

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2015-16 STAFF BUDGET BRIEFING

DEPARTMENT MILITARY AND VETERANS AFFAIRS

**JBC Working Document - Subject to Change
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 serve as a reserve force for the U.S. Armed Forces. Associated duties are carried out by four divisions, 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.

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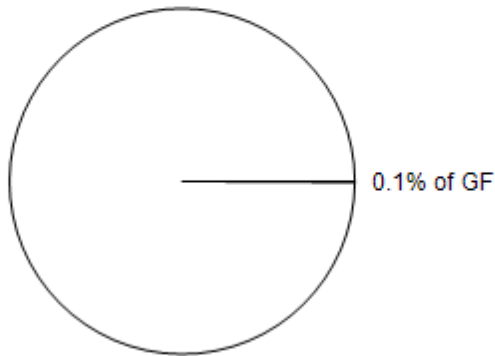
Department Budget: Recent Appropriations

Funding Source	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 *
General Fund	\$6,692,607	\$7,378,715	\$8,185,530	\$8,252,334
Cash Funds	1,332,993	1,239,695	1,282,783	1,283,450
Reappropriated Funds	803,662	800,000	1,100,000	800,000
Federal Funds	<u>214,128,024</u>	<u>214,439,842</u>	<u>214,735,872</u>	<u>214,951,638</u>
Total Funds	\$222,957,286	\$223,858,252	\$225,304,185	\$225,287,422
Full Time Equiv. Staff	1,384.9	1,389.6	1,391.2	1,392.3

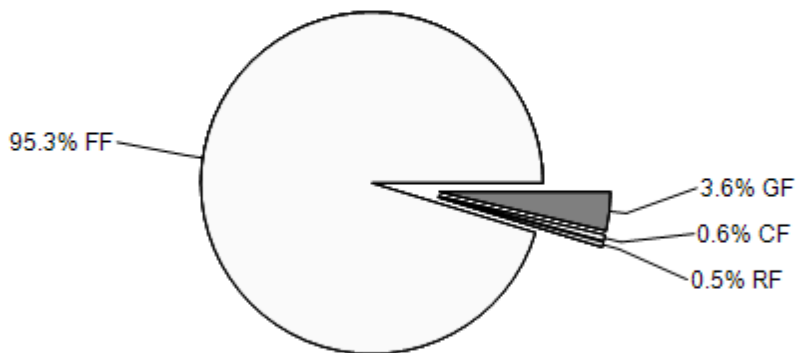
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

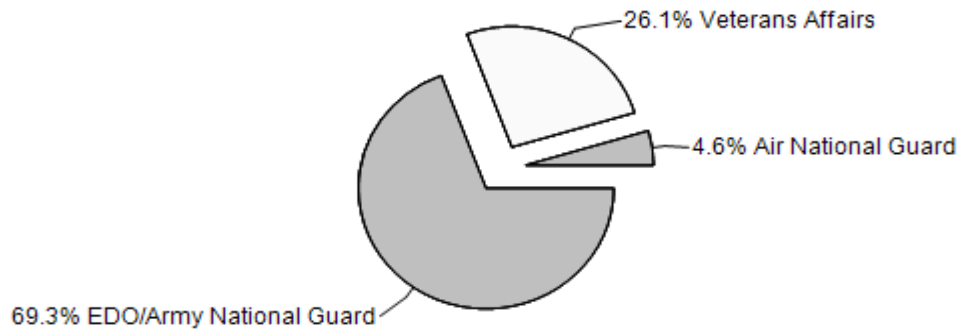


Department Funding Sources

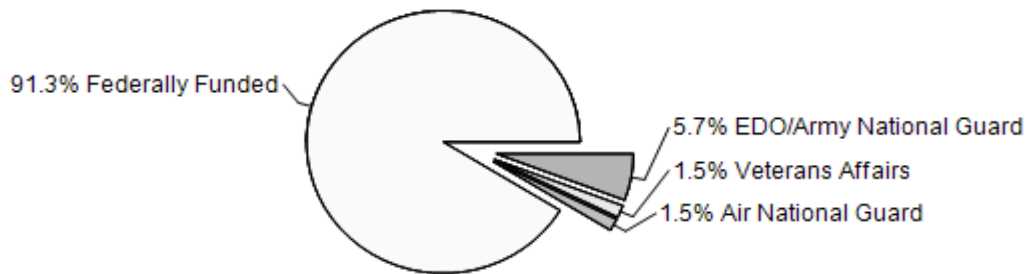


All charts are based on the FY 2014-15 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2014-15 appropriation.

General Factors Driving the Budget

Federal Funds and Federal Force Structure

Approximately 95.3 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. The primary driver of federal funds is the "federal force structure" or number of Guard members authorized by the U.S. National Guard Bureau, and the degree which the force structure is filled. These factors determine the amount of federal funds flowing through the Department.

The Army National Guard accounts for 72.2 percent of total members and the Air National Guard accounts for 27.8 percent of total members in FY 2014-15. The following table details the current combined strength of the Department's two Guard components:

Colorado National Guard Authorized Strength and Membership				
Total Authorized Strength	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Army National Guard	4,016	3,987	3,999	3,978
Air National Guard	1,537	1,519	1,553	1,566
Total National Guard Members				
Army National Guard	4,024	3,988	4,002	3,986
Air National Guard	<u>1,471</u>	<u>1,500</u>	<u>1,533</u>	<u>1,533</u>
Total	5,495	5,488	5,535	5,519
Percentage of Slots Filled	99.00%	99.70%	99.7%	99.5%

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. The table below shows the number of National Guard members activated for federal duty since September 2006:

Colorado National Guard Deployments since September 2006			
Fiscal Year	Army National Guard	Air National Guard	Total
2006-07	850	272	1,122
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

Guard units can 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. Over the last six years, Guard members have been sent to Nebraska and Montana.

Cash Funds Program Support

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

The Colorado State Veterans Trust Fund receives 1.0 percent of the proceeds, up to \$1 million, 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 principle 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 will result in more interest earnings beginning in FY 2014-15 due to the higher principal balance of the fund.

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 Division.

Impact of Potential Federal Government Shutdown

In the event of a federal government shutdown, the Department of Defense (DoD) would publish guidance describing what activities would be considered functional areas that would not be subject to a furlough due to lack of current federal appropriations. Concerns arise about federal reimbursement of similar activities performed by states that would normally be covered by a Cooperative Agreement Appendix. The federal government's process of reimbursement would not be appropriate without an available appropriation; however, activities provided by states which closely match DoD criteria can reasonably be viewed as possibly reimbursable expenses, if or when a federal appropriation becomes available.

