

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF BUDGET BRIEFING**

**DEPARTMENT MILITARY AND VETERANS AFFAIRS**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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# DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

## Department Overview

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents, and serve as a reserve force for the U.S. Armed Forces. Associated duties are carried out by four divisions, major responsibilities are outlined below:

### **Executive Director's Office**

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

### **Army & Air National Guard**

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

### **Civil Air Patrol**

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

### **Division of Veterans Affairs**

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

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**Department Budget: Recent Appropriations**

<b>Funding Source</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 *</b>
General Fund	\$7,378,715	\$8,244,667	\$8,285,043	\$8,299,797
Cash Funds	1,239,695	1,282,783	1,281,079	1,285,355
Reappropriated Funds	800,000	1,100,000	800,000	800,000
Federal Funds	<u>214,439,842</u>	<u>214,750,293</u>	<u>215,025,057</u>	<u>215,117,024</u>
<b>Total Funds</b>	<b>\$223,858,252</b>	<b>\$225,377,743</b>	<b>\$225,391,179</b>	<b>\$225,502,176</b>
Full Time Equiv. Staff	1,389.6	1,391.2	1,392.3	1,392.4

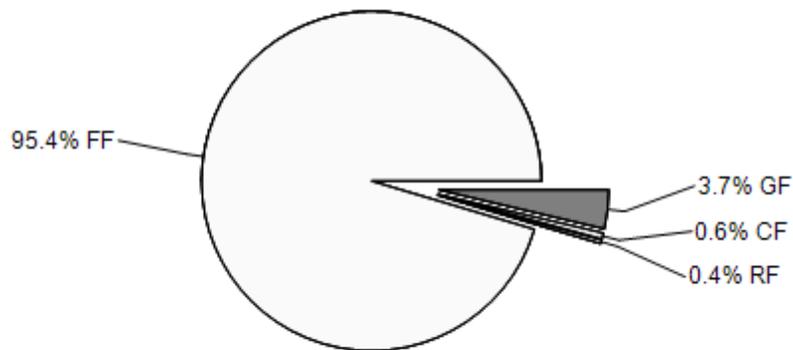
\*Requested appropriation.

## Department Budget: Graphic Overview

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

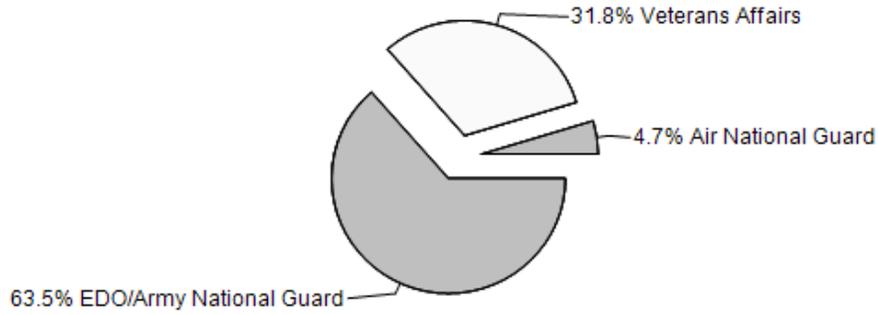


**Department Funding Sources**

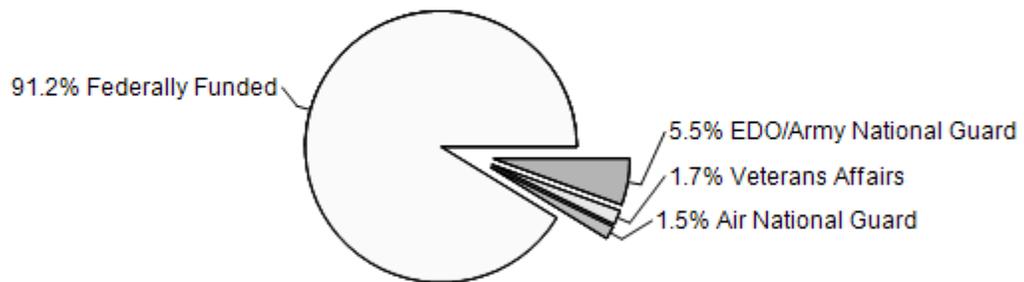


All charts are based on the FY 2015-16 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2015-16 appropriation.

## General Factors Driving the Budget

### Federal Funds and Federal Force Structure

Approximately 95.4 percent of Department's budget is federal funds, primarily for training and operations of the Colorado National Guard (Guard) units. The federal government also provides the majority of the funding for construction and maintenance of armories, and other military buildings in the State. The primary driver of federal funds is the "federal force structure" or number of Guard members authorized by the U.S. National Guard Bureau, and the degree which the force structure is filled. These factors determine the amount of federal funds flowing through the Department.

