

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2020-21

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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NOVEMBER 13, 2019

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

DEPARTMENT OVERVIEW

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents and serving as a reserve force for the U.S. Armed Forces. It also manages state programs to support veterans of the United States armed forces.

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.
- Operates the Veterans' One Stop Center (Western Region OneSource) in Grand Junction.

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 *
General Fund	\$10,530,168	\$11,206,594	\$11,615,507	\$11,748,860
Cash Funds	1,135,343	1,203,530	1,470,429	1,514,237
Reappropriated Funds	0	0	4,143	4,143
Federal Funds	215,302,549	219,710,038	118,540,772	118,988,766
TOTAL FUNDS	\$226,968,060	\$232,120,162	\$131,630,851	\$132,256,006
Full Time Equiv. Staff	1,393.3	1,407.5	2,579.1	2,580.2

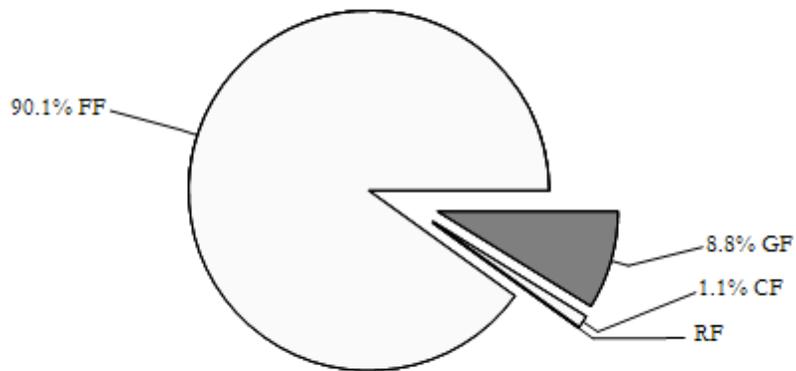
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

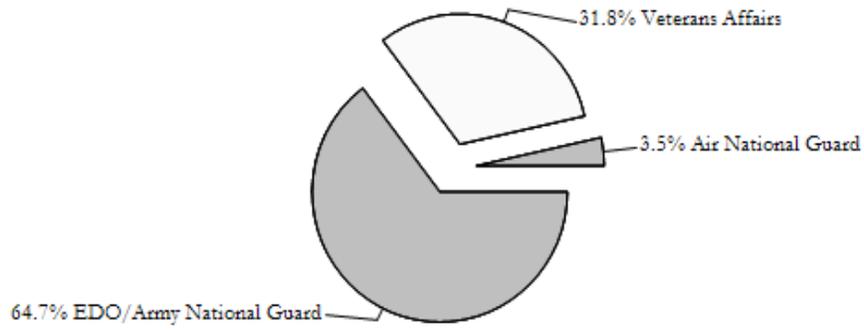


Department Funding Sources

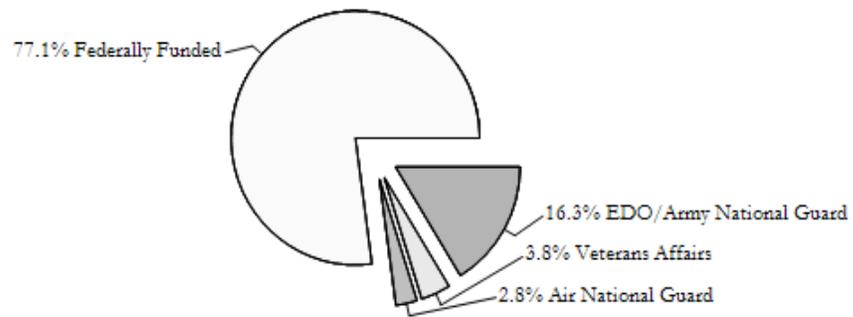


All charts are based on the FY 2019-20 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2019-20 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

Federal funds comprise 90.1 percent of Department's budget. Almost all is 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 readiness centers (armories) and other military buildings in the State. The state provides matching funds for maintenance and operation of most Colorado National Guard readiness centers. The state also supports some grant programs and services for military veterans through the state's Division of Veterans' Affairs.

COLORADO NATIONAL GUARD

The federal government fully funds the training and salary of National Guard troops and provides the majority of the funding for the construction of armories and other military buildings. Under the cooperative agreements with the federal government, the State provides funding for 50.0 percent of maintenance and utilities costs at the fifteen armories located on state land, and between 20.0 and 25.0 percent of costs at four other facilities. The State also funds most of the state's central administrative costs for the National Guard.

Colorado National Guard expenditures are driven by the "federal force structure" (the number of Guard personnel authorized by the U.S. National Guard Bureau) and the State's ability to fill the force structure. Combined with the associated facilities maintenance and utility needs, this determines the amount of federal funds flowing into and through the Department. Colorado has both Army National Guard and Air National Guard units.

The table below shows the authorized strength and active membership of the Colorado National Guard.

COLORADO NATIONAL GUARD AUTHORIZED STRENGTH AND MEMBERSHIP						
TOTAL AUTHORIZED STRENGTH	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Army National Guard	3,998	3,980	3,825	3,812	3,834	3,851
Air National Guard	1,553	1,566	1,559	1,559	1,632	1,637
<hr/>						
TOTAL NATIONAL GUARD MEMBERS	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Army National Guard	3,902	3,964	3,787	3,933	3,757	3,789
Air National Guard	1,534	1,544	1,518	1,507	1,560	1,592
Total Members	5,436	5,508	5,305	5,440	5,317	5,381
Percentage of Slots Filled	97.9%	99.3%	98.5%	101.3%	97.3%	98.1%

The State budget shows federal funds for informational purposes. The budget includes rough estimates of federal outlays for military personnel and more precise estimates of the federal share of expenditures to maintain and operate National Guard facilities in cooperation with the state. The amount of state support required for National Guard operations is driven by the creation or expansion of readiness centers, state decisions on the level of staff support for those facilities, changes in federal policies on cost-sharing with states, and state policies on compensation and operating costs for the Department's civilian administrative staff. In FY 2019-20, the State increased maintenance staffing for readiness centers by over 30 percent.

In addition, the State provides a tuition assistance program for members of the Colorado National Guard. Funding for the tuition assistance program is driven by tuition rates at state institutions of higher education, program participation, and legislative appropriations and policy.

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 FY 2007-08.

10-YEAR COLORADO NATIONAL GUARD DEPLOYMENT			
FISCAL YEAR	ARMY NATIONAL GUARD	AIR NATIONAL GUARD	TOTAL
2007-08	1,150	243	1,393
2008-09	600	450	1,050
2009-10	529	230	759
2010-11	612	500	1,112
2011-12	596	85	681
2012-13	960	261	1,221
2013-14	525	481	1,006
2014-15	239	40	279
2015-16	332	438	770
2016-17	375	499	874
2017-18	52	440	492
2018-19	129	334	163

The Governor may also activate guard units for state active duty to protect life and property during natural disasters and civil emergencies. When the Governor activates units, the State must pay the costs. The Governor may also activate National Guard troops for missions in other states. When this happens, the state requesting support must pay for the unit costs. Between October 2018 and the present, the National Guard participated in 22 Colorado missions, resulting in 27 lives saved. 84 personnel were involved. Significant FY 2018-19 Colorado missions are described below.

- 2018 Election Support (November 5-6, 2018) (12 people-days) Joint Task Force-Centennial (JTF-C) supported the Colorado Secretary of State with a cyber-team to provide cybersecurity support during the 2018 Colorado election,
- Bomb Cyclone Winter Storm Response (March 13, 2019) The Guard provided ground search and rescue in Arapahoe, Douglas, Elbert, and El Paso Counties in response to the storm. The response involved 52 personnel and 15 vehicles (89 people-days).
- Munitions disposal assistance to Arapahoe County Sheriff's Office (March 26, 2019) 140th Wing Explosive Ordnance Disposal was deployed under Immediate Response Authority after the Arapahoe County Sheriff's Office Bomb Squad requested that it take custody of WWII-era signal flare surrendered by a citizen.
- Black Bridge Fire (La Junta, CO) (April 5-6, 2019) Deployed 3 helicopters and 15 personnel to help address a 400 acre in Fort Lyons that threatened the town. (30 people-days)
- Front Range Winter Storm (April 10, 2019). The Guard provided ground search and rescue resources to help address an impending blizzard in the Front Range. This involved 24 vehicles and 63 personnel.
- Munitions disposal assistance to Aurora Police Department (August 7, 2019). Assisted with removal of a hand grenade found dropped off at Good Will.

DIVISION OF VETERANS AFFAIRS

The Division of Veterans Affairs (DVA) budget includes state support to assist veterans in obtaining federal veterans' benefits, state support for grants to governmental and non-profit entities that provide

mental health, family counseling, job training, employment, housing, and other services to veterans, and state funding for the Veterans' OneSource Center and Western Slope Veterans' Cemetery in Grand Junction.

About half of the state General Fund money appropriated in this division supports staff who assist veterans in obtaining benefits. Veterans represent nearly ten percent of Colorado's adult population, and many are eligible for federal benefits. However, even those who are eligible may not apply for or use their federal benefits. For example, among Colorado veterans, in federal fiscal year 2017-18 only 27.5 percent of Colorado veterans were active patients in the federal Veterans Administration (VA) healthcare system.

Veterans may apply directly to the federal government for benefits, but many use help from a third party, such as a benefits officer supported by county or state government or a nonprofit, to ensure they receive the federal benefits they have earned. The state veterans' service operations staff assist veterans with claims before the U.S. Department of Veterans Affairs and support county veterans' service officers with training and other resources. County veterans' services officers are located throughout the state, and associated county costs are partially reimbursed by the Division.

