



STATE OF MINNESOTA DEPARTMENT OF VETERANS AFFAIRS



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Analysis of the impact of HF 1597 / SF 1244 on Minnesota State Veterans Cemetery operations

Proposed language:

Section 1. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:
Subd. 9. **Burial fees prohibited**. ~~The commissioner of veterans affairs shall establish a fee schedule, which may be adjusted from time to time, for the interment of eligible spouses and dependent children. The fees shall cover as nearly as practicable the actual costs of interment, excluding the value of the plot. The commissioner may waive the fee in the case of an indigent eligible person.~~

No plot or interment fees may be charged for the burial of ~~service members who die on active duty or eligible veterans, as defined in United States Code, title 38, section 101, paragraph (2)~~ eligible persons under subdivision 8.

Current practice:

Pursuant to [Minnesota Statute 197.236](#), the Minnesota Department of Veterans Affairs (MDVA) collects reimbursements from the U.S. Department of Veterans Affairs' Veterans Benefits Administration (VBA), for each eligible veteran burial. MDVA also charges a burial fee for each spouse/dependent burial. Those revenues are held in a special revenue account; the Cemetery Maintenance and Development Account. These funds are used for basic operations, maintenance and the development costs of new cemeteries.

Current fees:

- Cost for Veteran burial - \$0
 - VBA reimbursement is \$749 per veteran
- Cost for Spouse/Eligible Dependent burial - \$745

What is provided?

- Gravesite or Columbarium Niche
- Pre-placed Grave liner (Standard Size)
- Headstone/Niche Cover
- Perpetual Care

Historical:

[Minnesota Statute 197.236](#) was enacted in [1994 Session Law, Chapter 632, Article 3, Section 53](#). The law appropriated \$250,000 from the general fund for FY95 to the Minnesota Department of Veterans Affairs' cemetery development and maintenance account to be utilized for the "...*development, operation, and maintenance of the state veterans' cemetery...*". The section has been relatively unchanged since that time. The exception being that the requirement that the Commissioner must collect "funds available from the Social Security" was removed in 2008 Session Law and multiple cemeteries were authorized. The Commissioner was also now required to apply for "*a plot or interment allowance*" from the Veterans Benefits Administration.

Prior to the development of the Minnesota State Veterans Cemetery at Preston, MDVA had not been fully funded for staffing and operations at Little Falls. The cemetery development and maintenance account has traditionally been utilized to cover general fund shortfalls as well as fund the planning and development of new cemeteries.

Cemetery Planning and Development account expenditure examples:

- Iron content mitigation of the irrigation well at Preston Cemetery- \$325K
- Required equipment and furniture purchases for Preston Cemetery in excess of federal grant allowance - \$499K
- Wetland credits purchase required for wetland mitigation at the Duluth Cemetery development site - \$110K
- Encumbrance to cover construction costs in excess of federal construction grant for Duluth Cemetery - \$319K

Revenues from spouse/dependent burial fees:

Little Falls (Opened in 1994)

- FY12 - \$46,100
- FY13 - \$63,400
- FY14 - \$93,500
- FY15 - \$99,450
- FY16 - \$108,945
- FY17 (to date) - \$79,070

Preston (Opened in 2015)

- FY16 - \$8,195
- FY17 (to date) - \$14,255

Looking ahead:

[Minnesota Session Laws 2011, Chapter 12, Section 37, Subdivision 3](#) provides for MDVA “to acquire land located in southeastern, southwestern and northeastern Minnesota for publicly owned cemeteries, to be operated by the commissioner of veterans affairs.” The veterans’ cemetery in the Southeast (Preston) is operational and the one in the Northeast (Duluth) is under construction. Suitable property in Southwestern Minnesota is in the acquisition process.

MDVA recently received an \$8.35M grant from the National Cemetery Administration (NCA) for the construction of a veterans’ cemetery near Duluth. Construction on this cemetery was started in November 2016 and is expected to be completed in early summer of 2018.

The NCA grant did not fully cover the actual costs of construction and the equipment to operate a fully functional Minnesota State Veterans Cemetery. For the Duluth cemetery, MDVA had to guarantee an additional \$319K in construction funding to ensure the NCA imposed design would be suitable for Minnesota. Further, the NCA grant only allows for \$400K of the grant to be spent on required equipment. To maintain our current standards, minimize personnel and reduce worker’s compensation injuries, we will need an additional \$499K of our own funding for equipment. Under current law, we do not have a need to ask for additional general fund dollars to cover these costs. The cemetery maintenance and development account allows MDVA the flexibility to address those additional expenses.

Conclusion:

The Minnesota State Veterans Cemeteries are funded by the legislature through the general fund for what equates to maintaining basic staffing levels. This funding pays for 7.5 FTE’s at each facility. Additional operating costs like utilities, seasonal staff, facility maintenance and equipment are all funded through the cemetery maintenance and development account, which is composed of VBA burial reimbursements and spouse/dependent burial fees. For FY16, revenues for the two operational cemeteries were \$310,473 in VBA reimbursements and \$117,140 in spouse/dependent burial fees.

The loss of spousal/dependent burial fees, which currently amounts to 1/4 of our revenues, would surely result in additional funding requests from the general fund. It should be noted that the loss of \$117,140 does not represent the overall, long-term loss. Based on current receipts, the loss would actually be nearly \$500K per year, once all four of the authorized cemeteries are fully operational.

As stated previously, our cemetery operations are equipment intensive, which we believe reduces staffing requirements and reduces worker’s compensation injuries and associated costs. We have single pieces of equipment that cost over \$100K at each facility. If one of those items needs replacing, we can currently do so without additional funding requests of the legislature and without disruption of services.

MDVA is charged with completing the establishment of the additional cemeteries in the Northeast and Southwest regions of the state. The cemetery development and maintenance account deposits are vital to the development of those additional cemeteries. Development that MDVA has managed to accomplish to date without additional funding requests of the legislature.

Intact, the cemetery maintenance and development account, composed of federal veteran burial reimbursements and spousal/dependent fees, allows MDVA the flexibility to respond to the operational needs of our facilities and meet our legislative mandate to develop state veterans' cemeteries in the four corners of Minnesota. Besides losing the ability to quickly respond to emerging needs, MDVA would be forced to make additional requests for funding from the state's general fund.