

**DEPARTMENT OF VETERANS' SERVICES -
VETERANS' SERVICES AND ADMINISTRATION**

A.R.S. § 41-601

General Fund and State Veterans' Conservatorship Fund	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	41.0	45.0	45.2	45.2
Personal Services	889,800	1,178,100	1,325,300	1,351,900
Employee Related Expenditures	222,200	292,700	303,800	316,600
Professional and Outside Services	41,500	19,000	38,400 ^{1/}	39,000 ^{1/}
Travel - In State	38,900	37,500	37,500	37,500
Travel - Out of State	3,700	3,200	3,200	3,200
Other Operating Expenditures	243,300	301,100	202,500	202,500
Equipment	12,300	110,300	151,500	91,700
Operating Subtotal	1,451,700	1,941,900	2,062,200	2,042,400
Veterans' Organizations Contracts	40,000	40,000	40,000	40,000
Total Appropriations	1,491,700	1,981,900	2,102,200^{2/}	2,082,400^{2/}
<u>Fund Summary</u>				
General Fund	964,100	1,599,300	1,700,500	1,648,200
State Veterans' Conservatorship Fund	527,600	382,600	401,700	434,200
Total Appropriations	1,491,700	1,981,900	2,102,200	2,082,400

Program Description — *The division assists veterans, their dependents and/or survivors in developing and filing claims for federal entitlements from the U.S. Department of Veterans Affairs in areas of disability, pension, insurance, and burial. The division also acts as guardian for incapacitated veterans or family members which involves assuming responsibility for financial obligations and the physical well-being of the veteran or family member.*

Fiduciary Improvements — The approved FY 1999 amount includes a General Fund supplemental appropriation of \$495,700 for 4 new FTE Positions and a new computer system for the department's Fiduciary Division. The approved amount also includes a decrease of \$(184,400) from the State Veterans' Conservatorship Fund. The supplemental funding was required to implement reforms first recommended by a special task force appointed in October 1998 by the Governor to address fiscal and management problems in the Fiduciary Division. The Governor's decision to intervene followed the department's September 1998 announcement that declining revenues in the State Veterans' Conservatorship Fund, the sole funding source for the Fiduciary Division, would result in an operating deficit in FY 1999.

of one-time expenditures. The approved amount in FY 2001 includes a further decrease of \$(21,600) in the Fiduciary Division's General Fund appropriation. The General Fund monies that will be provided to the division in FY 2000 and FY 2001 will continue funding for the 4 new FTE Positions and other costs associated with the Governor's reforms. The additional General Fund monies will also be required to replace lost revenues from the State Veterans' Conservatorship Fund.

The following table details the approved FY 2000 and FY 2001 expenditure plans for the Fiduciary Division, which includes additional monies provided in the General Appropriation Act for merit salary increases:

The non-lapsing General Fund subsidy appropriated to the Arizona Department of Administration in FY 1998 for the Veterans' Home was reallocated for the Fiduciary Division's FY 1999 supplemental.

The approved FY 2000 amount includes a reduction of \$(116,600) in General Fund monies due to the elimination

^{1/} Includes an adjustment for Office of the Attorney General legal services. (See the Salary Adjustment table at the front of this report for more information.)

^{2/} General Appropriation Act funds are appropriated as a Lump Sum for the Program.

**DEPARTMENT OF VETERANS' SERVICES -
VETERANS' SERVICES AND ADMINISTRATION (Cont'd)**

Table A

Fiduciary Division		
<u>FY 2000 & FY 2001 Expenditure Plans</u>		
	<u>FY 2000</u>	<u>FY 2001</u>
FTE Positions	20.0	20.0
Personal Services	\$594,200	\$606,100
Employee Related Expenditures	135,500	141,500
Travel - In State	8,700	8,700
Other Operating Expenditures	28,500	28,500
Equipment	<u>37,000</u>	<u>37,000</u>
TOTAL	<u>\$803,900</u>	<u>\$821,800</u>
<u>Fund Sources</u>		
General Fund	\$402,200	\$387,600
Veterans' Conservatorship Fund	<u>\$401,700</u>	<u>\$434,200</u>
TOTAL	<u>\$803,900</u>	<u>\$821,800</u>

Salary Increases — The approved FY 1999 amount includes a supplemental appropriation of \$17,800 to fund a salary increase for the department's Veterans' Service Officers. The approved amount for FY 2000 includes a further increase of \$29,700 to annualize the cost of the Veterans' Service Officer pay raise. The approved FY 1999 amount also includes \$21,400 to increase the Director's salary. The approved amount for FY 2000 includes a further increase of \$46,200 to annualize the cost of the Director's salary increase. These amounts are continued in FY 2001.

Deputy Director — The approved FY 2000 amount includes \$13,500 in General Fund monies in FY 2000 to fund part of the salary and benefits costs of a new deputy director position. However, the majority of the costs for this new position, \$70,900, is funded through the State Home for Veterans' Trust Fund. These amounts are continued in FY 2001.

Assistant Attorney General — The approved FY 1999 amount includes a supplemental appropriation of \$19,000 for Professional and Outside Services to pay for a half-time Assistant Attorney General position. The approved amount for FY 2000 includes a further increase of \$38,300 for this contracted position. This amount is continued in FY 2001.

Other Operating Expenditures — The approved FY 1999 amount includes a supplemental appropriation of \$24,300 for Other Operating Expenditures, which will provide additional funding for telecommunications, postage, and increased rental costs for the agency's satellite office in Sierra Vista. The approved amount for FY 2000 includes a further increase of \$6,000 for a copy machine, maintenance costs and janitorial services for the agency's satellite office in Yuma. This amount is continued in FY 2001.

Veterans' Benefit Network Upgrade — The approved amount includes \$74,800 in FY 2000 to upgrade the department's Benefit Delivery Network computer system, which allows the agency's Veterans' Service Officers to provide claims assistance, research claim status, and verify veterans' status. In FY 2001, this amount is reduced by \$(59,800) due to the elimination of one-time expenditures.

Replacement Equipment — The approved FY 2000 amount includes an increase of \$29,200 for replacement equipment. This amount is continued in FY 2001.

Veterans' Organizations Contracts — Provides General Fund monies for contracts with veterans' organizations to compensate them for claims development services for veterans the department does not serve.

Capital Outlay Appropriations: Appropriation: Veterans' Cemetery (Chapter 133) — This legislation appropriates \$500,000 in General Fund monies in FY 2000 for the establishment of a state veterans' cemetery at Fort Huachuca in Sierra Vista. This appropriation was made non-lapsing through FY 2001, and will pay for the initial costs of architect engineering, title work, and land transfer involved with the cemetery's establishment. The state will also have the fiscal responsibility of administering, operating and maintaining the cemetery. Funding for these on-going operating expenditures was not included in the bill.