



STATE OF MINNESOTA DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF THE COMMISSIONER, LARRY HERKE



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April 30, 2021

Senator Mary Kiffmeyer
Chair, State Government Finance and Policy
and Elections Committee
3103 Minnesota Senate Building
St. Paul, MN 55155

Representative Michael V. Nelson
Chair, State Government Finance and
Elections Committee
585 State Office Building
St. Paul, MN 55155

Re: HF 1952-3/UEH 1952-1 Omnibus State Government Policy & Finance; Military and Veterans Affairs

Dear Chairs and Conference Committee Members:

I begin this letter the same way I began my testimony in the Senate Finance committee, by explicitly thanking the Chairs, Ranking Members, committee members and their staff in putting the omnibus Veterans & Military Affairs policy and appropriations portion of this bill together.

The Veterans and Military Affairs omnibus bills (HF 752/SF 485) were incorporated into HF 1952-3/UEH 1952-1, the Omnibus State Government Policy & Finance bills. These bills include both the FY2022-23 biennial budget for the Minnesota Department of Veterans Affairs (MDVA), as well as key agency policy initiatives. Incorporating these important changes to the agency's commitments to serve Minnesota's more than 312,000 Veterans and their families reflects an understanding of the needs of those Veterans, and MDVA's important role in providing them with the benefits and services that they've earned.

Policy

I also want to thank the House and Senate authors who stepped up and supported our agency and Governor Walz's policy priorities. Those who worked hard to ensure that these important policies were included in this bill, including:

- Authorization for the Adult Day Program in our Healthcare division
- Authorization for the provision of Dental care for Residents of the Minnesota Veterans Homes
- Veterans Stable Housing Initiative Personal Data Classification
- Technical Corrections to the Minnesota GI Bill
- The Veterans Sentencing Guidelines/Veterans Restorative Justice Act (VRJA)

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All the policy priorities we were able to move, but unable to bring to the Governor's desk last year, are included in these bills.

Appropriations

Both the House and Senate bills include full funding for expanded efforts within MDVA to develop a Veteran suicide prevention office. Both include some new funding to help address the serious issue of Veterans homelessness. Both support the inclusion of necessary increases to our operations budgets, and both acknowledge the efforts to fund a task force for Minnesota's remembrance of the 20th anniversary of the attacks of September 11, 2001 and the beginning of the Global War on Terrorism. Thank you to legislators from both chambers, and all caucuses for recognizing the importance of the needs we identified and working to include them in these bills.

Concerns

Unfortunately, I need to express serious concerns that the appropriations for MDVA in the Senate language fall more than \$9 million short of the Governor's recommended funding level for the FY2022-23 biennium.

I understand the constraints of the Veterans and Military Affairs budget targets provided to Chair Lang and appreciate that funding for our **Operating Adjustment** was included in UEH 1952-1. However, it is \$4.2 million less than what is necessary to maintain our current levels of staffing and service delivery in our Veterans Homes and Programs and Services divisions.

Without adequate additional funding, we will face serious challenges to manage the ever-increasing cost of carrying out our mission to serve Veterans. Some examples of these increases include employer-paid health care contributions, FICA and Medicare, and other collectively bargained-for salary and compensation-related costs. MDVA is always looking for ways to be responsible stewards of state resources. In fact, in the last budget cycle, we were able to identify and implement cost saving measures which allowed us to address our increased needs without an operational adjustment and additional general fund dollars.

For the upcoming biennial budget, we do not have the ability to find internal savings sufficient to address our needs. Without additional funding, will not be able maintain current staffing and service levels; without a fully funded operating adjustment, our ability to comprehensively deliver statutorily mandated services will be impacted. Areas of concern:

- Scaled back Federal VA disability and pension claims development
- Reduced opportunities for engagement with Veterans in challenging geographic or demographic areas
- Fewer staff hours providing direct healthcare to residents in our Veterans homes
- Possible reductions to our higher education support services for Veterans and military members across the state

Furthermore, insufficient funding of the new **Housing Vouchers and Supportive Services** for Veterans and former Servicemembers initiative – modeled after the highly successful federal HUD-VASH program – will reduce the efficacy of our stable housing efforts and further delay the realization of our goal to be the fourth state to declare an end to Veteran Homelessness.