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Summary: FY 2014-15 Appropriation & FY 2015-16 Request

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
H.B. 14-1336 (Long Bill)	\$224,704,185	\$7,885,530	\$1,282,783	\$800,000	\$214,735,872	1,390.8
Other legislation	<u>600,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$225,304,185	\$8,185,530	\$1,282,783	\$1,100,000	\$214,735,872	1,391.2
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$225,304,185	8,185,530	\$1,282,783	\$1,100,000	\$214,735,872	1,391.2
R1 Process improvement and safety champion	76,707	76,707	0	0	0	0.9
R2 County veteran service officer payments increase	466,626	466,626	0	0	0	0.0
R3 State protocol vehicle	3,146	3,146	0	0	0	0.0
NP1 Annual fleet vehicle request	(578)	(578)	0	0	0	0.0
Centrally appropriated line items	38,358	(178,074)	667	0	215,765	0.0
Annualize prior year legislation	(600,000)	(300,000)	0	(300,000)	0	0.1
Annualize prior year funding	<u>(1,022)</u>	<u>(1,023)</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0.1</u>
TOTAL	\$225,287,422	\$8,252,334	\$1,283,450	\$800,000	\$214,951,638	1,392.3
Increase/(Decrease)	(\$16,763)	\$66,804	\$667	(\$300,000)	\$215,766	1.1
Percentage Change	(0.0%)	0.8%	0.1%	(27.3%)	0.1%	0.1%

Description of Requested Changes

R1 Process improvement and safety champion: The decision item includes a request for an appropriation of \$76,707 General Fund and 0.9 FTE in FY 2015-16 for the creation of a position in the EDO dedicated to strategic planning, process improvement, and safety review. The request would annualize in FY 2016-17 to \$78,262 General Fund and 1.0 FTE.

R2 County veteran services officer payments increase: The decision item includes a request for an appropriation of \$466,626 General Fund in FY 2015-16 and ongoing to increase the payments to counties in support of their County Veterans Services Officer (CVSO) program.

R3 State protocol vehicle: The decision item includes a request for an appropriation of \$3,146 General Fund to the Vehicle Lease Payments line item in the EDO for FY 2015-16 for the lease of a permanent vehicle for the Department’s Protocol Office. The request would annualize in FY 2016-17 to \$9,438.

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NP1 Annual fleet vehicle request: The decision item includes a request for a base reduction of \$578 to the Vehicle Lease Payments line item in the EDO for changes in statewide vehicle costs. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Centrally appropriated line item adjustments: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; 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; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Annualize prior year legislation: The request includes adjustments related to prior year legislation.

Annualize prior year funding: The request includes adjustments related to prior year funding actions.

Issue: Process Improvement and Safety Champion

This issue brief addresses a decision item request for the necessary appropriations for the creation of a new Process Improvement and Safety Champion position in the Executive Director's Office (EDO).

SUMMARY:

- The Department requests an appropriation of \$76,707 General Fund and 0.9 FTE in FY 2015-16 for the creation of a position in the EDO dedicated to strategic planning, process improvement, and safety review. The request would annualize in FY 2016-17 to \$78,262 General Fund and 1.0 FTE.
- The workload of the new position is anticipated to be split as follows: 30 percent time on strategic planning, 35 percent time on process improvement, and 35 percent time on safety review and quality control.
- The Department will measure the success of this position by assessing process improvement and safety reviews completed.

RECOMMENDATION:

Staff recommends the Committee approve the Department's request when it is presented at figure setting.

DISCUSSION:

Background

The Department's employees typically perform multiple functions across several work areas and are manned at a level of one person per major program area. There is not currently a dedicated position to provide effective and successful oversight of strategic planning to address special projects and issues identified by the senior executive team, or to successfully manage process improvement projects. These projects require follow-up, monitoring, analysis, and adjustment to ensure the achievement of the desired outcomes. The Department reports that these aspects of project management are not being met in an effective manner with the current level of staff support.

An employee survey was conducted by the Department in March 2014 that identified a number of workplace safety and quality control issues. A lack of dedicated resources to manage the Department's safety program and to ensure compliance with internal policies and rules was acknowledged as leading cause these issues. Employees expressed concern regarding confined spaces, high electrical voltage on airfields, snow removal around aircraft on airfields, etc. The full and detailed results of the survey are confidential and cannot be release by the Department.

Role of Process Improvement and Safety Champion

The Process Improvement and Safety Champion (PISC) will engage in strategic planning by assisting the Department in identifying its goals and objectives. The PISC will be responsible for determining the most effective and efficient manner to achieve the Department's goals. To achieve success in strategic planning, the PISC will facilitate teams and ensure that the strategic planning process creates objectives that are realistic and attainable. This position will develop and maintain the Department's Performance Plan pursuant to the SMART Act and OSPB instructions.

An extension of the PISC role in strategic planning, the position will be responsible for finding and implementing process improvement practices. The PISC will be a leader in delivering successful process improvement projects to the Department. They will evaluate Departmental processes to identify areas with an opportunity for enhancement. By establishing benchmarks, measuring outcomes, and reviewing change implementation, the PISC will provide the Department with a roadmap and framework for domain improvement.

Achieving the safety improvements identified by the departmental survey will require a similar change management approach to the PISC's strategic and process improvement responsibilities. The PISC will analyze safety processes and compliance within each of the Department's working groups. They will also be responsible for ensuring proper training is available to the Department's employees. By providing an independent review and oversight, outside of the normal chain of command, the PISC will be able to ensure that local and systemic issues are addressed. They will also review at least 15 work areas to assess safety and will provide comprehensive solutions to any findings.

The success of this position will be measured by assessing the success of completed process improvements and safety reviews. The Department has identified several potential projects to be undertaken by the PISC. These include: the effective and efficient management of capital equipment with a value greater than \$5,000; identifying and pursuing opportunities to grow the operating funds for cemetery operations; and addressing staff safety concerns identified in the Department's employee survey. The PISC will have access to and support from administrative staff. The position will have authority to work with the necessary staff members, depending on the nature of the project or process being undertaken.

The workload of the PISC position is anticipated to be split as follows: 30 percent time on strategic planning, 35 percent time on process improvement, and 35 percent time on safety review and quality control. The percentage of time the PISC spends on safety will be adjusted once they provide an assessment of the safety issues and develop a plan to alleviate the problems. The Department acknowledges that there is the potential for the safety aspects of the PISC responsibilities to require a significant portion of the position's workload.

Benefits of Dedicated Process Improvement Staff

Having a dedicated position focused on process improvement and strategic planning allows that staff person to perform in depth business analysis. This position will connect the Department's

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goals with specific objectives and determine potential courses of action to be taken, while ensuring the interaction and engagement of the myriad departmental stakeholders. The PISC can create project management efficiencies by acting as the focal point for aligning processes with desired outcomes. Having a single point of contact also encourages buy-in from internal and external stakeholders, as that point of contact can ensure a consistent messaging strategy for the Department's process improvement needs.

A specialist, who is educated and experienced in the field of process improvement, can greatly increase the capacity of an organization to affect internal change. Localization of these tasks will improve project management and oversight, instead of having those responsibilities diffused across multiple employees and work groups. Concentrating these responsibilities allows for the standardization of the process improvement methodology and the consistent application of that methodology across projects, which aids in institutional acceptance of the change process. Building and encouraging this acceptance is critical to the task of process improvement.

Strategy for Hiring PISC

The Department's strategy for identifying potential candidates is to utilize the tools available through the Department of Personnel and Administration (DPA). The position will be open to candidates both within and outside of the State of Colorado. The Department would adhere to the current hiring process prescribed by the DPA. Planning and Safety positions are current and common positions within all branches of the military. The responsibilities of the PISC also closely mirror the roles of business and management analysts, which are common in both the public and private sectors. The position will be classified as a General Professional IV, the costs of which are outlined in the following table.