In recent years, counties and the State have increased the number of Colorado veterans they assist in obtaining benefits. The table below shows new claims filed by the Division of Veterans Affairs each year and, for context, shows new claims as a percentage of the estimated Colorado veteran population.

	ESTIMATED COLORADO VETERAN POPULATION	NEW VETERANS' CLAIMS BY DIVISION OF VETERANS AFFAIRS	NEW CLAIMS AS PERCENTAGE OF VETERAN POPULATION
2010	421,342	10,681	2.5%
2011	417,834	13,286	3.2%
2012	395,613	13,856	3.5%
2013	390,824	17,715	4.5%
2014	413,271	10,511	2.5%
2015	409,469	15,536	3.8%
2016	407,616	26,937	6.6%
2017	403,327	30,492	7.6%
2018	398,783	31,774	8.0%

The budget in this division is driven primarily by discretionary decisions by the General Assembly to enhance state-supported veterans' services and grant programs, the amount of Tobacco Master Settlement funds received and disbursed from the Colorado State Veterans Trust Fund, and the operating costs for the Veterans' One-stop and Western Slope Veterans' Cemetery in Grand Junction.

In recent years, the General Assembly has expanded funding for state and county veterans services.

- Between FY 2015-16 and FY 2018-19, the General Assembly nearly doubled funding for county reimbursements for county veterans services officers to the current \$1.26 million. The Department allocates flat amounts to each county depending upon whether it employs a part-time or one or more full-time veterans' service officers.
- Through H.B. 18-1337, the General Assembly authorized a new Grand Junction Veterans One-stop Center (now called the Western Region OneSource Center), which will provide a central

location for government and non-profit veterans' services in the Grand Junction area. The facility opened in the summer of 2019.

The General Assembly also supports grant programs for veterans' services in this division, providing \$1.0 million General Fund and over \$870,000 cash funds from the Colorado State Veterans Trust Fund (CSVTF) for grants in FY 2019-20. The CSVTF receives 1.0 percent of the proceeds from the tobacco settlement agreement with tobacco manufacturers. Under current law, 90.0 percent of the tobacco settlement moneys transferred to the Fund and all interest earned on the Fund's principal are available for appropriation, with the remaining 10.0 percent retained in the fund.

SUMMARY: FY 2019-20 APPROPRIATION & FY 2020-21 REQUEST

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION:						
FY 2019-20 Appropriation	131,630,851	11,615,507	1,470,429	4,143	118,540,772	2,579.1
TOTAL	\$131,630,851	\$11,615,507	\$1,470,429	\$4,143	\$118,540,772	2,579.1
FY 2020-21 REQUESTED APPROPRIATION:						
FY 2019-20 Appropriation	\$131,630,851	11,615,507	\$1,470,429	\$4,143	\$118,540,772	2,579.1
R1 Western Region One Source service reception and triage	71,534	71,534	0	0	0	0.9
R2 DMVA energy study project	72,870	72,870	0	0	0	0.0
R3 Spending authority National Guard Tuition Assistance	(175,000)	(175,000)	0	0	0	0.0
NP1 DPA annual fleet vehicle request	(29,913)	(17,948)	0	0	(11,965)	0.0
NP2 OIT budget request package	(4,485)	(4,485)	0	0	0	0.0
NP3 Paid family leave	26,574	10,630	0	0	15,944	0.0
Centrally appropriated line items	601,996	184,747	8,481	0	408,768	0.0
Annualize prior year budget actions	3,040	(31,415)	34,455	0	0	0.2
Annualize prior year legislation	58,539	22,420	872	0	35,247	0.0
TOTAL	\$132,256,006	\$11,748,860	\$1,514,237	\$4,143	\$118,988,766	2,580.2
INCREASE/(DECREASE)	\$625,155	\$133,353	\$43,808	\$0	\$447,994	1.1
Percentage Change	0.5%	1.1%	3.0%	0.0%	0.4%	0.0%

R1 WESTERN REGION ONE SOURCE SERVICE RECEPTION AND TRIAGE: The Department requests an increase of \$71,534 General Fund and 0.9 FTE in FY 2020-21, annualizing to \$73,043 General Fund and 1.0 FTE in FY 2021-22, for a program assistant to be located at the front desk of the Western Region One Source. This person will serve as a triage specialist to direct and guide customers to the resources provide by State, federal and community partners, as well as assist the Division Director and State VSO with daily administrative tasks and program support.

R2 DMVA ENERGY STUDY PROJECT: The Department requests one-time funding of \$72,870 General Fund to enable the Department to perform an energy study to inform and guide the future investment of State and federal dollars for energy efficiency and renewable energy projects at DMVA facilities. The study follows the recommendation of a Colorado Energy Office energy feasibility study of DMVA facilities completed in 2016.

R3 SPENDING AUTHORITY NATIONAL GUARD TUITION ASSISTANCE: The request includes a \$175,000 General Fund reduction to the appropriation to the National Guard Tuition Assistance Fund based on current spending trends and projected future need for the program, which provides tuition assistance for current members of the Colorado National Guard. The request reduces the appropriation from the current appropriation of \$1,596,157 General Fund.

NP1 DPA ANNUAL FLEET VEHICLE REQUEST: The request includes a reduction of \$29,913 total funds for vehicle lease payments, consistent with the Department of Personnel’s common policy request for vehicle lease payments.

NP2 OIT BUDGET REQUEST PACKAGE: The request includes a reduction of \$4,485 General Fund for the Department’s share of requests in the Governor’s Office of Information Technology.

NP3 PAID FAMILY LEAVE: The request includes an increase of \$26,574 to implement paid family leave in this department, reflecting a common policy proposed by the Executive Branch.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items.

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$245,901	\$27,524	\$995	\$217,382	0.0
Salary survey adjustment	234,066	89,643	3,487	140,936	0.0
Payments to OIT adjustment	80,681	80,681	0	0	0.0
AED adjustment	55,724	24,251	1,346	30,127	0.0
SAED adjustment	55,724	24,251	1,346	30,127	0.0
CORE adjustment	19,157	19,157	0	0	0.0
Shift differential adjustment	4,005	0	0	4,005	0.0
Short-term disability adjustment	2,212	944	50	1,218	0.0
Leased space adjustment	1,898	1,898	0	0	0.0
Indirect cost assessment adjustment	1,162	0	1,162	0	0.0
Payment to risk management / property funds adjustment	(60,535)	(60,535)	0	0	0.0
Legal services adjustment	(14,909)	(14,909)	0	0	0.0
PERA Direct Distribution	(11,872)	(2,974)	95	(8,993)	0.0
Workers’ compensation adjustment	(10,057)	(4,023)	0	(6,034)	0.0
Capitol Complex leased space adjustment	(1,161)	(1,161)	0	0	0.0
TOTAL	\$601,996	\$184,747	\$8,481	\$408,768	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$58,539 total funds for the third-year impact of S.B. 18-200 (Modification to PERA to Eliminate Unfunded Liability).

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 R2 Western Region Director and One Stop	\$3,217	(\$31,238)	\$34,455	\$0	0.1
Annualize prior year salary survey	0	0	0	0	0.0
FY 2019-20 R1 CFMO FTE and Vehicle	(177)	(177)	0	0	0.1
TOTAL	\$3,040	(\$31,415)	\$34,455	\$0	0.2

ISSUE: WESTERN REGION ONESOURCE AND REQUEST R1

The Western Region OneSource is a new state facility in Grand Junction designed to bring together, under one roof, multiple government, nonprofit, and other organizations that serve veteran needs. The facility opened in May 2019 but leased space has been slow to fill. There are currently 4.0 FTE state staff at the facility. The Department's request R1 proposes to add an additional 1.0 FTE for service reception and triage.

SUMMARY

- During the 2017 legislative session, the General Assembly appropriated \$3.5 million from the Capital Construction Fund to create a new one-stop center for veterans in Grand Junction. The new facility, now known as the Western Region OneSource, opened in May 2019. The 12,570 square foot facility is intended to bring together, under one roof, multiple government, nonprofit, and other organizations that serve veteran needs.
- The General Assembly has appropriated funding for 4.0 FTE on the site, as well as a portion of operating and maintenance costs, although operations and maintenance costs are ultimately expected to be covered by lease revenue from organizations renting space in the building.
- Although foot-traffic at the facility has been increasing, the facility has been slow to lease-up. There are 5,525 square foot of office space available for lease in 10 smaller offices, 2 larger offices, and a large suite, but, six months after opening, there are only actual or prospective leases for just over half of the office spaces.
- The Department's Request R1 is for \$71,534 General Fund for FY 2020-21, annualizing to \$73,043 General Fund and 1.0 FTE in FY 2021-22, for a new service reception and triage position at the facility.

RECOMMENDATION

Staff recommends that the Committee discuss with the Department:

- Its efforts to fully lease space in the building, obstacles it may be facing, and the steps it is taking to ensure tenants are consistent with the OneSource mission.
- Whether the new 1.0 FTE reception position requested through R1 can ultimately be funded through lease payments, with costs shared by the organizations occupying the building.

DISCUSSION

BACKGROUND - GRAND JUNCTION ONE-STOP/ONE SOURCE FOR VETERANS

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

During the 2018 legislative session, the Joint Budget Committee sponsored, and the General Assembly adopted, H.B. 18-1337 (Veterans' One-stop Center in Grand Junction), which authorized the Department to operate the new veterans' one-stop center in Grand Junction. Pursuant to Section 28-5-713, C.R.S Department is authorized:

- to staff the center with department employees or contract with one or more private vendors for the management of the facility.
- to establish an advisory board for the center and develop procedures for evaluating the center's effectiveness.
- to provide identification cards issued by the U.S. Department of Defense to eligible military members, retirees, and their family members as part of the One-Stop.
- to create a Veterans One-Stop Center Cash Fund, consisting of money generated from the public or private use of the veterans' one-stop center. Appropriations for the Center may be either from the cash fund or from the General Fund.

