

DEPARTMENT OF MILITARY & VETERANS AFFAIRS
FY 2025-26 JOINT BUDGET COMMITTEE HEARING AGENDA

WEDNESDAY, DECEMBER 4, 2024

1:30 PM – 2:00 PM

1:30 Introductions and Opening Comments

Presenter: Major General Laura Clellan, Executive Director

1:30-1:35 Common Questions

Main Presenters:

- Major General Laura Clellan, Executive Director

Supporting Presenters:

- Nicholas Severn, Chief Financial Officer

1:35 -1:45 R1 CONG Tuition Waiver

Main Presenters:

- Major General Laura Clellan, Executive Director

Supporting Presenters:

- Nicholas Severn, Chief Financial Officer
- Sarah Edwards, Chief Operating Officer
- Parker White, Legislative Liaison

Topics:

- **Page 2, Questions 3-5 in the packet, Slides 6-10**

1:45 – 1:50 R2 Recruitment & Retention Bonus Expansion

Main Presenters:

- Major General Laura Clellan, Executive Director

Supporting Presenters:

- Nicholas Severn, Chief Financial Officer
- Sarah Edwards, Chief Operating Officer
- Parker White, Legislative Liaison

Topics:

- Page 2-3, Questions 6-7 in the packet, Slides 11-12

1:50 – 2:00 Budget Reduction Options

Main Presenters:

- Major General Laura Clellan, Executive Director

Supporting Presenters:

- Nicholas Severn, Chief Financial Officer
- Sarah Edwards, Chief Operating Officer
- Parker White, Legislative Liaison

Topics:

- Veterans Mental Health Programs: Page 3-4, Questions 8-9 in the packet, Slide 13
- Line-Item Reversions: Page 5, Questions 10 in the packet, Slide 13

DEPARTMENT OF MILITARY & VETERANS AFFAIRS
 FY 2025-26 JOINT BUDGET COMMITTEE HEARING

Wednesday, December 4, 2024

1:30 PM – 2:00 PM

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

DISCUSSION QUESTIONS

- 1 Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations, including the following information:
 - a. Original fund source (General Fund, ARPA, other), amount, and FTE;
 - b. Original program time frame;
 - c. Original authorization (budget decision, legislation, other);
 - d. Requested ongoing fund source, amount, and FTE; and
 - e. Requested time frame (one-time extension or ongoing).

DMVA is not requesting any one-time or ARPA funds be replaced with an ongoing appropriation.

- 2 Describe General Fund appropriation reductions made in the Department for budget balancing purposes in 2020, and whether the appropriation has been restored with General Fund or another fund source through budget actions or legislation.

All budget reduction items totaling \$947,842 were restored in the FY 2021-22 budget.

Annualize Prior Year Legislation And Budget Actions						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Restore one time tuition assistance reduction	\$425,000	\$425,000	\$0	\$0	\$0	0.0
HB 20-1379 PERA direct distribution	238,282	234,742	3,540	0	0	0.0
FY20-21 GF HLD reduction	200,106	200,106	0	0	0	0.0
Restore annual depreciation lease equivalent payment	87,994	87,994	0	0	0	0.0
Annualization of WROS admin	4,583	0	0	4,583	0	0.1
SB18-200 PERA unfunded liability	59	24	1	0	34	0.0
TOTAL	\$956,024	\$947,866	\$3,541	\$4,583	\$34	0.1

However, the following \$4.0 million Cash fund transfer from Colorado State Veterans Trust Fund (VTF) and Veterans Assistance Grant Program Cash Fund (VAG) to the General Fund have not been recovered to the cash fund balances. \$4.9M of Real-estate

cash funds were fully restored in the FY 2023-24 budget and fully spent on Field Artillery Readiness Center Land Acquisition in Westminster.