Issue: County Veteran Service Officer Payments Rate Increase

This issue brief addresses a decision item request for an increase in General Fund appropriation to the County Veteran's Service Officer Payments line item.

SUMMARY:

- The Department requests a \$466,626 General Fund appropriation in FY 2015-16 to increase the rate of payments to counties in support of their County Veterans Service Officer (CVSO) program. This is an ongoing appropriation request.
- Section 28-5-801, C.R.S., requires each county in Colorado to create a County Veterans Service Office and appoint a CVSO. CVSOs provide assistance to veterans and their families in understanding and applying for federal veterans benefits.
- Section 28-5-802, C.R.S, requires that CVSOs are honorably discharged veterans. Assistance payments to CVSO can be categorized as direct and indirect assistance to veterans.
- Section 28-5-707, C.R.S., authorizes and limits the assistance payments to the counties for the operation of their veterans service offices.
- In 2014, roughly \$1.6 million was budgeted by Colorado's counties for CVSOs.

RECOMMENDATION:

Staff recommends the Committee sponsor legislation to clarify the language in Section 28-5-707, C.R.S., to ensure that program operations and statute are harmonized. Staff further recommends that the Committee fund the Department's request through that bill. Coupling the adjustments to statute with the funding will mitigate any potential negative impacts on the program. Staff will work with the Committee to ensure that statutory language meets the programmatic requirements.

DISCUSSION:

Background

Pursuant to Section 28-5-801, C.R.S., Colorado's counties are required to create a county veteran service office to assist Colorado veterans with securing benefits from the U.S. Department of Veterans Affairs (VA). These offices are staffed by full-time, part-time, or volunteer CVSOs, who receive funding, training and assistance from the Colorado Division of Veterans Affairs (CDVA). CVSOs assist veterans and their families in accessing their benefits, including: preparing for and navigating the claims process; utilizing their educational and vocational benefits; financial assistance education; and in claiming survivor benefits. They can also assist

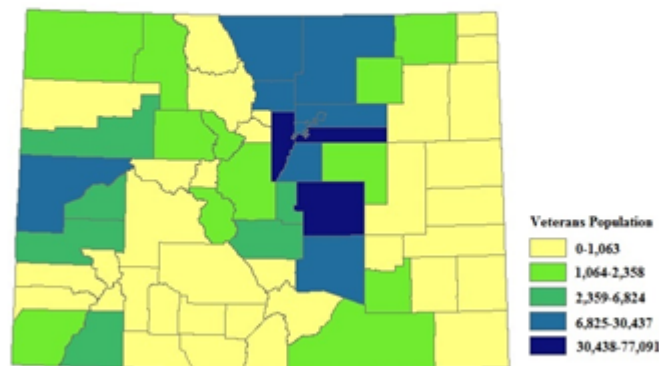
with filing appeals for denied claims. CVSOs are generally the first point of contact and primary resource for Colorado veterans as they seek to claim their VA benefits.

The CDVA provides annual training to CVSOs. In 2013, the CDVA teamed with the National Association of County Veteran Service Officers to orchestrate and coordinate their annual training conference. The training curriculum at this conference included courses on the fundamentals of assisting veterans, changes to programs, legislative actions impacting veterans, and how to provide the greatest level of service to Colorado veterans as they attempt to access their benefits they have earned. The conference included both seminars and hands-on training scenarios. A final examination was administered at the end of the conference that certified the CVSOs in attendance to being the process of accreditation. Federal law requires that an individual must be accredited by the VA as an agent, attorney, or representative of a VA-recognized veterans service organization to assist in the preparation, presentation, and prosecution of a claim for VA benefits.

Federal Benefits Trends for Veterans

In FY 2012-13, federal benefits were paid to 390,824 veterans. As the map below shows (see Appendix F for a high resolution image), over 80 percent of the state’s veteran population lives in 11 counties. The VA projects that the veteran population in Colorado will experience a sustained rate of decrease over the coming decades. In the next five years, the VA anticipates roughly a one percent per year decrease in the number of veterans in the state. From 2021-2031, the VA expects a rate of decrease of approximately 1.25 percent per year in the state. Nationally, the VA projects a steady decline in the number of veterans.

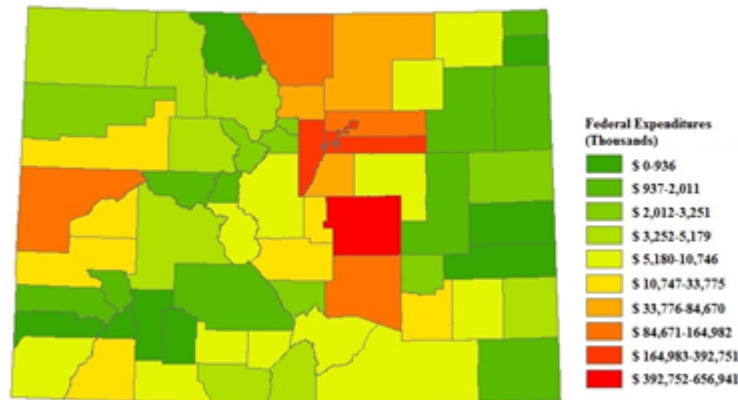
Colorado Veterans Population by County



Federal benefits to veterans in Colorado totaled approximately \$2.6 billion in FY 2012-13, the fiscal year for which we have the most recent data. The map below shows the distribution of this spending in Colorado by county (see Appendix F for a high resolution image). Of this amount,

approximately \$1.2 billion was for compensation and pensions, \$850 million was for medical care, and \$324 million was for education and vocational training. Benefits and services administered by the VA are grouped into six major areas: compensation, pension and fiduciary, education, insurance, home loan guaranty, and vocational rehabilitation and employment. Despite the anticipated decrease in the number of veterans, the VA has experienced a 35.2 percent increase in funding for veterans benefits in the past five years.

Federal Expenditures on Veterans Benefits in Colorado by County



Interpretation of Statute

Staff's and the Department's interpretations of Section 28-5-707 (1) (a), C.R.S., differ. This section authorizes and limits the assistance payments to the counties for the operation of their veterans service offices. Staff's interpretation of the statute, which was validated by the Office of Legislative Legal Services (Legal Services), is that the payments to the counties for their employment of CVSOs is a subset of the total assistance provided to counties for their veterans service offices. Under this interpretation, the CVSO payments are subject to the limits set in this section. The Department believes that CVSO payments are separate from the overall assistance; therefore, these payments are not subject to the limits set in statute. If the program continues to operate under the Department's interpretation of the statute, the increase in the rate of payment to counties for CVSOs could result in some payments exceeding statutory limits.

Staff and Legal Services agree that the language of Section 28-5-707 (1) (a), C.R.S. is ambiguous. Staff believes that clarifying the language of this section will aid in the proper implementation of this program. Providing explicit guidelines as to the amount of and limits to the assistance payments made to counties will enable the CDVA to ensure their implementation of the program complies with statute.

Statutory Limits and Funding of CVSOs

Section 28-5-801 (1), C.R.S., requires each county to “establish a county veterans service office” and for each county to “appoint a county veterans service officer,” though the counties “may appoint any assistant and such clerical help as may be deemed necessary.” The CDVA interprets this statute to mean that each county must appoint one CVSO, but can staff their veterans service office as they see fit. Staff agrees with this interpretation. This impacts the size of assistance payments to counties.

