

Interim Director: Brigadier General Richard G. Maxon

JLBC Analyst: Amy Upston

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
<b>OPERATING BUDGET</b>				
Full Time Equivalent Positions	299.3	324.3	376.3 <sup>1/</sup>	376.3 <sup>1/</sup>
Personal Services	8,404,400	9,165,400	1,922,700	1,880,200
Employee Related Expenditures	2,929,800	3,484,200	752,000	716,700
Professional and Outside Services	243,200	261,300	19,200	13,900
Travel - In State	45,300	39,200	31,000	31,000
Travel - Out of State	10,200	7,000	7,000	7,000
Other Operating Expenditures	1,740,100	1,868,700	119,400	89,700
Food	421,900	437,600	0	0
Equipment	451,000	96,800	28,500	1,500
<b>OPERATING SUBTOTAL</b>	<b>14,245,900</b>	<b>15,360,200</b>	<b>2,879,800</b>	<b>2,740,000</b>
<b>SPECIAL LINE ITEMS</b>				
Arizona State Veterans' Home	0	0	17,188,300	16,136,500
Military Family Relief Fund	0	0	100,000	0 <sup>2/</sup>
Northern Arizona Cemetery	0	182,700	0	0
Pearl Harbor Memorial	0	69,000	0	0
Southern Arizona Cemetery	141,400	272,100	279,100	272,100
Telemedicine Project	10,000	10,000	10,000	10,000
Tucson World War II Memorial	0	0	100,000	0 <sup>3/</sup>
Veterans' Benefit Counseling	1,003,700	2,209,600	3,186,200	3,047,000
Veterans' Organizations Contracts	29,200	29,200	29,200	29,200
<b>AGENCY TOTAL</b>	<b>15,430,200</b>	<b>18,132,800</b>	<b>23,772,600<sup>4/</sup></b>	<b>22,234,800<sup>4/</sup></b>
<b>FUND SOURCES</b>				
General Fund	2,372,500	4,149,700	9,284,800	8,220,600
<u>Other Appropriated Funds</u>				
State Home for Veterans' Trust Fund	12,398,600	13,262,100	13,740,400	13,291,500
State Veterans' Conservatorship Fund	659,100	721,000	747,400	722,700
SUBTOTAL - Other Appropriated Funds	13,057,700	13,983,100	14,487,800	14,014,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>15,430,200</b>	<b>18,132,800</b>	<b>23,772,600</b>	<b>22,234,800</b>
<u>Other Non-Appropriated Funds</u>				
Federal Funds	663,000	683,400	683,400	683,400
<b>TOTAL - ALL SOURCES</b>	<b>16,468,400</b>	<b>19,231,200</b>	<b>24,871,000</b>	<b>23,333,200</b>

**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, supervises and operates a 200-bed skilled nursing home for Arizona veterans in Phoenix, and operates the Southern Arizona Veterans' Memorial Cemetery.

1/ Includes 316 FTE Positions funded from Special Line Items in FY 2008 and FY 2009.

2/ Laws 2007, Chapter 259 appropriation of \$100,000. This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.

3/ General Appropriation Act appropriation of \$100,000. This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.

4/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

<b>PERFORMANCE MEASURES</b>	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
<ul style="list-style-type: none"> <li>Department of Health Services quality rating of the Veterans' Home ("A", "B", "C", or "D")</li> </ul> Comments: Beginning in FY 2006, the Department of Health Services began rating facilities A, B, C, or D. Previously, quality ratings were "excellent", "standard" or "substandard".	Excellent	Excellent	B	A
<ul style="list-style-type: none"> <li>% of customers rating department's services as "good" or "excellent"</li> </ul>	98	99	99	98

### **Operating Budget**

The budget provides \$2,879,800 and 60.3 FTE Positions for the operating budget in FY 2008 and \$2,740,000 and 60.3 FTE Positions in FY 2009. These amounts consist of:

	<b>FY 2008</b>	<b>FY 2009</b>
General Fund	\$2,132,400	\$2,017,300
Veterans' Conservatorship Fund	747,400	722,700

These amounts fund the following adjustments:

#### **Statewide Adjustments**

The budget provides an increase of \$84,500 in FY 2008 and a decrease of \$(28,300) in FY 2009 for statewide adjustments. These amounts consist of:

General Fund	58,100	(30,000)
State Veterans' Conservatorship Fund	26,400	1,700

*(Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)*

#### **Establish Arizona State Veterans' Home Special Line Item**

The budget provides a transfer of \$(13,252,100) and (225) FTE Positions from the State Home for Veterans' Trust Fund in the FY 2008 and FY 2009 operating budget to establish a Special Line Item for the Arizona State Veterans' Home. *(See the Arizona State Veterans' Home Special Line Item section for more information.)*

#### **Agency Support Staff**

The budget provides an increase of \$444,900 and 11 FTE Positions from the General Fund in FY 2008 and \$417,900 and 11 FTE Positions in FY 2009 for agency support staff. In January 2006, the Arizona Veterans' Task Force recommended the agency be appropriated an additional 15 support staff to provide for the increased number of veterans and the additional needs of the department. With the additional 4 FTE Positions appropriated in FY 2007, this addition completes the Task Force's recommendation.

### **Fiduciary Operating Costs**

The budget provides an increase of \$242,300 from the General Fund in FY 2008 and FY 2009 for fiduciary operating costs. The additional monies will cover a shortfall in the Veterans' Conservatorship Fund and allow the department to increase its capacity to take on additional conservatorship and guardianship cases.

### **Special Line Items**

#### **Arizona State Veterans' Home**

The budget provides \$17,188,300 and 247 FTE Positions in FY 2008 and \$16,136,500 and 247 FTE Positions in FY 2009 to establish a separate Special Line Item for the Arizona State Veterans' Home. These amounts consist of:

General Fund	3,457,900	2,855,000
State Home for Veterans' Trust Fund	13,730,400	13,281,500

These amounts fund the following adjustments:

#### **Transfer from Operating Budget**

The budget provides a transfer of \$13,252,100 and 225 FTE Positions from the operating budget in FY 2008 and FY 2009 to establish this new line item.

#### **Statewide Adjustments**

The budget provides an increase of \$478,300 from the State Home for Veterans' Trust Fund in FY 2008 and an increase of \$29,400 in FY 2009 for statewide adjustments.

#### **Improved Operations at the Arizona State Veterans' Home**

The budget provides an increase of \$3,457,900 and 22 FTE Positions from the General Fund in FY 2008 and an increase of \$2,855,000 and 22 FTE Positions in FY 2009 for improved operations at the Arizona State Veterans' Home. During a February 2007 annual licensure survey and inspection, several deficiencies were noted at the Home and the Home received over \$15,000 in fines. The results of the survey led to the Executive ordering an Independent Management Review of the Home and the Legislature forming a Joint Committee and holding hearings on the matter.

After receiving the Independent Management Review Report, the Executive recommended a \$6,312,900 General Fund appropriation for the Veterans' Home for FY 2008 and FY 2009 combined. The additional monies will be used to make capital improvements, replace patient care equipment, hire 22 new FTE Positions, provide raises for nursing staff, and update technology.

The monies in this line item are used for expenses related to the Arizona State Veterans' Home in Phoenix.

#### ***Military Family Relief Fund***

The Budget Procedures Budget Reconciliation Bill (Laws 2007, Chapter 259) provides \$100,000 of one-time monies from the General Fund in FY 2008 for a new line item to fund administrative costs associated with the Military Family Relief Fund. Laws 2007, Chapter 259 established the Military Family Relief Fund and an advisory committee to oversee the fund. Monies donated to the fund will be used to provide stipends of up to 6 months for widows and widowers of military personnel killed in the line of duty. Donated monies will also be used to assist spouses and minor children of soldiers wounded in the line of duty to pay for living expenses for up to 6 months near a military or veterans hospital where the military personnel is receiving treatment.

