



# **pennsylvania**

DEPARTMENT OF MILITARY  
AND VETERANS AFFAIRS

**Statement of  
Major General Jessica L. Wright  
The Adjutant General  
Department of Military and Veterans Affairs  
to the  
House Veterans' Affairs and  
Emergency Preparedness Committee  
June 5, 2008**

Thank you, Chairman Grucela. On behalf of the Department of Military and Veterans Affairs, I am pleased to present this statement on House Bill 344 to the House Veterans' Affairs and Emergency Preparedness Committee. This legislation would split the current Department of Military and Veterans Affairs into two separate executive departments: a Department of Military Affairs, which would be headed by the Adjutant General, and a Department of Veterans Affairs to be headed by a new Secretary of Veterans Affairs.

My focus today will be on the key questions that I believe need to be addressed as part of the process of considering such a major change in the organization of state government.

- How is Pennsylvania doing in providing services to our veterans and their families?
- What are the problem or issues that a separate Department of Veterans' Affairs is intended to address?
- What are the costs and benefits of establishing a separate Department of Veterans Affairs?
- What alternatives should be considered?

Let me start off by saying again what both I and Governor Rendell have said in the past. We all want what's best for our veterans and their families. If a separate Department of Veterans Affairs can be shown to improve service for our veterans and their families, then we should all support the concept. However, based on what we know now, I don't believe that anyone anywhere has shown that the organizational structure of state

government is a determining factor in the level of services provided to veterans and their families.

**How are we doing today with regard to veterans' programs and services?** I believe Pennsylvania is doing a tremendous job of providing services to our veterans and their families, and we have made great strides in the last few years. We are taking steps, both in terms of organization and operations, to ensure that we will do even better in the future.

In terms of advocacy for veterans' programs and high-level attention to veterans' needs, I think our record is unmatched. Governor Ed Rendell has personally met with the leaders of our veterans' organizations on four separate occasions at the Governor's Residence. These meetings, which were held in 2005, 2007 and 2008, have produced results. The exchange of views at these meetings has resulted in major legislative initiatives to Support our Veterans and improve veterans' services in Pennsylvania. The General Assembly has itself amassed a top-notch record of addressing veterans' concerns and supporting improvements to veterans' programs.

Today's warriors are the veterans of tomorrow. The Department of Military and Veterans Affairs currently oversees the nearly 19,000 men and women who proudly serve their nation and their state in the Pennsylvania Army and Air National Guard, and we oversee veterans' programs that serve Pennsylvania's 1.1 million veterans and their families.

I firmly believe that there is a real synergy that arises from recognizing the inherent relationship between military and veterans' affairs in a single agency. When I brief the State Veterans' Commission, as I do just about every month, most of the questions I'm asked by the leaders of our veterans' organizations focus on current military issues.

Just a few weeks ago, one of the highlights of the Pennsylvania National Guard Senior Leadership Workshop for our commanders and senior non-commissioned officers was a briefing by General Wagner and one of our veterans' service officers on veterans' benefits for our soldiers and airmen. The way the world works today makes it more important than ever for us to communicate to our military personnel – Active Duty, Guard and Reserve – about veterans' benefits, and I believe we are doing a great job in this area.

The benefits of this synergy are shown by more than briefings and discussions. The extensive participation of Pennsylvania National Guard leaders, units and personnel in veterans' briefings, speeches, events, ceremonies, parades and other functions demonstrates the way our Guard programs and veterans' programs work together to benefit both. In the last year, Pennsylvania National Guard personnel participated in 345 veterans' events across Pennsylvania.

I know it's sometimes boring to discuss organizational structure and organization charts, but I believe the recently-approved change to DMVA's organizational structure recognizes the importance of our veterans' programs and their central place in our Department. Our organizational structure was just recently updated for the first time in

many years. It includes Deputy Adjutants General for Army, Air and Veterans' Affairs. The Office of the Deputy Adjutant General for Veterans' Affairs is headed by Brigadier General Scott Wagner, who is with me here today, and consists of two bureaus under General Wagner. We've been working for a couple of years to "right size" the organizational structure of veterans' affairs within our Department, and I believe we have now succeeded. Similarly, the reorganization of our Department's administrative functions under a Deputy for Administration and our facilities functions under a Deputy for Facilities and Engineering promises to enhance the support these vital functions provide to our veterans programs throughout the Commonwealth.