The state’s payments to counties for CVSOs are limited both by the payment rate established by the General Assembly and by each county’s budget for their veterans service office. Pursuant to Section 28-5-707 (1) (a), C.R.S., the CDVA is authorized to provide payments to the general fund of each county, “only for the purposes of this part 7 and part 8 of this article, [up to] an amount equal to the amount [the county has] authorized to be disbursed out of other moneys” in their general fund. Title 28, Article 5, Parts 7 and 8, C.R.S., as it pertains to the counties’ role, establishes veterans service offices, defines the qualifications and duties of CVSOs, and ensures that county offices cooperation with the CDVA. Statute authorizes state funding up to a 1:1 match of county funds annually for expenses associated with the operation of county veterans service offices and the employment of CVSOs and their support staff.

Section 28-5-707 (1) (a), C.R.S., further stipulates that the General Assembly “annually establish...the rate of state-funded payments for full-time and part-time county veterans service officers.” Payments for CVSOs are a subset of the total assistance the CDVA is authorized to provide counties; the impact of this is discussed in greater detail in the section analyzing the Department's request. Currently, the CDVA only provides payments to counties for their employment of CVSOs. In accordance with Section 28-4-707 (1) (a) and (2), counties must apply for the payments from CDVA and must show that they have authorized the use of other moneys from their general fund for the purpose of funding their veterans service office.

Taken in full, statute sets three limits on the amount counties can receive for CVSO payments:

1. The amount each county has budgeted for their veterans service office and officer;
2. The payment rate for CVSOs set by the General Assembly; and
3. The limit of one officially appointed CVSO per county.

The CDVA has used its statutory discretion to limit the assistance payments authorized in Section 28-5-707, C.R.S., to only those costs associated with the employment of CVSOs. In practice, the General Assembly has not explicitly established the full-time and part-time payment rate for CVSOs in the Long Bill, allowing the CDVA to use its discretion in setting the rate. However, the payment rate used by CDVA has been limited by the General Assembly’s appropriations for this purpose.

Current and Past Appropriations

As the following table shows, appropriations for CVSO payments have remained steady at \$190,654 since FY 2009-10.

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Appropriations for CVS0 Payments since FY 2007-08	
Long Bill	Appropriation
FY 2007-08	\$ 88,800
FY 2008-09	213,154
FY 2009-10	190,654
FY 2010-11	190,654
FY 2011-12	190,654
FY 2012-13	190,654
FY 2013-14	190,654
FY 2014-15	\$ 190,654

The Department reports that of the \$190,654 appropriated to the CDVA for the CVS0 payments in FY 2014-15, \$103,054 was utilized for a pilot program to increase the scope and visibility of local veteran service offices in counties including Larimer, El Paso, Douglas, Park, and Arapahoe. The remaining \$87,600 was used for payments for CVS0s across all counties. The CDVA plans to end the pilot program, which they consider a success, and use those funds for CVS0 payments to all counties. Prior to FY 2007-08, the appropriation for these payments had been held at \$88,800. In FY 2008-09, appropriations for this line item were increased to fund the pilot program, but that increased had to be pared down to the current appropriation level because of the economic recession.

Analysis of Department Request

The current monthly payment rate from the CDVA for full-time and part-time CVS0s is \$200 and \$100, respectively. The annual full-time state payment is \$2,400; 12 counties received this rate in FY 2014-15. The annual part-time state payment is \$1,200; 49 counties received this rate in FY 2014-15. The current payments equate to an hourly rate of \$1.15 for both part-time and full-time CVS0s. The Department reports that in FY 2013-14 three counties did not receive a payment.

The CDVA does not make payments based on the total FTE a county has budgeted for its veterans service office. With a few exceptions, the CDVA provides a full-time CVS0 payment to counties that have authorized at least 1.0 FTE and a part-time CVS0 payment to counties that have authorized 0.5 FTE. For example, Arapahoe County budgeted 2.0 FTE for its veterans service office but the county only received \$2,400 from the CDVA. Douglas County, in comparison, budgeted 0.5 FTE and received \$1,200 from the CDVA. This payment practice is assumed in the following table, which shows a comparison of the current payment rate with two alternatives.

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CVSO Payment Rate Comparison: Current Rate vs. Two Alternatives						
	Hourly rate	Hours per Year	Monthly Rate	Annual Rate per County	Counties at Rate	Annual Total
DMVA FY 2014-15 Payment Rate						
Full-time FTE	\$1.15	2080	\$200.00	\$2,400	12	\$28,800
Part-time FTE	\$1.15	1040	\$100.00	\$1,200	49	\$58,800
					Total	\$87,600
Payment Rate at Current Appropriation (Alt. 1)						
Full-time FTE	\$2.31	2080	\$400.00	\$4,800	15	\$72,000
Part-time FTE	\$2.31	1040	\$200.00	\$2,400	49	\$117,600
					Total	\$189,600
FY 15-16 Requested Payment Rate (Alt. 2)						
Full-time FTE	\$8.00	2080	\$1,386.67	\$16,640	15	\$249,600
Part-time FTE	\$8.00	1040	\$693.33	\$8,320	49	\$407,680
					Total	\$657,280

Alternative 1 assumes that appropriations for the CVSO Payments line item remain at the current level and the CDVA re-purposes the funding from its pilot program to support payments across all counties. Alternative 2 assumes that the Department’s request is approved and the CVSO payment rate is increased to \$8.00 an hour. The Department’s request is intended to bring the CVSO payment rate in line with the 2014 Colorado minimum wage.

Potential Impacts of Change Request

The Department anticipates the outcome of a payment rate increase would be that the number of veterans being serviced throughout the state would increase. The amount of money spent on providing emergency services to veterans would concurrently decrease. Additional funding will help veterans and their families receive more timely assistance in applying for and obtaining benefits. The increase in veterans being served also addresses one of CDVA's Performance Plan's strategic policy initiatives. It should also be noted that CVSOs must be veterans, so this rate increase is also an increase in state benefits to veterans.

The steep increase in the payment rate proposed by the Department could result in some counties not receiving the maximum payment, as established by the General Assembly. The 1:1 matching limit established by Section 28-5-707 (1) (a), C.R.S., creates a ceiling on the payment amount made by the CDVA. The current state payment rates are small enough to allow each county to receive the maximum payment. Most counties budget enough general funding for their veteran service offices to qualify for the maximum payment. However, assuming the Department’s request is approved, in some circumstances this ceiling would force the CDVA to make payments less than the maximum allowable rate. For example, Summit County budgeted \$3,091 and 0.5 FTE in 2014 for its veterans service office. The CDVA would only be able to make a payment of \$3,091 to Summit County. Assuming Summit County maintains its current funding level in future years, they would miss out on \$5,229 annually. If the county were unable to

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increase their CVSO budget, they would lose out on a roughly 84.6 percent increase in funding to its veterans service office.