The Army National Guard accounts for 71.9 percent of total members and the Air National Guard accounts for 28.1 percent of total members in FY 2015-16. The following table details the current combined strength of the Department's two Guard components:

<b>Colorado National Guard Authorized Strength and Membership</b>				
Total Authorized Strength	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Army National Guard	3,987	3,999	3,978	3,832
Air National Guard	1,519	1,553	1,566	1,557
<b>Total National Guard Members</b>				
Army National Guard	3,988	4,002	3,986	3,933
Air National Guard	<u>1,500</u>	<u>1,533</u>	<u>1,533</u>	<u>1,535</u>
<b>Total</b>	<b>5,488</b>	<b>5,535</b>	<b>5,519</b>	<b>5,468</b>
<b>Percentage of Slots Filled</b>	<b>99.7%</b>	<b>99.7%</b>	<b>99.5%</b>	<b>101.5%</b>

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 2006-07:

<b>10-Year Colorado National Guard Deployment</b>			
Fiscal Year	Army National Guard	Air National Guard	Total
2006-07	850	272	1,122
2007-08	1,150	243	1,393
2008-09	600	450	1,050
2009-10	529	230	759
2010-11	612	500	1,112
2011-12	596	85	681
2012-13	960	261	1,221

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<b>10-Year Colorado National Guard Deployment</b>			
<b>Fiscal Year</b>	<b>Army National Guard</b>	<b>Air National Guard</b>	<b>Total</b>
2013-14	525	481	1,006
2014-15	239	40	279
2015-16	207	515	722

Guard units can also be activated for state active duty to protect life and property during natural disasters and civil emergencies. When the units are activated by the Governor, the State must pay the costs of Guard activation. The Governor may also activate Guard troops for missions in other states. When this happens, the state requesting support must pay for the unit costs. In FY 2014-15, the Colorado National Guard deployed 8 members to assist the State of Washington in their efforts to battle wild fires. Additionally, 140 Guard members were activated for Search and Rescue operations, which resulted in 22 lives saved.

### **Cash Funds Program Support**

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

The Colorado State Veterans Trust Fund receives 1.0 percent of the proceeds, up to \$1 million, from the tobacco settlement agreement with tobacco manufacturers. The majority of the appropriation to the Department provides grants for veterans' organizations to provide services to veterans around the State. Under current law, 90.0 percent of the tobacco settlement moneys transferred to the Fund plus all interest earned on the fund's principle are available for appropriation, with the remaining 10.0 percent retained in the fund. Senate Bill 13-235 repaid \$3.9 million to the Colorado State Veterans Trust Fund, which has resulted in more interest earnings beginning in FY 2014-15 due to the higher principal balance of the fund.

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

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**Summary: FY 2015-16 Appropriation & FY 2016-17 Request**

<b>Department of Military and Veterans Affairs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2015-16 Appropriation</b>						
S.B. 15-234 (Long Bill)	<u>\$225,391,179</u>	<u>\$8,285,043</u>	<u>\$1,281,079</u>	<u>\$800,000</u>	<u>\$215,025,057</u>	<u>1,392.3</u>
<b>TOTAL</b>	<b>\$225,391,179</b>	<b>\$8,285,043</b>	<b>\$1,281,079</b>	<b>\$800,000</b>	<b>\$215,025,057</b>	<b>1,392.3</b>
<b>FY 2016-17 Requested Appropriation</b>						
FY 2015-16 Appropriation	\$225,391,179	8,285,043	\$1,281,079	\$800,000	\$215,025,057	1,392.3
NPI Annual fleet vehicle request	10,412	10,412	0	0	0	0.0
NPI End user configuration management tool	4,274	4,274	0	0	0	0.0
NPI FY 2016-17 Secure Colorado	2,598	2,598	0	0	0	0.0
Centrally appropriated line items	88,719	(8,578)	4,276	0	93,021	0.0
Annualize prior year budget actions	<u>4,994</u>	<u>6,048</u>	<u>0</u>	<u>0</u>	<u>(1,054)</u>	<u>0.1</u>
<b>TOTAL</b>	<b>\$225,502,176</b>	<b>\$8,299,797</b>	<b>\$1,285,355</b>	<b>\$800,000</b>	<b>\$215,117,024</b>	<b>1,392.4</b>
<b>Increase/(Decrease)</b>	\$110,997	\$14,754	\$4,276	\$0	\$91,967	0.1
Percentage Change	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%

**Description of Requested Changes**

**NPI Annual fleet vehicle request:** The decision item includes a request for an increase of \$10,412 General Fund for the Vehicle Lease Payments line item in the EDO for changes in statewide vehicle costs. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

**NPI FY 2016-17 Secure Colorado:** The request seeks an increase of \$2,598 General Fund for FY 2016-17 to cover the Department's share of the Office of Information Technology's implementation of advanced information security event analytics capabilities. *This request item was addressed in separate staff briefings for the Governor's Office.*

**NPI End user configuration management tool:** The request seeks an increase of \$4,274 General Fund for FY 2016-17 to deploy an end user configuration management tool. This tool will assist in discovering assets (e.g. computers and software) and the status of assets. *This request item was addressed in separate staff briefings for the Governor's Office.*

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**Centrally appropriated line item adjustments:** The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

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

## **Issue: Division of Veterans Affairs Overview**

This informational brief provides an overview of the programs and responsibilities of the Division of Veterans Affairs (DVA) in the Department of Military and Veterans Affairs (DMVA).

