

**HF840 - 0 - State Veterans Cemetery Burial Fee Removed**

Chief Author: **Matt Bliss**  
 Committee: **State Government Finance And Policy - Veterans And Military Affairs Division**  
 Date Completed: **3/4/2025 4:25:55 PM**  
 Agency: **Veterans Affairs Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	<b>Biennium</b>			<b>Biennium</b>	
	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
Dollars in Thousands					
<b>Restrict Misc Special Revenue</b>	-	389	439	495	558
<b>Total</b>	-	389	439	495	558
<b>Biennial Total</b>			828		1,053

<b>Full Time Equivalent Positions (FTE)</b>	<b>Biennium</b>			<b>Biennium</b>	
	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
Restrict Misc Special Revenue	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Alyssa Holterman Rosas **Date:** 3/4/2025 4:25:55 PM  
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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>
<b>Dollars in Thousands</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
Restrict Misc Special Revenue	-	389	439	495	558
<b>Total</b>	<b>-</b>	<b>389</b>	<b>439</b>	<b>495</b>	<b>558</b>
<b>Biennial Total</b>			<b>828</b>		<b>1,053</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Restrict Misc Special Revenue	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>		<b>-</b>
<b>2 - Revenues, Transfers In*</b>					
Restrict Misc Special Revenue	-	(389)	(439)	(495)	(558)
<b>Total</b>	<b>-</b>	<b>(389)</b>	<b>(439)</b>	<b>(495)</b>	<b>(558)</b>
<b>Biennial Total</b>			<b>(828)</b>		<b>(1,053)</b>

### Bill Description

The bill removes state veterans cemetery burial fee for spouses and dependents of eligible veterans. Amends Minnesota Statutes 2022, sections 190.19, subdivision 2a; 197.236, subdivision 9, prohibiting burial fees.

### Assumptions

Annual burial rates for both Veterans and dependents have grown at all four (4) operating State Veterans Cemetery locations in Duluth, Little Falls, Preston, and Redwood Falls. It can be reasonably assumed that growth at Little Falls will slow in the coming years, but growth in our newest locations at Duluth, Preston and Redwood Falls will continue to increase as Veterans choose this option for burial. See Formula #1 (below) within the Expenditure and/or Revenue Formula section for trend analysis calculations of Spouse and Dependent Burial Rates.

Annual burial rates in Preston and Duluth, since opening in 2015 and 2018 respectively, have increasing trend lines comparable to Little Falls which predict substantial burial increases over the next decade. The new cemetery in Redwood Falls, which opened in 2023, can be expected to follow a similar trend line of growth during the same period.

The Minnesota Department of Veterans Affairs, like many other state departments, match the spouse/eligible dependent burial benefit amount to the Non-Service-Connected Death Burial Allowance burial benefit level provided to Veterans, which is set by the US Department of Veterans Affairs (USDVA), Veterans Benefits Administration (VBA). This burial fee increased to \$978 effective 01 March 2025. The Minnesota Department of Veterans Affairs (MDVA) made this adjustment in order to continue to deliver the level of service needed in our Veterans Cemeteries and keep pace with inflationary costs. The spouse/eligible dependent burial fee was last adjusted nearly ten years ago, in July 2015, to match the Federal VBA benefit level at that time.

Given the proposed language (without a corresponding appropriation), the MDVA understands the offset for the loss of Spouse/Eligible Dependent burial fees is expected to come from the "Support Our Troops" funds. According to section 190.19, subdivision 2a, paragraph (a), these funds may be used for:

1. Grants to Veterans Service Organizations
2. Outreach to underserved Veterans
3. Providing services and programs for Veterans and their families
4. Transfers to the driver and vehicle services operating account for Gold Star license plates (under section 168.1253)
5. Grants of up to \$100,000 to any organization approved by the Commissioner of Veterans Affairs for the purpose of supporting and improving the lives of Veterans and their families

6. Grants to an eligible foundation

7. The Agency's uncompensated burial costs for eligible dependents to whom the Commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to section 197.236, subdivision 9, paragraph (b)

Annual "Support Our Troops" funding fluctuates from year to year and is not guaranteed into the future, especially given the draw of other specialty plate offerings (especially the new "blackout" plates) and the numerous proposals for additional Veterans-themed plates during the current Legislative Session (at least four in the House and four in the Senate). Despite a cumulative increase in receipts between FY18-24, MDVA has experienced periods of decreased receipt revenue and cannot rely on this source of funding to offset the loss of Spouse/Eligible Dependent Burial Fee revenue into the future.

