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ANNUAL REPORT
FISCAL YEAR 2004
MINNESOTA DEPARTMENT OF VETERANS AFFAIRS

Presented to:

GOVERNOR PAWLENTY
and
THE MINNESOTA LEGISLATURE

Presented by:

THE MINNESOTA DEPARTMENT OF VETERANS AFFAIRS

Jeffrey L. Olson
Commissioner

Michael Pugliese
Deputy Commissioner

The Minnesota Department of Veterans Affairs is committed to serving Minnesota's veterans and their dependents.

The following is a summary of activities of the Minnesota Department of Veterans Affairs for Fiscal Year 2004, including the latest information on the continuing services the Department provides state veterans and their dependents.

Sharing in the Department's commitment to helping former military personnel are the Minnesota County Veterans Service Officers who provide counseling and administrative assistance to these veterans and their dependents and survivors at the community level. County Veterans Service Officers provide advice, guidance, and assistance in accessing federal and state programs they may be in need of.

The Minnesota Department of Veterans Affairs and County Veterans Service Officers work closely with the United States Department of Veterans Affairs Medical facilities and Regional Offices in this and neighboring states to help veterans obtain access to health care services as well as other veterans benefits.

This cooperative, rather than adversarial relationship between the department and our federal counterpart provides greater access to veterans healthcare services, which saves the State of Minnesota and its counties funds which would otherwise be provided through Medicaid, a more costly approach to healthcare. Additionally, this close working relationship ensures that Minnesota's veterans, their dependents and survivors receive the fullest measure of federal benefits and entitlements to which they are entitled.

The total Dollar amount of Benefits received by Minnesota's veterans, their dependents and survivors, including military retirees, substantially exceeded **\$1 Billion** in Federal Fiscal Year 2004.

This large amount of money is infused directly into the economy of the state and is due in no small part to the dedicated men and women who serve Minnesota's veteran community. The following graph depicts the sources of this income to veteran residents of Minnesota, their dependents and survivors.

Compensation and Pension Benefits	\$424,438,000
Medical Services and Treatments	\$429,737,000
Insurance Dividend Payments	\$39,350,000
Vocational Rehabilitation and Education	\$27,084,000
Medical, Construction	\$3,386,000
Total, USDVA Payments	\$923,995,000.00
Number of Military Retirees, FY 2004	15,108
Total, Military Retired Pay	\$245,323,704.00
Total, Veterans Benefits received by Minnesotans	\$1,169,318,704.00

Since its creation by the Minnesota Legislature in 1943 to provide assistance and benefits to returning World War II veterans, the Department of Veterans Affairs has provided benefits and services to three additional generations of veterans: those from the Korean War, the Vietnam War, and most recently, veterans from the Persian Gulf War.

The following tables reflect the current number of veterans in Minnesota along with the number of their dependents and the breakdown of the number of veterans by their respective periods of service.

Veterans	446,968
Dependents	1,793,400

World War II	90,206
Korean War	62,681
Vietnam	146,799
Post Vietnam	57,744
Peace Time Only	89,434

Minnesotans have served honorably in all of this nation's conflicts and wars since the United States Civil War. Many Minnesotans currently serve on active duty in our armed forces across the world. With an increased reliance upon the use of National Guard and Reserve personnel to complement active duty troop strength, many Minnesotans are called to active duty, leaving their families and careers behind while protecting our state and nation. This increased use of National Guard and Reserve personnel has contributed to an increase in the number of Minnesota veterans.

Number of Minnesota Veterans Who Served During War Time

War Period	Dates	Number Served	Deaths in Service
U.S. Civil War	1861-1865	24,020	unknown
Spanish American War	1898-1902	8,498	221
World War I	1917-1923	119,000	1,430
World War II	1941-1945	326,000	6,284
Korean War	1950-1955	137,000	688
Vietnam War	1961-1975	175,000	1,073
Persian Gulf War	1990-1991	12,000	7
South West Asia	2003 -	Unknown	12

OFFICE OF THE COMMISSIONER

The Office of the Commissioner is responsible for the overall management of the Department of Veterans Affairs. The Commissioner is assisted in the discharge of these duties by the Deputy Commissioner.

