensitive data for each department. Some of these controls are: ensuring encryption is in place to secure data in transmission, utilizing Zix to encrypt sensitive data in email, implementing specific configuration and technologies to encrypt data in storage. Additionally, OIT has implemented two-step verification to add a layer of protection to email, contacts, and data stored within G-Suite. Each department implements additional procedures, such as training, data retention and access control policies, implemented at a department level to further protect and secure sensitive data. These local security procedures augment technical controls implemented by OIT to enhance the department's continued security health.

OIT supports all of the audits that occur for each department. OIT maintains a register of outstanding technology recommendations for each department, and works individually with the department to prioritize and secure funding to implement the recommendations. In addition to performing remediation, OIT continues to implement controls and improve processes in an attempt to proactively (rather than reactively) improve security.

7 What impact do the SMART Act and Lean processes have on your budget requests? Could they be used more effectively?

The Department anticipated outcomes link to department strategic policy initiatives and can be tied to our budget requests.

8 Does your Department use evidence-based analysis as a foundation for your budget request? If so, please provide a definition for your use of "evidence-based," indicate which programs are "evidence-based," and describe the evidence used to support these programs.

The Department does not use evidence-based analysis.

9 Please identify how many rules you have promulgated in the past two years (FYs 2015-16 and 2016-17). With respect to these rules, have you done any cost-benefit analyses pursuant to

Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

The Department does not promulgate rules.

- 10 Describe the expected fiscal impact of proposed changes to PERA made by both the Governor's Office and the PERA Board of Directors. In addition to direct budgetary impacts, please describe any anticipated secondary impacts of an increase in employee contribution rates. For instance, does the Department anticipate a need to increase employee salaries to compensate for the increase in PERA contributions?**

The proposed changes to PERA made by the PERA Board of Directors include a 2.0 percentage point increase in employer contributions from 20.15% to 22.15%, which will have a direct budgetary impact on the department equal to 2.0 percent of salaries. DPA will provide a statewide estimate for this impact. PERA's proposal makes this change starting January 2020, thus it will affect the department's budget starting with FY 2019-20. The PERA Board proposal also includes a recommendation for contributions to be made on gross pay rather than net pay, which increases the salary base upon which the annual contribution is calculated for both employers and employees. This would have a direct impact on the department's budget as well as employee take home pay. The PERA Board proposal also includes a 3.0 percentage point increase in employee contributions, from 8.0 percent of pay to 11.0 percent of pay, beginning January 2020. Without an increase in employee salaries, these changes would reduce take home pay for state employees.

The Governor's proposed changes to PERA will not have a direct budgetary impact on the department, with the exception of maintaining the PERA Board's recommendation for employee and employer contributions to be made on gross pay rather than net pay. As mentioned above, this would increase the salary base upon which the annual contribution is calculated for both employers and employees, though that impact has not yet been estimated. The Governor's proposal includes a 2.0 percentage point increase in employee contributions to PERA starting in January 2019. The Governor's budget request includes an across-the-board salary survey increase of 3.0 percent for most state employees beginning July 1, 2018. With the proposed increase in employee contributions, this will average to a take home pay increase of 2.0 percent for the fiscal year. The proposed salary survey increase results in an increase of \$114,221 in total funds, and \$45,006 in General Fund for FY 2018-19 for the department.

- 11 Senate Bill 17-267 required Departments, other than Education and Transportation, that submit budgets to OSPB to propose a budget that is 2.0 percent below the total funds budget in FY 2017-18. Please highlight the following regarding the 2.0 percent reduction:**
- **Where these reductions can be found in the Department's request;**
 - **What programs are impacted by the reduction; and**
 - **Total amount of the reduction.**

In the course of its statutory duties, the Office of State Planning and Budgeting complied with the provisions of S.B. 17-267. A provision of the bill required OSPB's consideration of proposed two percent reductions for certain principal department budgets. OSPB found the process to be useful. In recommending the budget request, especially in the General Fund, while considering each department's budget reduction items, OSPB also took into account the various pressures on spending and needs throughout the state. Additionally, S.B. 17-267's provisions informed decision making in the request, in particular the recommendation for a decrease in the Budget Stabilization factor in the School Finance Act as well as the recommendation to increase the statutory reserve in the General Fund. With respect to the two percent target of General Fund spending as defined in the bill, these two items exceeded the suggested target.

