



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
OFFICE OF THE ADJUTANT GENERAL
COMMONWEALTH OF PENNSYLVANIA
FORT INDIANTOWN GAP
ANNVILLE, PENNSYLVANIA 17003-5002
www.dmva.state.pa.us

**REPORT OF
MAJOR GENERAL JAMES R. JOSEPH
ACTING ADJUTANT GENERAL
TO THE
HOUSE/SENATE APPROPRIATIONS COMMITTEE
March/April XX, 2015**

The Department of Military and Veterans Affairs' (DMVA) Fiscal Year 2015-16 budget will help build a stronger Pennsylvania by providing vital state support for our Pennsylvania National Guard and our veterans' programs. I believe our budget enables the Department to advance on several fronts and continue to provide the high level of services our veterans expect and deserve.

The Department of Military and Veterans Affairs has two overarching areas of responsibility. Our agency provides oversight, command and control for the Pennsylvania National Guard (PNG) to support it in undertaking its state and federal military missions. We also manage Pennsylvania's veterans' programs to provide benefits, services, assistance and long-term care to veterans and their families.

Although often considered a small agency, DMVA manages a comprehensive budget totaling over \$894 million dollars. In state FY 2014, the state general fund allocation was \$121 million (or 13.52% of the total); while federal funds accounted for 86% of DMVA's budget. Additionally, the federal government contributes roughly 96% of the funding for the Pennsylvania National Guard (PNG).

Ranked as one of Pennsylvania's top ten employers, the economic impact of DMVA and the PNG is evident throughout counties across Pennsylvania. In a Federal Fiscal Year (FFY) 2014 report, our overall combined expenditures totaled \$867.5 million. However, to capture direct effects, indirect effects and induced effects on Pennsylvania's economy we must apply a 1.68 multiplier that was validated by the 2005 federal BRAC Commission. In doing so, our total economic impact to the commonwealth is, in fact, \$1.4 billion. Statewide distribution reflects the greatest impact in Lebanon County, where Fort Indiantown Gap is located, with 40% of that \$1.4 billion total. At 12%, the next largest areas impacted are represented by our six veterans' homes, which provide an impact of over \$175 million. The third largest areas of impact by percentage are Pittsburgh Air Base in Allegheny County, Middletown Air Base in Dauphin County and Horsham Air Base in Montgomery County.

In light of the state's budgetary constraints, DMVA has exercised profound budgetary stewardship and over the past four years have returned \$16 million to the general fund. In turn, we have been recognized for our efforts. However, moving forward, due to cost to carry expenses, we, too, are faced with constraints and cannot afford to jeopardize the veterans' services and care to our elder veteran population. As in the past, we will continue to look for ways to federalize state dollars. But we have veteran and military needs that cannot be ignored, particularly in the areas of veteran homelessness, suicide prevention and mental health issues.

Veterans' Programs

As it should be, our state budget shows that most of the state funds we receive go to support our veterans' programs, however, the bulk of those funds support the operation of our six veterans' homes. Our veterans' programs are not in competition with our Guard programs for state funds.

The Governor's Advisory Council on Veterans' Services (GAC-VS), chaired by Deputy Adjutant General for Veterans' Affairs, Brigadier General (Ret) Jerry Beck, continues to work in collaboration with numerous state agencies to bridge the gaps in coordination and communication at the state level to enhance the quality of services provided our veterans.

Although DMVA's Office of Veterans Affairs (OVA) receives no direct funding in support of Veteran's homelessness, suicide prevention or mental health issues, the office works closely with other agencies in addressing each of these problems. Homelessness and mental health are priority concerns that we are consistently addressing. Based on last year's *Point In Time Homeless Survey* we estimate that there are approximately 1,500 homeless veterans in the commonwealth. This number may be higher but provides a good baseline for developing strategic responses designed to combat the condition and develop effective plans of action. Thanks to the Governor's Advisory Council, the department was provided awareness on the many programs that are funded for veterans but are not part of the DMVA OVA. The Governor's Advisory Council for Veterans Services has been instrumental in allowing us to not only share information but also identify and quantify resources and support from other state agencies that also combat homelessness. The GAC-VS has played an important role in helping us to identify potential partners in this effort then consolidate and deliver a variety of information and direct services to homeless veterans.

