

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

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$1,992,603	\$1,733,635	\$3,726,238
2023-25 Base Level	1,570,624	1,512,150	3,082,774
Increase (Decrease)	\$421,979	\$221,485	\$643,464

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$108,249 is for salary increases and \$36,008 is for health insurance increases	\$124,291	\$19,966	\$144,257
2. Adds funding for accrued leave of retiring staff	\$19,066	\$0	\$19,066
3. Adds funding to convert a temporary position to 1 FTE veterans benefit specialist position	\$99,966	\$0	\$99,966
4. Adjusts funding for the highly rural transportation program, including adding \$68,000 from the general fund for administration in the veterans' affairs line item and reducing federal funding for grants in the grants - transportation line item. Total federal funding in the grants - transportation program line item is \$1,126,085.	\$68,000	(\$93,915)	(\$25,915)
5. Adds one-time funding for professional service fees for a document scanning project to make paper documents available electronically	\$78,000	\$0	\$78,000
6. Adds one-time funding for the purchase of a nonhighly rural transport van to provide a total of \$37,600 for two vans from the general fund	\$18,800	\$0	\$18,800
7. Adds one-time funding from federal funds for the Veterans' Home cemetery grant program	\$0	\$291,500	\$291,500

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Exemption - Posttraumatic stress disorder service dog program - Section 3 would provide the department an exemption to continue any unexpended 2021-23 biennium funds for the posttraumatic stress disorder service dogs program into the 2023-25 biennium. The Legislative Assembly appropriated \$50,000 from the general fund to the department for the program for the 2021-23 biennium.

Exemption - Federal State Fiscal Recovery Fund - Section 4 would provide the department an exemption to continue funding appropriated from the federal State Fiscal Recovery Fund for the 2021-23 biennium into the 2023-25 biennium. During the November 2021 special legislative session, the Legislative Assembly appropriated \$647,000 to the department for a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center (\$500,000) and to improve and expand veterans' medical transportation (\$147,000).

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 Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The operational audit for the Department of Veterans' Affairs conducted by the State Auditor's office for the period ending June 30, 2020, identified the following audit finding:

Federal regulations not followed in grant agreement. Administrative costs totaling \$3,051 were directly charged to the highly rural transportation grant program. As identified in the audit report, indirect costs are not allowed to be charged directly to the grant and these costs should have been charged to the grant by a journal entry. The State Auditor's staff tested 16 grant subrecipient agreements and noted all agreements were missing information required by the federal government.

The State Auditor recommended the department comply with the grant agreement from the United States Department of Veterans Affairs and Title 2 of the Code of Federal Regulations part 200, which does not allow charging administration costs directly to the grant and using the appropriate indirect cost rate and updating subrecipient agreements to include required information. The department agreed with the recommendations.

Major Related Legislation

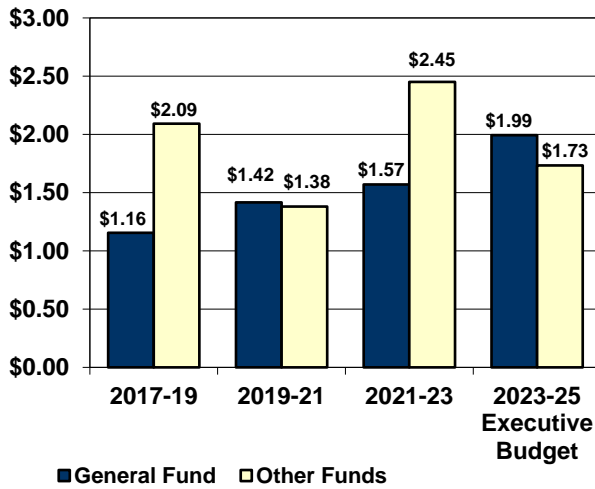
House Bill No. 1157 - This bill appropriates one-time funding of \$500,000 from the general fund to the Department of Veterans' Affairs to provide a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center.

House Bill No. 1182 - This bill creates a military honors funeral fund, provides a \$200,000 general fund appropriation to the Department of Veterans' Affairs to be transferred to the military honors funeral fund, and provides the Department of Veterans' Affairs a continuing appropriation from the fund to reimburse veterans' service organizations for providing funeral services at a military honors funeral.

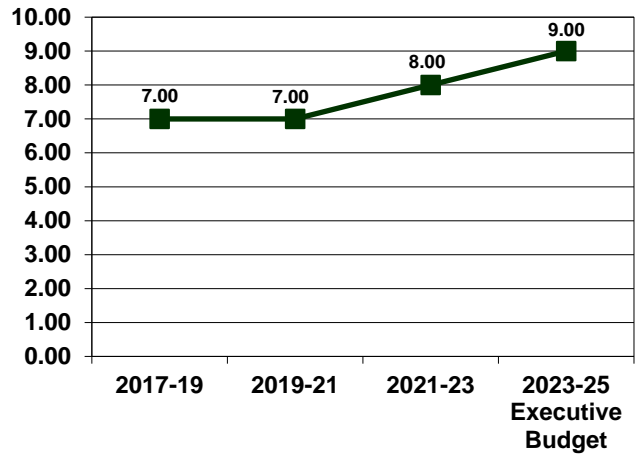
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,429,982	\$1,136,562	\$1,268,930	\$1,570,624	\$1,895,803
Increase (decrease) from previous biennium	N/A	(\$293,420)	\$132,368	\$301,694	\$325,179
Percentage increase (decrease) from previous biennium	N/A	(20.5%)	11.6%	23.8%	20.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(20.5%)	(11.3%)	9.8%	32.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 2 undesignated FTE positions (\$260,000)
- 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)
- Removed funding for stand down events (\$20,000)
- Removed funding for the Agent Orange program (\$50,000)
- Added funding for service dogs \$50,000
- 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