12 Please provide the following information for the Department's custodial funds and continuously appropriated funds:

- **Name of the fund;**
- **Amount of funds received;**
- **Whether the revenues are one-time or multi-year;**
- **Current cash fund balance;**
- **Source(s) of the funds;**
- **A list of FY 2015-16 and FY 2016-17 expenditures from these funds;**
- **Expected uses of the funds in FY 2017-18 and FY 2018-19; and**
- **Legal authorization and restrictions/limitations on the Department's use of these funds.**

<i>Name of Fund</i>	<i>Amount of funds received</i>	<i>Revenue One time or Multi Year</i>	<i>Current cash fund balance</i>	<i>Source of Fund</i>	<i>FY 15-16 Expenditures</i>	<i>FY 16-17 Expenditures</i>	<i>Expected Uses of Funds</i>	<i>Legal Authorization</i>
22MO Counterdrug and Forfeiture Fund		One Time	\$136,429	Forfeited property	\$17,409	\$9,116		28-3-1305
2530 Colorado National Guard Tuition Fund		One Time	\$123,587	General Fund	\$1,134,825	\$624,712	Tuition assistance for CONG members	23-5-111.4
26N0 Chargeable Quarters and Billeting Fund		Multi	\$0	Use of Facilities	\$0	\$47,703	To offset operation and administrative cost of facility	28-3-109

Also, DMVA's current long bill contains \$9,656,180 of Federal Funds.

- 13** What is the Department's process for engaging in (or disputing) federal land, environmental, jurisdictional, and/or water policy issues? How do you coordinate with other departments, the Governor's Office, local governments, and/or citizens?

Federal land coordination for military training takes place primarily through the Department of Defense.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2018-19 JOINT BUDGET COMMITTEE HEARING AGENDA

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- 1 *[Background: The other major one-stops in the State were launched by non-profits. These non-profits built the facilities and provide significant numbers of staff (15 non-profit staff at Mount Carmel and 25 staff at the Bill Daniels Center).]* Why is the State playing such a significant role in the Grand Junction veterans one-stop instead of a non-profit? Is this due to insufficient non-profit interest or support?
- 2 *[Background: Mount Carmel receives 22 percent of its budget from the Veterans-to-Career Pilot, the Bill Daniels Center does not receive a direct state grant, and the DMVA is requesting state staffing for the Grand Junction one-stop.]* What role should the State play in funding one-stops?
 - a) Provide additional information on State and county expenditures that support existing one-stops, including support for staff who may be funded in separate state and county budgets but who provide services on-site at one-stops.
 - b) Should there be a more common/consistent framework for funding veterans' one-stops throughout the State? Why should State support for the Grand Junction facility be different than for the others?
 - c) Should the Veterans Service to Career Pilot be available to all major state one-stops? Should it be administered through the Department of Military and Veterans Affairs?(Note: This pilot is set to expire but could potentially be renewed through new 2018 legislation)
- 3 Address the following 3 questions raised by Staff about proposed state-administration of the new one-stop:
 - a) *How will government staff address a need for new services at the one-stop that aren't already represented among partners?* Non-profits are better 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?
 - b) *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?

- c) Will building tenants contribute to ongoing upkeep and maintenance of the building through lease payments?
- 4 What is the role of counties in veterans' one-stop services elsewhere and as envisioned at the Grand Junction one-stop? For example, do you expect to enroll veterans for social services on-site? Would you have related county IT services on-site?
- 5 Is the DMVA trying to fund positions that are usually funded by other sources or that could be supported by other sources?
- a) Explain the role of a VSO. Why is another VSO needed? Why can't the county play this role?
- b) Shouldn't the federal government be paying for staff to issue military ID's?
- 6 Is there any state authority to issue US Military ID cards? Would this have to be approved by Secretary of Defense? Is it an appropriate role for a State employee?
- 7 Respond to the staff recommendation that the Committee sponsor legislation to authorize the one-stop. Staff recommended legislation that:
- 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.]