### **SUMMARY:**

- The Division of Veterans Affairs and the Board of Veterans Affairs were transferred from the Department of Human Services to the Department of Military and Veterans Affairs as a Type 2 transfer on July 1, 2002, in accordance with House Bill 02-1413. (Section 24-1-127 (3) (f), C.R.S.)
- The Department reports an approximate 108.7 percent increase in the number of veterans' claims processed statewide from FY 2013-14 to FY 2014-15.
- In 2011, the DVA established a statewide database for processing veterans' claims that has allowed for the centralization of processing and delivery of claims to the U.S. Department of Veterans Affairs.

### **RECOMMENDATION:**

Staff recommends the Committee ask the Department to detail its veterans' outreach strategy and the DVA's ongoing efforts to implement a veterans resource information clearinghouse.

### **DISCUSSION:**

#### ***Background***

House Bill 02-1413 transferred the Division of Veterans Affairs and the Board of Veterans Affairs to the Department of Military and Veterans Affairs as Type 2 entities. The bill specified that "certain designated state programs for veterans" would be transferred, while others, such as Veterans' Community Living Centers, would remain with the Department of Human Services. The General Assembly approved this restructuring in order to: improve the administration and coordination of programs for veterans; provide greater visibility to veterans programs and issues on the state level; increase recognition of veterans' role in the state; and reaffirm the state's commitment to provide ongoing assistance to and services for veterans. The transfer took effect July 1, 2002.

The Division of Veterans Affairs' duties can be broadly described as ensuring that veterans and their families receive the benefits to which their service has entitled them. Specifically, the DVA must ensure that the administrative infrastructure (e.g. access to trained County Veterans Service Officers, access to benefit information, and to function as a liaison with the appropriate federal agencies) necessary for Colorado veterans and their families to access their entitlements is robust and efficient. The DVA and its staff serves as the primary nexus through which Colorado's

veterans interact with the federal agencies responsible for veterans’ care and entitlement distribution. (Section 20-5-705, C.R.S.)

***DMVA’s Performance Plan – Strategic Policy Initiative 2***

The Department and the DVA have identified as a strategic policy initiative the expansion of services provided to underserved veterans through planning. The one-year goal, to be achieved by the end of FY 2015-16, is to improve veterans’ awareness through direct marketing and contact. The three-year goal, to be achieved by the end of FY 2017-18, is to “increase the depth and breadth” of veterans outreach with a focus on those living outside of the I-25 corridor. In order to achieve the targeted goals of this strategic policy initiative, the Department and DVA leadership participate in a variety of statewide and regional programs. To measure success, the Department has identified attendance at outreach events and the number of veterans served as appropriate metrics. See Appendix D for the Department’s Performance Plan.

**DVA’s SMART Act Metric**

The DVA tracks the “Numbers of veterans served” in a given fiscal year. The title of this metric suggests that it represents the absolute number of veterans served; however, the metric tracks the number of claims processed in a given fiscal year. The DVA considers a claim processed when a veteran’s request for an entitlement is submitted to the U.S. Department of Veterans Affairs by either their County or State Veterans Service Officer. This metric has been calculated the same way since 2009 when the data collection system was first implemented. While the metric does not represent the absolute number of veterans served, it is an accurate measure of workload for State and County Veterans Service Officers; processed claims generally correlate to office visits.

A single veteran can have multiple claims processed in a single fiscal year. For example, if a veteran has a child in February of 2015 and adds it as a dependent, that counts as a processed claim. If that same veteran in April 2015 requests an increase for a current entitlement, that request counts as another processed claim. By the same logic, a veteran may be counted in 2009 when their initial request for an entitlement is processed and then again in 2015 when an increase in that entitlement is processed. The table below shows the number of veterans claims processed by both County and State Veterans Service Officers in each fiscal year since FY 2011-12, as provided in the Department’s FY 2014-15 Performance Evaluation published in October 2015. (See Appendix D)

<b>Number of Veterans Claims Processed</b>	
FY 2011-12	5,940
FY 2012-13	7,464
FY 2013-14	9,132
FY 2014-15	19,057

The Department reports an approximate 108.7 percent increase in the number of veterans claims processed statewide from FY 2013-14 to FY 2014-15, which they attribute to the following three factors. First, the DVA has increased its staff by 50.0 percent since FY 2012-13, adding two more State Veterans Service Officers and two more administrative staff members. This has

increased the DVA's workload capacity. Second, the DVA has made a concerted effort to train County Veterans Services Officers to use the state's claims processing software. In 2011, the DVA used some of its funding to purchase software licenses for every county in the state. Third, the DVA has increased the number of outreach events staff attends, specifically targeting newly discharged veterans because they represent the fastest growing population of veterans. An increase in outreach has a positive correlation to the number of entitlement requests.

