

ADMINISTRATIVE COMMITTEE ON VETERANS AFFAIRS
COMFORT INN, BISMARCK ND

March 30, 2017
2:30 PM

Meeting called to order by Chairman Dean Overby. Pledge of Allegiance said and a Moment of Silence observed for POW/MIAs, those serving overseas and Ray Harkema's family. Ray Harkema was Commissioner of Veterans Affairs from 1994 – 2004 and passed away recently.

ACOVA Roll Call:

Present:

Richard Belling	Trish Hodny	Marlin Schneider
Roy Fillion	Marlys Morgenstern	Jim Verwey
Ken Hasby	Dean Overby	Hal Weninger
Jim Haukedahl	Bill Peschel	Alan Wondrasek
Dave Hilleren	Dave Rice	

Absent:

Myron Langehaug, excused

Guests:

Coordinating Council Members
Megan Carranza, U.S. Senator Heitkamp's Office
Ron Otto, Morton CVSO

Speakers:

Adjutant General Dohrmann, ND National Guard

- ▶ Pipeline protests
- ▶ Tracking flood risks, Souris-Mouse River Basin
- ▶ DAPL Protest – law enforcement mission, 1800 licensed peace officers in State; 400-500 on duty per day. Activated over 1400 Guardsmen;
- ▶ Community armories closed. Most communities lost the units in their area.
- ▶ Update on 2017-2019 Budget status in legislature. Star behavioral health to provide training. Healthcare reimbursement bill for guardsmen on active duty.
- ▶ Changes in Military Funeral Honors: each Service have their own funeral honors
- ▶ Military Service Center closings. Costly to operate so while the building is closing, the staff will be housed at Armed Forces Reserve Centers and armories.

Dale DeKrey, Associate Director, Fargo VA HCS

- ▶ New CBOC in Grafton
- ▶ Same-day access in primary care and mental health in Fargo and CBOC. When the veteran is at the clinic, his issues will be addressed that day.
- ▶ Community Living Center (38 beds) will start occupying end of May; 30 new clinic rooms open on April 24; new lab space will be ready late April; Outdoor Healing Garden is essentially done; Urgent Care will be ready late 2018;
- ▶ Employee parking will be a real problem this summer. Parking spots will be used for construction equipment but no visitor parking will be taken.
- ▶ Women's Health initiative – no delivering babies, invitro fertilization funding will be running out.
- ▶ Fargo is a national pilot for the Choice Program. Alaska was also a pilot program but failed, they are now trying to copy Fargo.

Discussion on the Choice program – pro and con

Kelly Schmidt, State Treasurer's Office

The Veterans Postwar Trust Fund is managed by the State Treasurer's Office in conjunction with Edward Jones Company.

The current value of the Fund is \$5.9+ million. Earning income for FY16 is \$108,728.00, FY17 has not yet wrapped up, numbers won't be available until August. Right now the amount is at \$74,718.00.

She gave background information on why Edward Jones was chosen to work with on the PWTF. Knew Troy's parents before she knew Troy. He called to work with Kelly and her husband before she was Treasurer. She chose Troy to work with on the Fund is because he is knowledgeable, his integrity is second to none and he is accountable; strong and capable staff.

Troy Nelson, Edward Jones

Explanation of where the fund was in terms of investments and where it is at now. Over the last 8 year and 3 months, the account is up \$2,355,997.00, 7.38% per year return. That is a net return after all expenses. This year \$6+ million, which is a 4.14% increase.

Jan-Feb 2016, the stock market dropped. PWTF dropped 3.3%

The goal of this fund is perpetuity; growing for future veterans and providing for present veterans.

Commissioner Wangen asked what is a good percentage to grow and yet provide more funding for programs now.

Bond portion is 47% of account, a more conservative risk. Should generate more income in the long run along with the Federal Reserve cutting reserves. It's always a balancing act.

Discussion on getting the returns needed to take care of present veterans and continuing to grow the Fund. What is a reasonable time length to get where ACOVA would like to be in taking care of present veterans needs.

Dave Hilleran asked about the fees charged. Treasurer Schmidt stated the fees paid to Edward Jones are less than 1%, the costs are shared between present veterans and future veterans. The future veterans and the current veterans share in the cost of managing the Fund.