The program is subject to sunset review during the 2023 legislative session.

The new facility opened in May 2019 under the name Western Region OneSource. The goal of the center is to improve services for Western Slope veterans by making an existing facility a hub for veterans' organizations in the region. The facility is intended to bring together, under one roof, multiple regional organizations that serve veteran needs.

The concept of the center is built on models such as the Bill Daniels Center in Denver and the Mount Carmel Center in Colorado Springs (which the JBC visited in October 2019). All of these centers are designed to bring multiple public and non-profit agencies that serve veterans together in one location, reducing barriers to services. However, **the Western Region OneSource differs from the other large Colorado veterans' one-stop models in that the building, leadership, and key staffing is paid for and managed directly by the State, rather than private entities.**

- The Bill Daniels Center opened July 1, 2015 at 1247 Santa Fe in Denver. The facility began as a project of Volunteers of America (VOA), and the approximately 8,500 square foot facility was largely funded by a grant from philanthropist Bill Daniels. The Center focuses heavily on homeless veterans and offers showers and storage for personal belongings, among other programs. The most significant resources at the site are housing-related. The VOA has a large federal Supported Services for Veteran Families (SSVF) program that provides rapid rehousing for veterans. The site also houses a VA-funded Community Resource and Referral Center (CRRC). There are ten other partners who are on the site regularly or periodically, including Colorado Department of Labor and Employment staff who assist with employment services for veterans, legal services volunteers from DU, and a VA veterans benefit representative. In 2018, the VOA manager reported an annual budget of approximately \$6.0 million and 25 staff. The program serves 800 to 850 unique veterans and family members per month.
- The Mount Carmel Center began construction in 2014 and opened March 2016. The facility is a project of philanthropist Jay Cimino, who hired retired army colonel and former Fort Carson Garrison Commander Bob McLaughlin to lead the effort. The program's leadership emphasizes that the program represents a public-private partnership to provide integrated and streamlined services and to identify and fill service gaps for veterans and their families. The program has grown rapidly and reports over 24,000 client visits since 2016. Over 30 different organizations provide on-site services. Mount Carmel staff directly administer employment programs funded from multiple sources, including from the State Department of Labor and Employment (House Bill 18-1343/Marijuana Tax Cash Funds). It partners with the federal veterans administration and El Paso County for veterans benefits resources and career and transition resources, with the

University of Colorado at Colorado Springs for counseling services, and expects to partner with Volunteers of America for housing services, among other collaborations. Mount Carmel’s operating budget was \$1.2 million in 2018, with the vast majority from foundation grants, corporate, and individual contributions.

- The Western Region OneSource began construction in July 2018. The grand opening for the facility was May 2019. The building includes 12,570 square feet, with 803 square feet for department offices and 5,525 for leased offices and the rest shared space.

STATUS UPDATE ON WESTERN REGION ONESOURCE - UTILIZATION THUS FAR

The new building had its grand opening in May 2019 with only state staff in residence. Use of the facility seems to be growing, as the staff work to spread the word about it.

WALK-IN VISITORS SEEKING SERVICES	
May	42
June	114
July	147
August	180

The OneSource Advisory Council has established a tenant matrix to ensure that tenants are either nonprofit or government entities that serve veterans or, as applicable, for-profit entities that serve veterans free of charge. Both the staff and the advisory board are engaged in outreach activities, and larger rooms are being rented out on a daily basis for appropriate events.

However, the office space in the building is not occupied to the extent staff would have hoped six months after opening. The facility has 12,570 square foot of space. There are 5,525 square foot of office space available for lease in 10 smaller offices, 2 larger offices, and a large suite (developed for the federal Veterans Administration). All of the offices also have access to 6,242 square feet of shared space (halls, lobby, restrooms, etc.).

	SQUARE FT.
Leases in progress: Student Transportation of America (employs veterans), Volunteers of America, Rocky Mountain Human Services All Veterans Services Program	542
Prospective tenants: VA Healthcare system (2,000 sq. ft.), Medicare Resource Center, Marillac Clinic	2,310
Balance of office space that remains available if prospective tenants above become lessees	2,673

As indicated in the statute that authorized the OneSource, the Advisory Council for the facility is required to develop procedures for evaluating the Center’s effectiveness; however, this effectiveness will be based in large part on what services are offered. Until the facility is more fully leased, it will be difficult to identify outcomes measures.

WESTERN REGION ONESOURCE FUNDING AND REQUEST R1

Funding to-date: The State has invested significant resources in this new facility.

- The State appropriated \$3.5 million from the Capital Construction Fund in FY 2017-18 to create the new OneSource facility.

- The Department’s FY 2018-19 operating budget request anticipated General Fund would support 3.1 FTE by FY 2019-20, including a 1.0 FTE facility director, a 1.0 FTE state veterans service officer, a 1.0 FTE position that could issue military IDs, and 0.2 FTE for a maintenance position.
- The Department subsequently requested and received supplemental appropriations for FY 2018-19 and additional funding for FY 2019-20 to add an additional 1.0 Western Region Division Director for the Division of Veterans Affairs at the site.
- The Department has indicated that it expects lease payments from participating tenant organizations to cover operating and maintenance costs for the facility. For FY 2019-20, the budget reflects lease payments covering 25 percent of these operating and maintenance costs that are estimated to total \$137,820. For FY 2020-21, the request reflects lease payments covering 50 percent of operating and maintenance costs.

New Request: The Department’s R1 request is for an additional \$71,531 General Fund, annualizing to \$73,043 General Fund, for a 1.0 FTE position for the reception desk.

GRAND JUNCTION ONE-STOP CENTER				
	TOTAL	FTE	GENERAL FUND	CASH FUNDS (VETERANS ONE STOP CENTER CASH FUND - LEASE PAYMENTS)
FY 19-20 Appropriation	\$320,212	3.1	\$285,757	\$ 34,455
Annualization	3,327		(32,000)	35,327
R1 - OneSource Service Reception	56,848	0.9	56,848	0
FY 20-21 Line Item Request**	\$380,387	4.0	\$310,605	\$69,782
+ Western Region Director (on-site)	98,332	1.0	98,332	0

*Excludes centrally appropriated items. Cost with centrally appropriated is \$71,531 General Fund

**Additional 1.0 position - Western Region Director -- is funded in the Veterans Service Operations line item.

The Department’s R1 request indicates that an additional FTE is required for the following reasons:

- The program is experiencing daily growth in the numbers of veterans, service members, and families seeking assistance.
- Although the property manager was intended to be a front desk resource, this has not been feasible due to the need to conduct tours and meet with contractors. The 3.0 FTE currently at the facility take turns covering the front desk but the volume of foot traffic has strained this arrangement and resulted in delayed meetings, canceled outreach events, and missed leasing opportunities.
- A new staff person would not only greet visitors but assess health and welfare needs of customers, and direct them to appropriate resources. This position will also be trained to diffuse tense or hostile situations, since many of those entering the building are doing so because they seek resolution to a problem and are upset with the federal Veterans Administration.

JBC STAFF OBSERVATIONS

- JBC staff appreciates the benefits offered by a front desk staff person and agrees that adding a 1.0 FTE position seems reasonable. However, **staff also believes that such a front-desk position should be supported by all tenants in the OneSource and not simply the State.** The State bore the entire cost of constructing the facility.
- Lease rates were expected to minimally cover operating and maintenance costs. In staff’s opinion, **the costs of a front desk position should be considered a part of operating and**

maintenance costs. According to the Department, lease rates for the OneSource offices are very competitive in the Grand Junction market, particularly given the extensive shared spaces that come with an office lease.

- The Department's preliminary budget for operating and maintenance costs is \$137,820.
 - The R1 request, including benefits, is for \$71,534 General Fund.
 - The Department's projected revenue from 12 offices and 9 cubes, if all are leased, is \$136,416 or almost enough to fully cover the estimated operating and maintenance costs.
 - The current lease rates for the facility work out to \$2.06 per square foot of leased office space (5,525 sq. ft.), but tenants also access 6,242 sq. ft. of shared space, utilities, etc.
- **Staff recommends that the Department be asked to re-analyze actual operating and maintenance costs based on experience to-date, as well as the Grand Junction market for leased space, and to discuss whether future lease rates could be adjusted to incorporate the front desk staff costs.** *The facility has not leased up at the speed staff would have expected. However, the Department indicates that it does not believe this is due to facility cost.*
 - Staff acknowledges that, if the facility does not fully lease-up by the end of FY 2020-21, some General Fund may be required to help subsidize the new position. However, staff would like to see a commitment to fully share the associated costs in future years.
 - It appears to staff that front desk assistance may be required sooner rather than later. If the Committee chooses to authorize a new position, it may wish to express its intent that the Department fill the position prior to July 1, 2020, to the extent it can do so within existing resources. Given the Department's history of reversions, this may be feasible.

ISSUE: REQUEST OVERVIEW AND R3 NATIONAL GUARD TUITION ASSISTANCE

The Department's Request R3 reduces funding for the National Guard Tuition Assistance Program by \$175,000 General Fund. This reduction contributes to the Department's small overall request for a 1.1 percent General Fund increase for FY 2020-21.

SUMMARY

- The overall request for the Department of Military and Veterans' Affairs includes a very modest General Fund increase of 1.1 percent.
- This is largely due to a proposed reduction of \$175,000 General Fund for the National Guard Tuition Assistance Program, which offsets other small increases proposed.