Homelessness

There are two coalitions in the commonwealth that supports veterans homelessness in the two largest cities of the Commonwealth well. Both Pittsburgh and Philadelphia have homeless coalitions to eradicate homelessness. The OVA attends their meetings and keeps up to date on their activities. They receive their funding from the federal VA in the form of grants through the Supportive Services for Veteran Families (SSVF) Grants. These grants are provided by the U.S. Department of Veterans Affairs (USDVA) and are directly targeted at homeless or near homeless veterans. The grants can be used for a number of directly related initiatives to reduce homelessness and provide transitional shelter. Under the SSVF program, VA awards grants to private non-profit organizations and consumer cooperatives that can provide supportive services to very low-income veteran families living in or transitioning to permanent housing. Nearly \$14 million in federal awards are distributed to community partners across the commonwealth. Pittsburgh and Philadelphia have the largest programs but Harrisburg also has a committee that works this issue as well.

Suicide Prevention and General Mental Health

Suicide is a serious and very real concern for our service members and our veterans. The PA National Guard Service Member and Family Support teams and the Office of

Veterans Affairs, Division of Outreach and Reintegration are working collaboratively with our partners at the Department of Human Services, Office of Mental Health and Substance Abuse Services (DHS-OMHSAS) on two priority initiatives.

1. Mental Health First Aid Instructor (MHFAI) Course. DMVA and DHS-OMHSAS are working collaboratively to host this Instructor Certification Course at Fort Indiantown Gap during the week of 23-27 March 2015. We are offering 30 scholarships to our Veteran Service Officers, Family Support Teams and community partners. These Scholarships are valued at \$2,000 per individual, so you can see our commitment to this effort is significant. The MHFA Instructor Course is an intense week of instruction that challenges the student to demonstrate mastery of the program through both a written test and an evaluated presentation. At the completion of this Instructor Training Course we have the potential to graduate 30 Certified Mental Health First Aid instructors who will be licensed and qualified to teach the Mental Health First Aid course in our local communities throughout the commonwealth.

2. Mental Health First Aid (MHFA) Course. This course is not your typical Suicide Prevention Course; it is often referred to as CPR for the psyche. This course is designed to provide the skill sets necessary to observe, assess and take responsible action to support a person in crisis. Graduates of this course become Mental Health First Responders who are trained to assist anyone experiencing a mental health related crisis. Graduates of this certificate course learn risk factors and warning signs, they are taught strategies for how to help someone in both crisis and non-crisis situations and they learn where in their local community they can turn to obtain help for the person in crisis. Specific topics covered during this instruction include depression and mood disorders, anxiety disorders, trauma, psychosis and substance use and abuse disorders. Mental Health First Aid teaches about recovery and resiliency and compliments the military Risk, Resiliency, Reduction and Suicide Prevention (R3SP) program that our military component follows. Both programs follow the tenet that individuals experiencing these challenges can and do get better by using their strengths and support systems to stay well.

Through the Veterans Trust Fund, the department provides \$350,000 in grants to non-profit organizations to support their efforts focusing on homelessness, behavioral health, and/or outreach services. Grant applications totaled approximately \$5 million in requests for funding.

In addition, \$100,000 was provided in competitive grants to County Directors of Veterans Affairs or the Pennsylvania Association of County Directors of Veterans Affairs. These directors responded by submitting over \$200,000 in grant applications.

Signed into law in 2012, the VTF serves as a public-private partnership designed to provide better services and assistance to Pennsylvania veterans. Outside of receiving \$1.7 million with the sale of Scotland School for Veterans' Children, revenue has surpassed \$1.8 million dollars

thanks to personal donations and the generosity of Pennsylvania motorists who purchased “Honoring our Veterans” license plates and contributed by means of the \$3.00 vehicle registration/license renewal check-offs. These donations are a substantial source of revenue for the Veterans’ Trust Fund. Such funds are vital to the VTF as they strive to fund payments to veterans needing temporary assistance and to support an effective grant program to buttress the goal of building a stronger Pennsylvania.

In addition, the Department has solicited grant proposals from veterans’ service organizations and charitable organizations for a grant to co-sponsor a Veterans Appreciation Day Symposium to be held in the fall of 2015 at Fort Indiantown Gap.

The Veterans’ Service Officer Grant program created by Act 66 of 2007 continues to epitomize the success of a public-private partnership. This program makes grants to eligible statewide veterans’ service organizations to support the pay and benefits for Veterans’ Service Officers (VSOs) and the service officers’ training, equipment and operational costs. The funding level for Act 66 grants remains level at \$2.3 million in the budget for FY 2015-16. This will be money well spent by supporting well-trained and accredited VSOs working to secure federal VA benefits.

