

Department of Veterans' Services

A.R.S. § 41-603

Director: Patrick Chorpenning

JLBC Analyst: Indya Kincannon

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
<b>PROGRAM BUDGET</b>				
Administration	428,900	392,600	948,300	973,900
Southern Arizona Cemetery SLI	0	0	265,000	352,800
Veterans' Organizations Contracts SLI	40,000	29,200	29,200	29,200
World War II Memorial SLI	0	69,000	0	0
<i>Program Subtotal - Administration</i>	468,900	490,800	1,242,500	1,355,900
Veterans' Conservatorship/Guardianship	806,900	830,300	896,600	974,100
Veterans' Services	828,600	844,400	848,600	871,500
Veterans' Home	9,714,300	9,834,900	9,954,500	10,295,900
Veterans' Home Contingency SLI *	0	0	0	0
<i>Program Subtotal - Veterans' Home</i>	9,714,300	9,834,900	9,954,500	10,295,900
<b>TOTAL APPROPRIATIONS</b>	<b>11,818,700</b>	<b>12,000,400</b>	<b>12,942,200</b>	<b>13,497,400</b>
<b>OPERATING BUDGET</b>				
Full Time Equivalent Positions	293.0	293.0	302.0 <sup>1/</sup>	304.0 <sup>1/</sup>
Personal Services	6,457,100	7,218,100	7,526,700	7,992,600
Employee Related Expenditures	1,470,600	1,728,100	1,995,100	1,972,600
Professional and Outside Services	1,764,100	1,038,700	1,040,800	1,044,200
Travel - In State	49,700	57,100	57,100	57,100
Travel - Out of State	8,000	9,200	9,200	9,200
Food	343,200	350,000	355,800	368,200
Other Operating Expenditures	1,470,100	1,468,800	1,568,700	1,582,200
Equipment	215,900	32,200	94,600	89,300
<i>Operating Subtotal</i>	11,778,700	11,902,200	12,648,000	13,115,400
Special Line Items (SLI)	40,000	98,200	244,200	382,000
<b>SUBTOTAL</b>	<b>11,818,700</b>	<b>12,000,400</b>	<b>12,892,200</b>	<b>13,497,400</b>
<b>Additional Appropriations -</b>				
Southern Arizona Veterans' Home, Ch. 262	0	0	50,000 <sup>2/</sup>	0
<b>TOTAL APPROPRIATIONS</b>	<b>11,818,700</b>	<b>12,000,400</b>	<b>12,942,200 <sup>3/4/</sup></b>	<b>13,497,400 <sup>3/4/</sup></b>
<b>FUND SOURCES</b>				
General Fund	1,699,500	1,723,600	2,521,600	2,653,100
<b>Other Appropriated Funds</b>				
State Veterans' Conservatorship Fund	404,900	441,900	466,100	548,400
State Home for Veterans' Trust Fund	9,714,300	9,834,900	9,954,500 <sup>5/</sup>	10,295,900 <sup>5/</sup>
<i>Subtotal - Other Appropriated Funds</i>	10,119,200	10,276,800	10,420,600	10,844,300
<b>TOTAL APPROPRIATIONS</b>	<b>11,818,700</b>	<b>12,000,400</b>	<b>12,942,200</b>	<b>13,497,400</b>

\* Of the original non-lapsing appropriation of \$592,800, a total of \$292,800 remains available and all may be subject to review by the Joint Legislative Budget Committee prior to expenditure unless used for preconstruction costs of a veterans' cemetery in southern Arizona.

<sup>1/</sup> Includes 6 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.

<sup>2/</sup> Pursuant to Laws 2001, Chapter 262, this appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>3/</sup> The Joint Legislative Budget Committee shall review all proposed Department of Veterans' Services contracts above \$20,000, except contracts for nursing and dietary services. (General Appropriation Act footnote)

<sup>4/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Program with Special Line Items.

<sup>5/</sup> Monies appropriated from the State Home for Veterans' Trust Fund for an adult day care center for veterans shall not be expended until the federal per diem for adult day care is approved and funded by the federal government. (General Appropriation Act footnote)

**AGENCY DESCRIPTION** — *The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families and supervises state educational and training programs for veterans. In addition, the agency began operating and maintaining a skilled nursing home for Arizona veterans in FY 1996. The 200-bed State Veterans' Nursing Home is located in Phoenix on the former Indian School Land.*

<b>PERFORMANCE MEASURES</b>	FY 1999 Est./Actual	FY 2000 Est./Actual	FY 2001 Estimate	FY 2002-03 Estimate
• Department of Health Services quality rating of the Veterans' Home ("excellent", "standard" or "substandard")	Excellent/Standard	Excellent/Standard	Excellent	Excellent
• % of customers rating department's services as "good" or "excellent"	NA	Baseline/90	92	95
• % of annual fiduciary accountings approved on first submission	NA	80/97	95	95
• Social worker to client ratio	NA/1:65	NA/1:53	1:45	1:45
• % of agency staff turnover *	63/56	50/64	50	45
• Administration as a % of total cost	NA	NA/6.1	6.3	13

\* Most of the staff turnover is attributable to nursing staff.

