

Department of Veterans' Services

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	792.3	792.3	792.3
Personal Services	1,641,000	1,600,000	1,600,000
Employee Related Expenditures	576,000	600,000	600,000
Professional and Outside Services	(30,000)	60,000	60,000
Travel - In State	195,000	100,000	100,000
Travel - Out of State	8,000	0	0
Other Operating Expenditures	643,000	541,700	541,700
Equipment	30,000	20,000	20,000
OPERATING SUBTOTAL	3,063,000	2,921,700	2,921,700
SPECIAL LINE ITEMS			
Arizona State Veterans' Cemeteries	967,000	970,300	970,300
Arizona State Veterans' Homes	44,194,000	60,994,800	60,994,800
Gila County Veterans Retreat	3,000,000	0	0
Homeless Veterans' Reintegration Program	1,175,000	0	0
Tribal Connectivity Project	122,000	0	0
Veterans' Benefit Counseling	3,332,000	3,713,100	3,713,100
Rural Tribal Nations Veteran Benefit Counseling	1,429,000	2,217,900	2,217,900 ^{1/}
Veterans Center Funding	0	500,000	0
Veterans' Support Services	725,000	1,226,100	1,226,100 ^{2/}
Veterans' Trauma Treatment Services	0	450,000	450,000 ^{3/}
Veteran Suicide Prevention Training Pilot Program	0	0	0
AGENCY TOTAL	58,007,000	72,993,900	72,493,900 ^{4/}
FUND SOURCES			
General Fund	13,813,000	11,999,100	11,499,100
<u>Other Appropriated Funds</u>			
State Homes for Veterans Trust Fund	44,194,000	60,994,800	60,994,800
SUBTOTAL - Other Appropriated Funds	44,194,000	60,994,800	60,994,800
SUBTOTAL - Appropriated Funds	58,007,000	72,993,900	72,493,900
Other Non-Appropriated Funds	4,195,500	2,790,100	2,790,100
Federal Funds	5,700,000	200,900	200,900
TOTAL - ALL SOURCES	67,902,500	75,984,900	75,484,900

AGENCY DESCRIPTION — The agency supervises and operates skilled nursing homes for Arizona veterans, assists veterans in developing and filing claims for federal entitlements, and operates several veterans' memorial cemeteries across the state.

FOOTNOTES

- ^{1/} Monies appropriated for the rural tribal nations veteran benefit counseling line item shall be used for veterans' services officers to provide services in rural tribal nations in this state that have communities that are located one hundred miles or more from the nearest United States department of veterans' affairs service center. (General Appropriations Act footnote)
- ^{2/} The amount appropriated for veterans' support services line item shall be distributed to a nonprofit veterans' services organization that provides support services among this state's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. Before the expenditure of the monies, the department shall submit an expenditure report to the joint legislative budget committee that includes the status of non-state matching grant monies. (General Appropriations Act footnote)

- 3/ Monies appropriated for the veterans' trauma treatment services line item shall be used to provide grants to contractors as defined in section 36-2901, Arizona Revised Statutes, that provide trauma treatment services training to any of the following health professionals licensed pursuant to title 32, Arizona Revised Statutes:
1. Physicians.
 2. Registered nurse practitioners.
 3. Physician assistants.
 4. Psychologists.
 5. Behavioral health professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner or behavioral health professional licensed pursuant to title 32, Arizona Revised Statutes, for independent practice. (General Appropriations Act footnote)
- 4/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The Baseline includes \$2,921,700 and 46.8 FTE Positions from the General Fund in FY 2026 for the operating budget. These amounts are unchanged from FY 2025.

Arizona State Veterans' Cemeteries

The Baseline includes \$970,300 and 12.5 FTE Positions from the General Fund in FY 2026 for the Arizona State Veterans' Cemeteries. These amounts are unchanged from FY 2025.

Monies in this line item are used to partially offset the operating and maintenance costs for the 3 veteran cemeteries in Sierra Vista, Marana, and Camp Navajo. The department also receives interment fees from the federal government, which are deposited into the non-appropriated Arizona State Veterans' Cemetery Trust Fund.

Additionally, the U.S. Department of Veterans Affairs (VA) awarded Arizona Department of Veterans' Services (ADVS) \$1,910,200 in FY 2024 to expand the Camp Navajo cemetery. The department used these monies to build infrastructure for additional placements, among other improvements. The Marana cemetery also received a similar award of \$3,366,300 in FY 2023.