RECOMMENDATION

- Staff supports limiting any increases in the Department's budget in light of its extensive history of reversions. The Department has considerable flexibility to move amounts in these line items where the funds are most needed. Additional flexibility added in FY 2019-20 should give the Department even more ability to use its existing appropriations efficiently.
- Staff anticipates that a further reductions to the National Guard Tuition Assistance line item may be appropriate based on the reversions currently anticipated for FY 2019-20. Such additional reductions would probably be on a one-time basis. However, staff's specific recommendation is pending figure setting, when actual expenditures for the first half of FY 2019-20 will be more clear.

DISCUSSION

NATIONAL GUARD TUITION ASSISTANCE PROGRAM

The National Guard Tuition Assistance Program, created in Section 23-7.4-302, C.R.S., provides funding for tuition assistance for members of the Colorado National Guard who attend Colorado state universities and colleges.

PROGRAM BACKGROUND

A member of the National Guard is eligible for Tuition Assistance of at least 50 percent of tuition, but no more than 100 percent, so long as:

- the person is a current member of the Colorado National Guard
- the National Guard member has not received tuition payments for more than 132 semester hours
- the National Guard member's assistance from all sources, including the federal government, does not exceed 100 percent of the cost of tuition; and
- the member is determined eligible based on the Department rules. These rules determine eligibility based on the member's service record and academic standing.

The program currently pays up to \$4,250 per semester (\$8,500 per year) in tuition assistance for any member of the Guard (excluding retirees), regardless of whether the Guard member is a part-time or full-time Guard member. **National Guard Tuition Assistance is the largest state-funded recruitment incentive to attract enlistment in the Colorado National Guard.**

Access to this program, pursuant to statute, is subject to available appropriation. Thus, it is not strictly an entitlement, and the Department has modified the program over time to keep costs under control. Nonetheless, the Department has sought to be fair to all participating Guard members and, so far as resources allow, offer a consistent benefit to any Guard member who qualifies.

The Department indicates that there is no federal tuition benefit for members of the Air National Guard and that most Army Guard members are eligible for little if any federal tuition assistance.

REQUEST R3

For FY 2019-20, the program appropriation was \$1,596,157 General Fund. **The Executive Request for FY 2020-21 would reduce the appropriation by \$175,000** General Fund to a total of \$1,421,157 on an ongoing basis. The request is based on an anticipated ongoing lower level of spending for the program.

DEPARTMENT PROJECTION/RESERVE FUNDS ANTICIPATED

The chart below compares information from two sources. Both were in the request but in different sections of the request.

- Appropriations & projected expenditures; and
- The National Guard Tuition Assistance Cash Fund.

As shown:

- The Department and OSPB project an increase in program expenditure in FY 2019-20 and FY 2020-21. The projection takes into account an average 1.3 percent increase and an additional 7.0 percent increase in FY 2019-20 because the Department has added back a program summer session and will have restored access to the program for students enrolled in Colorado State University-Global Campus, based on statutory changes.
- There is currently a balance of \$298,875 in the National Guard Tuition Assistance Cash Fund.

If the Department expenditure projections for FY 2019-20 and FY 2020-21 prove reasonably accurate, the Department will have accumulated a large cash fund balance by the end of FY 2020-21. Specifically, projections would result in reserves over \$711,000 at the end of FY 2020-21. This amount would exceed half of annual projected program expenditures.

NATIONAL GUARD TUITION ASSISTANCE						
	APPROPRIATION/EXPENDITURES			TUITION ASSISTANCE CASH FUND		
	APPROPRIATION/REQUEST	EXPENDITURE	REVERSION/(EXCESS) EXPENDITURE	BEGINNING BALANCE	CHANGE IN BALANCE**	ENDING BALANCE
FY 2013-14	\$1,296,157	\$1,252,380	\$43,777	\$351,607	\$43,777	\$395,384
FY 2014-15	1,296,157	1,366,469	(70,312)	395,384	(71,076)	324,308
FY 2015-16	1,296,157	1,496,089	(199,932)	324,308	(199,932)	124,376

NATIONAL GUARD TUITION ASSISTANCE						
APPROPRIATION/EXPENDITURES				TUITION ASSISTANCE CASH FUND		
	APPROPRIATION/REQUEST	EXPENDITURE	REVERSION/(EXCESS) EXPENDITURE	BEGINNING BALANCE	CHANGE IN BALANCE**	ENDING BALANCE
FY 2016-17	1,383,319	1,207,509	175,810	123,587	175,288	298,875
FY 2017-18	1,596,157	1,260,129	336,028	298,875	-	298,875
FY 2018-19	1,596,157	1,194,910	401,247	298,875		298,875
FY 2019-20*	1,596,157	1,294,086	302,071	298,875	302,071	600,946
FY 2020-21*	1,421,157	1,310,910	110,247	600,946	110,247	711,193

*FY 2019-20 and FY 2020-21 expenditures reflect Department projections

**There are some discrepancies between reported changes in the Tuition Assistance Cash Fund and net expenditures for the program. Staff assumes these reflect minor adjustments related to timing and/or bad debt.

In light of the projected reserves, ***staff is likely to recommend an additional one-time reduction to the National Guard Tuition Assistance line item for FY 2020-21, in order to spend down some of the fund balance.*** Staff will work with the Department in January to assess the program expenditures for summer and Fall 2019 to better determine the reserves likely to be available to offset FY 2020-21 expenditures.

SOURCE OF RESERVES

Prior to FY 2016-17, the program received both direct General Fund support and reappropriated funds transferred from the Department of Higher Education into the National Guard Tuition Assistance Fund. Because funds were placed in the Cash Fund, the Department was able to spend below the appropriation in some years and above the appropriation in others, using the cash fund balance as a cushion to address variability.

During FY 2016-17, concerned by apparent rising demand for the program, the Department requested an FY 2016-17 supplemental and FY 2017-18 increase. The JBC approved the increases and sponsored a bill with statutory changes that moved General Fund appropriations entirely into the DMVA. An unintended result of the changes was that the Controller's Office stopped treating any of the appropriations as deposited into the National Guard Tuition Assistance Fund. For FY 2017-18 and FY 2018-19, the Controller's Office required the Department to revert to the General Fund any excess appropriations.

This situation was again changed in FY 2019-20, when the JBC and General Assembly approved a change to the name for the relevant line item, again ensuring that appropriated amounts were deposited into the National Guard Tuition Assistance Fund and therefore would not revert.

FUNDING HISTORY

Funds required for the program have been difficult for the Department to project.

- During the 2017 legislative session, the Department received an increase of \$87,162 for FY 2016-17 and \$300,000 for FY 2017-18. In its request, the Department argued that additional funding was required to address rising higher education tuition rates.

- The Department subsequently failed to spend any of the additional funding provided for FY 2016-17, FY 2017-18, or FY 2018-19 and spent less than the FY 2015-16 appropriation of \$1,296,157 in all three years.
- The Department indicates that it took action to control expenditures, which were intended to bring down costs. These included eliminating summer session funding after FY 2014-15, tightening of requirements to require a GPA of at least 2.5, requiring 6 months service prior to eligibility, and disallowing funding for second degrees. In addition, for FY 2017-18, CSU determined that CSU-Global was not eligible for the program, leading to late withdrawal of students from the program. (Access to CSU-Global has been reinstated for FY 2019-20, based on a statutory change.)
- The program has also been affected by factors beyond the Department’s control, such as the impact of a strong economy on whether part-time Guard members are fully employed in other jobs or pursuing additional education.

The table below summarizes program utilization. As shown, **there appears to be little relationship between total utilization (Guard members participating/total credit hours) and expenditures.** This is apparently because (a) credit hours are shown even if the Department recoups tuition assistance because of a student’s low GPA; (b) reimbursements are capped, although credit hours are not; and (c) credit hour costs vary by type of institution and therefore the “case mix” can affect total costs. These factors presumably contribute to the Department’s apparent difficulty managing total program expenditures.

NATIONAL GUARD TUITION ASSISTANCE UTILIZATION					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Credit Hours					
Adams State U	27	18	61	10	0
Community College System	838	759	1,066	812	694
Colorado Mesa U.	101	71	88	164	99
CO School of Mines	61	100	48	80	32
CSU - Fort Collins	980	946	1,286	1,061	1,025
CSU - Pueblo	0	0	0	58	138
CSU-Global	585	607	606	0-	0
*CSU OnlinePlus	183	142	120	17	0
Fort Lewis College	0	0	0	30	33
Metro State U	943	684	753	601	662
CU - CO Springs	598	636	730	493	581
CU- Denver	239	330	397	480	403
CU - Boulder	479	407	405	516	399
U. Northern CO	224	207	270	280	335
Western State CO U.	0	0	0	29	30
Colorado Mountain College	0	0	0	0	42
Total Credit Hours	5,258	4,907	5,830	4,631	4,473
Percentage Change		(6.7%)	18.8%	(20.6%)	(3.4%)
Total Nat'l Guard members	514	489	534	357	393
Percentage Change		(4.9%)	9.2%	(33.1%)	10.1%
Expenditures	1,366,469	1,496,089	1,207,509	1,260,129	1,194,910
Percentage Change		9.5%	(19.3%)	4.4%	(5.2%)

In light of the uneven history of program expenditure, **staff will continue to support using the National Guard Tuition Assistance Fund to address spikes and dips in expenditures and will**

examine the status of FY 2019-20 expenditures before finalizing recommendations on FY 2020-21 appropriations.

OVERALL REQUEST AND DEPARTMENT HISTORY OF DEPARTMENT REVERSIONS

The Department's request for FY 2020-21 includes a modest 1.1 percent General Fund increase. Staff considers this appropriate in light of the Department's history of reversions and additional budgetary flexibility provided by the General Assembly.