**Administration Program** — This program oversees operational and financial support services for the department. It also oversees contracts with the U. S. Department of Veterans Affairs for education programs that help veterans obtain their educational benefits. This program is entirely funded from the General Fund.

The appropriation reflects an increase of \$517,800 and 25.8 FTE Positions in both FY 2002 and FY 2003 above FY 2001 related to an administrative cost reallocation plan. This reallocation is necessary to align staffing and expenditures to their appropriate program. There is a corresponding reduction in expenditures from the State Home for Veterans' Trust Fund. This reduction of \$(517,800) and (25.8) FTE Positions in both FY 2002 and FY 2003 from FY 2001 is displayed in the Veterans' Home program described below. The General Fund appropriated amount in this program will more accurately fund the department's central administrative functions in accordance to the clients receiving the services.

**Southern Arizona Cemetery Special Line Item** — This new Special Line Item displays General Fund monies appropriated for the operation of the Southern Arizona Veterans' Cemetery. This appropriation includes a FY 2002 increase of \$265,000 and 6 FTE Positions above FY 2001 and a FY 2003 increase of \$352,800 and 6 FTE Positions above FY 2001. The department expects to open the cemetery in April 2002. The appropriation includes operating funds for 3 months in FY 2002 and for a full year in FY 2003. The FY 2002 appropriation also includes \$50,000 that was authorized by Laws 2001, Chapter 262. (See *Additional Appropriations in this report for further details.*) Although the federal government is paying 100% of the cemetery's development and construction costs, operating costs are the state's responsibility.

**Veterans' Organizations Contracts Special Line Item** — This Special Line Item displays monies appropriated from the General Fund for contracts with veterans' organizations to compensate them for claims development services for veterans the department does not serve.

**World War II Memorial Special Line Item** — This Special Line Item reflects monies appropriated by Laws 2000, Chapter 195. The legislation appropriated \$69,000 from the General Fund in FY 2001 for a World War II memorial in Washington, D.C. The appropriated amount represents \$1 for each Arizona serviceman and servicewoman who served in uniform during World War II. This one-time FY 2001 funding was eliminated for a reduction of \$(69,000) in both FY 2002 and FY 2003 from FY 2001.

**Veterans' Conservatorship/Guardianship Program** — This program functions as guardian, conservator, or representative payee for incompetent veterans, surviving spouses, and their dependent children. It is funded from the General Fund and the State Veterans' Conservatorship Fund. *Table 1* shows the amount of each funding source for FY 2002 and FY 2003.

<b>Table 1</b>		
<b>Funding Source</b>	<b>FY 2002</b>	<b>FY 2003</b>
General Fund	\$430,500	\$425,700
Other Fund	<u>466,100</u>	<u>548,400</u>
<b>Total</b>	<b>\$896,600</b>	<b>\$974,100</b>

The appropriation includes a one-time FY 2002 increase of \$17,900 above FY 2001 from the General Fund. It also includes an ongoing FY 2002 increase of \$20,000 above

FY 2001 and a FY 2003 increase of \$37,900 above FY 2001 from the State Veterans' Conservatorship Fund. The program currently occupies 2,804 square feet within the Veterans' Home, yet does not pay any rent. The appropriated amount provides funding for the occupied space at \$13.50 per square foot. The rent is split between the General Fund and the State Veterans' Conservatorship Fund in FY 2002 because it is not certain that the State Veterans' Conservatorship Fund will have sufficient revenues in FY 2002 to cover all of the Fiduciary Division's rent. By FY 2003 it is estimated that the State Veterans' Conservatorship Fund will have sufficient revenues to cover all of the Fiduciary Division's rent costs.

Also, the FY 2003 appropriation includes an increase of \$39,900 and 1 FTE Position above FY 2001 from the State Veterans' Conservatorship Fund. The addition of another Human Services Worker III will ensure that this program maintains a staff to client ratio that is acceptable to the courts as its number of clients increase. In addition, funding from the State Veteran's Conservatorship Fund is increased by \$2,900 in FY 2002 and \$11,300 in FY 2003 for one-time equipment costs. The amounts will allow the program to purchase a modular workstation in FY 2002 and a new copier and printer in FY 2003.

**Veterans' Services Program** — This program provides a network of Veterans' Benefits Counselors who give information, counsel, and assist veterans, their dependents, and survivors in matters pertaining to federal and state benefits earned from service in the U.S. armed forces. The program also coordinates state patriotic events and participates in community outreach efforts to heighten the awareness of veterans benefit issues. It is funded from the General Fund.

The appropriation reflects a reduction of \$(29,200) in both FY 2002 and FY 2003 from FY 2001 to eliminate one-time equipment funding.

**Veterans' Home Program** — The program provides different levels of nursing care and integrated health services to meet long-term and short-term health care needs for residents of the facility. It is funded from the State Home for Veterans' Trust Fund.