Under current statute, the difference between actual and maximum payments could be used by the CDVA to increase their general assistance to county veterans service offices, used to cover any payments to counties that increase their FTE from 0.5 to 1.0, or be reverted at the end of the fiscal year. The FTE level in most counties has stayed steady in the past four years and so have the state's assistance payments. Increasing the CVSO payment rate may encourage counties to raise their veterans service office funding level or to increase their funded FTE. With access to additional state funding, counties can be encouraged to expand their veteran service offices and increase the capacity of their CVSOs. However, it is difficult to anticipate whether counties would raise their funding level for their veteran service office.

Adjusting the language in Section 28-5-707, C.R.S., to separate CVSO payments from the 1:1 match limit would allow the CDVA to ensure that counties like Summit receive full state assistance. The language would also need to be adjusted to allow for monthly, instead of semiannual, payments. The requirement in Section 28-5-707 (2), C.R.S., that counties provide proof of their CVSO budgeting would remain. The CDVA would also retain its discretionary authority in determining whether or not to provide any single count the maximum CVSO assistance payments.

CVSO Workload Overview

To measure workload, the CDVA tracks the number of Powers of Attorney (POA) worked in the counties. These numbers reflect the total number of cases worked or in progress. POAs are the primary aspect of the CVSO's job, but this metric only shows throughput. County veterans service offices, unlike the CDVA, generally do not have the staff to track more detailed metrics. POAs do not describe how involved each case is. One case may be a simple claim for hearing loss, while other may be an appeal involving a Korean War veteran whose injuries were not accurately diagnosed at the time of assessment.

The details of CVSOs' workload are lost because of the dearth of data. However, anecdotal evidence suggests that CVSO spend additional time and effort outside of their official office hours. The Department also reports that rural veterans do not have access to the same resources and support as their urban and suburban counterparts. County commissioners have reported to the Department that the current level of funding provided by the state does not sufficiently meet the needs of their veterans.

The CDVA reports that current veterans returning from Iraq and Afghanistan are eager to utilize their benefits and those with access to federal veterans' health care will place increasing demands on the system. In 2013, with training and assistance from the state, CVSOs were able to service 17,717 entitlement claims. There are currently 36,577 POAs serviced by the counties and an additional 32,833 POAs serviced by the CDVA. Even though the state is experiencing a decrease in the number of veterans, more veterans are seeking access to their benefits. The CDVA reports a 9.4 percent increase in the number of new POAs serviced by their office, from 2012 to 2013. The Colorado Board of Veterans Affairs will update these figures in December 2014 when it publishes its annual report.

Issue: Protocol Office Vehicle

This issue brief addresses a decision item request for an increase in General Fund appropriation to the Vehicle Lease Payments line item to allow for a permanent vehicle for the Department's Protocol Office.

SUMMARY:

- The Department requests a \$3,146 General Fund appropriation in FY 2015-16 for the leasing of a vehicle for the Protocol Office. This request would annualize in FY 2016-17 to \$9,438.
- The Protocol Office supports an average of 61 major events annually across the state, with an estimated 17,596 miles travelled per year.

RECOMMENDATION:

Staff recommends the Committee approve the Department's request when it is presented at figure setting.

DISCUSSION:

Department Vehicle Requirements

The Protocol Office is involved in planning, preparation, set-up, and take-down of various Department events held around the state and for various other departments of state, including the Governor's office, Lieutenant Governor's office, Public Safety, and the Colorado Legislative Council. The number of events held annually has remained steady, averaging 61 major events. Events include unit activations, unit departure and return ceremonies, unveilings, changes of command, promotion ceremonies, funeral and memorial services, etc. The Department does not see a trend where one month is busier than another, as events are held as scheduled in advance or as they occur.

A persistent problem is access to an acceptable vehicle that can transport event supplies. The Protocol Office requires an acceptable vehicle for transporting all the necessary equipment from their warehouse at Buckley Air Force Base to events across the state. Examples of event equipment are flags, flag stands, and large plastic totes. The Department believes that the best suited vehicle for their needs is an all-wheel drive, mid-sized, crossover sports utility vehicle (SUV). The Department has identified the Chevrolet Equinox, or its equivalent, as a suitable vehicle. This SUV would provide roughly 64 cubic feet of cargo space, a maximum payload of approximately 1150 pounds, and a towing capacity of 3,500 pounds.

Cost Considerations

The Protocol Office had a vehicle assigned to it, but had to return the vehicle in March 2014 because of the temporary status of the assignment. Since that point, the office has utilized vehicles from the State Motor Pool at a rental cost of \$72 per day. From March-June 2014, the Protocol Office requested a vehicle for a total of 43 days at a cost of \$3,096. Assuming the

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usage rate from that time period is representative of the annual usage, the total annual cost of utilizing vehicles from the State Motor Pool would be \$9,288.

The vehicle cost estimate is based off the current cost to lease received by the Department from State Fleet Management. The vehicle type is an all-wheel drive SUV crossover. It will be leased for 96 months and the Department estimates an average of 17,596 miles driven per year. The Department estimates fuel and maintenance costs of \$0.327 per mile and insurance costs of \$0.013 per mile. The monthly lease payment will be about \$288, including the management fee set by State Fleet Management.

Vehicles are typically delivered in March resulting in a four month appropriation in FY 2015-16, if the Department's request is approved. The estimated cost for FY 2015-16 of the new vehicle lease is about \$3,146. This cost will be annualized in FY 2016-17 to approximately \$9,438. The following table outlines the estimated total cost of the vehicle for a 96 month lease.

Cost of Vehicle Over the Life of the Lease		
Fiscal Year	Months	Cost of Lease
2015-16	4	\$3,146
2016-17	12	\$9,438
2017-18	12	\$9,438
2018-19	12	\$9,438
2019-20	12	\$9,438
2020-21	12	\$9,438
2021-22	12	\$9,438
2022-23	12	\$9,438
2023-24	8	\$6,292
Total	96	\$75,500

The estimated total cost of this lease would be approximately \$75,500. Utilizing the State Motor Pool for a vehicle for the same length of time would cost about \$74,300, a difference of only \$1,200. Leasing this vehicle would alleviate the Department's persistent problem of access to an acceptable vehicle.

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Appendix A: Number Pages

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 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

Provides trained and ready forces to the U.S. active armed services and provides trained and ready forces for the preservation of life and property during natural disasters and civil emergencies in Colorado. The cash funds sources are armory rental fees, the Western Slope Military Veterans Cemetery Fund; real estate proceeds; and the Distance Learning Cash Fund. Reappropriated funds are from the Department of Higher Education.