- Reduced funding for temporary salaries (\$100,053)
- Added funding for stand down events to provide total funding of \$5,000 \$5,000
- Added funding for county and tribal veteran service officer outreach and training to provide total funding of \$30,000 \$30,000

2021-23 Biennium

- Added funding for 1 FTE loan and grant officer position, of which \$90,910 is from the general fund and \$68,000 is from federal funds \$90,910
- Added funding for a temporary half-time training and information officer position \$70,000
- Removed funding for stand down events to provide a total of \$0 (\$5,000)

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding to convert a temporary position to 1 FTE veterans benefit specialist position \$99,966
- 2. Adjusts funding for the highly rural transportation program from federal funds to the general fund \$68,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$76,895	\$18,600	\$147,500	\$0	\$96,800

Major One-Time General Fund Appropriations

2017-19 Biennium

- Transport van \$18,600

2019-21 Biennium

- 1. Grant database enhancements \$7,500
- 2. Temporary loan and grant position \$140,000

2021-23 Biennium

- None \$0

2023-25 Biennium (Executive Budget Recommendation)

- 1. Document scanning project \$78,000
- 2. Nonhighly rural transport van \$18,800

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

Executive Budget Recommendation				
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	8.00	\$1,570,624	\$1,512,150	\$3,082,774
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases		\$10,123	\$1,687	\$11,810
Salary increase		94,285	13,964	108,249
Health insurance increase		30,006	6,002	36,008
Adds funding for accrued leave of retiring staff		19,066		19,066
Adds funding to convert a temporary position to an FTE veterans benefit specialist position	1.00	99,966		99,966
Adjusts funding for the highly rural transportation program		68,000	(93,915)	(25,915)
Reduces funding for operating expenses		(6)	(126)	(132)
Adds funding for IT rate increases		3,739	1,436	5,175
Adds funding for State Approving Agency salaries and operating expenses			937	937
Total ongoing funding changes	1.00	\$325,179	(\$70,015)	\$255,164
One-time funding items				
Adds funding for a document scanning project		\$78,000		\$78,000
Adds funding for the purchase of an additional nonhighly rural transport van		18,800		18,800
Adds funding for the Veterans' Home cemetery grant program			\$291,500	291,500
Total one-time funding changes	0.00	\$96,800	\$291,500	\$388,300
Total Changes to Base Level Funding	1.00	\$421,979	\$221,485	\$643,464
2023-25 Total Funding	9.00	\$1,992,603	\$1,733,635	\$3,726,238
<i>Federal funds included in other funds</i>			\$1,733,635	
<i>Total ongoing changes as a percentage of base level</i>	12.5%	20.7%	(4.6%)	8.3%
<i>Total changes as a percentage of base level</i>	12.5%	26.9%	14.6%	20.9%

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

Exemption - Posttraumatic stress disorder service dog program

Executive Budget Recommendation

Section 3 would provide the department an exemption to continue any unexpended 2021-23 biennium funds for the posttraumatic stress disorder service dogs program into the 2023-25 biennium. The Legislative Assembly appropriated \$50,000 from the general fund to the department for the program for the 2021-23 biennium.

Exemption - Federal State Fiscal Recovery Fund

Section 4 would provide the department an exemption to continue funding appropriated from the federal State Fiscal Recovery Fund for the 2021-23 biennium into the 2023-25 biennium. During the November 2021 special legislative session, the Legislative Assembly appropriated \$647,000 to the department for a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center (\$500,000) and to improve and expand veterans' medical transportation (\$147,000).

HOUSE BILL NO. 1025
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the department of veterans' affairs.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Veterans' Affairs	\$1,501,950	\$403,053	\$1,905,003
Transport Fans	18,800	18,800	37,600
Service Dogs	50,000	0	50,000
State Approving Agency	292,024	24,026	316,050
Grants – Transportation Program	1,220,000	(93,915)	1,126,085
Veteran's Home Cemetery	<u>0</u>	<u>291,500</u>	<u>291,500</u>
Total All Funds	\$3,082,774	\$643,464	\$3,726,238
Less Estimated Income	<u>1,512,150</u>	<u>221,485</u>	<u>1,733,635</u>
Total General Fund	\$1,570,624	\$421,979	\$1,992,603
Full-time Equivalent Positions	8.00	1.00	9.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Veterans' home cemetery	\$291,500	\$291,500
Fisher house	500,000	0
Veterans' medical transportation	147,000	0
Transport vans	0	18,800
Veterans' affairs administration	<u>0</u>	<u>97,066</u>
Total All Funds	\$938,500	\$407,366
Less Estimated Income	<u>938,500</u>	<u>291,500</u>
Total General Fund	\$0	\$115,866

SECTION 3. EXEMPTION - POSTTRAUMATIC STRESS DISORDER SERVICE DOG PROGRAM. The \$50,000 appropriated from the general fund for the posttraumatic stress disorder service dogs program in section 1 of chapter 53 of the 2021 Sessions Laws, is not subject to section 54-44.1-11, and any unspent funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. EXEMPTION – FEDERAL STATE FISCAL RECOVERY FUND. The \$500,000 appropriated from federal funds derived from the state fiscal recovery fund for a grant to assist in the construction of the Fisher house at the Fargo veterans' affairs medical center in section 32 of chapter 550 of the 2021 Sessions Laws, and the \$147,000 appropriated from federal funds derived from the state fiscal recovery fund for the purpose of improving and expanding veterans' medical transportation in section 33 of chapter 550 of the 2021 Session Laws, is not subject to section 54-44.1-11, and any unspent funds from these programs are available for the programs during the biennium beginning July 1, 2023 and ending June 30, 2025.