

**Department 321 - Department of Veterans' Affairs
House Bill No. 1025**

Executive Budget Comparison to Prior Biennium Appropriations

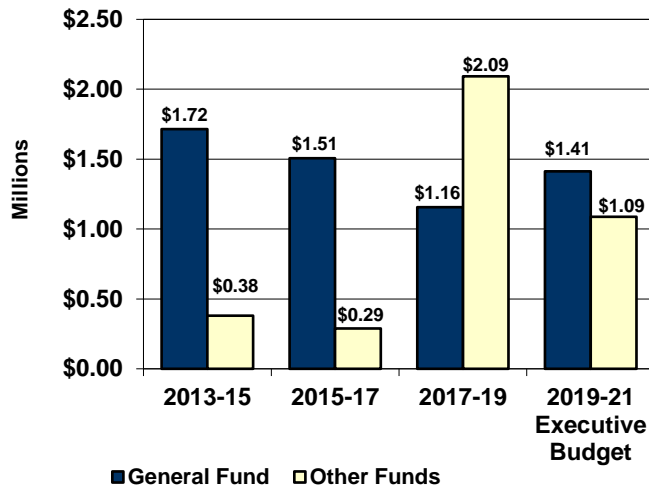
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	7.00	\$1,412,755	\$1,088,124	\$2,500,879
2017-19 Legislative Appropriations ¹	7.00	1,155,162	2,091,571	3,246,733
Increase (Decrease)	0.00	\$257,593	(\$1,003,447)	(\$745,854)

¹The 2017-19 biennium agency appropriation amounts have not been adjusted for additional special funds authority of \$105,000 resulting from Emergency Commission action during the 2017-19 biennium.

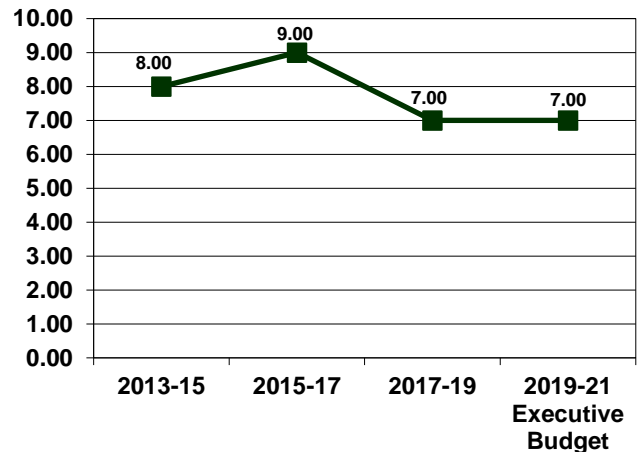
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$1,265,255	\$147,500	\$1,412,755
2017-19 Legislative Appropriations	1,136,562	18,600	1,155,162
Increase (Decrease)	\$128,693	\$128,900	\$257,593

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$1,412,755	\$1,088,124	\$2,500,879
2019-21 Base Level	1,136,562	2,091,571	3,228,133
Increase (Decrease)	\$276,193	(\$1,003,447)	(\$727,254)

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$47,637 is for salary increases, \$26,455 is for health insurance increases, and \$6,209 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$66,486	\$13,815	\$80,301
2. Reduces funding for temporary salaries.	(\$100,053)	\$0	(\$100,053)
3. Adds funding for Microsoft Office 365 licensing expenses.	\$2,500	\$0	\$2,500

4. Adds funding for stand down events to provide total funding of \$10,000. The House added \$5,000 for stand down events.	\$10,000	\$0	\$10,000
5. Adds funding for county veterans' service officer and tribal veterans' service officer outreach and training to provide total funding of \$30,000	\$30,000	\$0	\$30,000
6. Reduces federal funding for the transportation grant program, to provide total funding of \$800,000	\$0	(\$819,467)	(\$819,467)
7. Adds one-time funding for a temporary loan and grant position	\$140,000	\$0	\$140,000
8. Adds one-time funding for grant database enhancements	\$7,500	\$0	\$7,500

Other Sections in House Bill No. 1025

There are no other sections for this agency.