Commissioner Wangen asked about the monthly report that was on the Treasurer's website. Treasurer Schmidt said the report will only be posted once a fiscal year.

Ryan Skor, State Treasurer's Office

Explained the Uniformed Principal Act.

Interest and dividends on stocks and bonds – that will go to ACOVA. Any gains that has appreciated on an asset – that will go back to the Fund.

Expenses are split evenly every month. Trish Hodny stated that creates an uneven percentage in how the expenses are split. Ryan acknowledged there is an inequity. He explained how it worked under the law.

Roy Fillion asked Ryan to draw it out visually for him so it's easier to understand.

Ryan talked about the CD's that were purchased last biennium when the interest earnings were transferred to Fund 410.

Alan Wondrasek was appreciative for the information that was given. The Committee expressed their thanks to Kelly Schmidt, Troy Nelson and Ryan Skor for appearing at the meeting and informing the members about the Postwar Trust Fund.

Mark Johnson, Administrator, ND Veterans Home

- ▶ Building workshop, finished getting roof, setting walls and pouring concrete. Probably open by July 1st.
- ▶ Legislative Session – monies in special funds (\$3 – \$3.5 million) \$2 million used from fund, decreased general funding by \$2 million. No FTE's were lost. Approved in Senate and moved to House. House reduced main operating budget by \$55,000 and added \$250,000 to budget. Fully funded medical records software and nurse call system.

If organizations are going to contribute to the Veterans Home, they should be specific and designate where that donation should go.

Appointments to the Governing Board

Motion by Richard Belling to re-appoint Connie Ebach and Cathy Keogh to the Governing Board, second by Jim Verwey. Friendly amendment to include re-appointment of Gary Skarphol as Chairman of the Governing Board. Motion passed unanimously.

Commissioner's Report – Commissioner Lonnie Wangen [POWERPOINT]

- ▶ SAA Director, Chris Kratochvil, called to active duty in Washington, DC for a year. John Johnson is filling the position temporarily. He wrote the training manual for SAA and is very qualified to help out with other areas.
- ▶ Peggy Swisher retiring March 31, 2017. Her position will not be filled.
- ▶ AmeriCorps Vista's approved: 4 Vista's for 3 years; set-up military credit transfer to college credit; hope to start mid-summer.
- ▶ HRTG Coordinator position: OMB removed \$100,000 from temp salary and required the funds to replace general funds for 2 FTE's and shift the duties to them. Commissioner has found out that the moving of funds isn't allowed under the VA Grant.
- ▶ SAA Director did get some new apprenticeship and OJT programs before he left. He was mobilized for Active Duty on March 9th.
- ▶ Updates on staff presentations and outreach.
- ▶ Update Social Media – Twitter and Facebook accounts.
- ▶ Update on Commissioner's activities. Ross vs Wangen has been decided; summary judgment to dismiss the case.
- ▶ Secretary of VA Honorable David J. Shulkin presented the Commissioner with Pillars of Excellence for work on the Veterans Court.
- ▶ Update on Loans and Grant programs
- ▶ Update on Legislative Bills (agency website)

The Department's Budget bill will be heard in the House Appropriations HR subcommittee at 9:00am. The committee can choose do amendments and change the bill or accept it as is from the Senate. Discussion on Funeral Honor Coins. Committee curious on how the program will work.

Marlys Morgenstern asked about the vans. There is no money in the Department budget for a van. Commissioner Wangen stated a need for one van in 2019.

Trish Hodny asked about the loan program fund. Commissioner Wangen stated we've never considered putting that money into CD's. Trish wondering about making the interest rate more competitive.

The Committee will attend the hearing then return to the Comfort Inn.

Break into subcommittees.
Committee will reconvene tomorrow morning.

March 31, 2017

9: am

Meeting called to order by Chairman Dean Overby. Pledge of Allegiance said and a Moment of Silence observed for POW/MIAs and those serving overseas.

ACOVA Roll Call:

Present:

Richard Belling	Trish Hodny	Marlin Schneider
Roy Fillion	Marlys Morgenstern	Jim Verwey
Ken Hasby	Dean Overby	Hal Weninger
Jim Haukedahl	Bill Peschel	Alan Wondrasek
Dave Hilleren	Dave Rice	

Absent:

Myron Langehaug, excused

Guests:

Chairman Overby asked Commissioner Wangen to go over the House changes on the Department Budget.