The Governor's recommendation of \$6.33 million over the FY22-23 biennium would provide funding for housing vouchers and related wrap-around supportive services for 150 Veterans and

former servicemembers each year. Currently, on the Homeless Veterans Registry, we are aware of at least 139 individuals who could immediately benefit from the new funding. These are not anonymous or hypothetical Veterans and former servicemembers. These are individuals who have been on the list for housing support, waiting for months or years in some cases. Funding this request demonstrates a real commitment to the goal of ending Veterans homelessness in Minnesota.

In anticipation of the 20th anniversary of the September 11 terror attacks, the request for \$500,000 will support the work of the **9/11 and Global War on Terrorism Task Force**. The Task Force will publish a definitive history of the service of Minnesotans and their experiences of the Global War on Terrorism, develop a traveling exhibition to share these stories statewide, and host a remembrance program on Saturday, September 11, 2021.

The goal to recognize and memorialize the experiences of all Minnesotans – Veterans, servicemembers and their families, and the communities that have supported them – all who have served and sacrificed in America’s decades-long war on terrorism deserves your support. Currently, neither the House nor Senate positions fully fund this important work.

Veterans Restorative Justice Act (VRJA)

Over the past three years, the VRJA language in HF 1952-3 (as taken from HF 478) was drafted, vetted, redrafted and amended by legislators, legislative staff, subject matter experts and stakeholders from the Minnesota County Attorneys Association, Veterans Defense Project, the Board of Public Defense, and representatives from the Minnesota Department of Veterans Affairs and U.S. Departments of Veterans Affairs. It incorporates language negotiated through multiple committee hearings over the past two legislatures and includes technical changes developed by senate counsel in advance of an informational hearing of SF 116 in the Senate Judiciary and Public Safety committee on March 12, 2021.

The VRJA language included in the Senate version (UEH1952-1) was introduced on March 1, 2021 and did not receive a hearing in any committee. After last-minute notice, and limited discussion, the language was amended into the omnibus Veterans and Military Affairs appropriations bill during that bill’s final stop in Finance.

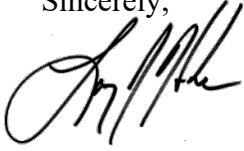
In addition to the advocates and stakeholders previously mentioned, the House version is supported by the Minnesota Commanders’ Task Force – leaders of nine of the largest Veterans Service Organizations in Minnesota. I would encourage the committee members to accept the House language.

New State Veterans Homes

Finally, I want to confirm to the members that Minnesota has been offered more than \$80 million from the U.S. Department of Veterans Affairs (VA) State Home Construction grants program – a federal match of 65% of construction costs – to go with the \$32 million approved by the state in 2018 for construction of three new state Veterans Homes in Minnesota in Bemidji, Montevideo, and Preston. The timeline for construction anticipates a groundbreaking this fall at all three locations with a goal of opening to residents in early 2023. The Governor is recommending \$337,000 in FY 2022 and \$8.347 million in FY 2023 from the general fund for MDVA to begin the process of hiring leadership and staffing for operations over the next 18 months.

I am ready and willing to support the work of the Conference Committee to address the needs of our Veterans. We owe them nothing less than our best efforts and seriousness of purpose, and I know you take this charge seriously.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry J. Herke". The signature is stylized and cursive.

Larry J. Herke

Commissioner,

Minnesota Department of Veterans Affairs

cc: Senator Andrew Lang
Senator Mark Koran
Senator Jeff Howe
Senator Jim Carlson
Representative Tou Xiong
Representative Sandra Masin
Representative Emma Greenman
Representative Jim Nash