Arizona State Veterans' Homes

The Baseline includes \$60,994,800 and 644 FTE Positions from the State Homes for Veterans Trust Fund in FY 2026 for the Arizona State Veterans' Homes. These amounts are unchanged from FY 2025.

The monies in this line item are used for expenses related to the Arizona State Veterans' Homes. Monies in this line item are from fees and reimbursements received from residents, the VA, Medicaid, Medicare, and private insurance carriers.

ADVS operates the Phoenix Veterans' Home, a 104-bed facility serving an average of 79 individuals between July and September 2024. The Tucson Veterans' Home has a 120-bed capacity serving an average of 113 individuals between July and September 2024.

A third home in Yuma opened in October 2022 and currently serves 43 individuals. After experiencing several delays, a fourth home in Flagstaff opened in November 2024. The FY 2023 budget increased the department's appropriation authority to annualize the operating costs of both the Yuma and Flagstaff homes. Each of these homes has an 80-bed capacity.

Additionally, the department plans to build a fifth home in Northwestern Arizona. *(Please see the Other Issues section for further details on the Northwestern Arizona home.)*

Veterans' Benefit Counseling

The Baseline includes \$3,713,100 and 69 FTE Positions from the General Fund in FY 2026 for Veterans' Benefit Counseling. These amounts are unchanged from FY 2025.

The monies in this line item are used to assist Arizona veterans with questions about benefit eligibility, completion and filing of VA claims, and in obtaining earned benefits. *(For more information on benefit counseling within ADVS, please see Rural Tribal Nations Veteran Benefit Counseling.)*

Rural Tribal Nations Veteran Benefit Counseling

The Baseline includes \$2,217,900 and 20 FTE Positions from the General Fund in FY 2026 for Rural Tribal Nations Veteran Benefit Counseling. These amounts are unchanged from FY 2025.

The monies in this line item fund Veteran Service Officers who provide benefit counseling for tribal nation

communities located 100 miles or more from the nearest U.S. Department of Veterans Affairs service center. *(For more information on benefit counseling within ADVS, please see Veterans' Benefit Counseling.)*

Veterans Center Funding

The Baseline includes no funding in FY 2026 for Veterans Center Funding. Adjustments are as follows:

Remove One-Time Veterans Center Funding

The Baseline includes a decrease of \$(500,000) from the General Fund in FY 2026 to remove one-time veterans center funding. The FY 2025 budget required the department to distribute the funds to a veterans center that provides referral services for employment and job training, housing, and utility assistance.

Veterans' Support Services

The Baseline includes \$1,226,100 from the General Fund in FY 2026 for Veterans' Support Services. This amount is unchanged from FY 2025.

Funding for this line item shall be distributed to a nonprofit veterans' services organization that provides support services, including suicide prevention, to Arizona's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. The program currently includes a 24/7 hotline, career navigation services, and resource mapping. Prior to spending the appropriation, the department is required to submit an expenditure report to JLBC that includes the status of non-state matching grant monies.

Veterans' Trauma Treatment Services

The Baseline includes \$450,000 from the General Fund in FY 2026 for Veterans' Trauma Treatment Services. This amount is unchanged from FY 2025.

Monies appropriated for this line item shall be used to provide grants to contractors as defined in A.R.S. § 36-2901, that provide trauma treatment services training to any of the following health professionals licensed pursuant to Title 32, Arizona Revised Statutes: Physicians, Registered Nurse Practitioners, Physician Assistants, Psychologists, and Behavioral Health Professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner, or behavioral health professional licensed pursuant to Title 32, Arizona Revised Statutes, for independent practice.

Veteran Suicide Prevention Training Pilot Program

The Baseline includes no funding in FY 2026 for the Veteran Suicide Prevention Training Pilot Program. This amount is unchanged from FY 2025.

The FY 2024 budget included \$600,000 from the General Fund for the pilot program. The budget included a footnote specifying that the pilot program will provide training and certification to veterans-facing staff throughout the state on identifying indicators of elevated suicide risk in veterans and providing emergency crisis referrals. The budget also required the department to submit a report by July 30, 2024, to the Senate President and the Speaker of the House of Representatives that includes recommendations for improving the program.

After passage of the FY 2024 budget, Laws 2023, Chapter 199 established the pilot program as permanent law and additionally requires the department, in its final report, to recommend whether the program should be continued. The monies were appropriated as non-lapsing. In its FY 2026 budget submittal, the department reported it has not yet spent the FY 2024 appropriation.