Commissioner Wangen:

- ▶ Adjusted cost of health premiums, it came in at a lower rate than anticipated
- ▶ Removed an additional FTE and funding. There is now a loss of 2 FTEs.
- ▶ Removed \$15,000 plus \$4,000 out of base budget and moved it to a Transport van line item. A second van was added
- ▶ Removed \$25,000 from Service Dogs so the funding moved from \$50,000 to \$25,000.

Committee Reports:

Postwar Trust Fund & Appeals Subcommittee:

Postwar Trust Fund report by Dave Hilleren

Discussed PWTF 410 Account and how to read spreadsheet. Appreciated the Treasurer's response to questions. Would recommend service organizations raise money for a van but if they can't then recommend ACOVA put in money to help cover the cost of the van.

Recommended choosing the eagle and the wavy flag for the patriotic license plate. Marlys stated there is room for some verbiage if someone has any suggestions. Discussion on what type of verbiage should be on the plate. It should be something that appeals to the public. This is not a veteran specific plate. \$25 annual fee: \$10.00 goes to DOT, the remainder to the PWTF principal.

Reviewed the strategic plan, made no changes.

Discussed the loan program interest rate, leaving it to the full committee for discussion if they desire to make a change.

Dave Rice asked for clarification on funding for the van. How would a service organization contribute to pay for the van, who would the check be made out to for payment.

Discussion if there is money in the PWTF to obligate for a van. Richard Belling stated the VFW will contribute if all the other organizations will contribute. Commissioner Wangen said Warren Tobin could be contacted to find out if the check could be made out to the DAV.

Marlys Morgenstern stressed that donations will come but the van needs to be paid now. Chairman Overby stressed that money won't be committed if it's not in Fund 410. Commissioner Wangen is trying to get an answer from the VA if they will extend the van mileage and wait until July 1 to get the van.

Discussion if there is money in the PWTF.

Motion by Alan Wondrasek to go with eagle #4 and flag #11 on the patriotic plate with verbiage to come later, second by Hal Weninger. Motion passed.

Marlys believes the integrity of ACOVA is at stake and should provide funding for the van.

Commissioner Wangen reported that Warren Tobin said funding will be talked about at the DAV convention and Colorado Trust will work with Mr. Tobin on a deadline. The VA will waive the mileage on the van in this circumstance.

Motion by Marlys Morgenstern that ACOVA fund one-half the van at \$9,300, second by Alan Wondrasek

Trish Hodny understands where Marlys is coming from but would rather wait to find out the amount of donations before committing money. She feels if organizations know the ACOVA will fund up to \$9,300 donations will only go to a certain amount. She doesn't want to start prioritizing vans over grants since the Committee was criticized when they obligated money to purchase items used by the residents at the Veterans Home.

Commissioner Wangen agreed that there was an issue when items were purchased for the Veterans Home; letters were written and it caused a lot of problems for the Committee.

Commissioner Wangen reported he asked Warren what problems there would be if the van were cancelled. He didn't think it would a problem since it's not ordered. There are options in moving the current vans around to cover the need.

Trish Hodny called for the question.

Committee decided to do a voice vote first. ***Motion fails.***

Trish Hodny asked who gets the money when a van is sold. Commissioner Wangen stated if the van was paid for with PWTF dollars, the money goes back into the PWTF

clearing account (Fund 410). If it's paid by General Funds, the sale dollars will go back to the General Fund or the van goes to surplus property.

Motion by Dave Hilleren to accept report, second by Trish Hodny. Motion passed unanimously.

Appeals Subcommittee – report by Dave Hilleren
No committee action at this time.

Motion by Dave Hilleren to accept the report, second by Dave Rice. Motion passed.

Legislative Subcommittee report by Jim Verwey

Subcommittee met with Coordinating Council in the morning. At the hearing, the Commissioner was forced into prioritizing during a budget hearing. The Commissioner said he would rather have service dogs than vans. The Committee didn't want the Commissioner to have to prioritize programs.

Want to keep any Loan Program changes on their radar as certain changes to the Loan Program need to have Century Code change.

Motion by Ken Hasby to approve report, second by Trish Hodny. Motion passed.

Department of Veterans Affairs & Budget Subcommittee: by Hal Weninger.