The average MDVA allotment of the annual "Support Our Troops" appropriation between FY18-24 is approximately \$600,000. Due to the lack of reliable predictive tools the MDVA applied this average across the FY26-29 as the projection of available funds.

Additionally, there are a number of yearly commitments that the MDVA must account for regarding administration of "Support Our Troops" funding, to include costs of "Support Our Troops" advertising, statewide system costs, as well as funding to maintain the Veterans Linkage Line (LinkVet), a 24/7 confidential crisis support service that helps Minnesota Veterans and their families find benefits and resources via phone, online chat, and/or email. Between FY18-24 these yearly commitments have averaged approximately \$100,000 annually.

The difference between the MDVA allotment of the annual "Support Our Troops" appropriation and the yearly commitments is the amount from which the Agency determines the number, amounts, and use of grants issued. The MDVA calculates this amount at approximately \$500,000 annually.

If the offset to the loss of spouse/eligible dependent burial fees is to be pulled from the "Support Our Troops" funds, the MDVA projects that a significant portion of "Support Our Troops" funds will be solely committed to cover spouse/eligible dependent burial fees in future years and will no longer be available for the other six (6) categories of usage available to the MDVA Commissioner to support Veterans and their family needs. Therefore, without a corresponding appropriation, the "Support Our Troops" funds that are currently granted to eligible non-profit Veteran groups who support Veterans and their families will be significantly impacted by decreasing the availability of these funds in order to cover spouse/eligible dependent burial fees.

The Federal VBA Non-Service-Connected Death Burial Allowance for Veterans has increased at a rate closely corresponding with the US Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) to address inflationary impacts associated with rising costs of interments and it can be reasonably assumed that this allowance will continue to keep pace with the CPI. See Formula #2 (below) within the Expenditure and/or Revenue Formula section for trend analysis calculations of the Non-Service-Connected Death Burial Allowance amounts.

The changes inherent within the proposed bill does not impact the number of FTEs required to support annual operations and maintenance of the Minnesota State Veteran Cemetery System.

### **Expenditure and/or Revenue Formula**

Annual burial rates of spouses/eligible dependents within the Minnesota State Veteran Cemetery System have more than tripled since FY08 (from 101 in FY08 to 304 in FY24). Trend analysis of data reported to the Federal Department of Veterans Affairs, indicates the annual burial rate will continue to increase. The Minnesota Department of Veterans Affairs (MDVA) was able to create a predictive formula by establishing a trendline and projecting spouse/eligible dependent burial rates. The formula used is below, with "x" equaling the fiscal year for which the model is calculating (i.e., for FY08, "x" would be 1 since the trendline formula is based off data starting in FY08. Using that model, "x" would be 18 for FY25).

Formula #1 - Spouse/eligible dependent burials trendline:  $((0.7265*(x^2))+1.5569x+97.235)$

The MDVA currently collects burial fees for Veterans directly from the US Department of Veterans Affairs (USDVA). The current FY25 burial fee amount for Veterans is \$978. As stated previously, the MDVA had not raised the spouse/eligible dependent burial fee since July 2015 to reduce the financial burden on the family members of Veteran dependents.

Revenues generated through spouse/eligible dependent burial fees have increased over time in relationship to

sustained growth at all four (4) currently operating State Veterans Cemeteries in Duluth, Little Falls, Preston, and Redwood Falls. As of 01 March 2025, \$978 is charged the Veteran's family for each spouse/eligible dependent burial. Note: The FY25 projected revenue was based on the previous spouse/eligible dependent burial fee rate.

MDVA revenue projections beyond FY25 are based on the spouse/eligible dependent burial fees increasing to match the current Veteran burial fee to account for increased costs of operation and inflation incurred since 2015. The FY26-FY29 revenue projection is based on an MDVA predictive formula by establishing a trendline based on the USDVA VBA Non-Service-Connected Death Burial Allowance burial benefit amounts provided to Veterans to project spouse/eligible dependent burial benefit amounts. The formula used is below, with "x" equaling the fiscal year for which the model is calculating (i.e., for FY12 "x" would be 1 since the relevant Federal data starts at that time. Using that model, "x" would be 15 for FY26).