Personal Services	<u>2,013,630</u>	<u>1,977,127</u>	<u>2,179,514</u>	<u>2,307,359</u> *
FTE	30.2	30.0	34.3	35.2
General Fund	1,795,942	1,735,300	1,938,443	2,059,707
Cash Funds	0	0	3,907	4,046
Federal Funds	217,688	241,827	237,164	243,606
Health, Life, and Dental	<u>214,930</u>	<u>240,675</u>	<u>824,533</u>	<u>871,104</u> *
General Fund	196,640	224,839	244,983	279,418
Cash Funds	18,290	15,836	15,836	16,328
Federal Funds	0	0	563,714	575,358
Short-term Disability	<u>4,119</u>	<u>4,232</u>	<u>15,991</u>	<u>16,734</u> *
General Fund	3,998	4,092	5,777	5,620
Cash Funds	121	140	232	171
Federal Funds	0	0	9,982	10,943
S.B. 04-257 Amortization Equalization Disbursement	<u>73,739</u>	<u>80,344</u>	<u>308,254</u>	<u>353,378</u> *
General Fund	71,536	77,552	110,913	118,530
Cash Funds	2,203	2,792	4,451	3,592
Federal Funds	0	0	192,890	231,256

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S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>63,075</u>	<u>226,207</u>	<u>288,988</u>	<u>341,330</u>	*
General Fund	61,182	69,777	103,981	114,489	
Cash Funds	1,893	2,520	4,173	3,469	
Federal Funds	0	153,910	180,834	223,372	
Salary Survey	<u>0</u>	<u>102,808</u>	<u>207,008</u>	<u>96,157</u>	
General Fund	0	99,159	74,787	37,390	
Cash Funds	0	3,649	3,009	893	
Federal Funds	0	0	129,212	57,874	
Merit Pay	<u>0</u>	<u>39,676</u>	<u>86,174</u>	<u>94,496</u>	
General Fund	0	38,188	28,187	31,592	
Cash Funds	0	1,488	827	906	
Federal Funds	0	0	57,160	61,998	
Shift Differential	<u>24,020</u>	<u>20,864</u>	<u>26,806</u>	<u>23,285</u>	
Federal Funds	24,020	20,864	26,806	23,285	
Workers' Compensation	<u>67,511</u>	<u>77,843</u>	<u>83,494</u>	<u>80,350</u>	
General Fund	22,954	26,863	28,805	27,705	
Federal Funds	44,557	50,980	54,689	52,645	
Operating Expenses	<u>2,204,153</u>	<u>2,774,087</u>	<u>2,367,685</u>	<u>2,373,338</u>	*
General Fund	1,161,474	1,167,398	1,479,980	1,485,633	
Cash Funds	0	0	46,000	46,000	
Federal Funds	1,042,679	1,606,689	841,705	841,705	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>21,812</u>	<u>22,325</u>	<u>22,372</u>	<u>22,372</u>	
General Fund	21,812	22,325	22,372	22,372	
Legal Services	<u>4,065</u>	<u>1,633</u>	<u>10,891</u>	<u>10,396</u>	
General Fund	4,065	1,633	10,891	10,396	
Payments to OIT	<u>0</u>	<u>0</u>	<u>532,292</u>	<u>240,919</u>	
General Fund	0	0	532,292	240,919	
Purchase of Services from Computer Center	<u>335,207</u>	<u>434,505</u>	<u>0</u>	<u>0</u>	
General Fund	335,207	434,505	0	0	
Multiuse Network Payments	<u>92,051</u>	<u>86,378</u>	<u>0</u>	<u>0</u>	
General Fund	92,051	86,378	0	0	
Management and Administration of OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Payment to Risk Management and Property Funds	<u>161,082</u>	<u>65,699</u>	<u>110,427</u>	<u>102,860</u>	
General Fund	161,082	65,699	110,427	102,860	
Vehicle Lease Payments	<u>33,964</u>	<u>10,501</u>	<u>47,687</u>	<u>50,255</u> *	
General Fund	33,964	10,501	47,687	50,255	
Leased Space	<u>44,193</u>	<u>44,977</u>	<u>44,978</u>	<u>44,978</u>	
General Fund	44,193	44,977	44,978	44,978	

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Capitol Complex Leased Space	<u>75,101</u>	<u>87,165</u>	<u>47,548</u>	<u>69,148</u>	
General Fund	46,391	59,616	30,050	43,701	
Federal Funds	28,710	27,549	17,498	25,447	
Communication Services Payments	<u>26,235</u>	<u>19,898</u>	<u>0</u>	<u>0</u>	
General Fund	26,235	19,898	0	0	
COFRS Modernization	<u>0</u>	<u>1,418</u>	<u>37,690</u>	<u>37,690</u>	
General Fund	0	1,418	1,418	1,418	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	36,272	36,272	
Civil Air Patrol Operations	<u>56,153</u>	<u>41,504</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	56,153	41,504	58,638	58,638	
Information Technology Security	<u>0</u>	<u>5,692</u>	<u>0</u>	<u>0</u>	
General Fund	0	5,692	0	0	
Local Armory Incentive Plan	<u>16,434</u>	<u>17,167</u>	<u>46,610</u>	<u>46,610</u>	
Cash Funds	16,434	17,167	46,610	46,610	
Distance Learning	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition fund	<u>993,818</u>	<u>1,252,380</u>	<u>1,296,157</u>	<u>1,296,157</u>	
General Fund	246,157	496,157	496,157	496,157	
Reappropriated Funds	747,661	756,223	800,000	800,000	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Army National Guard Cooperative Agreement	<u>5,773,803</u>	<u>5,662,102</u>	<u>3,647,331</u>	<u>3,746,396</u>	
FTE	55.8	55.7	51.5	51.5	
Federal Funds	5,773,803	5,662,102	3,647,331	3,746,396	
Comprehensive Report on the Value of United States					
Military Activities Fund	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	
General Fund	0	0	300,000	0	
Comprehensive Report on the Value of United States					
Military Activities	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	
Reappropriated Funds	0	0	300,000	0	
TOTAL - (1) Executive Director and Army National Guard	12,299,095	13,297,207	12,894,068	12,286,950	(4.7%)
FTE	<u>86.0</u>	<u>85.7</u>	<u>85.8</u>	<u>86.7</u>	<u>1.0%</u>
General Fund	4,381,036	4,733,471	5,670,766	5,231,778	(7.7%)
Cash Funds	38,941	43,592	128,045	125,015	(2.4%)
Reappropriated Funds	747,661	756,223	1,100,000	800,000	(27.3%)
Federal Funds	7,131,457	7,763,921	5,995,257	6,130,157	2.3%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(2) DIVISION OF VETERANS AFFAIRS

The Division represents veterans in federal benefits claims, provides information and training to county veterans service officers, and maintains the Western Slope Veterans' Cemetery in Grand Junction. The State Board of Veterans Affairs makes grants to veterans service organizations from the Veterans Trust Fund, which is derived from tobacco settlement proceeds.