FY 2020-21 Statutory Transfers to the General Fund		
Source Fund	Net GF Revenue	Other Funds Revenue Impact
Sales of Real Estate Acquired for Military	\$4,908,395	-\$4,908,395
Colorado State Veterans Trust Fund	3,000,000	-3,000,000
Veterans Assistance Grant Program Cash Fund	1,000,000	-1,000,000
TOTAL	\$8,908,395	-\$8,908,395

R1 CONG TUITION WAIVER

3. Rep. Taggart: Have the universities agreed to this? How has the Department of Higher Education reacted to this proposal? Please describe what conversations the Department and/or the Governor’s Office have had with the institutions of higher education about this proposal, and what feedback has DMVA received from Higher Education and the Institutions.

DMVA has reached out to the Dept of Higher Education and the Community Colleges. The Community Colleges, while agreeing that the idea made sense, were concerned about the cost they would incur. The Department of Higher Education supports the idea in principle and is eager to discuss specifics and details.

4. Sen. Amabile: How would this proposal dovetail with the tax credits for homeless and foster youth, etc.? Is there an option there?

A tax credit could not replace the benefit members receive with the current tuition assistance program. It would require members to bear the costs of tuition up-front and then work to try and secure the credit the following year when they filed their taxes. Many lower income members of the guards would find this process to be a hardship.

5. Rep. Sirota: Right now, there is a certain amount of money that DMVA receives for tuition assistance, and it is not an entitlement, but subject to annual appropriation. If this shifted to Higher Education, would it become an entitlement or would the costs to the universities be constrained by an appropriation?

We are asking that this become an entitlement, however the current cost of the Foster Student Credit is born, at least in part, by an appropriation, so a hybrid model does exist under current state law and programs.

R2 RECRUITMENT & RETENTION BONUS EXPANSION

6. Sen. Amabile: Asking about the \$500k recruiting and retention bonus. Confirming the feds pay the wages of CONG service members and the state pays this bonus? How does that work? What are the results of the recruiting and retention funding implemented last year?

1. The Federal Government (read DoD) is statutorily obligated to pay for 48 Unit Training Assemblies and 15 Days of Annual Training per fiscal year for each service member in the Colorado Army National Guard. Additionally, the Colorado Army National Guard receives federal funding to pay for training and travel to send our service members to their Professional Military Education (PME) and various other schools required for their technical and tactical proficiencies.
2. The State Retention Bonus and Joint Enlistment Enhancement Program (JEEP) is paid for through state funds only. The SRB is independent of the Federal Bonus program that is in effect during any given Federal Fiscal Year. The Federal Bonus amounts and commitments can shift throughout a fiscal year, but the SRB provides an additional incentive to those service members that reenlist during the State Fiscal year on a more consistent basis, based on available funding.
3. During the last quarter of Federal Fiscal Year 2024 (1JUL24 – 30SEP24) and the first quarter of the State Fiscal year 24/25, the Colorado Army National Guard was able to issue 17 State Retention Bonuses. COARNG exceeded its FY 24 Federal Retention mission by 14 SMs. Without these extra 17, we would have missed our goal by 3 personnel. Regarding JEEP, we received 164 leads and 13 enlistments from the program in Federal FY 24.
4. The conversation ratio of referrals to enlistments is well above the conversation rate of other programs. This indicates that current service members that make referrals provide quality leads, and that the propensity to serve still exists, it just requires input from those currently serving to help motivate others to join.

7. Sen. Kirkmeyer: Please look back over the last couple of years of your recruitment efforts and describe how this proposal fits in? What are all of their recruitment efforts? What are we not seeing in this budget in terms of needs that the Department did not include in the budget?

The Colorado Army and Air National Guard maintains a Recruiting and Retention battalion which has 19 recruiting offices spread across the state at National Guard facilities or storefront locations leased through the state and funded by the cooperative agreement.

The National Guard Bureau offers various bonuses and benefits for enlisting or reenlisting in the National Guard. The specifics of these benefits depends on the Guard Bureau's need, the prior service history of the recruit, and their position within the military.