As mentioned earlier in the Administration program section, there were adjustments between programs to reallocate operating expenditures to their appropriate program. A.R.S. § 41-608.01 states that the sole purpose of the State Home for Veterans' Trust Fund is for "operating and maintaining state operated nursing and domiciliary homes for Arizona veterans." The department reported that it had been making expenditures from the fund that exceeded this purpose. For instance, all of the agency's human resources, information technology, and purchasing staff were employed by the Home and paid from the State Home for Veterans' Trust Fund even though these staff members also provided services to other

programs of the department. As a result, this program shows a reduction of \$(517,800) and (25.8) FTE Positions with corresponding increases in the Administration program in both FY 2002 and FY 2003 from FY 2001.

Also, the appropriation includes an increase of \$150,900 and 3 FTE Positions in FY 2002 and \$220,900 and 4 FTE Positions in FY 2003 from the State Home for Veterans' Fund to establish an adult day care center. Pursuant to a footnote in the General Appropriation Act, these monies cannot be expended until the federal government has approved and paid its per diem costs for this new adult day care.

**Veterans' Home Contingency Special Line Item** — This Special Line Item consists of \$592,800 from the State Home for Veterans' Trust Fund appropriated by Laws 1999, 1<sup>st</sup> Special Session, Chapter 1 for FY 2000. Expenditure of these FY2000 monies is linked to a footnote requiring review by the Joint Legislature Budget Committee (JLBC), except for \$252,300. Pursuant to Laws 2000, Chapter 180, this \$252,300 can be expended for preconstruction costs for a veterans' cemetery in southern Arizona. The department has not expended any monies from this Special Line Item. However, the department came before the JLBC at its April 2001 meeting and received approval to expend \$300,000 from this Special Line Item to meet FY 2001 payroll obligations. This FY 2000 appropriation is non-lapsing, and the department will have \$292,800 still available for expenditure. The source of the FY 2000 monies for this Special Line Item was from reimbursement by the federal government for construction costs associated with the Veterans' Home. No new monies were authorized during the 2001 Session for this Special Line Item. Therefore, this Special Line Item was eliminated in the General Appropriation Act for FY 2002 and FY 2003. As a non-lapsing appropriation, however, the department is still required to seek JLBC review before expending \$40,500 of the \$292,800 remaining from the original appropriation. As mentioned earlier, \$252,300 of this remaining amount is exempt from JLBC review when used for preconstruction costs for a veterans' cemetery in southern Arizona.

**Additional Appropriations: Southern Arizona Veterans' Home (Chapter 262)** — Appropriates General Fund non-lapsing monies of \$50,000 in FY 2002 to begin negotiations with the federal government for the Southern Arizona Veterans' Home Facility. The legislation also authorizes the department to acquire property for the new home facility. (*See the Southern Arizona Cemetery Special Line Item in this agency for further details.*)

**Additional Legislation: Department of Veterans' Services (Chapter 335)** — Laws 2001, Chapter 335 shifts the depository for revenues from the sale of veterans' special licenses plates from the appropriated State Home for Veterans' Trust Fund. to the non-appropriated

Veterans' Donations Fund. The amount of these revenues is estimated at approximately \$120,000 annually.

The legislation expands the Arizona Veterans' Service Advisory Commission from 7 to 9 members. It also authorizes appointment of advisory committees as deemed necessary by the department. According to the department, there will be no General Fund impact related to establishing these new advisory groups. However, there is an impact for other funding sources estimated at \$4,000 to \$5,000 annually for reimbursement costs associated with the new advisory groups.

Arizona State Veterans' Cemeteries (Chapter 348) — Laws 2001, Chapter 348 establishes a non-lapsing and non-appropriated State Veterans' Cemetery Fund. Monies to the fund consist of any appropriations by the Legislature and federal dollars the department receives for reimbursement on up to 3 state veterans' cemeteries. Any additional monies above this reimbursement from the federal government are to be credited to the General Fund. The monies in the new established fund are to be used to acquire property for state veterans' cemeteries.

With regard to revenues to this new fund, they will come from sources that had gone to the General Fund. The federal government provides a \$150 plot allowance to the state for wartime veterans who wish to be buried in a state veterans' cemetery. According to department officials, there is a possibility that the federal plot allowance may be increased from \$150 to \$500 in the future and expanded to include peacetime veterans. Since it is not clear when or if these changes will occur, it is assumed that the federal plot allowance will not change in FY 2002 or FY 2003. The department expects to receive \$5,700 in federal plot allowance revenue in FY 2002, and \$39,700 in FY 2003, the first full year of the Southern Arizona Veterans' Cemetery's operation. When and if a second state veterans' cemetery is established, the federal plot allowance revenues from that cemetery also will be credited to this new State Veterans' Cemetery Fund rather than into the General Fund. In addition, this new fund is to receive \$500,000 from the federal government for reimbursement to the state for constructing the Southern Arizona Veterans' Cemetery. This \$500,000 was originally appropriated by Laws 1999, Chapter 133 for FY 2000 from the General Fund and will be the first of 3 such reimbursements required under this new legislation to be credited to the new fund.

[Click here to return to the Table of Contents](#)