The Commissioner's Office fosters and maintains close working relationships with the Legislature, the United States Department of Veterans Affairs, the men and women of the Minnesota County Veterans Service Officers Association and the United Veterans Legislative Council. The Commissioner's Office also works closely with the Commanders Task Force, comprised of the Commanders of the Congressionally Chartered Veterans Organizations that are active in Minnesota. These mutual efforts ensure that Minnesota's veterans and their dependents are fully informed of and receive every benefit to which they are entitled.

The Commissioner's Office is leading the statewide effort to raise funds for the construction of a monument on the Court of Honor to the World War II veterans of Minnesota. This monument, authorized by the 2000 legislature, which provided \$150,000 for the design, required the department to raise a like amount for the design phase of the project.

The construction phase of the project is anticipated to cost \$1 million, one-half of which must be raised from non-state funds. The department has exceeded its' charge of raising the required match of \$500,000 which is required to be in hand before construction can begin on the memorial. The department continues to accept donations to the memorial fund; funds received in excess of construction costs will be used to maintain the memorial.

The Capitol Area Architect Planning Board has announced the site selection for construction of the Minnesota World War II Veterans Memorial. The general location of the site, as approved by the CAAPB, is the entire Minnesota Court of Honor, located on the Capitol Mall in front of the State Veterans Service Building, between the existing Vietnam and Korean Veterans Memorials. The winning design for the Minnesota World War II Veterans Memorial is available for review at the department's website: <http://mdva.state.mn.us/PublicWebSite/>

A bonding bill which would have allocated \$500,000 in state funds for construction of the memorial was not enacted by the 2003-2004 session of the Minnesota Legislature. Construction of the memorial cannot begin without the necessary appropriation of state funds; it is hoped that the legislature will appropriate the funds necessary to allow construction of the Minnesota World War II Veterans Memorial.

ADMINISTRATIVE MANAGEMENT DIVISION

The Minnesota State Veterans Cemetery

The Minnesota State Veterans Cemetery, located 7 miles north of Little Falls, opened in June of 1994. The cemetery was originally established through the efforts of many individuals and veterans organizations. Today, the cemetery is operated by the Minnesota Department of Veterans Affairs.

Burial in the Minnesota State Veterans Cemetery is available to all veterans who have been separated from active duty military service with a discharge issued under honorable conditions. Spouses, minor children, and under certain limited conditions, unmarried adult children of eligible veterans are also eligible for burial in the cemetery. Spouses of eligible veterans may be buried at the Minnesota State Veterans Cemetery even if they pre-decease their veteran spouse.

Members of the Reserve Components, the National Guard and Reserve Officer Training Corps who die while on active duty or while performing active duty for training are eligible for burial. Members of the National Guard and Reserve components who have completed 20 years of creditable service for retirement purposes may also be buried in the cemetery.

The Minnesota State Veterans Cemetery, along with state veterans cemeteries located in other states complements the National Cemetery System. The National Cemetery Administration provides grants to state cemeteries for the development, expansion or improvement of state cemeteries. No financial assistance or funding is provided by the National Cemetery Administration for the operation or maintenance of state veterans cemeteries.

In 2002 the Minnesota State Veterans Cemetery was awarded a grant for \$3.5 million by the United States Department of Veterans Affairs National Cemetery Administration for the further development of the cemetery. Development included extensive landscaping, the addition of roadways, installation of an automated irrigation system as well as a flag assembly area. Funding was also used to create a columbarium for placement of cremated remains and a memorial walkway. The centerpiece of the improvements was the construction of a new committal service hall with attendant office space. Construction began in April, 2002 and was completed November 2003.

The Minnesota State Veterans Cemetery is a beautiful facility which has been created to provide a dignified final resting place for the 1,716 Minnesota veterans who have been buried there to date. Family members of veterans buried in the Minnesota State Veterans Cemetery have expressed their satisfaction with the facility and most importantly, have made many favorable comments regarding the services provided by the staff of the Minnesota State Veterans Cemetery.

VETERANS BENEFITS DIVISION

State Soldier's Assistance Program

This program uses funds appropriated by the legislature to provide temporary, subsistence level emergency financial assistance to veterans and their families.