Recruiting and retention for both services have actively pursued several strategies to improve recruitment. They have done a significant amount of community engagement, reorganized and increased the number of recruiters, enlisted assistance from the units

to complete community outreach goals, paid for advertising campaigns, and increased survey and data collection to better align their recruiting and retention efforts.

BUDGET REDUCTION OPTIONS

8. Sen. Amabile: Why do we have this siloed approach to mental health? Why should this separate program here? Please explain the impact that the Department would expect if the State were to reduce and/or eliminate the program.

HB 23-1088 Mental Health Services for Veterans was initially introduced by the Department of Human Services and targeted veterans living in the Veterans Community Living Center (VCLC) only. If the State reduces and/or eliminates the program, the targeted population will be impacted and services denied. The appropriation resides with the Department of Military and Veterans Affairs, and DMVA administers the financial side of the program, however, the care itself is provided under the supervision of Human Services. Upcoming Prop KK funding is designated to this line item.

9. Rep. Bird: Please provide a list of all of the programs (including funding amounts) that the Department is providing to support mental health. Please address whether the BHA also has programs that serve this population. Please provide any information that is available on the efficacy of this program. Please address whether the Department has any Prop KK funds that it could use for this purpose.

We provide funding to nonprofits and local governments that provide mental health services.

Veterans Trust Fund

1. American Legion Post 11, \$26,000 (total grant)
2. American Legion Post 75, \$45,000 (total grant)
3. Disabled American Veterans Chapter 48, \$35,000 (total grant)
4. VFW Post 2788, \$15,000 (total grant)
5. VFW Post 4051, \$25,000 (total grant)

These grants also provide Emergency Financial Assistance and Transportation. Both are complementary services to veterans suffering from mental health issues. Direct mental health expenditures total \$7,500.

Veterans Assistance Grant

1. Arapahoe County, \$50,000 (total grant)
2. Gunnison County, \$21,000 (total grant)
3. Park County, \$30,000 (total grant)
4. Vets for Vets, Archuleta County \$90,000 (total grant)

These grants also provide Emergency Financial Assistance and some Transportation. Both are complementary services to veterans suffering from mental health issues. Direct mental health expenditures total \$67,000.

Proposition KK also limits funding to, “Mental health services provided to eligible veterans in state-administered veterans living centers who have exhausted their federal benefits.” We will not be able to expend the funds raised if we are limited to veterans residing in community living centers.

The BHA does not currently have any programs that directly serve the VCLC or Veterans communities but is working with DVA and DHS to implement new services in light of Proposition KK funding.

10. Sen. Bridges: Please dig into why the reversions that are identified are happening. For example, does the Department constrain grants/expenditures to keep a buffer (and that is the reversion)? If the General Assembly reduced the appropriation based on the identified reversions would the amount actually spent just fall (and there would still be similar reversions) or would they still grant out the same amount?

Veterans Assistance Grant program

It's important to understand that reversions are an inherent part of any grant program, regardless of the size of the appropriation. Cutting the appropriation alone will not resolve the issue of unspent funds. Reversions often occur due to factors such as changes in project scope, delays, or other uncontrollable variables. These factors can prevent the full utilization of allocated funds. Additionally, it is important to note that having a buffer—or awarding more funds than the appropriation—is not allowed under fiscal rules. We are required to operate strictly within the appropriated amounts.

The DVA has been actively taking steps to improve the execution rate of grant funds, including:

- Providing additional technical assistance and training to grantees.
- Implementing better grant management practices to ensure proper fund allocation and spending.
- Facilitating focus groups to identify areas for program improvement.
- Offering pre-application training to ensure applicants understand how to effectively manage and execute the funds.
- Requiring new applicants to meet with the grant manager prior to submitting their VTF and VAG applications, ensuring they are fully prepared and equipped to manage the funds properly.