The DMVA has a history of significant General Fund reversions and under-expenditures. While the scale is somewhat lower for FY 2018-19, it remains significant and is particularly notable in light of the Department's request and the General Assembly's approval of supplemental appropriations in FY 2016-17 (for the National Guard Tuition Assistance Program) and for a Western Region director for Veterans Affairs and the Grand Junction One-stop (FY 2018-19). Given the scale of reversions, it seems likely the Department could have managed without supplemental funding in both FY 2016-17 and FY 2018-19.

Department of Military and Veterans Affairs General Fund Under expenditures*							
	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
<i>EDO and Army National Guard</i>							
GF Under expenditure	\$73,594	\$218,003	\$714,208	\$268,311	\$612,217	\$1,044,112	\$819,116
Total GF Appropriation	4,454,630	4,951,474	5,729,903	5,274,371	5,400,987	7,180,318	7,304,167
Reversion as % appropriation	1.70%	4.40%	12.50%	5.10%	11.30%	13.50%	11.21%
<i>Veterans Affairs</i>							
GF Under expenditure	94,761	199,152	497,745	353,879	114,531	86,516	86,838
Total GF Appropriation	1,873,083	2,062,347	2,138,679	2,632,290	2,649,965	2,955,920	3,499,237
Reversion as % appropriation	5.10%	9.70%	23.30%	13.40%	4.30%	2.90%	2.48%
<i>Air National Guard</i>							
GF Under expenditure	10,647	2,810	45,206	78,248	57,732	26,083	24,739
Total GF Appropriation	364,894	364,894	376,085	388,266	392,180	393,930	403,190
Reversion as % appropriation	2.90%	0.80%	12.00%	20.20%	14.70%	6.60%	6.14%
<i>Grand Total</i>							
GF Under expenditure	179,002	419,965	1,257,159	700,438	784,480	1,156,711	930,693
Total GF Appropriation	6,692,607	7,378,715	8,244,667	8,294,927	8,443,132	10,530,168	11,206,594
Under expenditure as % appropriation	2.70%	5.70%	15.20%	8.40%	9.30%	11.00%	8.30%

*Includes amounts reverted to the SERF and OIT Revolving Fund.

LARGEST LINE ITEM UNDER EXPENDITURES					
	2015	2016	2017	2018	2019
Health/life/dental, other centrally appropriated	\$0	\$0	\$395,657	\$432,785	\$253,425

LARGEST LINE ITEM UNDER EXPENDITURES					
	2015	2016	2017	2018	2019
EDO personal services	466,455	239,166	0	0	76,637
EDO operating expenses	226,517	2,538	157,491	151,220	87,807
Tuition Assistance*	0	0	0	390,118	401,247
Veterans Affairs Operations and One-stop	140,835	125,226	0	0	22,363
Veterans Assistance Grant Program	343,376	203,203	73,521	39,546	32,084

*Under-expenditures prior to FY 2017-18 are not shown because total funds received were deposited in the National Guard Tuition Assistance Cash Fund.

- In light of the history of reversions, many of which are in centrally-appropriated amounts, staff has previously emphasized that the Department should be able to use existing resources more efficiently rather than receiving increases.
- Last year, staff recommended increasing the Department's ability to transfer funds among line items to assist in using funds more efficiently. **At the request of the Adjutant General, the Committee ultimately allowed up to 20 percent of General Fund appropriations to be transferred among line items.**
- Staff anticipates that the Department will again revert funds in FY 2019-20. The General Assembly provided funding for a 30 percent increase in maintenance staff and a full year of new vehicle funding effective July 1, based on the Department's assurance that it could fill the positions and obtain the vehicles. However, more recent information indicates that, as of early November, the new positions were still unfilled and the Department of Personnel had not delivered the vehicles in the anticipated time frame.
- Although increased budget flexibility is often paired with budget reductions, no reductions were applied last year, and the Department's request was fully funded.

In light of these factors, staff considers the current modest request appropriate.

INFORMATIONAL ISSUE: ACCESS TO FEDERAL VETERANS' BENEFITS

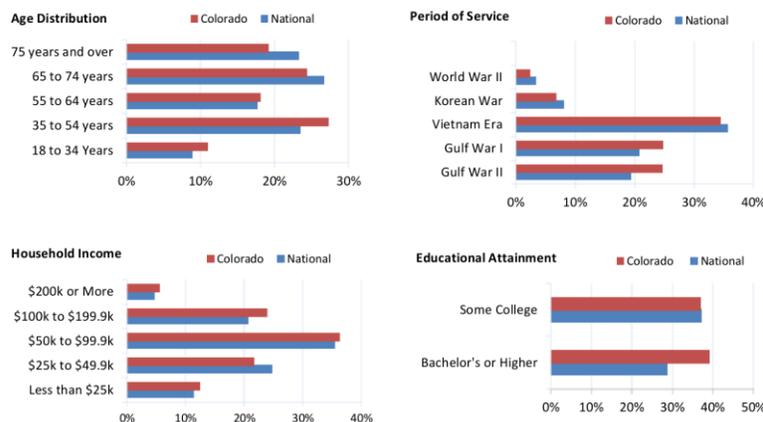
Veterans represent almost 1 in 10 Colorado adults. Federal Veterans Administration outlays for Colorado totaled \$3.6 billion in FFY 2018, including funding for pensions, disability payments, medical, educational, and other benefits. The new VA MISSION act could increase the likelihood that Colorado veterans will be able to benefit from VA medical services.

SUMMARY

- Colorado’s veteran population represents about 9.8 percent of the adult population. This is a significantly larger share of the population than the national average of 6.6 percent.
- Federal Veterans Administration (VA) outlays to Colorado totaled \$3.6 billion in 2018, with the largest outlays for compensation and pension payments and medical benefits. Colorado per-person VA benefits for compensation and pensions are comparable to national averages, and rehabilitation and educational benefits are higher. Benefits for medical care are, however, lower.
- The largest state support for veterans is likely state Medicaid expenditures, which are probably in the tens of millions, but no solid data is available.
- For the last two years, staff has been exploring the potential for closer collaboration between HCPF and DMVA, in the hope that this closer collaboration could lead to better services. A recent pilot yielded disappointing results, so the two departments and staff are not recommending further efforts at this time.
- The new federal MISSION Act is likely to improve Colorado veterans’ access to federal services and could increase the likelihood that veterans will benefit from using VA services, potentially reducing Medicaid utilization in the future.

VETERANS IN COLORADO

Colorado’s 2018 veteran population was 398,783, representing almost 1 in 10 Colorado adults. For comparison, nationally, veterans comprise 6.6 percent of the adult population. The Colorado veteran population is younger, better educated, and includes more women than the national veteran population.

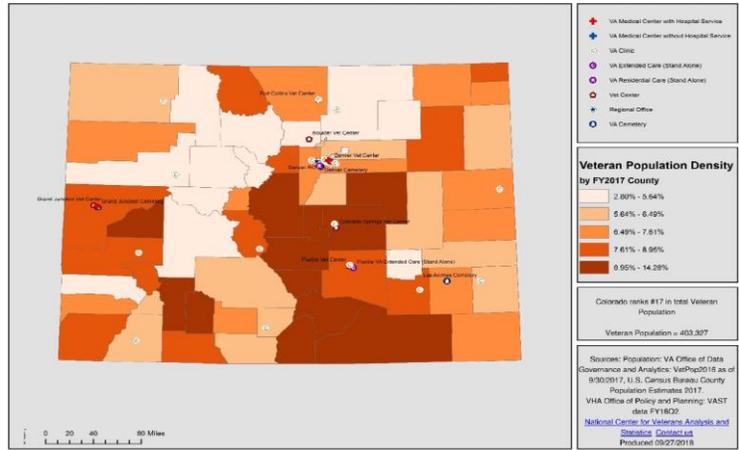


Note for black-and-white copies: Colorado is the upper bar in these charts

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

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

The chart below shows the distribution of veterans by county in Colorado as of FFY 2017. As shown, in many counties—including some rural counties—veterans may comprise as much as 14.3 percent of the total county population.



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

FEDERAL VETERAN’S BENEFITS

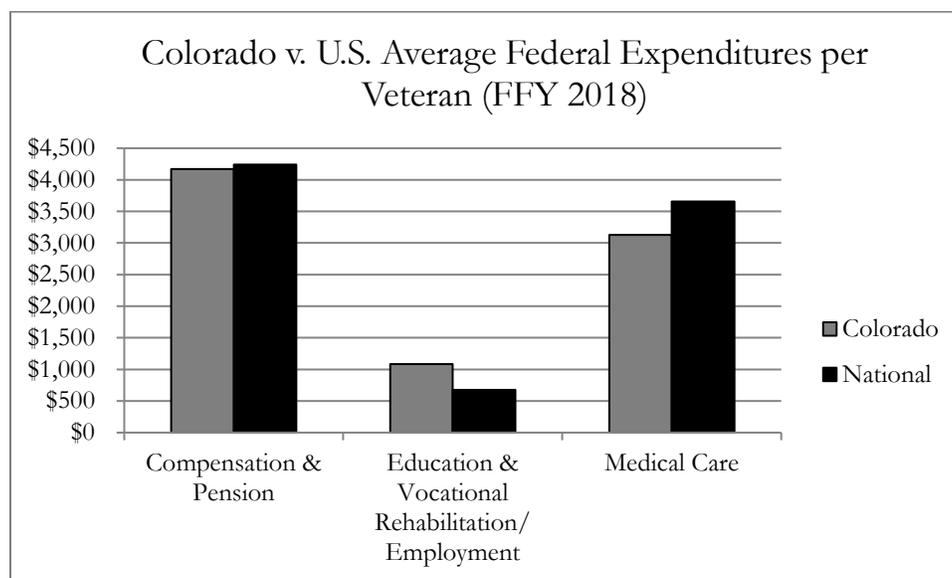
The chart below shows federal veteran benefits received in Colorado since FFY 2012-13.