By funding this program at levels provided in the Governor’s budget, our veterans’ service organizations can employ veterans’ service officers to help more veterans receive the federal benefits they have earned by their service and their sacrifices. On average, for every \$1 invested in this program, veterans in the commonwealth receive \$124 in federal VA dollars. These federal dollars place funding back into Pennsylvania’s economy. The veteran may also realize additional benefits in terms of qualifying for VA healthcare and being referred to jobs programs. DMVA is a strong advocate for funding these grants for veterans’ service

The Disabled Veterans’ Real Estate Tax Exemption (RETX) Program has experienced tremendous growth over the last ten years. Most of the growth is the result of the change in how need for the exemption is calculated under Act 161 of 2006. In June 2006, about 2,000 residences owned by 100% disabled veterans or their surviving spouses were exempt from real estate taxes; today nearly 8,129 residences are exempt.

Over the past year, OVA has diligently worked to reduce the existing backlog associated with RETX claims. Staffing issues had adversely impacted our ability to properly resource, manage and adjudicate these claims. Some progress has been made in reducing our backlog by filling vacancies, adding two temporary clerical positions and redirecting staff duties to maximize our efforts. However, to properly address the demands and sustain long-term goals, Governor Wolf and his Administration have heeded our clarion call and increased our complement by three positions which will sustain current operations relative to the review of applications, claims and refined processes; while safeguarding existing levels of service for other OVA programs.

The addition of \$900,000.00 by Governor Wolf in his Executive Budget for FY 15-16 secures the successful execution of an initiative to procure a statewide solution to Veterans Claims Management that will allow DMVA’s OVA to partner with the U. S. Department of Veterans Affairs’ initiative to transform our current business model to a paperless environment. After exhaustive research, it was apparent that no grants or funding sources were available through the USDVA. The Wolf Administration’s support allows us to vastly improve processes and claims

system management. This system will allow for greater VSO time management and provide enhanced service to veterans while being an active participant in the electronic claims process, which is a high priority project of our key federal business partner. The current initiative will allow for a holistic solution to claims management and sharing of data.

Experience has shown that when veterans are assisted by VSOs, they are much more successful in receiving VA compensation, pension and other benefits they have earned by virtue of their service. On average, the veterans with VSO assistance receive more than twice as much as veterans without help. This program has resulted in Pennsylvania veterans receiving more than \$350 million in benefits.

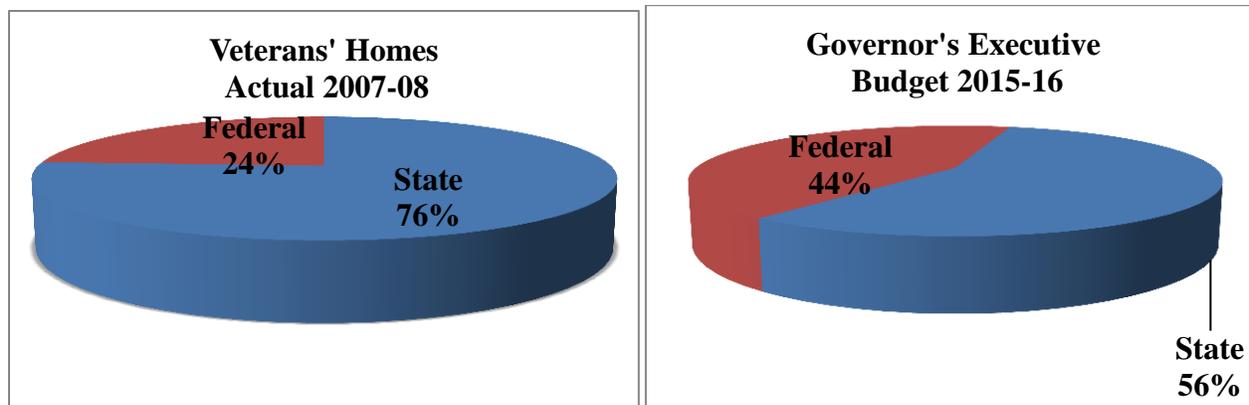
The State Veterans' Commission has appointed a committee to recommend changes to this program. Some may require a constitutional amendment to Article 8, section 2(c) of our state constitution; others require changes to Chapter 89 of the Military and Veterans Code. Among the issues they will be reviewing is extending the real estate tax exemption to the unmarried surviving spouse of a service member killed in action and to the spouse of a veteran who is declared 100% disabled as of the date of death but not before. We will be asking the General Assembly to consider the recommendations of the State Veterans' Commission on these and other issues.