As a result of these proactive efforts, VAG achieved an execution rate of 95% for the last fiscal year, which is 6% higher than the previous year. This significant improvement highlights the effectiveness of the changes we've made to better support grantees and reduce the occurrence of unspent funds.

- Vacancy savings due to recruiting and selection difficulties caused some EDO funds to revert in the past, however due to our ability to currently recruit and retain talent we are no longer in a position to revert funds without a major operational impact.



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Presentation to
Joint
Budget
Committee
December 2024



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Department of Military and Veterans Affairs



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

VISION: We are an inclusive organization that earns and maintains the trust and confidence in those we serve at the local, state and federal levels; we are recognized for excellence in service to our veterans, service members, and families; and, we are the state of choice for future force structure gains, equipment modernization, and infrastructure investment.

STRATEGIC LINES OF EFFORT:

- People
- Warfighting Readiness
- Modernization & Innovation



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DMVA Funding

State FY 24-25 General Fund: \$17,704,398

State FY 24-25 Cooperative Agreement Funds: \$19,737,856.

Federal FY24 Funds: over \$154 million in support for the Colorado Army Guard and over \$140 million in support of the Colorado Air Guard. **For a total of \$294 million going into local communities.**



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FY26 Requests Summary

Request Name	FTE	General Fund
R-01 Colorado National Guard Tuition Waiver	0.0	\$ (1,421,157)
R-02 Recruitment and Retention Bonus Expansion	0.0	\$ 500,000
R-03 DMVA Communication Manager FTE	1.0	\$ 110,244
R-04 DMVA IT Product Director	1.0	\$ 155,836
R-05 Human Resources Information System	0.0	\$ 325,000
Total Prioritized Request	2.0	\$ (330,077)



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Common Questions

1. Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations, including the following information.
 - DMVA is not requesting any one-time or ARPA funds be replaced with an ongoing appropriation.
2. Describe General Fund appropriation reductions made in the Department for budget balancing purposes in 2020, and whether the appropriation has been restored with General Fund or another fund source through budget actions or legislation.
 - DMVA General Fund was cut by 9% but restored in FY 21-22.
 - The Real Estate Proceed Fund was swept but restored in FY 22-23.
 - The VAG and VTF were swept and never restored.



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R-01: Colorado National Guard Tuition Waiver Discussion

- This request is for a National Guard Tuition Waiver, currently administered DMVA as a tuition assistance program. State universities would waive the cost of tuition for Guard members. The request will reduce \$1.4 million of the General Fund in the Executive Director's Office (EDO).
- **Fiscal Impact: FY26 (-\$1,421,157)** The State Universities would be asked to absorb the cost of tuition, creating a \$1,400,000 offset for the DMVA budget.





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R-01: Colorado National Guard Tuition Waiver Discussion

- **This request converts the National Guard Tuition Assistance Program from a General Fund expenditure to a tuition waiver program.** Universities would waive tuition costs for Guard members, eliminating the need for a separate state-funded program.
- **This change eliminates \$1.4 million from the EDO's General Fund budget.**
- **Rising tuition costs have reduced the effectiveness of the current program.** The existing funding no longer supports the same number of service members at the current tuition rates, forcing difficult choices between reducing the number of participants or the amount of tuition covered.
- **A tuition waiver ensures a consistent benefit for Guard members, protects the program from future tuition increases, and allows Colorado to remain competitive with surrounding states.**