When you look at our state veterans' programs, the last couple of years have been marked by exceptional progress. With no additional staff or funding, we implemented a new WWII Merchant Marine Veterans' Compensation Program that paid over 1173 merchant mariners from World War II a bonus of \$500 each. Our total payments for this program have been **\$586,500**.

We've implemented the new Persian Gulf Conflict Veterans' Compensation Program enacted by the General Assembly and approved by the voters of Pennsylvania. Since we started accepting applications in late March, we've received nearly 2,900 applications. Our first bonus payments were made on April 5, 2008, and so far we've paid out **\$870,400**. We currently have 890 applications pending. I believe our Department has implemented this new veterans' benefit program in a very effective manner, although it took longer than we would have liked to get it up and running. Using a contractor to administer this program, we are providing great service to our Persian Gulf Conflict veterans.

We've implemented changes to the Real Estate Tax Exemption Program for certain disabled veterans, which the General Assembly approved in late 2006. Since the statutory change in how we calculate financial need for the exemption, the number of exempt properties owned by 100% disabled veterans and their spouses has increased from about 1,950 to 2,905 in the last two years.

Our six state veterans' homes continue to be a source of tremendous service to our veterans and their families. At Governor Rendell's request, the General Assembly approved a new approach to budgeting for the veterans' homes in fiscal year 05-06. We now incorporate all six veterans' homes into one line item rather than six separate appropriations. This has allowed our veterans' homes to operate more efficiently by planning for their needs as an enterprise. It also allows for the movement of funds between homes, if necessary, and reduces potential deficits in any one home due to varying revenue streams and to permit funding of strategic purchases, construction and renovations.

This innovation has been a major success. Veterans' homes have been able to meet increases in medical, food, drug and other operating costs with a level operating budget. In addition, homes have been able to replace and update equipment and furniture at each home such as resident beds, furniture, and medical and dietary equipment. The homes have also been able to implement preventative maintenance programs and construction repairs for these aging facilities that will prevent emergency repairs and save the Commonwealth

money. The fiscal year 08-09 plan for the veterans' homes includes continued replacement of aging furniture, equipment and construction.

We have initiated an Enhanced Veterans Reimbursement (EVR) program for our veterans' homes. This approach will allow us to increase federal fund augmentations by identifying residents of our homes who already qualify for medical assistance programs. Implementation of this program should be largely transparent to our veterans. We will continue to admit veterans in the same way and to collect maintenance fees to offset a portion of the cost of their care.

In September 2007 we dedicated a new 32-bed Dementia Unit addition to the Pennsylvania Soldiers' and Sailors' Home, Erie, which will give specialized care and therapies to those in need in a safe and secure environment. The addition to the Pennsylvania Soldiers' and Sailors' Home was a joint effort between the Commonwealth of Pennsylvania and the Federal Veterans Administration.

DMVA is in the process of contracting for a needs analysis and feasibility study for a seventh veterans' home in Pennsylvania. The request for proposal process is nearly complete. I expect the contract to be awarded for this important study within the next couple of weeks. We will have a report by later this year.

At the Scotland School for Veterans' Children, we continue to make substantial strides in upgrading the physical plant at Scotland School. Overall, construction projects totaling over \$20 million have been undertaken or are planned for Scotland School. In addition, we completed a guaranteed energy saving project at the school.

Scotland School continues to graduate outstanding students who are moving on to their adult lives -- a result of the solid base that the administration, trustees, faculty and home life employees create each year. On June 7, Scotland School will graduate 25 students, 24 of whom are going on to college and one of whom is enlisting in the U.S. Marine Corps. What's more, Scotland School has met all the requirements of "No Child Left Behind" guidelines for the last two years, and we are confident that the school will once again make progress this year.

