

Military Family Assistance Trust Fund State Fiscal Year 2018 Annual Report

Furnished to Governor Matt Bevin;
the Interim Joint Committee on Veterans, Military Affairs, and Public Protection;
and the Legislative Research Commission

Submitted by Stephen R. Hogan, Major General, KYNG, The Adjutant General
August 15, 2018

Pursuant to KRS 36.476, the following provides an annual report on the Military Family Assistance Trust Fund. The Kentucky Military Family Assistance Trust Fund is a last resort means of providing financial assistance to any member of the United States Armed Forces deployed outside of the United States who has a Kentucky home of record and is confronted with an undue hardship related to his/her deployment. It also includes the Kentucky National Guard Adoption Benefit Program. This report details the Trust Fund Board's activities during the previous fiscal year and to date.

The current Trust Fund Board members are as follows:

Governor's Appointments:

- Colonel Michael J. Currie, U.S. Army Reserve (Retired)
 - Appointed effective 6 November 2017 for a 4-year term expiring 5 October 2020
- Colonel Kathryn C. Pfeifer, Kentucky Air National Guard
 - Appointed effective 6 November 2017 for a 4-year term expiring 5 October 2020
- Captain Sharif Abdrabbo, U.S. Coast Guard Sector Ohio Valley
 - Appointed effective 6 November 2017 for a 4-year term expiring 5 October 2021
 - Replaced State Command Sergeant Major Gregory Armstrong, Kentucky Army National Guard (Retired)
- State Command Sergeant Major David Munden, Kentucky Army National Guard
 - Appointed effective June 26, 2018 to complete the 4-year term expiring 5 October 2020, previously held by Brigadier General Charles Jones

The President of the Senate Appointment

- Senator David L. Williams appointed former Kentucky National Guard Adjutant General Major General Donald C. Storm in the Fall of 2013
 - Senate President is retaining Major General Storm indefinitely

Speaker of the House of Representatives Appointment

- Speaker David Osborne appointed State Representative Tim Moore on May 31, 2018, succeeding State Representative Dean Schamore
 - Speaker Greg Stumbo appointed Rep. Schamore in April 2015
 - Rep. Moore also serves as chair of the House Veterans, Military Affairs and Public Protection Committee, and is a veteran of the Kentucky Air National Guard and the U.S. Air Force, in both Active Duty and Reserve status

Colonel Currie was elected Board President by the full board on May 11, 2011 and continues to serve in that role. The Director, Division of Administrative Services, Kentucky Department of Military Affairs, Steven P. Bullard (a retired Brigadier General from the Kentucky Air National Guard), continues to serve as the Trust Fund Administrator on an additional duty basis. There are no plans at this time to hire a full-time employee to fill the position.

The Trust Fund Board is charged to meet twice annually. The first meeting of State Fiscal Year 2018, scheduled for October 18, 2017, was held electronically (email distribution) due to the very short notice deployment of Gen. Bullard to national defense meetings in South Korea. The second meeting was held on May 16, 2018.

Through 30 June 2018, 99 applications/formal inquiries have been received since the inception of the Trust Fund in 2007. Six applications were submitted in SFY 2013. Three were received for SFY 2014, two of which were not eligible and were referred to other agencies for assistance. No applications were received from SFY 2015-2018 as deployments have been reduced to the historical minimum levels. Breakdown is as follows:

- 72 Kentucky Army National Guard
- 13 Active Duty Army
- 2 100th Div (OS) US Army Reserve
- 3 USAR (other)
- 2 Kentucky Air National Guard
- 2 US Navy Reserve
- 2 USMC
- 1 Active Duty Air Force
- 1 Illinois National Guard
- 1 Alabama National Guard

Twenty-three grants have been paid: one in SFY 2007 for \$500, one in SFY 2008 for \$891.52, one in SFY 2009 for \$2,500, one in SFY 2010 for \$2,500, eight in SFY 2011 for \$9,702, eight in SFY 2012 for \$8,273, two for \$2,565 in SFY 2013, and one grant in SFY14 for \$3,000. The trend remains that the incoming applications are the initial request for assistance versus last resort, with generally successful referrals to Family Assistance Programs and other organizations for available federal assistance. At this time deployments are down to very minimal numbers (less than 100 at any one time). We will continue to monitor budget and economic situations for potential changes in trend information.

Of the remaining 76 applications/inquiries, the breakdown of results is as follows (may total more than 75):

- 25 verified Federal or Local Assistance
- 22 from SFY 2007 not specified
- 12 Out of Eligibility Window
- 5 Not Kentucky Residents
- 4 Assisted by Organizations Outside Kentucky Military System
- 3 Never Deployed
- 3 Not validated by commander
- 3 Inquiries Only – No Formal Request
- 1 No Hardship Found

We note that ineligibility for the Trust Fund does not mean assistance was not rendered. All applicants are referred to the appropriate Family Assistance Program, Veterans Affairs or other military/community support agencies, as required.