Continuing Appropriations

Veterans' aid fund - North Dakota Century Code Section 37-14-03.3 - The purpose of the veterans' aid fund is to make loans or advancements to any veteran and to a surviving spouse of a veteran if the spouse has not remarried.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

The performance audit for the Department of Veterans' Affairs conducted by the State Auditor's office for the period ending September 30, 2017, identified the following significant audit recommendations for the Department of Veterans' Affairs:

- Establish underwriting guidelines for determining an applicant's financial ability to repay a veteran's aid loan;
- Adhere to the Administrative Committee on Veterans' Affairs (ACOVA) loan collection policies and procedures for delinquent loans;
- Comply with the Information Technology Department's requirements for outsourcing information technology services instead of entering into service agreements with third-party vendors for hosting services;
- Review policies for clarity, continued relevance, and effectiveness in achieving the objectives of the hardship assistance grants program;
- Propose policy and objective refinements for the hardship assistance grants program to ACOVA for approval;
- Obtain an effective information system to meet the objectives of the hardship assistance grant program; and
- Use state resources and expend private funds in accordance with state laws and receive legislative or Emergency Commission approval to expend private funds.

The performance audit for the veterans' affairs oversight structure conducted by the State Auditor's office for the period ending March 28, 2018, discussed challenges and disagreements regarding veteran services and processes between the Department of Veterans' Affairs, ACOVA, veteran service organizations, State Treasurer's office, and county and tribal veterans' service officers, however, no official audit recommendations were issued.

Major Related Legislation

House Bill No. 1129 - Requires the Commissioner of Veterans' Affairs to coordinate with any federal agency or state public or private entity to fulfill the Commissioner's duties.

House Bill No. 1131 - Allows the Department of Veterans' Affairs to apply for, accept, and expend private donations, gifts, grants, or bequests that are offered or tendered with a specifically identified purpose or a restrictive condition which is related to a benefit or service for resident North Dakota veterans and appropriates those funds to the department on a continuing basis in accordance with the donor's instructions. The bill also exempts gross receipts from all sales of commemorative memorial coins from sales tax.

House Bill No. 1248 - Allows an individual to make a contribution to the veterans' postwar trust fund on the individual's income tax return. The Tax Commissioner is required to transfer the contributions to the State Treasurer for deposit in the veterans' postwar trust fund.

Department of Veterans' Affairs - Budget No. 321
House Bill No. 1025
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	7.00	\$1,136,562	\$2,091,571	\$3,228,133	7.00	\$1,136,562	\$2,091,571	\$3,228,133
2019-21 Ongoing Funding Changes								
Base payroll changes		\$100,050	(\$200,103)	(\$100,053)		\$100,050	(\$200,103)	(\$100,053)
Salary increase		39,316	8,321	47,637		23,560	4,985	28,545
Health insurance increase		22,046	4,409	26,455		26,030	5,206	31,236
Retirement contribution increase		5,124	1,085	6,209				0
Reduce funding for temporary salaries		(100,053)		(100,053)		(100,053)		(100,053)
Add funding for travel expenses		11,775		11,775		11,775		11,775
Add funding for desktop support		7,935		7,935		7,935		7,935
Add funding for Microsoft Office 365 licensing expenses		2,500		2,500		2,500		2,500
Add funding for stand down events		10,000		10,000		5,000		5,000
Add funding for county and tribal VSO outreach and training		30,000		30,000		30,000		30,000
Add funding for the State Approving Agency			2,308	2,308			2,308	2,308
Reduce funding for the transportation grants program			(819,467)	(819,467)			(819,467)	(819,467)
Add funding for transport vans				0		200		200
Total ongoing funding changes	0.00	\$128,693	(\$1,003,447)	(\$874,754)	0.00	\$106,997	(\$1,007,071)	(\$900,074)
One-time funding items								
Add funding for a temporary loan and grant position		\$140,000		\$140,000		\$140,000		\$140,000
Add funding for grant database enhancements		7,500		7,500		7,500		7,500
Total one-time funding changes	0.00	\$147,500	\$0	\$147,500	0.00	\$147,500	\$0	\$147,500
Total Changes to Base Level Funding	0.00	\$276,193	(\$1,003,447)	(\$727,254)	0.00	\$254,497	(\$1,007,071)	(\$752,574)
2019-21 Total Funding	7.00	\$1,412,755	\$1,088,124	\$2,500,879	7.00	\$1,391,059	\$1,084,500	\$2,475,559

Other Sections for Department of Veterans' Affairs - Budget No. 321

There are no other sections for this agency.