Eligible veterans and their dependents receive emergency financial assistance through the State Soldier's Assistance Program for up to a maximum of six months. Applicants who require assistance in excess of six consecutive months must provide written certification that they are not eligible to receive other financial assistance such as general assistance benefits.

The State Soldier's Assistance Program also provides limited financial assistance for eligible veterans and their dependents with the costs of dental and optical services. During the past fiscal year more than 2,000 Minnesota veterans and their dependents received services under the various programs provided by the Benefits Division.

Veterans and War Orphan Education Programs

This program provides a one time state grant of \$750 to eligible veterans who have exhausted through use their federal educational entitlement. To be eligible to receive this benefit, veterans must have been a resident of the state at the time they entered onto active military duty and for six months prior to entry onto active duty.

War orphans are those dependent children whose veteran parent died while serving on active military duty or as the result of wounds or injuries incurred while serving on active duty. War orphans are provided a yearly grant of \$750 to help defray the costs of books, fees, supplies and room and board until they attain a bachelors degree or the equivalent of a bachelors degree. War orphans may attend state supported public post secondary educational institutions, other than institutions which comprise the University of Minnesota system, free of tuition and fees.

During the last fiscal year, a total of \$43,595 was expended to assist 58 war orphans and veterans under the provisions of this program.

Financial Guardianship Division

The Department of Veterans Affairs Guardianship Division provides financial guardianship services to Minnesota veterans and their dependents who have been adjudicated incompetent to handle their own financial affairs. These services include receipt of income and management of any real property together with such personal property as the veteran might possess.

Clients who have an income adequate enough to meet their normal living expenses are charged a monthly fee of 5 percent of their on-going monthly income for services provided. Individuals with limited resources are not charged a fee for this service.

In Fiscal Year 2004, a total of \$37,193.82 in fees were collected and deposited in the state general fund. The Financial Guardianship Division manages nearly \$1.3 million annually in client income, as well as approximately \$2.6 million in client assets.

An annual accounting of all transactions made on behalf of clients, client assets and income is made the United States Department of Veterans Affairs and the court of competent jurisdiction. In Fiscal Year 2004 the Financial Guardianship Division provided services to 60 veterans.

FORT SNELLING AND FARGO CLAIMS DIVISION

The department's Claims Division provides quality claims representation and service to Minnesota veterans and dependents who are pursuing claims for benefits from the United States Department of Veterans Affairs.

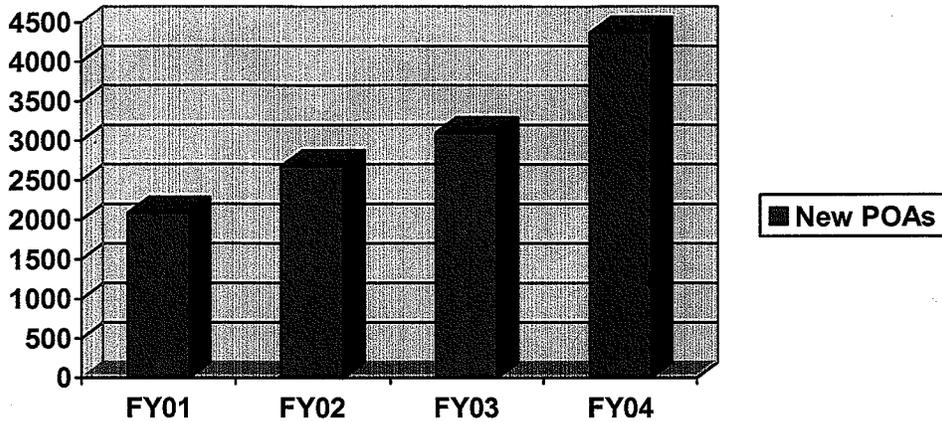
The veteran population in Minnesota has been increasing in recent years due to our Nation's involvement in the conflicts in Southwest Asia. Older World War II and Korean War veterans are presenting claims for benefits in ever increasing numbers; particularly claims for health care benefits.