### **DVA's Claims Processing Software**

The DVA purchased a commercial, off-the-shelf software program in 2009. The same software was purchased for every county in Colorado in 2011, linking data collected by County Veterans Service Officers to a centralized statewide database. This database allows for the creation of unique accounts for each veteran seeking their entitlements, which in turn allows the DVA to maintain accurate veteran claims records even if as veterans move across the state. Colorado was the first state to utilize this database statewide, 19 other states have since purchased the software program.<sup>1</sup> The U.S. Department of Veterans Affairs is in the process of going paperless and the software purchased by the Colorado DVA was the first allowed to merge and bundle claims, which are sent through a secure portal. This bundling process has greatly increased the Division's efficiency. The software is in a nationwide beta test in which the DVA expects to participate.

The amount of the data currently collected is not adequate to demonstrate specific trends but can be used show annual usage. Most counties are just beginning to understand the importance of utilizing the different parts of the new software. Prior to statewide implementation of DVA's software, each county's data collection methodology was unique and, in some cases, non-existent. Attempting to merge old data into the new system has proven challenging, leading to a dearth of historical data. However, the users of the system are now younger and more computer savvy. The DVA estimates that about 10 new County Veteran Service Officers are appointed each year. Until the amount of data is adequate to assess trends, the DVA will continue to use federal annual expenditures data to assess statewide trends.

### ***DVA Program Descriptions***

The DVA administers several programs that provide benefits to Colorado veterans and their families. These state benefits include access to the state's memorial cemetery, grant assistance programs for organization that serve veterans and their families, education benefits, information dispersal, and free legal clinics.

### **Veterans Resource Information Clearinghouse**

The DVA, pursuant to Section 28-5-711, C.R.S., is required to create a veterans resource information clearinghouse "to provide information concerning support, services, and other assistance available to veterans...and their families from state and local government agencies, congressionally chartered veterans organizations, and nonprofit service organizations." The DVA's website functions as this clearinghouse and while it meets the requirements enunciated in

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<sup>1</sup> These states include: Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Idaho, Indiana, Massachusetts, Michigan, Montana, Nebraska, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Vermont, and Wyoming.

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statute, it is best considered a work in progress. Navigation of the website is cumbersome and finding relevant program details can be difficult. The DVA does not have a full-time FTE dedicated to maintaining this information and its delivery to its intended audience. Modifying the DVA’s website to improve information access and user experience is a long-term effort that requires planning and additional resources.

**Veterans Memorial Cemetery of Western Colorado**

The Veterans Memorial Cemetery of Western Colorado is authorized by the General Assembly pursuant to Section 28-5-708, C.R.S. Opened in September 2002, the cemetery is located on 22.5 acres at 2830 Riverside Parkway, Grand Junction, Colorado. It has a capacity of 5,030 units, including a variety of different burial plots that accommodate both casket remains and cremated remains. There are 775 memorial garden plots available for veterans whose remains were not recovered or were donated to science or are otherwise unavailable for interment. The Cemetery has memorial walks along either side of a creek that runs through the grounds, which pass by each of the five columbaria. The grounds are landscaped to provide solitude and visitors with areas for reflection. The table below details the current use of the memorial cemetery.

<b>Veterans Memorial Cemetery of Western Colorado Usage Breakdown</b>						
<b>Plot type</b>	<b>Total Available</b>	<b>In Use</b>	<b>Remaining</b>	<b>Average Monthly Use Rate</b>	<b>Months Remaining to Zero</b>	
Wall Niche	1,869	1,310	559	8.2	68.6	
In-Ground Niche	628	545	83	3.4	24.5	
Single Vault	313	221	92	1.4	67.0	
Double Vault	934	607	327	3.8	86.6	
Conventional	511	13	498	0.1	6,160.6	
Memorial Garden Plot	775	120	655	0.8	877.8	
<b>Total</b>	<b>5,030</b>	<b>2,816</b>	<b>2,214</b>	<b>n/a</b>	<b>n/a</b>	

**Veterans Assistance Grant Program**

Codified in Section 28-5-712, C.R.S., the Veterans Assistance Grant Program provides grants to nonprofit organizations and governmental agencies that provide services to ensure the health and well-being of veterans who live in Colorado. The Program specifically targets entities that provide veterans mental health services, family counseling services, job training, employment, and housing for homeless veterans. The Board of Veterans Affairs provides oversight and establishes the criteria for determining the eligibility of entities seeking funding. The Department includes information regarding the grants awarded through this program in its annual report to its House and Senate Committees of Reference.

The Veterans Assistance Grant Program Cash Fund, created in Section 28-5-712 (3) (a), C.R.S., is the vehicle through which the Program is funded. The cash fund is subject to annual appropriations and received a \$1 million General Fund appropriation in the FY 2015-16 Long Bill (S.B. 15-234). The Program receives its appropriation through the Mental Health,

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Employment, Housing, and Other Veterans Services line item in the Division of Veterans Affairs section of the Department's part of the Long Bill.

**Veterans Trust Fund**

The DVA administers the Colorado State Veterans Trust Fund, created in Section 28-5-709 (1) (a), C.R.S. According to statute, monies in the Fund shall be used for: capital improvement or needed amenities for current or future Veterans' Community Living Centers; costs incurred by current or future state veterans' cemeteries; costs incurred by the Division; and veterans programs operated by nonprofit veterans organizations that meet the criteria established and are selected by the Board of Veterans Affairs. The Division may keep up to 5.0 percent of the annual amount appropriated to the Fund for program implementation costs incurred by the Division and the Board. (Section 28-5-709 (1) (b) and (c), C.R.S.)