In addition to providing \$100,000 General Fund monies to administer the fund, Laws 2007, Chapter 259 established state income tax credits for the first \$1,000,000 donated to the fund in FY 2008 through FY 2012.

#### ***Northern Arizona Cemetery***

The budget provides no funding for the Northern Arizona Cemetery in FY 2008 and FY 2009. This amount funds the following adjustments:

##### **Eliminate One-Time Funding**

The budget provides a decrease of \$(182,700) from the General Fund in FY 2008 and FY 2009 to reflect elimination of funding for the one-time pre-construction costs for a Northern Arizona Cemetery.

#### ***Pearl Harbor Memorial***

The budget provides no funding from the General Fund for the Pearl Harbor Memorial in FY 2008 and FY 2009. This amount funds the following adjustments:

##### **Eliminate One-Time Funding**

The budget provides a decrease of \$(69,000) from the General Fund in FY 2008 and FY 2009 to reflect elimination of the one-time funding for the Memorial.

#### ***Southern Arizona Cemetery***

The budget provides \$279,100 and 2 FTE Positions from the General Fund for the Southern Arizona Cemetery in FY 2008 and \$272,100 and 2 FTE Positions in FY 2009. These amounts fund the following adjustments:

#### **Statewide Adjustments**

The budget provides an increase of \$7,000 from the General Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

The monies in this line item are used to partially offset the operating costs at the Southern Arizona Cemetery in Sierra Vista.

#### ***Telemedicine Project***

The budget provides \$10,000 from the State Home for Veterans' Trust Fund for the Telemedicine Project in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Monies in this line item are for equipment and other operating expenses for benefit counselors using the Telemedicine Network, a video-conferencing system both used by physicians to service rural areas and to provide counseling services to those same areas.

#### ***Tucson World War II Memorial***

The General Appropriation Act provides \$100,000 of one-time monies from the General Fund in FY 2008 for a new Tucson World War II line item. The monies will be used to help erect a memorial in Tucson to honor soldiers who died in World War II. The Department of Veterans' Services shall allocate these monies to the City of Tucson, which in turn will match the amount appropriated by the state.

#### ***Veterans' Benefit Counseling***

The budget provides \$3,186,200 and 67 FTE Positions from the General Fund for Veterans Benefit Counseling in FY 2008 and \$3,047,000 and 67 FTE Positions in FY 2009. These amounts fund the following adjustments:

##### **Statewide Adjustments**

The budget provides an increase of \$82,200 from the General Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

##### **Additional Veterans' Benefit Counseling Staff**

The budget provides an increase of \$985,400 and 19 FTE Positions in FY 2008 from the General Fund and an increase of \$928,400 and 19 FTE Positions in FY 2009 for additional Veterans' Benefit Counselors. Of the amount provided in FY 2008, \$57,000 is for one-time equipment.

In January 2006, the Arizona Veterans' Task Force recommended increasing the number of Veterans Benefit Counselors from 20 to 60 so that Arizona would meet U.S. Department of Veterans' Affairs' recommendation of having 1 veteran benefit counselor for every 5,000 to 10,000 veterans. With the appropriation of 21 additional counselors in FY 2007 and 19 counselors in FY 2008, the ratio in Arizona is now less than 1:10,000.

**Elimination of One-Time Equipment**

The approved amount includes a decrease of \$(91,000) from the General Fund in FY 2008 and FY 2009 to eliminate one-time funding for equipment.

The monies in this line item are used to assist Arizona Veterans with questions about benefit eligibility, completion of benefit forms, and obtaining deserved benefits.

***Veterans' Organizations Contracts***

The budget provides \$29,200 from the General Fund for the Veterans' Organizations Contracts in FY 2008 and FY 2009. This amount is unchanged from FY 2007.

Monies in this line item are for contracts with veterans' organizations to compensate them for processing third party claims on behalf of veterans that the department does not currently serve.