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R-01: SNAPSHOT IMPACT TO INDIVIDUAL INSTITUTIONS

Institution	CONG students	Total enrollment	Percentage of total enrollment	Total TA Payment
Arapahoe Community College	4	13,977	% 0.03	\$5,195.05
Adams State	2	3,141	% 0.06	\$7,279.66
Aims Community College	1	7,529	% 0.01	\$686.00
Community College of Denver	2	7,713	% 0.03	\$4,315.50
Colorado Mountain College	2	5,674	% 0.04	\$3,600.00
Colorado Northwestern Community College	1	1,257	% 0.08	\$4,099.74
Colorado Mesa	7	8,995	% 0.08	\$18,192.10
Colorado Mines	4	7,608	% 0.05	\$20,000.00
Colorado State University	27	33,648	% 0.08	\$115,065.85
Colorado State University-Global	26	9,500	% 0.27	\$67,495.20
Colorado State University -Pueblo	1	3,657	% 0.03	\$3,061.17
University of Colorado-Boulder	18	37,153	% 0.05	\$71,115.79
University of Colorado -CO Springs	21	10,678	% 0.20	\$64,511.81
University of Colorado-Denver	22	13,968	% 0.16	\$76,839.78



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R-01: SNAPSHOT IMPACT TO INDIVIDUAL INSTITUTIONS

Institution	CONG students	Total enrollment	Percentage of total enrollment	Total TA Payment
Front Range Community College	1	21,103	% 0.005	\$2,697.50
Metropolitan State University	26	16,345	% 0.16	\$79,243.55
Otero Jr College	1	972	% 0.10	\$1,464.00
Pickens Tech	1	960	% 0.10	\$1,690.00
Pikes Peak State College	7	12,386	% 0.06	\$13,534.90
Pueblo Community College	1	6,770	% 0.01	\$2,904.40
Red Rocks Community College	2	7,378	% 0.03	\$5,254.30
University of Northern Colorado	6	9,067	% 0.07	\$24,128.00
Western Colorado	1	4,053	% 0.02	\$5,000.00

Total Program Spend

2020	2021	2022	2023	2024
\$1,007,512.39	\$1,327,326.24	\$1,252,455.87	\$1,245,933.41	\$1,290,762.74



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R1 JBC Questions

- **Rep. Taggart:** Have the universities agreed to this? How has the Department of Higher Education reacted to this proposal? Please describe what conversations the Department and/or the Governor's Office have had with the institutions of higher education about this proposal, and what feedback has DMVA received from Higher Education and the Institutions.
- **Sen. Amabile:** How would this proposal dovetail with the tax credits for homeless and foster youth, etc.? Is there an option there?
- **Rep. Sirota:** Right now, there is a certain amount of money that DMVA receives for tuition assistance, and it is not an entitlement, but subject to annual appropriation. If this shifted to Higher Education, would it become an entitlement or would the costs to the universities be constrained by an appropriation?



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R-02: Recruitment and Retention Bonus Expansion Discussion

- The Department of Military and Veterans Affairs (DMVA) is requesting an additional \$500,000 for the Recruiting and Retention Program for a grand total of an ongoing \$1,000,000 General Fund increase to support recruiting and retention efforts of the Colorado National Guard (CONG). Program forecasting estimates that the current funds in support of this program will be exhausted by the 3rd quarter of the current State Fiscal Year.
- The Army Guard met and exceeded their retention mission for Federal Fiscal Year 2024.
- **Fiscal Impact: FY26 \$500,000**





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R2 JBC Questions

- **Sen. Amabile:** Asking about the \$500k recruiting and retention bonus. Confirming the feds pay the wages of CONG service members and the state pays this bonus? How does that work? What are the results of the recruiting and retention funding implemented last year?
- **Sen. Kirkmeyer:** Please look back over the last couple of years of your recruitment efforts and describe how does this proposal fit in? What are all of their recruitment efforts? What are we not seeing in this budget in terms of needs that the Department did not include in the budget?



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Potential Cuts

- Veterans Mental Health Services (\$300,000)
- Veterans Trust Fund (\$2.0 million)
- EDO Personal Services (\$125,000)
- Western Region One Source (\$75,000)
- Veterans Service Operation (\$100,000)
- Veterans Assistance Grant (\$400,000)
- Operations and Maintenance Air Guard (\$95,000)



Questions?