Act 180 of 2014 which was signed on October 22, 2014 amended Section 7702 of the Military and Veterans Code (51 Pa C.S. § 7702) to better define "paralyzed." The bill was introduced by Senator Robert Robbins and has provided the necessary clarity while maintaining eligibility for those who qualified before its effective date. The revised eligibility criteria captures service-connected injury or disease resulting in the loss or permanent and severe paralysis of two or more limbs, now defined as having at least two limbs with a 40% or higher disability compensation rating as determined by the United States Department of Veterans Affairs. Consequently, the name of this program has been changed to the Amputee and Paralyzed Veterans Pension Program. Governor Wolf's Executive Budget includes a 10.27% increase over SFY 2014-15 to sustain any pension award growth.

Our state veterans' homes appropriation is DMVA's largest state appropriation in terms of the funds and the staff and resources that support it. Our six state veterans' homes provide high quality long-term care to 1,522 veterans and their spouses. Our 1,160 skilled nursing care beds are 94% filled, and there is a waiting list of 255 applicants. For personal care (domiciliary), our 624 beds are 81% filled, and there is a waiting list of 17 applicants. You may wonder why there is a waiting list for personal care when the beds are only 81% filled. We have found that there is an approximate 50-mile radius for veterans making application as many do not want to go to a veterans' home with a vacancy if it is distant from their home. As well, a waiting list may contain names of veterans who are no longer interested in being admitted to a particular veterans' home when contacted for admission. Finally, we are also doing some construction projects in our Southeastern Veterans Center which, when completed will also have more beds available for occupancy.

The increased funding of \$9.918 million for our veterans' homes by Governor Wolf is a 12% increase from last year's appropriation and will further enhance the on-going initiatives and operational needs across all six facilities.

The Enhanced Veterans' Reimbursement (EVR) initiative began in January 2009. This veteran-specific Medicaid program was designed to attract additional federal funds by leveraging existing state expenditures as the state match for available federal funding based on eligible nursing care residents in our state veterans' homes. The DMVA continues to attract federal support and has realized over \$15 million in federal funds annually. The Bureau of Veterans Homes (BVH) currently has 212 EVR eligible residents, which constitutes 14% of resident population. In FY 07-08, the state paid 76% of the costs and the federal government paid 24%; for FY 15-16, the federal government will pay 44% of the costs and the state 56%.



Five of our six state veterans' homes are now in full licensure status and are in overall compliance with licensure requirements. Along with annual inspections from the Department of Health, the Department of Human Services and the USDVA, there are intermittent inspections, and our homes work diligently to correct all deficiencies while striving to provide quality care for our veterans.

Over the past two decades, BVH has moved to keep pace with transformations to clinical practices and prevailing culture changes necessary for the delivery of care in a long-term setting. BVH has migrated from a traditional, hospital-like model, to creating a home-like environment that enhances the modern Community Living Center (CLC) model. We are continually undergoing retro-fitted upgrades to homes' physical plants that enhance a resident-centered care model and move to create new meal delivery systems/dining experiences in all six facilities. Through appropriate construction and modifications, BVH's construction goal is to incorporate, where possible, these special programs and services within BVH's six facilities. Over the past five years (7/1/2008-6/30/2014), BVH has allocated more than \$140 million to support these construction program goals. In addition, more than \$65 million has been obtained from the USDVA (State Home Construction Grant Program), totaling 47% of the \$140 million. This year, all six veterans' homes are undergoing an upgrade to their back-up electricity generation systems that will make them both more efficient and cost effective.

The Department of Military and Veterans Affairs has also embarked on an initiative to leverage federal dollars through enrollment of eligible residents in Medicare Part D for pharmaceuticals in the state veterans' homes. Two pilot projects have been completed and we are currently expanding enrollment to all six veterans' homes. As of our effective date of July 1, 2013, we have recognized over \$1 million in Medicare Part D revenue.

For FY 15-16, we are continually exploring opportunities for cost-savings and efficiency initiatives for our six state veterans' homes. A key element is striving, where possible, to standardize so that all six homes are providing the same high-level of care in the most cost-effective manner possible.