Our other state veterans' programs, such as veterans' emergency assistance, the blind and paralyzed veterans' pension programs and the educational gratuity program continue to function well, and I understand that the General Assembly is considering legislation to make further improvements in these programs.

The commitments to veterans and their families have been matched with funding. From FY 03-04 to FY 08-09, Pennsylvania's spending on veterans' programs has increased from \$74 million to \$104 million per year, an increase of 31%.

**What are the problems that a separate department of veterans' affairs can be expected to address?** Some argue attracting federal dollars for veterans' benefits is a problem area. I agree that no report on how we're doing in providing veterans' services in Pennsylvania would be complete without addressing the issue of how we are doing in attracting federal benefits for our veterans.

When veterans are assisted by well-trained and capable veterans' service officers (VSOs) in filing their Compensation and Pension (C&P) claims, they ordinarily receive much higher federal awards recognizing all aspects of their service-connected disabilities. Representation of veterans who file their claims by a service officer holding the veteran's power of attorney (POA) is a significant factor. A recent report prepared for the U.S. Department of Veterans Affairs indicates that, nationwide, veterans with POA representation receive annual average awards of \$11,162 while those with no POAs receive an average of only \$4,728. The Commonwealth is advancing efforts to enhance the veterans' service officer programs on several fronts.

Recognizing the importance of veterans' service office assistance to our veterans, DMVA now employs 13 veterans' service officers to better serve our veterans. We have more than tripled the number of VSOs employed by the Department in the last three years.

Working together with the General Assembly and our veterans' groups, we implemented the new the Veterans' Service Officer Grant Program for Pennsylvania veterans' service organizations in the current state fiscal year. The purpose of this program is to sustain and improve Veteran Service Officer support in the Commonwealth. The goal of this program is to improve services and maximize benefits for Pennsylvania's veterans.

We awarded about \$450,000 in grants to our veterans' groups for the current fiscal year, and the Governor's Executive Budget for State Fiscal Year 2008-09 includes \$1.7 million for this program. We have already received the grant applications for FY 2008-09, and we hope that the Governor's recommendation will be included in the final budget enacted by the General Assembly.

I note that House Bill 344 defines "veterans' service officer" in a way that seems to exclude the VSOs who work for our state veterans' service organizations from the definition, and the bill makes no reference to the veterans' service organization grant program. I believe this is a serious mistake.

We're working with these private, non-profit veterans' groups to improve services to our veterans and their families. This is a new program, and it will take a few years to fully assess its success, but I believe that the veterans' organizations' veterans' service officers are an important part of the mix that can provide the best service to our veterans.

During Fiscal Year 07/08, 60 of Pennsylvania's 67 counties increased the amount of compensation and pension payments that their veterans received. Veterans' service officers, including those assigned to DMVA and those employed as County Directors of Veterans' Affairs, as well as those working with our veterans' organizations, assisted



Pennsylvania veterans in realizing compensation and pension awards of about \$1.2 billion in the last three fiscal years.

One more point, Pennsylvania, with the fifth largest veterans' population in America, ranks sixth highest in receipt of total federal funding for veterans' programs. In looking at total VA expenditures, Pennsylvania already is well above the national average. On average, states received about \$1.49 billion each in federal VA expenditures in federal FY 07. The VA's total expenditures in Pennsylvania (\$2.8 billion) were nearly twice the national average.

It's true that there is some variation among the states in the average amount veterans' benefits awarded. While we have been doing a great job with new claims over the past few years, long-term averages are based on 60 years of claims history. The U.S. Department of Veterans Affairs tells us that the variation in average awards among the states depends on many factors including military retiree status, period of service, type of disability and veterans' service officer assistance. No study of which I am aware cites evidence to show that the organizational structure of state government is a statistically-significant factor in the variance in federal veterans' compensation among the states. The data indicate that the observed variation across the states has existed for at least the past 35 years.

Another problem that some say will be solved by a separate Department is that veterans' affairs issues do not receive enough attention in a combined agency. Put another way, I've heard it said that while I'm a great friend of the veterans and veterans' programs, I don't have the time to be an advocate for these programs because of the war and the demands of National Guard related issues. I disagree.