Federal Veteran Population and Benefits (numbers in 000's)							
Year	Veteran Population	Total Expenditure	Compensation & Pension	Education & Vocational Rehabilitation/ Employment	Other	Medical Care	Unique VA Patients
FY 13	390,824	\$2,594,677	\$1,212,143	\$324,347	\$207,951	\$850,235	90,822
FY 14	413,271	3,073,039	1,447,416	379,047	315,014	931,562	95,382
FY 15	409,469	3,482,533	1,490,396	391,311	535,263	1,065,024	100,614
FY 16	407,616	3,638,790	1,683,271	403,465	512,934	1,038,820	104,971
FY 17	403,327	3,611,824	1,683,948	408,394	336,459	1,183,022	107,367
FY 18	398,783	3,582,329	1,662,320	432,114	240,836	1,247,059	109,626
Change FFY 13-18	2.0%	38.1%	37.1%	33.2%	15.8%	46.7%	20.7%

Source: Federal Veterans Administration, <https://www.va.gov/vetdata/expenditures.asp>

- As shown above, the total veteran population is now on the decline, but use of medical services has increased, as Colorado’s veteran population ages.

- Nonetheless, Colorado’s overall utilization of veteran medical services (the VA) remains below national averages. Only 27.5 percent of Colorado veterans were unique patients in the Veterans Administration in FFY 2018, which is lower than the national average of 31.3 percent.



The VA probably spends less for medical services in Colorado than elsewhere due in part to: (1) the younger average age of Colorado’s veteran population; and (2) veterans’ dispersion into rural areas where veterans have less access to services and supports. Veterans who live at a distance from a VA medical center are authorized to use other providers, but this is of little use if no other provider is available or willing to provide services. While Veterans in the Denver area have access to comprehensive VA medical care nearby, veterans in the southern part of the state may find their best access to services in New Mexico, Texas, or Oklahoma.

There may be additional factors at play. A 2006 study by the Institute for Defense Analysis, conducted for the Department of Veterans Affairs, found significant differences across states in both the percentage of veterans receiving disability compensation and the amount of compensation. The analysis found that retiree status and veteran locations in high-density counties explained much of the variation but could not explain all of it.¹

ROLE OF COUNTY AND STATE VETERAN SERVICE OFFICERS

A primary function of the Department’s Division of Veterans Affairs is to assist veterans in obtaining federal, as well as state, benefits to which they are entitled. To assist veterans in obtaining benefits, the State operates on a “hub and spokes” model. It employs 13.0 state employees to advocate for veterans.

¹ Hunter et. al., *Analysis of Differences in Disability Compensation in the Department of Veterans Affairs*, Institute for Defense Analysis, December 2006.

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

The study found inconsistency across federal VA offices in how claims were addressed and indicated that this was a likely source of the variation.

It also distributes funding to counties, each of which is required to employ at least one part-time veteran service officer. Finally, it operates the Western Region OneSource in Grand Junction, which includes a state veterans' services officer, among other resources.

State veteran service officers provide technical assistance, training, and support for the county officers. The state and county officers then work together to represent veterans who are claiming benefits to federal authorities. State officers typically play the leading role in formal proceedings, since they are certified to provide representation under VA guidelines.

The State pays the salaries of the state staff and also pays flat amounts to counties in partial reimbursement for their county officers: \$29,400 to any county employing one or more veteran service officer full time and \$14,700 to all other counties, which are required to employ a veteran service officer at least part time. Presently, 21 counties receive reimbursement for full-time veteran service officers, while 43 counties receive reimbursement for having a part-time officer.

In general, it is difficult to determine the impact of the veteran service officer structure. The Department takes the position that it is not responsible for counties' veteran service officers' performance.² Coloradans use of VA services has been on the rise, but it is hard to know to what extent county and Department staff have driven that. On the one hand, the Department reports that client satisfaction of 98.3 percent, based on a survey tool it is using. New claims as a percentage of the veteran population have also increased markedly. On the other hand, new VA health care enrollments handled by state staff have been flat or declining.

	NEW CLAIMS FILED BY STATE VSOS	NEW STATE CLAIMS AS A % COLORADO VETERAN POPULATION	NEW HEALTH CARE ENROLLMENTS THROUGH STATE VSOS	NEW HEALTH CARE ENROLLMENTS AS PERCENTAGE VA UNIQUE PATIENTS
FY 13	9,135	2.3%	1,432	1.6%
FY 14	10,511	2.5%	1,534	1.6%
FY 15	15,536	3.8%	1,502	1.5%
FY 16	26,937	6.6%	1,596	1.5%
FY 17	26,684	6.6%	1,491	1.4%
FY 18	31,774	8.0%	1,466	1.3%

A comprehensive 2006 analysis that attempted to determine the impact of veteran service officers on veterans' access to benefits was unable to draw clear correlations between state expenditures or ratios of veteran service officer to benefits received by veterans.³

² Staff requested information from the Department on whether it used any of the data available on veterans' use of services by county to provide feedback to county staff. The Department's response (11/7/2019) was as follows: "DMVA oversees the [county veterans services officers] but does not evaluate their performance in any way. DMVA provides training. If we do encounter an issue, we work with the County Commissioner, but the overall responsibility lies within the county".

³ Hunter et. al., *Analysis of Differences in Disability Compensation in the Department of Veterans Affairs*, Institute for Defense Analysis, December 2006.

UNSUCCESSFUL EFFORT TO BUILD COLLABORATION BETWEEN COLORADO DIVISION OF VETERANS AFFAIRS AND THE COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Colorado funding for programs directly targeted to veterans is very limited.⁴ The State's largest state expenditures for veterans are probably within the Medicaid program, but the State does not have effective systems for determining which Medicaid clients are veterans.

The Kaiser Family Foundation (KFF) estimates that one in ten veterans nationwide rely on Medicaid for their health care.⁵ The KFF estimated that there were 22,397 nonelderly veterans receiving Medicaid in Colorado in 2015. Based on this, staff has estimated that Colorado Medicaid expenditures for veterans are likely in the \$80-\$100 million total funds range.

Medicaid in some cases supplements and in other cases replaces VA medical services for veterans. Only 27.5 percent of Colorado veterans are enrolled with the VA for healthcare services. There are numerous reasons veterans may not register for the VA, since VA healthcare is intended to assist veterans with service-connected disabilities and may not address all healthcare needs. However, veterans may also find that accessing VA services presents administrative or logistical barriers and that making effective use of their VA benefits is challenging. The State and county Veterans Service Officer system, located in the Department of Military and Veterans Affairs, is intended to assist veterans with precisely these types of challenges.

For FY 2018-19, the General Assembly provided an appropriation of \$25,000 General Fund to enable the Departments of Military and Veterans Affairs and Health Care Policy and Financing to explore the potential for replicating a Washington State model that uses a federal system for matching VA and Medicaid data to identify dually enrolled individuals who might benefit from enhanced use of VA services. Washington engages in an extensive process that involves identifying individuals who could make better use of their VA benefits and capturing some of these benefits to offset state Medicaid costs. Washington reports saving \$70 million through the program over the last ten years.

Based on the report of a consultant hired by HCPF, in fall 2018, the two departments proposed that the General Assembly invest in a pilot program for FY 2019-20 to replicate Washington's approach. Since the consultant's report provided insufficient detail on whether the program could be effectively implemented in Colorado, JBC staff instead recommended a more limited, unfunded pilot to explore the potential for the program further.

An FY 2019-20 RFI asked the two departments to conduct a small pilot program and determine whether it would be worthwhile for the State to move forward on this project. The Departments submitted the requested report in October 2019. Having conducted outreach to a sample of veterans, they recommended against moving forward with a DMVA/HCPF collaboration initiative. With the tools currently available, they were unable to identify veterans enrolled in the Medicaid program who

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

⁴ Staff was able to identify less than \$10 million in state General Fund and cash funds that were appropriated specifically for state veteran benefits and services in FY 2017-18.

⁵ Kaiser Family Foundation, *Medicaid's Role in Covering Veterans*, June 2017. <https://www.kff.org/infographic/medicaids-role-in-covering-veterans/>

were interested and able to benefit from further DMVA intervention. Few veterans responded to the outreach effort, and those who did were either unable to or uninterested in working to modify their VA benefits. Additional detail is included at the end of this packet in a description of the Department's response to the RFI. *Staff concurs that no further action should be taken at this time but hopes that various changes on the state and federal front make this worth re-examining in the future.*

FEDERAL MISSION ACT

In 2018, Congress adopted and the president signed P.L. 115-182, the VA MISSION Act, that makes significant changes to Veterans Administration medical benefits. These changes could make it more attractive for Colorado veterans to access their VA benefits. The Act replaces the previous Veterans Community Choices Program and is intended to improve veterans' access to care. The bill was signed in 2018 but many provisions became effective in 2019.

- Veterans may now access urgent care services from any community care provider who is part of the VA's contracted network, so long as the patient is eligible for the VA healthcare benefit.
- Veterans may use community care benefits if the veteran needs a service not available at a VA facility or if there is no full service VA medical facility within a reasonable distance. The standard currently being used is no VA medical facility within 30 minutes' drive time for primary care or 60 minutes for specialty care.
- Veterans may use community-based care providers if the VA is unable to provide care within 20 days for primary care or mental health care, 20 days for non-institutional extended care services, and 28 days for specialty care from the date of request.
- Family members who care for veterans will have access to new benefits and supports.

Under this new act, it seems likely that Colorado veterans could have far better access to VA-paid care. If the new program is successfully implemented, the advantages of VA enrollment may become more clear, and there may be greater incentives for Colorado veterans to make use of their federal VA medical benefits.