2:30-3:00 COLORADO VETERANS AND VETERANS PROGRAMS

- 8 Are we doing everything we can to get individuals registered in the veterans administration? Is there a backlog for this process? Can veteran service offices help veterans register in the VA?
- 9 Should veterans be on veteran's benefits rather than on Medicaid? Are there 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?
- 10 (a) Can data be exchanged between the federal VA, HCPF (Medicaid), and the DMVA to help identify veterans who are eligible for VA benefits? (b) [*Department of Health Care Policy and Financing*] What is the feasibility of adding veteran status information in CBMS and Medicaid records?
- 11 How do we compare to other states at accessing federal funds for veterans and veterans programs? Are we leaving federal funds on the table?
- 12 Discuss recent changes in federal rules regarding medical services (Veterans Choice program). How can the State ensure that this program is used effectively by veterans who might otherwise rely on Medicaid or go without services?
- 13 What are the most serious problems facing Colorado veterans from the Department's perspective? How do Colorado's issues differ from those of the nation as a whole?
- 14 Is the Department able to estimate the size of Colorado tax benefits for veterans? What would be the impact of providing tax larger exemptions for military pensions?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.
- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2017 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

<http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2017>

- 3 If the Department receives federal funds of any type, please respond to the following:
 - a. *[Rep. Young]* Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2017-18 or 2018-19.
 - b. *[Rep. Young/Sen. Lambert]* Are you expecting any changes in federal funding with the passage of the FFY 2017-18 or 2018-19 federal budget? If yes, in which programs, and what is the match requirement for each program?
 - c. *[Sen. Moreno]* Does the Department have a contingency plan if federal funds are eliminated?
- 4 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?
- 5 Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy? Do the statewide compensation policies administered by the Department of Personnel help or hinder in addressing vacancy or turnover issues?
- 6 Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Chief Information Security Office (CISO) in the Office of Information Technology (OIT)? Have your information technology infrastructure and policies been audited for cybersecurity capabilities? If so, was the audit completed by the legislative auditor or an outside entity? Do you have dedicated cybersecurity personnel? How do your cybersecurity staff interact with the CISO in OIT? What unique security issues does your Department have? Do you handle private or sensitive data? What unique cybersecurity processes or tools do you use to protect this data?
- 7 What impact do the SMART Act and Lean processes have on your budget requests? Could they be used more effectively?
- 8 Does your Department use evidence-based analysis as a foundation for your budget request? If so, please provide a definition for your use of "evidence-based," indicate which programs are "evidence-based," and describe the evidence used to support these programs.
- 9 Please identify how many rules you have promulgated in the past two years (FYs 2015-16 and 2016-17). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

- 10 Describe the expected fiscal impact of proposed changes to PERA made by both the Governor's Office and the PERA Board of Directors. In addition to direct budgetary impacts, please describe any anticipated secondary impacts of an increase in employee contribution rates. For instance, does the Department anticipate a need to increase employee salaries to compensate for the increase in PERA contributions?
- 11 Senate Bill 17-267 required Departments, other than Education and Transportation, that submit budgets to OSPB to propose a budget that is 2.0 percent below the total funds budget in FY 2017-18. Please highlight the following regarding the 2.0 percent reduction:
 - Where these reductions can be found in the Department's request;
 - What programs are impacted by the reduction; and
 - Total amount of the reduction.
- 12 Please provide the following information for the Department's custodial funds and continuously appropriated funds:
 - Name of the fund;
 - Amount of funds received;
 - Whether the revenues are one-time or multi-year;
 - Current cash fund balance;
 - Source(s) of the funds;
 - A list of FY 2015-16 and FY 2016-17 expenditures from these funds;
 - Expected uses of the funds in FY 2017-18 and FY 2018-19; and
 - Legal authorization and restrictions/limitations on the Department's use of these funds.
- 13 What is the Department's process for engaging in (or disputing) federal land, environmental, jurisdictional, and/or water policy issues? How do you coordinate with other departments, the Governor's Office, local governments, and/or citizens?