As I pointed out, we've made tremendous strides in our veterans' programs during this time of war. No Governor, no Administration and no Adjutant General has devoted as much time to working with veterans' organizations and addressing their issues. I believe our advocacy for our vets and their families is shown in the results we have produced not just in bringing in federal benefits, which is very important, but also in expanding our state programs and reorganizing our Department to do the job even better.

I believe that veterans' programs benefit from having an Adjutant General and a strong Deputy Adjutant General for Veterans' Affairs working together for our veterans. We've shown that veterans and their programs command a great deal of attention.

**What are the costs and benefits of a separate department?** In terms of benefits, I believe that there would be some benefit in terms of the status of a separate department and its agency head. From an operational and mission accomplishment viewpoint, any benefits depend almost entirely on how a separate department is funded and how it operates. There is general agreement that a separate department that is not adequately funded would be no better, and potentially worse, than the current structure.

This brings us to the question of costs. I have not seen a thorough cost estimate of the start-up costs of a separate agency, but I believe they will be substantial in terms of infrastructure, real estate, physical plant, personnel and operations.

The annual operating costs of two departments doing the work that is now performed by a single agency will undoubtedly increase. My staff completed a preliminary estimate of increased annual operating costs and found them to be over \$5 million per year in increased costs to maintain level program efforts. That means the Commonwealth will be spending about \$5 million more per year without any increase in veterans' service officers, any new state veterans' homes or any new grants to veterans' organizations.

Even though veterans' appropriations fund some of the support functions in our Department now, there is no doubt that veterans' programs benefit greatly from the support provided by our Department. In a perfect world where costs were not an issue, it could be argued that the increased bureaucratic costs of a separate department will not affect the spending on veterans and veterans' programs. However, in our real world, every veterans' advocate needs to consider where the funds to be spent on establishing a separate department would best be used.

**What alternatives need to be considered?** When the General Assembly called for a broad-based review of how best to provide services to Pennsylvania veterans and their families, I believe they wanted consideration of a wide range of options. I believe our progress over the last few years has shown a way ahead that needs to be considered. Wouldn't it be wise to build on the success of new and existing programs to make further strides to improve services for veterans and their families? We've added new programs and personnel, and we've reorganized our agency to grow our veterans' programs and build for success.

For example, the General Assembly worked with the Rendell Administration to create the new Veterans' Service Office Grant Program under Act 66 of 2007. This initiative forges a strong partnership between the Commonwealth and the veterans' organizations to provide veterans' service officer programs and outreach. We've expanded our VSO efforts at state level, and we've increased training outreach to the county directors. It seems to me that the General Assembly and the Administration are already pursuing a sound strategy to improve the services we provide our veterans, and we can and must give these approaches the chance to work.

I also want to add a cautionary note about the provisions of House Bill 344. I did not come here today to offer a detailed critique of this bill, but it is clear that it needs substantial revisions. Because this legislation was introduced before some of our more recent initiatives, it would actually be a step backwards in some areas.

If the General Assembly wants to pursue legislation on a separate department of veterans' affairs, everyone will want that agency to be as efficient and effective as possible. The lack of flexibility and bureaucratic overhead in this bill will result in additional costs. From a policy perspective, our goal is to target our efforts, our resources and our dollars where they can produce real results for veterans. Every dollar spent on a new bureaucracy may mean one less dollar spent on veterans' services.

I'm sure the advocates for a separate department share with me and Governor Rendell the goal of providing the best services to our veterans and their families in an effective and cost efficient manner. I believe we are doing a great job of serving Pennsylvania veterans. I believe we need to build on the success of our recent initiatives and give them a chance to work.

Thank you again for the opportunity to make this presentation. I am joined today by Brigadier General Scott Wagner, Deputy Adjutant General for Veterans Affairs, and he and I would be happy to respond to your questions. We are also joined by the Department's Chief Counsel, Dennis Guise, and Deputy for Administration, Suzanne Campbell, and they are available if any of your questions fall within their areas of expertise.