Pursuant to Section 28-5-709 (2) (a), C.R.S., the Fund is transferred 1.0 percent of the total amount received by the state from the Tobacco Master Settlement Agreement. In the FY 2015-16 Long Bill, the Fund received an appropriation of \$876,770. Of the total annual amount transferred to the Fund, 10.0 percent must be retained as principal. The remaining 90.0 percent of the transfer and 100.0 percent of the interest earned by the Fund are subject to annual appropriation by the General Assembly. (Section 28-5-709 (3) (c), C.R.S.) The Department reports that funding requests consistently exceed the available monies in the Fund.

**Other Programs**

The Operation Recognition program awards high school diplomas to deserving and qualified veterans from the World War II, Korea, and Vietnam eras. This program is authorized by Section 22-32-123, C.R.S., and is offered by the Board of Veterans Affairs in cooperation with the Colorado Department of Education and the Colorado Association of School Boards. The program operates on a voluntary basis among those High Schools.

The Division also offers free legal clinics for veterans. Volunteer attorneys answer questions, help fill out forms, and explain the process and procedure for legal issues. Areas of legal concern for veterans include: family law, civil litigation, property law, probate law, collections, appeals, landlord-tenant, veterans benefits, and civil protection orders. The clinics are for informational purposes only and are not a substitute for legal representation. Veterans are informed of their right to legal representation and are advised to seek such representation.

## **Issue: DMVA Report on the Value U.S. Military Activities in Colorado**

In April 2015, the Department of Military and Veterans Affairs published its *Report on the Comprehensive Military Value and Economic Impact of Department of Defense Activities in Colorado* (Report). Please see Appendix F for access to the Report.

### **SUMMARY:**

- The Report finds that Colorado’s military installations and personnel have adapted well to the changing nature of war, remaining a relevant and valued part of the U.S. Department of Defense’s (DOD) operational strategy.
- The DOD’s long time investment in the state’s military infrastructure has placed Colorado in a favorable standing with regards to future BRAC decisions.
- Colorado’s unique geography ensures its continued value to the DOD and national security.
- The characteristics (e.g., education, training, and experience) of Colorado’s workforce make the state an attractive investment for the DOD.

### **DISCUSSION:**

#### ***Background***

Senate Bill 14-157 (DMVA Commission Report Value US Mil Activities) added Article 4.5 to Section 28 of the Colorado Revised Statutes, requiring the Department to publish a report detailing the value of United States military activities in Colorado. The General Assembly required the report include “an independent and data-driven analysis” of the state’s advantages as part of “the ultimate strategic objectives” of the DOD and national security. (Section 28-4.5-101 (1) (b), C.R.S.) As required, the Department completed its report in April 2015 and made it available to the public.

#### ***Summary of Report Findings***

The report categorizes its findings into strengths, vulnerabilities, and opportunities. The analysis identified nine attributes that allow Colorado to meet DOD strategic objectives. The strengths identified in the report are a result of the state’s physical, educational, and commercial infrastructure. The vulnerabilities detailed in the report are considered relatively minor and are to a certain extent outside of the state’s control (e.g. Colorado is land-locked and unable to support naval operations). Opportunities highlighted by this report are prescriptive and focus on advocacy of Colorado’s strengths to its federal partners.

#### **Strengths**

Colorado’s physical infrastructure, both military and civilian, plays a large part in the state’s ability to attract DOD investment and mission support. The I-25 and I-70 corridors allow for the quick movement of personnel and material between the many military installations in the state.

The numerous military installations in Colorado, along with several training site including the Piñon Canyon Maneuver Site and the High Altitude Army National Guard Training Site, means the state possesses the resources to meet DOD's needs for service and joint training activities. Additionally, the commercial infrastructure around the state's military installations provides access to both a highly trained workforce and services for military personnel. The report finds that there are a considerable number of DOD retirees pursuing second careers in the state's major defense and technology industries. This interchange of workforce creates a positive feedback loop that further highlights Colorado's value to DOD's strategic objectives.

The report finds that the educational infrastructure of the state contributes significantly to the overall quality of the state's workforce. This infrastructure is used to educate both service members and their families. Access to and the variety of Colorado's primary, secondary, and post-secondary educational institutions means that the DOD has access to a robust and well-trained workforce. The report cites the 89 Colorado colleges, universities, and training programs that accept the post 9/11 GI Bill, as well as the partnerships formed between academia and industry, as reasons for the large pool of highly trained labor. Additionally, service members stationed in Colorado consistently rate their standard of living as better than the national average, with a lower cost of living and a myriad of recreational activities.