Other Issues

Northwestern Veterans' Home

The FY 2022 budget originally included \$25,000,000 from the General Fund for the construction and establishment of a veterans' home facility in Northwestern Arizona. The state funding represents 35% of the cost of the facility while federal matching funds would pay for the remainder. To be eligible for federal funds, the state would need to finalize its site selection. The monies were appropriated as non-lapsing.

However, the department did not select a site or begin construction of the home. As a result, the FY 2025 budget delayed the northwestern home funding until FY 2028. Laws 2024, Chapter 211, Section 6 did this by ex-appropriating \$(25,000,000) from the General Fund in FY 2022 and advance appropriating \$25,000,000 from the General Fund in FY 2028. The Baseline's 3-year spending plan incorporates this increase.

The FY 2025 budget continues to require ADVS to submit the proposed site location to the Arizona Veterans' Service Advisory Commission for approval. The monies are appropriated as non-lapsing.

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate
Arizona State Veterans' Cemetery Trust Fund (VSA2499/A.R.S. § 41-608.03)		Non-Appropriated
Source of Revenue: Monies, grants, gifts, and contributions from any public or private source.		
Purpose of Fund: To manage and maintain 3 Arizona veterans' cemeteries located in Sierra Vista, Marana, and Camp Navajo.		
Funds Expended	1,043,000	310,600
Year-End Fund Balance	2,038,800	3,728,200
Federal Funds (VSA2000/A.R.S. § 35-142)		Federal Funds
Source of Revenue: U.S. Department of Veterans Affairs and Department of Defense Grants.		
Purpose of Fund: To supervise and qualify educational and training programs which receive Federal Government Issued (GI) Bill monies, provide assistance for military personnel transitioning to a career as a public school teacher, and to construct veterans' homes facilities in Flagstaff and Northwestern Arizona.		
Funds Expended	5,700,000	200,900
Year-End Fund Balance	1,875,600	13,474,700
Military Family Relief Fund (VSA2339/A.R.S. § 41-608.04)		Non-Appropriated
Source of Revenue: Donations (typically via tax credits), bequests, or other contributions from public or private sources. This fund is established through December 31, 2026; any funds remaining unencumbered as of that date are transferred to the Veterans' Donation Fund.		
Purpose of Fund: To provide financial assistance to family members of veterans who became deceased, wounded or injured, or became seriously ill and been deployed from an Arizona military base, claimed this state as the service member's home of record, or were a member of the Arizona National Guard at the time of deployment. Laws 2018, Chapter 258 established the Pre-9/11 and Post-9/11 subaccounts of the fund to provide assistance based on member's service dates.		
Funds Expended	1,265,500	79,500
Year-End Fund Balance	24,700	245,200
State Homes for Veterans Trust Fund (VSA2355/A.R.S. § 41-608.01)		Appropriated
Source of Revenue: Charges for services, fees and reimbursements received from residents, the Department of Veterans Affairs, Medicaid, Medicare, and private insurance carriers.		
Purpose of Fund: To operate and maintain state-operated nursing homes for Arizona veterans.		
Funds Expended	44,194,000	60,994,800
Year-End Fund Balance	1,286,400	(14,608,400)
Statewide Employee Recognition Gifts (VSA2449/A.R.S. § 41-709)		Non-Appropriated
Source of Revenue: Donations, gifts, or contributions from public or private sources.		
Purpose of Fund: For the conduct of employee recognition programs.		
Funds Expended	0	0
Year-End Fund Balance	800	800
Veterans' Donations Fund (VSA2441/A.R.S. § 41-608)		Non-Appropriated
Source of Revenue: Donations from private individuals, corporations and organizations. Donations are made by designating a portion of one's tax refund, purchasing a license plate, or other means. Sales from the Veterans, Freedom, Gold Star, Flying Cross, Women Veteran, and Military Scholarship license plates go into this fund. Of the \$25 license plate fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited into the Veterans' Donation Fund.		
Purpose of Fund: To benefit veterans within the state of Arizona. Separate subaccounts of this fund are used for 1) the construction and maintenance of the Enduring Freedom Memorial, 2) grants to benefit women veterans in Arizona including providing shelter to homeless women veterans and 3) higher education scholarships for veterans and their dependents.		
Funds Expended	1,887,000	2,400,000
Year-End Fund Balance	4,526,200	5,476,200