



**Report of
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Acting Deputy Adjutant General for Veterans' Affairs
to the
Senate Veterans' Affairs and Emergency Preparedness Committee
April 20, 2010**

On behalf of Major General Jessica L. Wright, the Adjutant General, thank you for the opportunity to provide this statement to the Senate Veterans' Affairs and Emergency Preparedness Committee. I am joined today by Debbie Stubljar, the Department's Deputy for Administration, and Paul Cain, Director of the Bureau of State Veterans' Homes. Other members of the DMVA staff are also in attendance and can assist in providing information as necessary.

The Committee has asked for an update on issues related to our state veterans' homes and our other veterans' programs. You also asked us to brief you about the Department's position on Senate Bill 1076. I am pleased to provide this written report and a brief overview.

As Deputy Adjutant General for Veterans' Affairs, my mission is to provide top quality services to Pennsylvania veterans and their families and to assist them in obtaining the benefits they have earned through their service to our Nation. Although the federal government, through the U.S. Department of Veterans' Affairs, takes the lead with regard to many veterans' pension, compensation and funding programs, we in Pennsylvania have an important role to play.

Providing services to our veterans is a true partnership involving the federal, state and local governments as well as our veterans' service organizations. At the county level, the County Directors of Veterans' Affairs can provide local assistance to veterans and are the primary sources of information and forms for some of our state programs. We in Pennsylvania are particularly fortunate to have active statewide veterans' service organizations (VSOs) with posts and lodges across the Commonwealth. Several VSOs provide direct services to veterans in need. Our experience has been that all of these services have made, and are continuing to make, tremendous differences in the lives of our 1 million veterans and their families.

Senate Bill 1076

The Department of Military and Veterans Affairs strongly supports this initiative to improve our state veterans' homes. Senate Bill 1076 amends the Military and Veterans Code to provide that future direct-care employees at our state veterans' homes will not be covered by the State Civil Service Commission. The bill does not change the status of current employees at the homes, and it also provides that DMVA will provide veterans' preference in filling these non-Civil Service jobs.

I want to thank Senator Robbins for sponsoring this bill and this Committee for reporting it out with a favorable recommendation last month. There are some misconceptions about this initiative, which has drawn fire from the Civil Service Commission. DMVA believes this is a carefully structured approach focused on the needs of our veterans in our state veterans homes that will give our staff the ability to fill direct care positions in a more efficient and effective manner.

We are not challenging the merits of the Civil Service System or the fine work done by the State Civil Service Commission in many ways. What we are saying is that we believe we can do a better job in serving the long-term care needs of our veterans by implementing a more nimble and agile system of hiring.

The advantages of this approach are many. It is consistent with DMVA's status as a non-civil service agency. It would affect 37 professional and technical job titles within the state veterans' home system. I should note that twelve of these 37 job titles currently have no open Civil Service tests. Although registered nurses and licensed practical nurses are two of these job titles, and they have the largest number of positions, there are many other direct care positions, each with its own set of recruitment difficulties, which would see positive impacts if SB 1076 were enacted. SB 1076 would lead to a simplified application process. We could promptly schedule interviews, and we believe we could substantially reduce the interval between an application or expression of interest and an appointment,

Critics of SB 1076 say it's not needed because there are ample numbers of names of the Civil Service lists for nursing positions. One of our concerns is that such lists become stale. Yes, they contain many names, but it is often a time-consuming process to determine who is really interested and available. The more focused direct hire process we envision will eliminate this availability lag and let us identify and hire the top quality applicants in less time. What's more, it is simply incorrect to say that SB 1076 is only about nurses. It includes social workers and many other positions.

Some have expressed concerns that, when enacted, SB 1076 would diminish the rights of direct care employees in our state veterans' homes. Nearly all the positions affected by SB 1076 are covered by collective bargaining agreements with a number of different unions. The bill makes it clear that it does not diminish or change the collective bargaining rights and remedies of these employees. In fact, over the last five years, only three employees of our state veterans' homes whose positions would be affected by this bill have filed appeals with the State Civil Service Commission. In the same timeframe, nearly 300 have pursued their grievance remedies under their union contracts.

Finally, let me address veterans' preference. One of the reasons why this initiative is focused on a relatively small number of positions in our state veterans' homes is because I can guarantee you that the Department of Military and Veterans Affairs will respect veterans' preference and we will improve outreach and recruitment efforts for veterans in these positions. A points based veterans' preference system is simply not needed to attract and hire veterans when the employing agency – DMVA – has a firm commitment to hiring vets. At the request of Senator Robbins, our staff is drafting and staffing a veterans' preference protocol and guidelines to be implemented when SB 1076 takes effect. It will provide, among other things, for outreach and recruitment policies, meaningful hiring preferences designed to get well qualified veterans into these jobs, and internal administrative review procedures in case an applicant believes he or she has not received the veterans' preference he or she deserves.