### **Vulnerabilities**

The report identifies several select vulnerabilities that the state may encounter. These vulnerabilities stem from encroachment challenges and potential DOD investment reductions in the state. As the population of Colorado grows, military installations and training sites will compete with civilian needs for space and resources. The report identifies water, airspace restrictions, energy, urban growth, and spectrum encroachment as areas of concern. The report also emphasizes that as DOD's strategic objectives adapt to new threats, investment in Colorado's existing infrastructure and capabilities could diminish. For example, the 2012 Defense Strategic Guidance emphasizes a shifting focus to the Asia-Pacific region. This shift will affect force structure and mission training requirements, placing a greater operational need on the development of naval forces and capabilities. Colorado, as a land-locked state, can only minimally contribute to this effort.

### **Economic Impact of Military Activity in Colorado**

The report provides an economic analysis of military activity in Colorado. Overall, DOD related activity accounts for the following:

- 5.2 percent of the state's total employment;
- 5.5 percent of the state's total tax revenue; and
- 7.5 percent of the state's total labor income.

The direct economic benefit of DOD related activity is concentrated in El Paso, Arapahoe, and Weld Counties. However, 15.0 percent of the approximately 170,000 DOD related jobs are outside of those three counties. Total labor income from DOD related earning is roughly \$11.7 billion, with approximately \$1.2 billion occurring outside of the three counties. The report finds that the DOD makes up the seventh largest industry in the state.

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**Appendix A: Number Pages**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

**H. Michael Edwards, Adjutant General**

**(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD**

ntal fees, the Western Slope Military Veterans Cemetery Fund; real estate proceeds; and the Distance Learning Cash Fund. Reappropriated funds are from the Department of Higher Education.

Personal Services	<u>1,977,127</u>	<u>1,712,231</u>	<u>2,307,359</u>	<u>2,363,240</u>
FTE	30.0	30.5	35.2	35.3
General Fund	1,735,300	1,471,988	2,059,707	2,111,559
Cash Funds	0	0	4,046	4,046
Federal Funds	241,827	240,243	243,606	247,635
Health, Life, and Dental	<u>240,675</u>	<u>260,819</u>	<u>941,350</u>	<u>1,018,364</u>
General Fund	224,839	244,983	294,831	349,848
Cash Funds	15,836	15,836	17,187	15,011
Federal Funds	0	0	629,332	653,505
Short-term Disability	<u>4,232</u>	<u>5,777</u>	<u>16,619</u>	<u>14,795</u>
General Fund	4,092	5,777	5,505	5,008
Cash Funds	140	0	171	237
Federal Funds	0	0	10,943	9,550
S.B. 04-257 Amortization Equalization Disbursement	<u>80,344</u>	<u>115,364</u>	<u>351,072</u>	<u>384,858</u>
General Fund	77,552	110,913	116,224	130,182
Cash Funds	2,792	4,451	3,592	6,160
Federal Funds	0	0	231,256	248,516

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>226,207</u>	<u>108,154</u>	<u>339,103</u>	<u>380,849</u>	
General Fund	69,777	103,981	112,262	128,826	
Cash Funds	2,520	4,173	3,469	6,096	
Federal Funds	153,910	0	223,372	245,927	
Salary Survey	<u>102,808</u>	<u>74,787</u>	<u>96,157</u>	<u>47,045</u>	
General Fund	99,159	74,787	37,390	21,793	
Cash Funds	3,649	0	893	1,191	
Federal Funds	0	0	57,874	24,061	
Merit Pay	<u>39,676</u>	<u>29,014</u>	<u>94,496</u>	<u>0</u>	
General Fund	38,188	28,187	31,592	0	
Cash Funds	1,488	827	906	0	
Federal Funds	0	0	61,998	0	
Shift Differential	<u>20,864</u>	<u>0</u>	<u>23,285</u>	<u>23,665</u>	
Federal Funds	20,864	0	23,285	23,665	
Workers' Compensation	<u>77,843</u>	<u>83,494</u>	<u>81,289</u>	<u>107,511</u>	
General Fund	26,863	28,805	28,044	36,960	
Federal Funds	50,980	54,689	53,245	70,551	
Operating Expenses	<u>2,774,087</u>	<u>2,498,881</u>	<u>2,373,338</u>	<u>2,368,635</u>	
General Fund	1,167,398	1,253,463	1,485,633	1,480,930	
Cash Funds	0	1,393	46,000	46,000	
Federal Funds	1,606,689	1,244,025	841,705	841,705	

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Information Technology Asset Maintenance	<u>22,325</u>	<u>19,245</u>	<u>22,372</u>	<u>22,372</u>	
General Fund	22,325	19,245	22,372	22,372	
Legal Services	<u>1,633</u>	<u>4,502</u>	<u>10,451</u>	<u>10,577</u>	
General Fund	1,633	4,502	10,451	10,577	
Payments to OIT	<u>0</u>	<u>536,402</u>	<u>260,300</u>	<u>127,238</u>	*
General Fund	0	536,402	260,300	127,238	
Payment to Risk Management and Property Funds	<u>65,699</u>	<u>110,427</u>	<u>116,976</u>	<u>132,253</u>	
General Fund	65,699	110,427	116,976	132,253	
Vehicle Lease Payments	<u>10,501</u>	<u>44,559</u>	<u>50,656</u>	<u>67,360</u>	*
General Fund	10,501	44,559	50,656	67,360	
Leased Space	<u>44,977</u>	<u>44,978</u>	<u>44,978</u>	<u>44,978</u>	
General Fund	44,977	44,978	44,978	44,978	
Capitol Complex Leased Space	<u>87,165</u>	<u>30,050</u>	<u>48,115</u>	<u>48,317</u>	
General Fund	59,616	30,050	30,408	30,610	
Federal Funds	27,549	0	17,707	17,707	
CORE Operations	<u>1,418</u>	<u>56,445</u>	<u>65,220</u>	<u>53,899</u>	
General Fund	1,418	56,445	2,363	2,363	
Federal Funds	0	0	62,857	51,536	
Civil Air Patrol Operations	<u>41,504</u>	<u>50,810</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	41,504	50,810	58,638	58,638	