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS Michael Loh, Adjutant General

(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD

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

Personal Services	<u>2,346,544</u>	<u>2,446,621</u>	<u>2,156,193</u>	<u>2,208,990</u>	
FTE	30.5	32.5	25.4	25.4	
General Fund	2,104,862	2,157,792	1,731,454	1,777,250	
Cash Funds	0	0	4,111	4,165	
Reappropriated Funds	0	0	4,143	4,143	
Federal Funds	241,682	288,829	416,485	423,432	
Health, Life, and Dental	<u>170,030</u>	<u>301,603</u>	<u>1,217,997</u>	<u>1,473,940</u>	*
General Fund	167,337	294,341	526,813	564,379	
Cash Funds	2,693	7,262	22,758	23,753	
Federal Funds	0	0	668,426	885,808	
Short-term Disability	<u>2,230</u>	<u>5,432</u>	<u>15,637</u>	<u>17,927</u>	*
General Fund	2,101	5,199	5,892	6,914	
Cash Funds	129	233	216	266	
Federal Funds	0	0	9,529	10,747	
S.B. 04-257 Amortization Equalization Disbursement	<u>43,213</u>	<u>104,947</u>	<u>477,108</u>	<u>535,115</u>	*
General Fund	39,695	97,943	179,196	205,730	
Cash Funds	3,518	7,004	6,570	7,916	
Federal Funds	0	0	291,342	321,469	

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>58,833</u>	<u>104,947</u>	<u>477,108</u>	<u>535,115</u> *	
General Fund	55,315	97,943	179,196	205,730	
Cash Funds	3,518	7,004	6,570	7,916	
Federal Funds	0	0	291,342	321,469	
PERA Direct Distribution	<u>0</u>	<u>0</u>	<u>250,154</u>	<u>238,282</u>	
General Fund	0	0	93,955	90,981	
Cash Funds	0	0	3,445	3,540	
Federal Funds	0	0	152,754	143,761	
Salary Survey	<u>57,915</u>	<u>106,127</u>	<u>311,446</u>	<u>234,066</u>	
General Fund	56,568	101,574	116,756	89,643	
Cash Funds	1,347	4,553	4,280	3,487	
Federal Funds	0	0	190,410	140,936	
Paid Family Leave	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,574</u>	
General Fund	0	0	0	10,630	
Federal Funds	0	0	0	15,944	
Shift Differential	<u>0</u>	<u>0</u>	<u>32,433</u>	<u>36,438</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	0	32,433	36,438	
Workers' Compensation	<u>124,934</u>	<u>153,608</u>	<u>108,535</u>	<u>98,478</u>	
General Fund	60,049	73,831	51,294	47,271	
Cash Funds	0	0	0	0	
Federal Funds	64,885	79,777	57,241	51,207	

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Operating Expenses	<u>4,089,734</u>	<u>2,681,474</u>	<u>357,899</u>	<u>430,769</u>	*
General Fund	1,435,363	1,444,518	311,899	384,769	
Cash Funds	1,104,143	162	46,000	46,000	
Federal Funds	1,550,228	1,236,794	0	0	
Information Technology Asset Maintenance	<u>16,273</u>	<u>21,282</u>	<u>22,372</u>	<u>22,372</u>	
General Fund	16,273	21,282	22,372	22,372	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Legal Services	<u>7,459</u>	<u>11,855</u>	<u>84,829</u>	<u>69,920</u>	
General Fund	7,459	11,855	84,829	69,920	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Payment to Risk Management and Property Funds	<u>174,791</u>	<u>273,499</u>	<u>220,252</u>	<u>159,717</u>	
General Fund	174,791	273,499	220,252	159,717	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Vehicle Lease Payments	<u>31,012</u>	<u>49,422</u>	<u>94,479</u>	<u>64,566</u>	*
General Fund	31,012	16,113	40,251	22,303	
Cash Funds	0	0	0	0	
Federal Funds	0	33,309	54,228	42,263	
Leased Space	<u>50,826</u>	<u>58,651</u>	<u>60,097</u>	<u>61,995</u>	
General Fund	50,826	58,651	60,097	61,995	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Capitol Complex Leased Space	<u>54,312</u>	<u>48,219</u>	<u>48,603</u>	<u>47,442</u>	
General Fund	54,312	48,219	48,603	47,442	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Payments to OIT	<u>464,450</u>	<u>462,937</u>	<u>225,602</u>	<u>301,798</u> *	
General Fund	464,450	462,937	225,602	301,798	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
CORE Operations	<u>58,108</u>	<u>65,924</u>	<u>57,710</u>	<u>76,867</u>	
General Fund	58,108	65,924	57,710	76,867	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Civil Air Patrol Operations	<u>57,303</u>	<u>58,520</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	57,303	58,520	58,638	58,638	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Local Armory Incentive Plan	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>20,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	20,000	20,000	
Federal Funds	0	0	0	0	
Statewide Indirect Cost Collections	<u>0</u>	<u>0</u>	<u>4,143</u>	<u>5,305</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	4,143	5,305	

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Appropriation to the Colorado National Guard Tuition Fund	<u>1,206,039</u>	<u>1,194,910</u>	<u>1,596,157</u>	<u>1,421,157</u> *	
General Fund	1,206,039	1,194,910	1,596,157	1,421,157	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Army National Guard Cooperative Agreement	<u>11,335,344</u>	<u>12,096,785</u>	<u>13,553,273</u>	<u>13,766,927</u>	
FTE	66.7	71.0	84.0	84.1	
General Fund	0	0	1,901,775	1,945,686	
Federal Funds	11,335,344	12,096,785	11,651,498	11,821,241	
Merit Pay	<u>27,737</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	27,520	0	0	0	
Cash Funds	217	0	0	0	
Federal Funds	0	0	0	0	
USS Colorado Commissioning	<u>92,448</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	92,448	0	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
TOTAL - (1) Executive Director and Army National Guard	20,469,535	20,246,763	21,450,665	21,912,398	2.2%
FTE	<u>97.2</u>	<u>103.5</u>	<u>109.4</u>	<u>109.5</u>	0.1%
General Fund	6,161,831	6,485,051	7,512,741	7,571,192	0.8%
Cash Funds	1,115,565	26,218	118,093	122,348	3.6%
Reappropriated Funds	0	0	4,143	4,143	0.0%
Federal Funds	13,192,139	13,735,494	13,815,688	14,214,715	2.9%

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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(2) DIVISION OF VETERANS AFFAIRS

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

Veterans Service Operations	<u>806,666</u>	<u>907,706</u>	<u>998,936</u>	<u>1,032,576</u>	
FTE	10.1	10.3	13.0	13.1	
General Fund	764,678	865,385	956,436	990,076	
Cash Funds	41,988	42,321	42,500	42,500	
County Veterans Service Officer Payments	<u>956,475</u>	<u>1,240,925</u>	<u>1,257,280</u>	<u>1,257,280</u>	
General Fund	956,475	1,240,925	1,257,280	1,257,280	
Colorado State Veterans Trust Fund Expenditures	<u>615,105</u>	<u>654,974</u>	<u>871,836</u>	<u>871,836</u>	
Cash Funds	615,105	654,974	871,836	871,836	
Veterans Assistance Grant Program	<u>960,454</u>	<u>967,916</u>	<u>1,157,886</u>	<u>1,157,886</u>	
FTE	0.5	0.5	0.5	0.5	
General Fund	960,454	967,916	1,000,000	1,000,000	
Cash Funds	0	0	157,886	157,886	
Western Slope Veterans Cemetery	<u>414,965</u>	<u>410,478</u>	<u>444,395</u>	<u>454,635</u>	
FTE	5.3	5.9	5.5	5.5	
General Fund	187,797	176,179	198,736	204,750	
Cash Funds	227,168	234,299	245,659	249,885	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Grand Junction Veterans One-Stop Center	<u>0</u>	<u>161,994</u>	<u>320,212</u>	<u>380,387</u> *	
FTE	0.0	0.9	3.1	4.0	
General Fund	0	161,994	285,757	310,605	
Cash Funds	0	0	34,455	69,782	
TOTAL - (2) Division of Veterans Affairs	3,753,665	4,343,993	5,050,545	5,154,600	2.1%
FTE	<u>15.9</u>	<u>17.6</u>	<u>22.1</u>	<u>23.1</u>	4.5%
General Fund	2,869,404	3,412,399	3,698,209	3,762,711	1.7%
Cash Funds	884,261	931,594	1,352,336	1,391,889	2.9%

*Request Item

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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(3) AIR NATIONAL GUARD

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

Operations and Maintenance Agreement for Buckley/

Greeley	<u>1,355,113</u>	<u>2,491,022</u>	<u>2,842,804</u>	<u>2,902,171</u>	
FTE	12.3	23.6	35.6	35.6	
General Fund	367,847	378,451	404,557	414,957	
Federal Funds	987,266	2,112,571	2,438,247	2,487,214	

Buckley Cooperative Agreement/Air Traffic Control

Buckley	<u>1,443,265</u>	<u>721,992</u>	<u>535,323</u>	<u>535,323</u>	
FTE	19.4	6.8	8.0	8.0	
Federal Funds	1,443,265	721,992	535,323	535,323	

Security for Space Command Facility at Greeley

FTE	<u>378,172</u>	<u>389,832</u>	<u>251,514</u>	<u>251,514</u>	
Federal Funds	8.7	6.0	5.0	5.0	
Federal Funds	378,172	389,832	251,514	251,514	

TOTAL - (3) Air National Guard	3,176,550	3,602,846	3,629,641	3,689,008	1.6%
FTE	<u>40.4</u>	<u>36.4</u>	<u>48.6</u>	<u>48.6</u>	<u>0.0%</u>
General Fund	367,847	378,451	404,557	414,957	2.6%
Federal Funds	2,808,703	3,224,395	3,225,084	3,274,051	1.5%

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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(4) FEDERAL FUNDED PROGRAMS

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

National Guard Service Members**	<u>0</u>	<u>0</u>	<u>101,500,000</u>	<u>101,500,000</u>	
FTE	0.0	0.0	2,399.0	2,399.0	
Federal Funds	0	0	101,500,000	101,500,000	
TOTAL - (4) Federal Funded Programs	<u>0</u>	<u>0</u>	<u>101,500,000</u>	<u>101,500,000</u>	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>2,399.0</u>	<u>2,399.0</u>	0.0%
Federal Funds	<u>0</u>	<u>0</u>	<u>101,500,000</u>	<u>101,500,000</u>	0.0%
TOTAL - Department of Military and Veterans Affairs	27,399,750	28,193,602	131,630,851	132,256,006	0.5%
FTE	<u>153.5</u>	<u>157.5</u>	<u>2,579.1</u>	<u>2,580.2</u>	0.0%
General Fund	9,399,082	10,275,901	11,615,507	11,748,860	1.1%
Cash Funds	1,999,826	957,812	1,470,429	1,514,237	3.0%
Reappropriated Funds	0	0	4,143	4,143	0.0%
Federal Funds	16,000,842	16,959,889	118,540,772	118,988,766	0.4%

**Amounts in this line item do not pass through the state accounting system. Actual expenditures are therefore reflected as zeros.