Formula #2 - USDVA Non-Service-Connected Death Burial Allowance trendline:  $((1.8482 \times (x2)) - 8.8859x + 731.86)$

Table 1: The below table therefore displays:

- Actual spouse/eligible dependent interments/burial fee revenues received between FY18-FY24
- Projected FY25 spouse/eligible dependent interments/revenues (based on the 2015-2024 burial fee amount)
- Projected FY26-29 spouse/eligible dependent interments and subsequent lost revenues (based on matching the projected USDVA Non-Service-Connected Death Burial Allowance amounts)

	LITTLE FALLS	PRESTON	DULUTH	REDWOOD FALLS	Ttl Spouse/ Eligible Dep Burials	Burial Allowance (Proj) (\$)	Revenue (\$)	Lost Revenue (\$)
FY18	154	16	0		170		126,650	
FY19	183	27	20		230		171,350	
FY20	165	31	25		221		164,645	
FY21	204	39	35		278		207,110	
FY22	214	46	42		302		224,990	
FY23	207	64	39		310		230,950	
FY24	209	43	44	8	304		226,480	
FY25 (proj)					355		264,644	
FY26 (proj)					383	1,014		(388,890)
FY27 (proj)					413	1,063		(438,897)
FY28 (proj)					444	1,115		(495,024)
FY29 (proj)					476	1,171		(557,842)

As indicated in the above assumptions section, MDVA understands that the offset for the loss of Spouse/Eligible Dependent burials fees is expected to come from the "Support Our Troops" funds. As such, MDVA projects (see Table 2) that by FY28 these offsets will effectively deplete and by FY29 (and beyond) exceed the amount of the projected MDVA allotment of the annual "Support Our Troops" appropriation available for grants to eligible non-profit Veteran Groups who support Veterans and their families.

Table 2: The below table therefore displays

- Actual (FY20-24)/projected (FY25-29) MDVA allotment of the annual "Support Our Troops" appropriation
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Actual (FY20-24)/projected (FY25-29) yearly commitments against the MDVA allotment of the annual "Support Our Troops" appropriation

- Portion of the MDVA allotment of the annual "Support Our Troops" appropriation available for grants (i.e., the remainder of the MDVA allotment minus the yearly commitments) before the spouse eligible dependent burial fee offset is applied
- Projected burial fee offset between FY26-FY29, taken from Table 1
- Projected amount of remaining MDVA allotment of the annual "Support Our Troops" appropriation available for grants after the spouse/eligible dependent burial fee offset is applied

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Allotment	570,879	614,605	625,978	642,000	611,911	600,000	600,000	600,000	600,000	600,000
Yearly Commitments	99,227	98,450	154,776	158,309	32,147	100,000	100,000	100,000	100,000	100,000
Available for Grants	471,652	516,155	471,202	483,691	579,764	500,000	500,000	500,000	500,000	500,000
Burial Fee - Offset							388,890	438,897	495,024	557,842
Available for Grants							109,828	59,822	3,695	(59,124)

### **Long-Term Fiscal Considerations**

Continuing the projections of Table 1 beyond FY29, MDVA estimates that lost revenue from spouse/eligible dependent burial fees over the next 10 years will exceed \$1,000,000 annually (starting in FY35). This far exceeds the expected MDVA allotment of the annual "Support Our Troops" appropriation generated by the "Support Our Troops" license plate program. Absent an appropriation from a future Legislature, this bill will force the reallocation of funding from other Agency sources/programs to address the deficit.

Regardless of the source of revenue/appropriation, matching the spouse/eligible dependent burial fee amount to that set by the USDVA VBA the Veteran burial amount is necessary to address the continuing rising costs associated with interments in order to continue providing the required high level of standards of perpetual care for those interred at MDVA's nationally-recognized State Veterans Cemeteries.

Not meeting the required National Cemetery Administration's Compliance Review Program (CRP) standards during the regular triennial evaluation/review process could result in temporary withholding of Federal Grant funding, suspension or termination of subsequent Federal Grant awards, or even suspension/debarment proceedings (per 2 CFR § 200.339).

New Veteran license plate options reduce annual revenue from the "Support Our Troops" license plate which would further reduce the MDVA allotment of the annual "Support Our Troops" appropriation.

MDVA does not anticipate a need to increase the number of FTEs required to support annual operations and maintenance of the Minnesota State Veteran Cemetery System.

### **Local Fiscal Impact**

### **References/Sources**

#### **Agency Contact:**

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