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Local Armory Incentive Plan	<u>17,167</u>	<u>3,200</u>	<u>46,610</u>	<u>46,610</u>	
Cash Funds	17,167	3,200	46,610	46,610	
Distance Learning	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition fund	<u>1,252,380</u>	<u>1,366,469</u>	<u>1,296,157</u>	<u>1,296,157</u>	
General Fund	496,157	495,393	496,157	496,157	
Cash Funds	0	71,076	0	0	
Reappropriated Funds	756,223	800,000	800,000	800,000	
Army National Guard Cooperative Agreement	<u>5,662,102</u>	<u>7,290,877</u>	<u>3,746,396</u>	<u>3,818,873</u>	
FTE	55.7	58.1	51.5	51.5	
Federal Funds	5,662,102	7,290,877	3,746,396	3,818,873	
Purchase of Services from Computer Center	<u>434,505</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	434,505	0	0	0	
Multiuse Network Payments	<u>86,378</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	86,378	0	0	0	
Management and Administration of OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Communication Services Payments	<u>19,898</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	19,898	0	0	0	

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Information Technology Security	<u>5,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	5,692	0	0	0	
Comprehensive Report on the Value of United States					
Military Activities	<u>0</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	300,000	0	0	
Reappropriated Funds	0	300,000	0	0	
<b>TOTAL - (1) Executive Director and Army National Guard</b>	13,297,207	14,446,485	12,393,937	12,439,234	0.4%
<i>FTE</i>	<u>85.7</u>	<u>88.6</u>	<u>86.7</u>	<u>86.8</u>	<u>0.1%</u>
General Fund	4,733,471	4,715,695	5,264,487	5,257,652	(0.1%)
Cash Funds	43,592	100,956	125,874	128,351	2.0%
Reappropriated Funds	756,223	800,000	800,000	800,000	0.0%
Federal Funds	7,763,921	8,829,834	6,203,576	6,253,231	0.8%

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
<b>(2) DIVISION OF VETERANS AFFAIRS</b>					
grants to veterans service organizations from the Veterans Trust Fund, which is derived from tobacco settlement proceeds.					
Veterans Service Operations	<u>633,723</u>	<u>628,912</u>	<u>834,127</u>	<u>848,303</u>	
FTE	12.0	10.9	12.0	12.0	
General Fund	603,689	628,864	791,930	806,106	
Cash Funds	30,034	48	42,197	42,197	
Reappropriated Funds	0	0	0	0	
County Veterans Service Officer Payments	<u>184,600</u>	<u>182,500</u>	<u>657,280</u>	<u>657,280</u>	
General Fund	184,600	182,500	657,280	657,280	
Colorado State Veterans Trust Fund Expenditures	<u>770,120</u>	<u>737,633</u>	<u>876,770</u>	<u>876,770</u>	
Cash Funds	770,120	737,633	876,770	876,770	
Mental Health, Employment, Housing and Other					
Veterans Services	<u>943,435</u>	<u>656,624</u>	<u>1,000,000</u>	<u>1,000,000</u>	
FTE	0.0	0.4	0.5	0.5	
General Fund	943,435	656,624	1,000,000	1,000,000	
Western Slope Veterans Cemetery	<u>292,938</u>	<u>319,547</u>	<u>536,218</u>	<u>541,516</u>	
FTE	4.5	5.0	5.5	5.5	
General Fund	131,471	172,946	183,080	186,579	
Cash Funds	161,467	146,601	236,238	238,037	
Federal Funds	0	0	116,900	116,900	
<b>TOTAL - (2) Division of Veterans Affairs</b>	2,824,816	2,525,216	3,904,395	3,923,869	0.5%
FTE	<u>16.5</u>	<u>16.3</u>	<u>18.0</u>	<u>18.0</u>	(0.0%)
General Fund	1,863,195	1,640,934	2,632,290	2,649,965	0.7%
Cash Funds	961,621	884,282	1,155,205	1,157,004	0.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	116,900	116,900	0.0%

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 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>1,374,954</u>	<u>1,451,919</u>	<u>2,114,435</u>	<u>2,131,596</u>	
FTE	16.6	16.2	26.1	26.1	
General Fund	362,084	330,879	388,266	392,180	
Federal Funds	1,012,870	1,121,040	1,726,169	1,739,416	

