

## Department of Veterans' Services

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	500.3	512.3	512.3 <sup>1/</sup>
Personal Services	1,631,000	2,002,200	2,002,200
Employee Related Expenditures	617,100	754,300	739,800
Professional and Outside Services	39,700	26,500	26,500
Travel - In State	32,100	24,700	24,700
Travel - Out of State	4,600	4,000	4,000
Other Operating Expenditures	543,600	388,500	392,000
Equipment	26,700	18,800	18,800
<b>OPERATING SUBTOTAL</b>	<b>2,894,800</b>	<b>3,219,000</b>	<b>3,208,000</b>
<b>SPECIAL LINE ITEMS</b>			
Arizona State Veterans' Cemeteries	274,600	928,000	924,200
Arizona State Veterans' Homes	30,132,400	31,264,600	31,147,600
Veterans' Benefit Counseling	2,707,600	2,833,700	2,821,100
<b>AGENCY TOTAL</b>	<b>36,009,400</b>	<b>38,245,300</b>	<b>38,100,900</b> <sup>2/</sup>
<b>FUND SOURCES</b>			
General Fund	5,217,700	6,077,800	6,054,100
<u>Other Appropriated Funds</u>			
State Home for Veterans Trust Fund	30,132,400	31,264,600	31,147,600
State Veterans' Conservatorship Fund	659,300	902,900	899,200
SUBTOTAL - Other Appropriated Funds	30,791,700	32,167,500	32,046,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>36,009,400</b>	<b>38,245,300</b>	<b>38,100,900</b>
Other Non-Appropriated Funds	9,668,400	8,749,100	1,683,300
Federal Funds	732,400	1,382,500	1,262,100
<b>TOTAL - ALL SOURCES</b>	<b>46,410,200</b>	<b>48,376,900</b>	<b>41,046,300</b>

**AGENCY DESCRIPTION** — The agency supervises and operates 2 skilled nursing homes for Arizona veterans in Phoenix and Tucson, assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families, and operates 3 veterans' memorial cemeteries in Sierra Vista, Marana, and Flagstaff.

### Operating Budget

General Fund (7,300)  
State Veterans' Conservatorship Fund (3,700)

The budget includes \$3,208,000 and 62.8 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

(Please see the Agency Detail and Allocations section.)

### Arizona State Veterans' Cemeteries

**FY 2017**  
General Fund \$2,308,800  
State Veterans' Conservatorship Fund 899,200

The budget includes \$924,200 and 12.5 FTE Positions from the General Fund in FY 2017 for the Arizona State Veterans' Cemeteries. These amounts fund the following adjustments:

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#### Statewide Adjustments

The budget includes a decrease of \$(11,000) in FY 2017 for statewide adjustments. These amounts consist of:

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The budget includes a decrease of \$(3,800) from the General Fund in FY 2017 for statewide adjustments.

<sup>1/</sup> Includes 69.5 GF and 380 OF FTE Positions funded from Special Line Items in FY 2017.

<sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Monies in this line item are also used to partially offset the operating and maintenance costs for the 3 veteran cemeteries in the state. The department also receives internment fees from the federal government, which are deposited into the non-appropriated Arizona State Veterans' Cemetery Trust Fund.

The federal government typically pays most of the construction cost, but the state is responsible for the ongoing operational cost. Construction for the Marana cemetery began in August 2014 and the cemetery opened in March 2016. Construction for the Flagstaff cemetery began in March 2014 and the department anticipates that the cemetery will open in June 2016.

The FY 2016 budget included an appropriation from the General Fund for 9 months of operating costs. The FY 2017 budget assumes non-appropriated internment fees will offset the annualized operating costs of the new cemeteries.

#### **Arizona State Veterans' Homes**

The budget includes \$31,147,600 and 380 FTE Positions from the State Home for Veterans Trust Fund in FY 2017 for the Arizona State Veterans' Homes. These amounts fund the following adjustments:

##### **Contract Increase**

The budget continues an increase of \$278,000 from the State Home for Veterans Trust Fund in FY 2017 for increased contract costs associated with a dietary services provider. The department renewed its contract in July 2015. This increase is also funded in a FY 2016 supplemental, so there is no net increase in FY 2017.

##### **Statewide Adjustments**

The budget includes a decrease of \$(117,000) from the State Home for Veterans Trust Fund in FY 2017 for statewide adjustments.

The monies in this line item are used for expenses related to the Arizona State Veterans' Homes in Phoenix and Tucson. Monies in this line item are from fees and reimbursements received from residents, the Department of Veterans' Affairs, Medicaid, Medicare, and private insurance carriers.

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

The budget includes \$2,821,100 and 57 FTE Positions from the General Fund in FY 2017 for Veterans' Benefit Counseling. These amounts fund the following adjustments:

##### **Statewide Adjustments**

The budget includes a decrease of \$(12,600) from the General Fund in FY 2017 for statewide adjustments.

The monies in this line item are used to assist Arizona veterans with questions about benefit eligibility, completion and filing of U.S. Department of Veterans' Affairs claims, and in obtaining earned benefits.

#### **Other Issues**

#### **FY 2016 Supplemental**

The FY 2017 General Appropriation Act appropriates \$278,000 from the from the State Home for Veterans Trust Fund in FY 2016 for increased contract costs associated with a dietary services provider. *(Please see the Arizona State Veterans' Homes section for more details.)*

#### **Additional Legislation**

##### **Veterans' Income Tax Settlement Fund**

The FY 2017 Revenue Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 125) creates the Veteran's Income Tax Settlement Fund and appropriates \$2,000,000 from the General Fund one-time to the fund. These funds will be used by DOR to distribute settlement payments to Native American veterans for state individual income tax incorrectly withheld from military pay between September 1, 1993 and December 31, 2005. Members of an Indian tribe who are domiciled on an Indian reservation are not subject to state income tax. Further, military service men and women do not relinquish their domicile status while on assignment out of state.

Additionally, 5% of the fund balance at the beginning of each fiscal year can be used by both DOR and the Department of Veterans' Services for costs to administer the program.

##### **Post 9/11 Veteran Education Relief**

Laws 2016, Chapter 319 establishes the Post-9/11 Veteran Education Relief Fund administered by the department. The fund consists of donations and grants and is used to award financial assistance to qualified military veterans attending Arizona universities. Chapter 319 also establishes the Post-9/11 Veteran Education Relief Advisory Committee to develop and implement a process to award financial assistance.

## **Veterans' Home**

### **Flagstaff Veterans' Home**

The budget includes \$10,000,000 from the General Fund in FY 2017 for the construction and establishment of a veterans' home facility in Flagstaff. The amount appropriated reflects 35% of the estimated cost; the federal government will pay the other 65%. *(Please see the Capital Outlay section.)*

### **Yuma Veterans' Home**

The FY 2015 budget appropriated \$9.2 million in non-lapsing General Fund monies for the state's share of construction costs for the Yuma home, which reflects 35% of the estimated cost. The department has applied for funding from the federal government to pay the other 65% but has not yet received these monies.