The 1990-1991 war in Iraq, as well as the current conflict there has resulted in many National Guard and Reserve personnel being activated for duty in the theater. These individuals, many of whom did not meet the active duty requirements necessary to be classified as veterans prior to activation, will attain veteran status upon discharge.

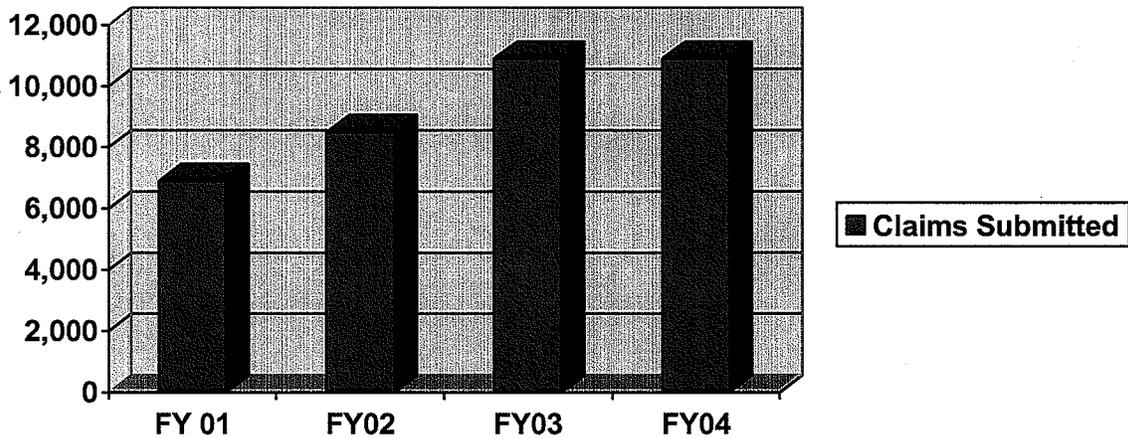
Minnesota members of the National Guard and Reserve forces are serving on active duty in many other areas including Bosnia, Kosovo, and the Middle East. These individuals will also attain veterans' status upon release from active duty.

Recent changes at the federal level have resulted in an increased number of claims from veterans of the 1991 Gulf War for compensation benefits due to exposure to chemical and biological agents in addition to claims for benefits based upon a recognized medical condition known as Gulf War Syndrome. Publicity and educational efforts by the department have made many Gulf War veterans aware of these conditions, the availability of treatment for these conditions as well as compensation benefits for these conditions.

It is anticipated that taken together, these veterans will continue to drive the demand for representation of claims for benefits and services at the departments' claims offices.



During Fiscal Year 2004 more than 13,000 claimants were represented before the United States Department of Veterans Affairs. Veterans represented by our claims division received in excess of \$180.5 million in federal veterans benefits as a direct result of the efforts of the departments claims offices.



Our Claims Division has begun an outreach program to systematically contact veterans we represent to determine if they are eligible for increased benefits. The first project of the program was to contact veterans who are service connected for diabetes. After four months these veterans benefits have increased by nearly \$250,000.

The department also undertook a similar effort to inform Vietnam veterans of a recent United States Department of Veterans Affairs decision that Hepatitis C and Type II Diabetes (adult onset) were found to have also been caused by exposure to Agent Orange. A similar effort to locate and contact these veterans to inform them of their benefits was undertaken by this department.

VETERANS PREFERENCE ENFORCEMENT

During Fiscal Year 2004, the Department of Veterans Affairs experienced continued demand for enforcement of the rights due veterans under the provisions of the Veterans Preference Act, as illustrated by the number of active veterans preference petitions for enforcement that have been filed with the department.

Continuing educational efforts by the department ensures that all veterans are aware of their rights and protections available under the Minnesota Veterans Preference Act. During fiscal year 2004, the department closed 14 petitions for enforcement of the veterans preference act; there are 6 active petitions awaiting resolution.

The department has also increased efforts to inform political subdivisions of their responsibilities and rights under the Veterans Preference Act so as to avoid the expense and delay of administrative and judicial relief. It is hoped that this preventive action will reduce the number of petitions that must be filed by veterans whose rights have been violated by political subdivisions.