Veterans Service Operations	<u>531,942</u>	<u>633,723</u>	<u>811,896</u>	<u>834,127</u>	
FTE	8.4	12.0	12.0	12.0	
General Fund	507,684	603,689	769,699	791,930	
Cash Funds	24,258	30,034	42,197	42,197	
Reappropriated Funds	0	0	0	0	
County Veterans Service Officer Payments	<u>178,854</u>	<u>184,600</u>	<u>190,654</u>	<u>657,280</u>	*
General Fund	178,854	184,600	190,654	657,280	
Colorado State Veterans Trust Fund Expenditures	<u>871,330</u>	<u>770,120</u>	<u>880,000</u>	<u>880,000</u>	
Cash Funds	871,330	770,120	880,000	880,000	
Mental Health, Employment, Housing and Other					
Veterans Services	<u>963,336</u>	<u>943,435</u>	<u>1,000,000 0.4</u>	<u>1,000,000 0.5</u>	
General Fund	963,336	943,435	1,000,000	1,000,000	
Western Slope Veterans Cemetery	<u>379,901</u>	<u>292,938</u>	<u>527,767</u>	<u>536,218</u>	
FTE	5.0	4.5	5.4	5.5	
General Fund	128,448	131,471	178,326	183,080	
Cash Funds	201,047	161,467	232,541	236,238	
Federal Funds	50,406	0	116,900	116,900	
TOTAL - (2) Division of Veterans Affairs	2,925,363	2,824,816	3,410,317	3,907,625	14.6%
FTE	<u>13.4</u>	<u>16.5</u>	<u>17.8</u>	<u>18.0</u>	<u>1.1%</u>
General Fund	1,778,322	1,863,195	2,138,679	2,632,290	23.1%
Cash Funds	1,096,635	961,621	1,154,738	1,158,435	0.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	50,406	0	116,900	116,900	0.0%

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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>1,341,494</u>	<u>1,374,954</u>	<u>2,056,610</u>	<u>2,114,435</u>	
FTE	16.9	16.6	26.1	26.1	
General Fund	354,247	362,084	376,085	388,266	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	987,247	1,012,870	1,680,525	1,726,169	

Buckley Cooperative Agreement

FTE	<u>21.9</u>	<u>19.8</u>	<u>17.5</u>	<u>17.5</u>	
Federal Funds	1,757,091	1,683,175	1,063,725	1,092,616	

Security for Space Command Facility at Greeley

FTE	<u>360,355</u>	<u>367,313</u>	<u>233,096</u>	<u>239,427</u>	
Federal Funds	6.5	6.3	5.0	5.0	
Federal Funds	360,355	367,313	233,096	239,427	

TOTAL - (3) Air National Guard	3,458,940	3,425,442	3,353,431	3,446,478	2.8%
FTE	<u>45.3</u>	<u>42.7</u>	<u>48.6</u>	<u>48.6</u>	<u>0.0%</u>
General Fund	354,247	362,084	376,085	388,266	3.2%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	3,104,693	3,063,358	2,977,346	3,058,212	2.7%

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(4) FEDERAL FUNDED PROGRAMS

Trains state military forces. Note: This section is included in the Long Bill for informational purposes only. These funds are not subject to Assembly and do not pass through the state accounting system. Totals are reported based on the federal fiscal year beginning October 1, not the State beginning July 1.

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	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	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>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	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	224,329,767	225,193,834	225,304,185	225,287,422	NaN
FTE	<u>1,383.7</u>	<u>1,383.9</u>	<u>1,391.2</u>	<u>1,392.3</u>	<u>0.1%</u>
General Fund	6,513,605	6,958,750	8,185,530	8,252,334	0.8%
Cash Funds	1,135,576	1,005,213	1,282,783	1,283,450	0.1%
Reappropriated Funds	747,661	756,223	1,100,000	800,000	(27.3%)
Federal Funds	215,932,925	216,473,648	214,735,872	214,951,638	0.1%

Appendix B: Recent Legislation Affecting Department Budget

2013 Session Bills

S.B. 13-097 (Supplemental Appropriation): Supplemental appropriation to the Department of Military and Veterans Affairs for FY 2012-13.

S.B. 13-230 (Long Bill): General appropriations act for FY 2013-14.

S.B. 13-235 (Transfer to the Colorado State Veterans Trust Fund): Makes a General Fund transfer of \$3.9 million to the Colorado State Veterans Trust Fund to repay moneys borrowed to fund National Guard armory construction.

2014 Session Bills

H.B. 14-1336 (Long Bill): General appropriations act for FY 2014-15.

H.B. 14-1205 (Veterans Assistance Grant Program): Creates the Veterans Assistance Grant Program within the DMVA that provides financial assistance to nonprofit organizations and governmental agencies providing services to improve the health and well-being of veterans in the state.

S.B. 14-157 (DMVA Commission Report on Value of US Military Activities): Authorizes the issue of a request for proposal for an outside contractor to prepare a report demonstrating to policymakers the strategic and economic advantages of maintaining and expanding military missions, defense spending, and defense-related investment in Colorado.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

47 Department of Military and Veterans Affairs, Division of Veterans Affairs, Mental Health, Employment, Housing and Other Veterans Services -- It is the intent of the General Assembly that these moneys be granted to non-profit or governmental entities that provide mental health, family counseling, job training, employment, housing, and other services to veterans and that the Colorado Board of Veterans Affairs assist the Division in developing grant-making criteria and selecting grant recipients. Funding for entities providing housing for homeless veterans will be given priority. Up to three percent of this appropriation may be used for related administrative expenses incurred by the department.

Comment: The following table outlines the organizations that received grants from the \$1.0 million General Fund Appropriation in the FY 2014-15 Long Bill dedicated to provide assistance for Colorado’s veterans population:

Grantee Organization	Amount
Alamosa County	\$23,000
Pikes Peak Work Center	20,000
Provider's Resource Clearing House	34,000
Pueblo Veterans Council	10,000
Park County Sr. Coalition	35,000
CO Veterans Resource Coalition	152,000
CNDC-Veterans Helping Veterans	50,000
Veterans for Veterans Archuleta County	25,000
La Puente Home, Inc.	10,000
Grand County	30,000
Second Chance Veterans Charity	50,000
Bo Matthews Center	200,000
American Military Family	30,000
Catholic Charities	50,000
Providence Bible Church, Inc.	50,000
Mountain Resource Center	35,000
Dolores County	41,530
Chaffee County	50,000
Home Front Care	14,910
Project Sanctuary	45,000
Archuleta County	14,560
TOTAL	\$970,000

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Military and Veterans Affairs does not collect departmental or statewide indirect costs per the Centralized Personnel Plan (CPP), as negotiated with the federal government. The National Guard Bureau, which reimburses the state with federal funding to run the Air National Guard and Army National Guard program prohibits indirect cost recoveries with the following criteria in the CPP:

“Congress has prohibited the expenditure of Army National Guard and Air National Guard appropriations for reimbursement of any indirect costs, except fringe benefits, of the States under NCB cooperative agreements.”

FY 2015-16 Indirect Cost Assessment Request

For FY 2015-16 the Department has requested 7.0 administrative staff to complete the following functions:

- 1.0 Purchasing/Contracting
- 1.0 Personnel
- 5.0 Accounting

The 7.0 FTE, which would otherwise be paid by state funds, are paid for with federal moneys in order to eliminate the need for indirect cost recoveries for these functions. The 7.0 FTE are located in the Executive Director and Army National Guard Long Bill group.

Statewide indirect costs appear in the Department of Personnel and Administration’s plan, yet are not collected since there is no appropriate funding source. Cash funds account for 0.6 percent of the FY 2014-15 appropriation and are primarily used for grant programs.

Appendix E: SMART Act Annual Performance Report

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Department of Military Affairs is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated October 31, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.



Department of Military and Veterans Affairs Annual Performance Report

Strategic Policy Initiatives

The Department of Military and Veterans Affairs has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the Department selected a few initiatives that best capture some of the Department's strategic and operational priorities and reflect the overall direction as identified by Department leadership. The objectives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the Department's Performance Plan, which may be accessed [here](#).

Improve Disaster Response Coordination

The lessons learned from both fire and flood response missions into policies and procedures which improve the speed at which the Department can respond in coordination with other response partners. This will include ensuring that the appropriate tools and the means to distribute them are available.