State Veterans' Homes.

At the state level, our system of state veterans' homes represents Pennsylvania's commitment to provide high quality long-term care to our veterans and their spouses. I personally believe that Pennsylvania operates one of the best – if not the best – state veterans' home systems in America.

Each year, our six state veterans' homes serve over 2,000 veterans and spouses who receive skilled nursing care and personal care/domiciliary services at our six veterans' homes. At any one time, we have nearly 1,600 residents in our homes, which are located in Philadelphia, Spring City, Scranton, Hollidaysburg, Pittsburgh and Erie. Residents are admitted to homes without regard to ability to pay.

In terms of budget, our veterans' homes are seeking spending authority of about \$175 million for FY 10-11. \$85 million of this is state appropriations, \$31 million is augmentations (including maintenance fees and estate recoveries from residents of the homes) and \$59 million is federal funding, which supports our homes. As you can see, our homes depend on the \$85 million in the state budget in order to be able to operate effectively and provide the services our veterans

expect and deserve. I hope that, as you move forward with budget consideration this spring, you will fully fund our state veterans' homes to the level requested by Governor Rendell.

Our veterans' homes employ about 1,800 Commonwealth employees. I am pleased to report that the homes have been exempted from the overall state hiring freeze, and we have been able to fill more than 95% of the positions at our homes.

Earlier this month, our homes had 942 residents in skilled nursing care, 183 residents in dementia units, and 381 residents in personal care/domiciliary units. As of earlier this month, our total veterans' homes occupancy was 92%. Our skilled nursing care and dementia units were 97% filled and our personal care/domiciliary units were 81% filled. The waiting list for admission to the homes consisted of 353 names.

Our state veterans' homes are, for the most part, doing an exceptional job of serving our veterans. Last year, the homes did a survey of family satisfaction. Our "overall satisfaction" rate was 94%, compared to the 82% national average. And 93% of our families who responded to the survey said they were willing to recommend the home, compared to a national average of 82%.

Our state veterans' homes are subject to inspections from three different agencies: the Pennsylvania Department of Health (skilled nursing care), the Pennsylvania Department of Public Welfare (personal care) and the U.S. Department of Veterans Affairs. In addition to annual surveys and inspection reports, our homes also receive visits from the regulatory agencies to investigate complaints.

I believe the compliance record of the state veterans' homes is good, but not perfect. Of 32 regulatory visits to our homes in the last couple of years, the homes were found in full compliance 27 times. In the other five cases, the homes submitted plans of corrections, all of which were ultimately accepted and completed.

Today, all the units at our homes are in full licensure status except the personal care unit at Southwestern Veterans' Center in Pittsburgh. We received notice last month that SWVC was given a provisional license for its personal care unit. Although the deficiencies identified in the Department of Public Welfare inspection identified no instances of substandard care, there were two repeat violations as well as several other administrative or operational deficiencies. SWVC has submitted a plan of correction, and we believe the personal care unit there well on its way to full compliance.

The SWVC provisional license for the personal care unit was issued based on the results of an annual survey. We had two cases in the last two and half years where provisional licenses were issued because of problems or issues that we ourselves reported to the Department of Health. On New Year's Eve, 2007, a skilled nursing care resident of our Delaware Valley Veterans' Home eloped from the home (that is he left without authorization). The veteran was found deceased on New Year's Day. We conducted an internal investigation and took appropriate remedial actions. The home received a provisional license from January to May 2008.

In a self-reported case at Hollidaysburg Veterans' Home, it was determined that staff members violated standards of conduct and committed resident abuse. Appropriate disciplinary action was taken. The Home was on a provisional license from February until June 2009.

Let me make it clear that when we become aware of violations or deficiencies, we not only take prompt and required actions to report them to the regulatory agencies, we also initiate our own investigations to ensure appropriate disciplinary and administrative responses. In all these cases, we have taken action against the employees who were involved. In some cases, these matters remain under review through the grievance system, and, in at least one case, litigation is pending.

The state veterans' homes provide care for those who have provided service to our Nation and our Commonwealth. We expect our homes to set the benchmark for care, and nothing less is acceptable to us. Attempts to portray our state veterans' homes in a negative light do not accurately reflect the truly outstanding efforts of our homes and their staffs. Let me assure the Committee and our veterans' organizations that the state veterans' home system is committed to being the best of its kind and to providing the best possible care.