It's important to remember that only a handful of residents actually pay the full cost of care and that their monthly maintenance fees are calculated based on their ability to pay. The per diem cost is the starting point for calculating the maintenance fees and amount owed under the home's estate recovery program. When implementing our Medicare Part D initiative, we made the determination to allow our residents to deduct insurance premium costs to further lower their monthly maintenance fees. This is just one more way to provide cost-effective measures for our veteran population while leveraging federal revenue.

The quality of our state veterans' homes is shown by the satisfaction surveys of residents and their families and the continuing demand for admissions. In the surveys, our homes' overall satisfaction rate was 94%, compared to an 82% national average for long-term care. Ninety-three percent (93%) of those surveyed from our homes said they were willing to recommend the state veterans' homes, and this compares to an 82% national average.

Pennsylvania National Guard (PNG)

The National Guard is the only military force shared by the state and federal governments. As you can see from our budget, the Guard draws the bulk of its support from the U.S. Government. The National Guard is a great value for America. It is unquestionably the most cost-effective military force for our Nation and our Commonwealth. The Guard is a bulwark for building a stronger Pennsylvania.

Governor Wolf is the commander-in-chief of the PNG when it is not in federal service, and our mission, under his leadership, is to exercise command and control over the 20,000 Soldiers and Airmen who serve in the Guard. The PNG is the third largest National Guard force in America. We prepare these personnel for combat so that the Guard can perform worldwide combat and combat support operations, provide global reach, and project U.S. military power in support of national objectives. We also provide trained military personnel to support and assist state and local authorities in times of natural disaster or emergencies.

The PNG is largely funded by the U.S. Government. In fact, 96% of the funding for the Pennsylvania National Guard comes from the federal government. The Guard relies on federal funding and resources to supply its military equipment, to pay personnel undergoing training for federally-funded duty, and to operate weapons, vehicles, and facilities. Some of these funds are expended directly by the federal government and some go through the state under our Master Cooperative Agreement (MCA) with the National Guard Bureau.

Since 2001, more than 44,000 tours of duty have been performed by PNG Soldiers and Airmen in active federal service. The number demonstrates the fact that, while about 75% of our 20,000 personnel -- Army and Air -- have deployed at least once, many have deployed two or three times. Some have deployed even more often, particularly in the Air Guard, which uses a force generation model that calls for multiple deployments usually of shorter durations.

Today the PNG has fewer personnel deployed than at any time since the post-9/11 build up and the start of the wars in Afghanistan and Iraq. We have a total of 177 Soldiers and Airmen deployed in support of Federal Operations. Of these 177, 9 Soldiers are deployed supporting the South West Border mission in Texas and 1 Soldier is deployed in support of Cyber Operations in the Continental United States. The Breakdown is as follows: The Army National Guard Soldiers has 90 Soldiers deployed on Title 10 orders of which 36 are deployed to Afghanistan (as of 6 March 2014) The Air National Guard Airmen has 87 Airmen deployed on Title 10 orders of which 34 are deployed in undisclosed locations throughout Southwest Asia. In 2014, more than 200 PAARNG Soldiers from engineer, human resources and financial management units deployed to Afghanistan. While current deployments are at the lowest level in nearly a decade, future deployments, particularly of Air National Guard personnel, are expected to increase.

Fulfilling our active federal service mission through overseas deployments in support of contingency operations is just part of the Guard's reach and impact. We are also on call at home to respond to domestic emergencies.

Just this year, Governor Wolf ordered 112 Pennsylvania National Guard Soldiers and Airmen to State Active Duty (SAD) to respond to the winter storm (Winter Storm Juno) that affected large parts of Pennsylvania. It was neither a large deployment nor a long deployment, but it was truly gratifying for me to see how our Soldiers and Airmen can react at practically a moment's notice to help people without power or means of transportation. Since 2010, 7,658 of our National Guard personnel have spent 131,190 workdays on state active duty serving the citizens of the commonwealth in emergency situations or helping our sister states under the Emergency Management Assistance Compact.

As our response to both federal and state operational missions clearly shows, your PNG is truly "always ready, always there."

We in the Guard believe that the National Guard is a great value for America. According to the Reserve Forces Policy Board, the National Guard is significantly more cost effective over its lifecycle delivering capabilities at about 1/3 of the cost of the active component. Instead of being the target of cuts, the National Guard should receive additional funding and equipment because we have proven that the Guard has the capability to undertake major operational responsibilities at much lower costs than the active components.

After a decade at war and numerous domestic operations, today's National Guard is a modern, accessible military force that trains and performs to the same standards as its active duty counterparts. In this cost-conscious budgetary environment, the answer to an affordable defense force lies not in cutting the Guard, but in a return to our roots, a well trained and equipped, community-based, force.