Policy #413 reviewed. Review Grant Program income level against other programs, subcommittee voted to leave as is. Reviewed 2015-17 and 2017-19 budgets. Couldn't support the reductions that are taking place with the 2017-19 budget. Subcommittee discussed cost savings for committee meetings. Commissioner's evaluation will be reviewed and will be done by July 1.

Motion by Hal Weninger to accept report, second by Jim Haukedahl. Motion passed.

Next meeting scheduled for June 22 & 23, 2017 at the Comfort Inn, Bismarck.

Round Table Discussion:

Trish Hodny: proposed reducing the interest rate for the Veterans Aid Loans from 8% to 6%, with half going to a refund if it's repaid on time (3%) for the Loan Program.; believes it will make it more competitive. Commissioner will do an analysis of lowering the interest rate and the impact on the fund. Marlys would like to see some marketing for the program.

Wants to go on record that ACOVA does support the transportation program.

Roy Fillion: sad to see the discourse that happened at the Coordinating Council. Thinks it sends a wrong message to the Legislators when people have their own agenda.

Appreciated the State Treasurer's Report

Russ Stabler: Disappointed in how the Coordinating Council meeting went but things got back on track. The Council will kick in \$1,000 for the transportation van. The Coordinating Council has got to go to the Legislators with one voice, any disagreements need to be discussed at the Coordinating Council meeting.

Jim Haukedahl: DAV convention coming up; Marine Corp League organization starting up and will have its first meeting soon.

Bill Peschel: non-legislative times can we have meetings in Fargo? Chairman Overby stated its inexpensive to have a meeting at Camp Grafton but expensive to have a meeting in Fargo.

Hal Weninger: each meeting is a learning curve; learned about the financial affairs of the Department; appreciated State Treasurer's information. Thought they skirted Lonnie's question.

Marlys Morgenstern: packets on how to read the spreadsheet should go to everyone. Can we get word out how to help families since the Military Service Centers are closing. Jim Verwey stated the personnel are moving to the armories.

Lonnie Wangen: Talk to organizations, make calls to Legislators to fix our budget. Wrong in staffing levels since the SAA is its own agency.

Jim Verwey: like to have the Legislative Subcommittee attend the Coordinating Council meetings. Liked the State Treasurer's report with all three providing information. Contact state legislators.

Alan Wondrasek: Got a lot out of the State Treasurer's presentation. Need to have them come more often.

Marlin Schneider: Not sure what's going to happen with Department Budget. Appreciated all the information.

Ken Hasby: Thanks to each and every one of you for time you spend helping veterans. Never too old to learn; over the years I've learned something from the meetings. Maybe meet at Lisbon.

Dave Rice: Good meeting overall. Honor Flight is scheduled for May 14 & 15, taking 90 veterans. Possibly October flight, still have veterans waiting to go; still fundraising. 790am radio station has Veteran's Hour.

Dave Hilleren: meeting was a little more spirited. Faced with dilemma regarding finances. Vietnam Veterans State Convention and picnic will be July 14-16, 2017. Vietnam veterans are very relaxed regarding the attire and convention.

Richard Belling: another great meeting. Visits at the Fargo office periodically. Sending emails and expressing point of view to legislators; got some good emails back. ND Veterans Home Foundation Golf Tournament on June 9th at Mapleton. All money raised goes to the Veterans Home, last year \$4,000 was raised.

Motion by Richard Belling to approve the minutes of December 2016, second by Hal Weninger. Motion passed.

Dean Overby: Thank you to everybody for all you do for veterans. Good to see State Treasurer at the meeting. Still wanting to know how the distribution percentages are decided. Thanked Richard Belling for accompanying him to the capitol for hearings.

Hal Weninger: Dave Rice, what's the most veterans you can take (on honor flight)?

Dave answered about 95 at a time. \$750 fee but the flight is free to veteran.

Hal Weninger: How do we make an organizational or personal donation for the transportation van? Commissioner Wangen will find out and send out an email to the service organizations.

Marlin Schneider: wondered how there is money for the vans. Commissioner Wangen explained that funds came from the NDDVA operating budget so there is money for vans.

Motion to adjourn by Marlin Schneider, second by Trish Hodny. Motion passed.

Respectfully submitted

Jim Verwey
Secretary