One recent initiative to attract more federal funding to support the state veterans' home is our Enhanced Veterans Reimbursement (EVR) program. The EVR program provides federal medical assistance benefits to support the care of residents who meet federal income and resource eligibility criteria. We estimate that this program will attract about roughly \$17 million per year in federal funding and that about one-third of our skilled nursing care residents may qualify to participate. This program is carefully designed to provide these new benefits to eligible residents without penalizing any current residents who do not meet the income and resource eligibility standards. I am pleased to report that, within the last month, the federal government has approved a personal needs allowance for the EVR program. This is one of the last hurdles to implementing this program, retroactive to January 2009.

I am often asked about additional veterans' homes in Pennsylvania. Governor Rendell directed DMVA to contract for a feasibility study and needs assessment for additional state veterans' homes. The study concluded that changes in the aging veterans' population, coupled with new

requirements for how best to house veterans in long-term care facilities and the best mix of facilities across the state, indicate a need for additional veterans' homes in three regions of the state. To some extent, the report focused on optimizing the locations of veterans' homes to meet the need of veterans' populations in light of the fact that most veterans do not want to travel more than 50 miles from home for long-term care. The study also discussed changing the mix of skilled nursing and personal care and the number of residents per room.

I don't believe anyone doubts that many veterans' organizations would like to see more veterans' homes at different locations and many veterans wish there was a veterans' home close to their homes. It is less clear whether this would mean more veterans' home beds or a reallocation of about the same number of beds to different locations and configurations. In any event, there are considerable uncertainties about the funding prospects for additional veterans' homes.

We are currently unable to move forward with consideration of the study's recommendations until we receive some clarification from the U.S. Government on funding for construction and operation of new veterans' homes. We can take some preliminary steps at state level, but the chances of securing federal approval for a new home in Pennsylvania look very slim at this time.

Disabled Veterans Real Estate Tax Exemption Program

The state veterans' homes program commands many times more resources and more staff than all our other state-operated veterans programs combined. Let me turn now to some other veterans' programs and issues.

This Disabled Veterans Real Estate Tax Exemption Program provides that the principal residence of a 100% disabled veteran and the unmarried surviving spouse of the veteran shall be exempt for all real estate taxes provided the applicant shows a need for the exemption. This program is based on a provision of the Pennsylvania Constitution, as well as various statutory provisions.

In 2007, a new law that created a rebuttable presumption of financial need took effect. As a result of a change to the law, more disabled veterans than ever have qualified for the real property tax exemption on their principal residence. In June 2006, there were 1,951 exempt properties in Pennsylvania; today the number is 4,640. This program provides disabled veterans and surviving spouses with real estate tax savings of more than \$15 million per year statewide.

The same change in the law that created the presumption of financial need also changed the interval between reviews of eligibility from 2 years to 5 years. We had hoped that the change to the time between review applications would reduce the number of pending applications at any

one time, but, as you can see, the explosion of new applications, which involve more intensive review requirements, has more than offset the advantage caused by changing the review period.

I am pleased to report that my office has reduced the backlog of new applications undergoing review by over 20% in the last year. As of today, about 400 new applications are pending. There is no backlog with renewal applications.

DMVA not only makes a determination on the need for the exemption, but we also review the documentation to support the other eligibility requirements. These include documents submitted by the U.S. Department of Veterans' Affairs. We have made, and are continuing to make, changes to the process so that most applications can be processed much more quickly, while those with documentation or verification issues may take more time.

The process for determining need for the tax exemption is more complicated today than it was in the past. As a result of a court decision in the case of Vanderhoef v. Susquehanna County Board of Assessment, it is now the duty of the State Veterans' Commission, not the taxing authority, to determine the financial need for the exemption in the context of how much land should be exempt. We were honored that Chairman Baker could join us at this month's State Veterans' Commission meeting. She can tell you firsthand how complicated and time consuming the process for determining the land area for which the applicant shows financial need has become.

The State Veterans' Commission appointed a working group to look at the Disabled Veterans' Real Estate Tax Exemption Program and make recommendations for improvements to the law. The working group is expected to report back to the State Veterans' Commission at its June meeting. Some of the recommended actions may require an amendment to the state constitution while others require statutory changes. After the State Veterans' Commission completes its review of these recommendations, we will report on them to the House and Senate Veterans' Affairs and Emergency Preparedness Committees.

Persian Gulf Conflict Veterans' Benefit Program

Approved by the voters of Pennsylvania in November 2006 and implemented in 2007, the Persian Gulf Conflict Veterans' Benefit Program, also known as the Persian Gulf Bonus, continues to provide benefits to Pennsylvania veterans of the 1990 to 1991 Persian Gulf conflict. So far, this program has paid out nearly \$3 million to about 6,700 Pennsylvania veterans. The average payment is about \$430 per veteran.