Even as we work together to ensure continued federal funding support for the National Guard, we must not underplay the critical role of state funding in the success of our National Guard. Our National Guard is strong today with the Army Guard in excess of 100% of its Force Structure Allowance, and the Air Guard at 95%. Serving in the Guard is a great part-time job, which offers training and educational opportunities to help our personnel achieve success in their civilian endeavors.

The “armory/readiness center maintenance and repair” line item provides critical funding to address the maintenance needs at our aging state armories. Addressing the backlog of essential maintenance and repair at state armories remains a priority effort, and in FY 2015-16, we will be able to maintain the appropriation at \$245,000, which was reduced in FY 2014-15, because of additional funds available in the State Treasury Amory Fund as a result of the sale of state armories.

The department has implemented a new payroll system for the approximately 20,000 PNG members who could be ordered to SAD by the Governor at any time. Once this order is given, the commonwealth is responsible for paying these individuals and the new process no longer requires manual input of all PNG members into the state payroll system. This new method has resulted in a lower error rate and timely SAD pay and allowances for Soldiers and Airman serving in these missions. DMVA and the commonwealth’s Integrated Enterprise System (IES) have worked collaboratively to change the payroll system for SAD. These changes, combined with systems leveraged from the PNG, allow for more efficient entry and payment to Guard Members, better accountability and increased tracking. DMVA implemented the new system for use for SAD and Special State Duty operations effective October 1, 2014.

The recruitment and retention of qualified, motivated and trainable men and women are essential to all facets of the department’s operations. Enhanced benefits now provided to National Guard personnel include the **Educational Assistance Program Fund**. This program provides grants for eligible PNG members equal to the tuition at any of the Pennsylvania Higher Education Assistance Agency (PHEAA) approved school. This grant provides tuition for full-time students enrolled at the Pennsylvania State System of Higher Education (PASSHE) 14 universities. In addition, this fund provides a stipend for eligible PNG members by means of the Pennsylvania National Guard Medical and Health Officer Incentive Program. Act 78 of 2014, with an effective date of July 1, 2014, was enacted to recruit and retain doctors in residency and other related health professionals. Physicians, Physician Assistants and Resident Physicians will receive \$1,000 per month for up to the first 36 months of service in the Pennsylvania National Guard or first 48 months of medical residency. Behavioral Health Officers, Public Health Officers and Environmental Science Officers will receive \$500 per month for the first 36 months of service.

The Governor’s FY 15-16 budget requests that you appropriate \$9.5 million for this program. This is a level request from FY 14-15, although earlier years had been as high as \$12.8 million. The current request is nonetheless sufficient to ensure that we are able to offer educational assistance grants to approximately 2,900 Guard members. Despite rising tuition costs and an increasing utilization rate, we need only seek a level budget appropriation because of the outstanding support for this program in past fiscal years and the careful management of the fund. EAP grants are by far the most important recruiting and retention incentives that the state offers for National Guard service. As we’ve seen again and again, maintaining the strength of a high quality National Guard force is the key for responding to state emergencies and federal mission requirements.

DMVA strives to ensure that the network of Army and Air National Guard facilities and air bases are adequate to meet existing needs, yet adaptable to future requirements. DMVA has

developed and implemented a long-term plan for anticipated Armory/Readiness Center replacements, air base modernization and development of future sites through existing state and federal construction processes.

With the use of State Capital Funds, DMVA is making significant improvements to many of our existing Readiness Centers (RC). DMVA is currently in year three of a multi-year plan; with four or five RCs scheduled for rehabilitation each year. As of February 2015, we have completed construction on four (4) facilities; have four (4) facilities under construction and seven (7) in various stages of design.

DMVA continues to divest itself of antiquated Armories/Readiness Centers that no longer support the military mission. Of seventeen that were vacated over the last five years, only three (3) remain for disposal. They are Pine Grove, Ridgeway and the Pittsburgh Hunt Armory.

Conclusion:

I thank the Committee for the opportunity to present this written report on the fiscal and operational issues affecting the DMVA. As a result of the commitment of Governor Wolf and his Administration, our agency faces the challenges of the future with the confidence that we can prevail. We can help build a stronger Pennsylvania for our veterans to prosper and the PNG to maintain its force structure and capabilities. Ultimately, we are humbled by the opportunity to work with, and serve, heroes, including our veterans and those in service in the PNG.