Buckley Cooperative Agreement

FTE	<u>1,683,175</u>	<u>1,522,288</u>	<u>1,092,616</u>	<u>1,115,686</u>	
Federal Funds	19.8	17.1	17.5	17.5	
	1,683,175	1,522,288	1,092,616	1,115,686	

Security for Space Command Facility at Greeley

FTE	<u>367,313</u>	<u>356,662</u>	<u>239,427</u>	<u>245,422</u>	
Federal Funds	6.3	5.7	5.0	5.0	
	367,313	356,662	239,427	245,422	

<b>TOTAL - (3) Air National Guard</b>	3,425,442	3,330,869	3,446,478	3,492,704	1.3%
FTE	<u>42.7</u>	<u>39.0</u>	<u>48.6</u>	<u>48.6</u>	0.0%
General Fund	362,084	330,879	388,266	392,180	1.0%
Federal Funds	3,063,358	2,999,990	3,058,212	3,100,524	1.4%

\* This line item includes a decision item.

**JBC Staff Budget Briefing: FY 2016-17**  
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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**(4) FEDERAL FUNDED PROGRAMS**

sed on the federal fiscal year beginning October 1, not the State beginning July 1.

Federal Funded Programs Operations	<u>205,646,369</u>	<u>0</u>	<u>205,646,369</u>	<u>205,646,369</u>	
FTE	1,239.0	1,239.0	1,239.0	1,239.0	
Federal Funds	205,646,369	0	205,646,369	205,646,369	
<b>TOTAL - (4) Federal Funded Programs</b>	205,646,369	0	205,646,369	205,646,369	0.0%
FTE	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>0.0%</u>
Federal Funds	205,646,369	0	205,646,369	205,646,369	0.0%

<b>TOTAL - Department of Military and Veterans</b>					
<b>Affairs</b>	225,193,834	20,302,570	225,391,179	225,502,176	0.0%
FTE	<u>1,383.9</u>	<u>1,382.9</u>	<u>1,392.3</u>	<u>1,392.4</u>	<u>0.0%</u>
General Fund	6,958,750	6,687,508	8,285,043	8,299,797	0.2%
Cash Funds	1,005,213	985,238	1,281,079	1,285,355	0.3%
Reappropriated Funds	756,223	800,000	800,000	800,000	0.0%
Federal Funds	216,473,648	11,829,824	215,025,057	215,117,024	0.0%

\* This line item includes a decision item.

## **Appendix B: Recent Legislation Affecting Department Budget**

### **2014 Session Bills**

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

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

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

### **2015 Session Bills**

**S.B. 15-155 (Supplemental Bill):** Supplemental appropriation to the Department to modify FY 2014-15 appropriations included in the FY 2014-15 Long Bill (H.B. 14-1336).

**S.B. 15-234 (Long Bill):** General appropriations act for FY 2015-16.

**H.B. 15-1052 (Eligibility For Military Family Relief Fund):** Under current law, to be eligible to receive a grant from the Military Family Relief Fund, a member of the Colorado National Guard or a reservist must be on active duty for a minimum of 30 days on involuntary mobilization orders or called to state active duty by executive order of the governor. This bill removes the requirement that a member's or reservist's mobilization orders must be involuntary. This bill has no direct fiscal impact.

**H.B. 15-1315 (Support For Veterans Service Officers):** Eliminates the requirement that counties contribute a matching amount for county veterans service officer (CVSO) operations. The bill also specifies that the payment rate will be determined by the Division of Veterans Affairs in the Department based on available appropriations to support CVSOs, and clarifies that payments to counties are from the Department's budgeted line item for CVSOs. This bill has no direct fiscal impact.

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

### **Long Bill Footnotes**

There were no Long Bill footnotes for FY 2015-16 for the Department of Military and Veterans Affairs.

### **Requests for Information**

There were no Long Bill requests for information for FY 2015-16 for the Department Military and Veterans Affairs.

## **Appendix D: FY 2014-15 SMART Act Annual Performance Report and FY 2015-16 Performance Plan**

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Military and Veterans Affairs by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2014-15 report dated October 2015 can be found at the following link:

<https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/military-and-veterans-affairs/fy-2014-15-performance-plan-and-evaluation-reports>

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Military and Veterans is required to develop a performance plan and submit that plan 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 budget request, the FY 2015-16 plan dated July 1, 2015 can be found at the following link:

<https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/military-and-veterans-affairs/fy-2015-16-performance-plan-and-evaluation-reports>

## **Appendix E: Report on the Comprehensive Military Value and Economic Impact of Department of Defense Activities in Colorado**

Pursuant to Article 4.5 to Section 28 of the Colorado Revised Statutes the Department of Military and Veterans Affairs was required to publish a report detailing the value of United States military activities in Colorado. Below are links to the abridged and unabridged versions of the Report.

Abridged Report:

<https://www.colorado.gov/pacific/sites/default/files/CO%20Mil%20Value%20Study%20Abridged%20Report%20FINAL%202015.pdf>

Unabridged Report:

<https://www.colorado.gov/pacific/sites/default/files/CO%20Mil%20Value%20Study%20Unabridged%20Report%20FINAL%202015.pdf>