Our veterans are grateful to Governor Rendell and the General Assembly for enacting this program. As you may recall, the Persian Gulf bonus failed to win approval the first time it was

proposed, but thanks to the hard work of our veterans' organizations, it was finally approved. Pennsylvania has paid a bonus to combat veterans after every war since World War I, and the Persian Gulf Bonus is a fitting recognition for those who served overseas in support of Operation Desert Storm.

When we were estimating the impacts of the bonus, we estimated that as many as 30,000 Pennsylvania veterans might be eligible for some bonus payment under this program. In the nearly three years this program has been in effect, we have attracted just over 8,000 applications and made nearly 7,000 bonus payments. It appears that we overestimated the number of eligible veterans who would apply and applications have been slower to be submitted than we expected. We are continuing our outreach and information efforts, and we hope that all veterans of the Persian Gulf Conflict have the opportunity to apply before this program expires in 2015.

Other State Veterans' Benefit Programs.

Compared to our state veterans' home, real estate tax exemption and Persian Gulf bonus programs, our other state veterans' benefits reach relatively few veterans. The programs providing pensions to paralyzed and blind veterans and emergency assistance to veterans in need continue to work well and within their budgets. So too does our educational gratuity program for children of eligible deceased or disabled veterans. The number of participants in these programs may be small, and the benefits may be limited in amount, but they do make a difference for those who are eligible.

Veterans' Service Organization (VSO) Grant Program

One of the great initiatives of the last few years has been the Veterans' Service Organization Grant Program. Through grants to our veterans' organizations, we have provided assistance and service to many veterans in need.

The funding for this program is necessarily constrained by the Commonwealth's difficult budget situation. For FY 10-11, our state budget includes \$1.678 million to support this program. This represents level funding for this program, which in itself is something of a victory in light of the cuts in other areas. DMVA has received and is currently evaluating grant applications from our veterans' organizations seeking grants of more than \$3 million for next fiscal year. I know our veterans' service organizations could put these monies to good use and provide accredited veterans' service officer support to veterans in underserved areas of the Commonwealth. The bottom line is that we hope the \$1.678 million budget is approved, and we assure you that this money will be put to good use by our veterans' service organizations.

Next fiscal year will be the third full fiscal year for the VSO grant program, and I can tell you that we are receiving better information, more detailed reports, and better applications for grants than ever before. This program is still in its infancy in some ways, but I believe it has proven its value to the Commonwealth and our veterans. I believe that we now have enough experience with the program to recommend some minor tweaks that will improve this program.

Governor's Veterans Outreach and Assistance Centers

As you know, the Governor's Veterans' Outreach and Assistance Center program, funded by a federal grant to the Department of Labor and Industry, has been discontinued. Frankly, there is very little that DMVA can say about this program because it always functioned entirely under the jurisdiction of our sister agency. The federal grant funding was focused on jobs programs for veterans, and the Department of Labor and Industry clearly possessed the expertise with regard to these jobs and training programs. I understand that functions related to jobs performed by the GVOACs have been shifted to the CareerLink centers. I believe that any questions about this program need to be directed to Labor and Industry. Proposals to reopen GVOACs by shifting them to DMVA must recognize the restrictions on use of the available federal funding.

I understand that over the years, some or all of the GVOAC offices began to function as clearing houses for veterans' information and services. These offices did not provide the services of accredited veterans' service officers. Today we rely on the services provided by our County Directors of Veterans' Affairs, as well as those provided by our veterans' service organizations and DMVA's own VSO programs.

Conclusion.

Coordination of services and benefits not only makes good sense from an operational viewpoint, but it represents the clear direction of the Administration and the General Assembly. From time-to-time, I hear concerns that the various sources of assistance to veterans are somehow in competition with one another. Our view at DMVA is we can be most successful in providing much needed services and assistance to our veterans and their families if we work together at all levels of government -- federal, state and local -- in partnership with our veterans' organizations. A recent report from the U.S. Department of Veterans' Affairs shows that Pennsylvania is now sixth in the number of new claims processed in recent years. Pennsylvania veterans received more than **\$1.5 billion** in VA pensions and compensation in the last year.

There is plenty of credit to go around for this success. Veterans' service officers from DMVA and the County Directors of Veterans' Affairs and our fine veterans' service organizations all played an important role. It is not a question of who gets the credit; it's a question of how we can coordinate our efforts to do even better in the future.

Of course our veterans' programs face challenges, particularly in a time of lean budgets and fiscal crisis. But we can and will live up to commitment to care for those who have borne the battle and their families by making our state veterans' programs even better and by assisting veterans in obtaining their federal veterans' benefits.