APPENDIX B RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2018 SESSION BILLS

H.B. 18-1322 (LONG BILL): General appropriations act for FY 2018-19.

H.B. 18-1337 (VETERANS' ONE-STOP CENTER IN GRAND JUNCTION): Authorizes the Department of Military and Veterans Affairs to operate a veterans' one-stop center in Grand Junction. The Department may staff the center with department employees or contract with one or more private vendors for the management of the facility. The Department is required to establish an advisory board for the center and develop procedures for evaluating the center's effectiveness. The Department may also provide identification cards issued by the U.S. Department of Defense to eligible military members, retirees, and their family members. Creates the Veterans One-Stop Center Cash Fund, consisting of money generated from the public or private use of the veterans' one-stop center. Authorizes appropriations for the center from either the cash fund or the General Fund and provides a General Fund appropriation of \$123,465 and 1.1 FTE to the Department for FY 2018-19. This amount is expected to annualize to \$182,392 General Fund and 3.1 FTE in FY 2019-20.

2019 SESSION BILLS

S.B. 19-118 (SUPPLEMENTAL BILL): Supplemental appropriations bill for the Department of Military and Veterans Affairs to amend FY 2018-19 appropriations.

S.B. 19-194 (NATIONAL GUARD TUITION ASSISTANCE CSU GLOBAL): Authorizes use of state National Guard Tuition Assistance for students attending Colorado State University - Global Campus.

S.B. 19-207 (LONG BILL): General appropriations act for FY 2019-20.

APPENDIX C FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

- 74 Department of Military and Veterans Affairs, Executive Director and Army National Guard, Personal Services, Operating Expenses, Vehicle Lease Payments, and Army National Guard Cooperative Agreement -- The Department is authorized to transfer up to 20.0 percent of the total General Fund appropriations in these line items between these line items. Transfers to or from the Vehicle Lease Payments line item may be used solely to address changes in the portion of costs covered by federal authorities for vehicle lease payments.

COMMENT: This flexibility was added for FY 2019-20 to help the Department make more efficient use of its appropriations. Additional information will be available in fall 2020 regarding how this flexibility was used and the impact on Department expenditures.

UPDATE ON REQUESTS FOR INFORMATION

REQUESTS AFFECTING MULTIPLE DEPARTMENTS

- 1 Department of Health Care Policy and Financing, Executive Director's Office; and Department of Military Affairs, Executive Director and Army National Guard -- The Departments are requested to explore further the potential benefits to veterans and the State of a pilot program to identify and conduct outreach to veterans enrolled in the Medicaid program who may be able to make better use of their federal Veterans Administration (VA) benefits.
- The two departments are requested to work together to refine the process for identifying which veterans might benefit from further outreach. This may include individuals with high prescription drug costs to determine if they would benefit from accessing VA prescription drug benefits; ensuring that veterans who are discharged from a nursing facility have their pension and aid and attendance benefits restored from the \$90 institutionalized amount; outreach to individuals receiving \$0 monthly VA compensation benefits; outreach to Vietnam-era veterans to ensure they are receiving benefits related to "agent orange" exposure, when relevant; exploring opportunities to increase veterans' service-connected disability ratings; and any other categories the departments believe should be targeted.
 - HCPF is requested to extract relevant data samples and to work closely with DMVA to help refine the process for identifying veterans most suitable for outreach.
 - The DMVA is requested to conduct outreach to a small sample of veterans, such as those with high Medicaid pharmacy costs, to test the lists provided and veterans' responses.
 - The DMVA is also requested to investigate the potential for using work-study students, funded by the federal Veterans Administration, to assist in outreach to veterans.

- Based on the results of this preliminary research, by October 1, 2019, the Departments are requested to submit a report to the Joint Budget Committee with recommendations on how the State should proceed. If the Departments continue to recommend a pilot program, they are requested to submit a detailed plan for how the pilot will be structured, including how they will identify veterans who should receive outreach, the estimated number who will receive outreach, the form of such outreach (letter/phone/etc.), the recommended length of the pilot, and how they will assess the impact of the pilot. The plan should include the proposed mechanism for determining whether a veteran has increased VA benefits as a result of the Department's outreach and a plan for determining whether the program has resulted in any General Fund savings to the State. The assessment may include a comparison with a randomized control group, if appropriate.

COMMENT:

Background: For FY 2018-19, the General Assembly provided an appropriation of \$25,000 General Fund and some funds for travel to enable the Departments of Military and Veterans Affairs and Health Care Policy and Financing to explore the potential for replicating a Washington State model that uses a federal system for matching VA and Medicaid data to identify dually enrolled individuals who might benefit from enhanced use of VA services. Washington engages in an extensive process that involves identifying individuals who could make better use of their VA benefits and capturing some of these benefits to offset state Medicaid costs. Washington reports saving \$70 million through the program over the last ten years.

Based on the consultant's report, the Departments proposed that the General Assembly invest in a pilot program to replicate Washington's approach. Staff recommended a more limited, unfunded pilot to explore the potential for the program further, since the consultant's report provided insufficient detail on whether the program could be effectively implemented in Colorado's environment and the DMVA appeared hesitant.

This RFI was intended to determine whether it would be worthwhile for the State to move forward on this project. As reflected in the RFI language, in the Colorado context the program's goal would be to improve services to veterans, rather than to necessarily save state funds.

***RFI Response:* The Departments submitted the requested reports and do not recommend moving forward.**

The Departments identified and sent out letters to 100 individuals dually enrolled in the VA and Medicaid with a stamped and labeled post card through which the recipient could indicate that he or she was interested in finding out more about VA benefits for which he or she might be eligible.

- 67 individuals did not respond. 11 were returned with no forwarding address
- 1 individual was deemed deceased
- 21 responded "yes". Of these, 7 could not be reached by phone, 5 were receiving the maximum benefits possible, 2 were not eligible for benefits, 4 were not interested in changing their circumstances, and 3 said they would follow up at a later date, since

In sum, the Department had a 21 percent response rate and a 0% success rate in transitioning veterans on Medicaid to the VA health system.

The Department also noted that in response to an RFI last year, it attempted to see what veterans were receiving through the VA to see if they needed to be contacted for benefits. It was only able to contact 14 of 100 veterans in its sample due to HIPPA privacy restrictions. While two could have increased their VA pensions, there were concerns about putting them over the Medicaid threshold. Six were receiving 100 percent pension benefits already.

Finally, the Department looked into the availability of using federal VA work study participants. The VA Vocational Rehabilitation center, which coordinates this activity, stated that they didn't have many respondents who want to do work study.

Due to the low response rate and even lower participation rate, the Departments do not believe that a return on investment is possible for this program.

Additional Follow-up: Staff conducted a follow-up conversation with key Department staff. The Departments attribute the low success rate of the pilot to two factors. While one of these will be addressed in the next year, the second cannot be effectively addressed without more significant changes to Colorado's system for serving veterans.

Issue #1: *The report HCPF currently receives from the federal PARIS matching system (the system that identifies Medicaid clients who receive services from the VA) does not include key information that would enable the State to select the most appropriate program participants.* For the pilot program, Colorado focused on high pharmacy users, because that information was available. This does not appear to have been a good target. While Colorado will be receiving a reconfigured report in the coming year which might allow for a better selection process, this still will not overcome the second issue.

Issue #2: *Colorado does not have access to VA files for many of those who are jointly served by the VA and the Colorado Medicaid system.* Individuals seeking services from the VA have the right to choose the organization that will represent them. While some are represented by county Veterans Services Officers and, by extension, the State, others are represented by nonprofit organizations, such as the Disabled American Veterans. **These other organizations are reportedly unwilling to form legal relationships with State representatives that would enable one or more of the State VSOs to view the file details of veterans represented by the nonprofits.** As a result, even if HCPF is better able to identify likely candidates for outreach, for many of these, the State will be unable to explore further whether outreach is appropriate. *Colorado reports that the State of Washington, which runs a successful "matching" program, allocates funds to the various non-profit veterans agencies to ensure that the State has cooperative relationships with all of these agencies and can view all veteran files.* **JBC staff continues to explore how many Colorado veterans are represented by these other agencies and the costs and benefits to Washington State of the relationships it holds with these other organizations.**

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

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

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2020-21 budget request, the Department's Performance Reports and FY 2020-21 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/department-performance-plans>