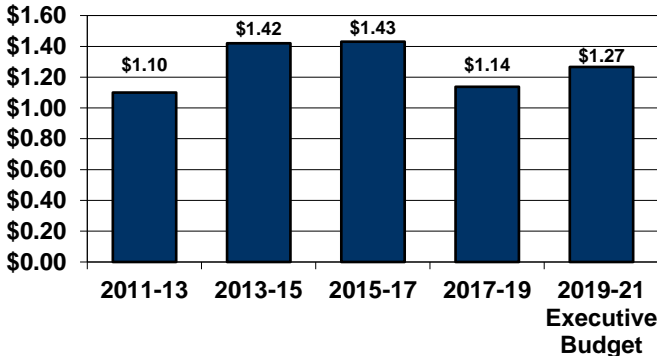
	Executive Budget Recommendation				House Version			
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Department 321 - Department of Veterans' Affairs

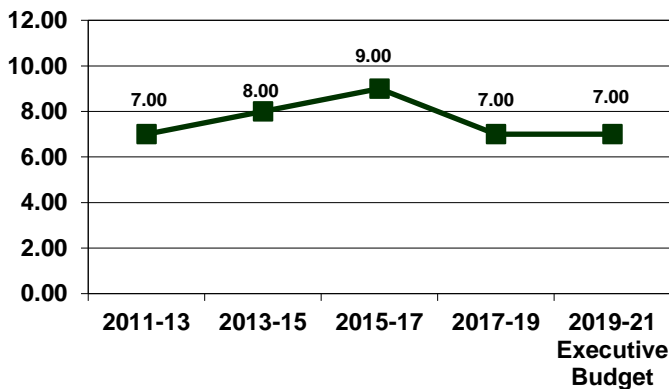
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$1,099,626	\$1,420,703	\$1,429,982	\$1,136,562	\$1,265,255
Increase (decrease) from previous biennium	N/A	\$321,077	\$9,279	(\$293,420)	\$128,693
Percentage increase (decrease) from previous biennium	N/A	29.2%	0.7%	(20.5%)	11.3%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	29.2%	30.0%	3.4%	15.1%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Added funding for 1 FTE national service officer position \$115,978

2015-17 Biennium

- 1. Added funding to purchase vans to transport veterans to medical appointments \$15,000
- 2. Added funding for the Agent Orange program \$50,000
- 3. Increased funding for stand down events to provide a total of \$20,000 from the general fund \$10,000

2017-19 Biennium

- 1. Removed 2 undesignated FTE positions (\$260,000)
- 2. Adjusted the funding source from the general fund to federal funds for a portion of salaries and wages of 2 FTE administrative positions in the transportation program (\$100,000)
- 3. Removed funding for stand down events (\$20,000)
- 4. Removed funding for the Agent Orange program (\$50,000)
- 5. Added funding for service dogs \$50,000
- 6. Added funding for the purchase of one nonhighly rural transport van to provide ongoing funding of \$18,600 (The department was also appropriated \$18,600 of one-time funding from the general fund for the purchase of an additional nonhighly rural transport van, resulting in total funding of \$37,200 for the purchase of two nonhighly rural transport vans during the 2017-19 biennium.) \$3,600

2019-21 Biennium (Executive Budget Recommendation)

- 1. Reduces funding for temporary salaries (\$100,053)
- 2. Adds funding for stand down events to provide total funding of \$10,000. **The House added \$5,000 for stand down events.** \$10,000
- 3. Adds funding for county veterans' service officer and tribal veterans' service officer outreach and training to provide total funding of \$30,000 \$30,000

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF VETERANS' AFFAIRS AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of veterans' affairs for the purpose of defraying the expenses of the department of veterans' affairs, for the biennium beginning July 1, 2019 and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Veterans' affairs	\$1,168,015	\$176,140	\$1,344,155
Transport vans	18,600	0	18,600
Contingent Service Dogs	50,000	0	50,000
State Approving Agency	271,998	16,126	288,124
Grants – Transportation Program	<u>1,719,520</u>	<u>(919,520)</u>	<u>800,000</u>
Total all funds	\$3,228,133	(\$727,254)	\$2,500,879
Less estimated Income	<u>2,091,571</u>	<u>(1,003,447)</u>	<u>1,088,124</u>
Total general fund	\$1,136,562	\$276,193	\$1,412,755
Full-time equivalent positions	7.00	0.00	7.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Transport Vans	\$18,600	\$0
Loan and Grant Position	0	140,000
Grants Database Enhancement	<u>0</u>	<u>7,500</u>
Total general fund	\$18,600	\$147,500

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of veterans' affairs shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.