This goal will be achieved by conducting after action reviews in coordination with partner agencies to capture lessons learned and further improve coordination.

Expand service Provided to Underserved Veterans through Planning

Serving Colorado's veterans remains a cornerstone of the Department of Military and Veterans Affairs' efforts. Rural and student veterans stand out as being underserved within the state. Access to support services and peer-specific community is a problem for both groups. The preponderance of resources, including hospitals, support groups, student veteran chapters and veterans cemeteries are located along the I-25 corridor.

The Department seeks to update and improve those services it provides beyond this corridor. These consist primarily of grants and the Veterans Memorial Cemetery in Grand Junction, CO. The Department also provides grants which support such activities as transportation for veterans to appointments and counseling services across the state.

Provide low-cost disaster mitigation services

The Colorado Wing of the Civil Air Patrol provides a low-cost aviation capability that can be utilized by law enforcement, local responders and other entities before, during, and after a disaster strikes. This has been demonstrated by the recent missions that the Civil Air Patrol has undertaken such as fire watch, searches for downed aircraft and post-flood damage assessments.

The Department, through the Colorado Wing of the Civil Air Patrol seeks to continue to provide these services with the same standard of professionalism and dedication that it has in the past, while working to share the message of what it provides to a broader audience.



Department of Military and Veterans Affairs Annual Performance Report

Operational Measures

Major Program Area – Colorado National Guard

Process – National Guard Federal and State programs encompass activities to provide both the Federal Government and the Governor of Colorado with a trained and ready National Guard force for execution of assigned federal and state missions. The Department ensures that the Colorado National Guard has the necessary personnel and equipment on hand, as well as training to ensure optimum disaster response coordination.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of Army National Guard Personnel authorized	98.0%	99.7%	100.0%	90.0%	90.0%
Percentage of Air National Guard Personnel authorized	93.3%	96.7%	99.36%	90%	90%
Percentage of Army National Guard Equipment authorized	94.0%	95.27%	96.03%	85.0%	87%
Percentage of Air National Guard Equipment authorized	98.0%	N/A	97.0%	95.0%	95.0%
Percentage of personnel completing Army National Guard training	92.0%	90.66%	89.68%	85.0%	87.0%
Percentage of personnel completing Air National Guard training	92.0%	90.66%	89.68%	85.0%	87.0%

The numbers above reflect the personnel, equipment, and training of the Colorado National Guard. The intent is to demonstrate the preparedness of the Colorado National Guard to respond to domestic and overseas missions. The actual equipment authorized for the Air National Guard in FY13 is not available. The declining goals for equipment and training in some lines reflect the impacts of federal budget projections imposed by the Budget Control Act.

Major Program Area – Division of Veterans Affairs

Process – The Veterans Affairs program encompasses activities to assist veterans, their family members, and survivors in securing benefits provided for prior service in the military. The Division provides training for County Veterans Service Officers who provide advocacy for Colorado’s veterans as they seek to claim their earned federal benefits.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of CVSOs trained	87.0%	86.0%	88.0%	90.0%	90.0%
Number of veterans receiving service	5,940	7,464	9,132	10,000	12,000

The numbers above reflect the percentage of the County Veterans Service Officers that are trained annually on a recurring basis and the number of veterans who receive service through both the County Veterans Service Officers and the State Division of Veterans Affairs.



Department of Military and Veterans Affairs Annual Performance Report

Major Program Area – Civil Air Patrol

Process – The Civil Air Patrol program encompasses activities to provide the Governor a trained and ready force to conduct emergency services missions.

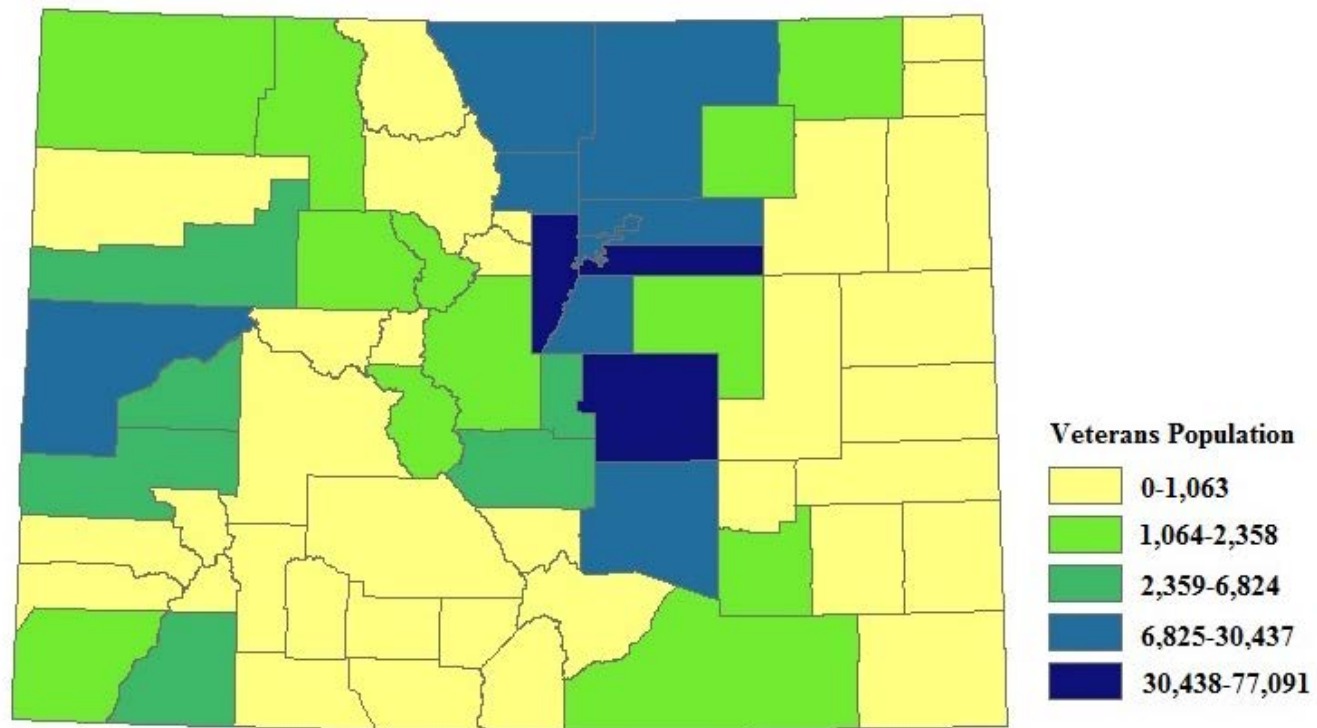
Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Total hours flown	2,286.5	1,973.9	1,905	2,160	2,320
Hours flown in a response status	350.1	478.8	458.2	400	400

The flight hours depicted above demonstrate the training and response flights flown by the Colorado Wing of the Civil Air Patrol.

Appendix F: Colorado County Veterans Distribution Maps

The following maps show the distribution of Colorado's veteran population across the state's counties and the distribution of federal veterans benefits received across the state's counties.

Colorado Veterans Population by County



Federal Expenditures on Veterans Benefits in Colorado by County