Reasons for Requests:

- 47 for Financial Assistance
- 12 for Home Repair
- 9 for Utilities
- 7 for Car Repair
- 5 for Rent Payments
- 4 for Mortgage (foreclosure)
- 3 for Child Care Expenses
- 3 for Divorce Expenses
- 3 for Tuition/School Expenses
- 2 for Counseling
- 2 for Medical Expenses
- 2 for Moving Expenses
- 2 for Family Assistance Program special events (PTSD-related unit/spouse briefing and Gov. Survivor's Dinner)
- 1 for Funeral Expenses
- 1 for PTSD-related Family Assistance Program special event
- 1 for Home Mortgage Down Payment
- 1 for Clothes
- 1 for Holiday Meals/Gifts
- 1 for airline tickets to/from Philippines

NOTE: Numbers exceed total number of applications, due to multiple reasons listed on some applications.

The balance of the Trust Fund as of June 30, 2018 is \$325,969, as outlined in the table below. The Trust Fund continues to operate primarily off the initial \$500,000 allocation from the General Assembly for SFY 2007. The fund earned \$21,790.57 in interest for SFY 2007,

\$40,344 in interest for SFY 2008, \$7,056 in interest for SFY 2009, \$1,968 in interest for SFY 2010, \$1,582 in interest for SFY 2011, \$1,904 in interest for SFY 2012, \$792 in interest for SFY 13, \$383 in interest for SFY 2014, \$306 in interest for SFY 2015, \$935 in interest for SFY 2016, \$2,385 in interest for SFY 2017, and \$3,886 in interest for SFY 2018.

The Trust Fund Board believes the current balance is sufficient for long-term needs. Personnel and operating expenses are minimal and include travel reimbursements for meetings and MFAST speaking events.

The following table reflects the funds that have been spent as a grant award or as expenditures for personnel and operating expenses.

The 2012 Kentucky General Assembly, at the request of First Lady Jane Beshear and the Kentucky Military Spouse Task Force, passed House Bill 224 (sponsored by Rep. Tanya Pullin).

Under KRS 36.477 and 106 KAR 2:030, the Kentucky National Guard Adoption Benefit Program was established and provides up to \$5,000 per family for direct costs related to the adoption of a child with special needs, and up to \$3,000 for any other child adoption. The money is provided by existing funds from the Kentucky Military Family Assistance Trust Fund, not to exceed \$150,000 total in one year.

The Kentucky National Guard Adoption Benefit Program has been a resounding success, with 30 completed adoptions for a total \$89,360.58 in grants since July 2013. Ten of the adoptions were for special needs children. Five children were adopted from South Korea, two from Ukraine, two from China and one from Ethiopia; the rest were adopted locally. Twenty of the children were adopted by Kentucky Army National Guard members, 10 by Kentucky Air National Guard members.

(SEE TABLE NEXT PAGE)

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MFAST Funds (\$)	SFY-07	SFY-08	SFY-09	SFY-10	SFY-11	SFY-12	SFY-13	SFY-14	SFY-15	SFY-16	SFY-17	SFY-18
Cash Balance Forward	0	514,684	520,660	525,024	514,830	496,745	479,492	464,158	416,804	392,817	370,496	350,652
HB380 2006RS Appropriated Funding	500,000	500,000	0	0	0	0	0	0	0	0	0	0
Expenditures												
Grants to Individuals	500	892	2,500	2,500	9,702	8,273	2,565	3,000	0	0	0	0
Adoption Benefit Program Grants	N/A	N/A	N/A	N/A	N/A	N/A	3,000	33,922	12,500	11,976	11,000	16,964
Personnel Admin	6,378	32,044	0	9,461	9,727	9,704	10,473	10,726	11,643	11,161	11,153	11,556
Program Operations	229	1,432	192	201	237	2,180	88	89	150	120	76	49
Accrued Interest Income	21,791	40,344	7,056	1,968	1,582	1,904	792	383	306	936	2,385	3,886
Year End (SFY) Cash Balance	514,684	1,020,660	525,024	514,830	496,745	479,492	464,158	416,804	392,817	370,496	350,652	325,969
SFY2008 Budget Reduction		500,000										
Revised Cash Balance		520,660										

No related Military Family Assistance Trust Fund legislative action was taken by the 2018 Kentucky General Assembly. At this time we have no recommendations for future initiatives with specific regard to the trust fund and its administration. The trust fund remains well funded, based on usage averaging between \$20,000-50,000 per year (including the new Kentucky National Guard Adoption Benefit Program). The consensus of the board is that it is imperative the trust fund remain funded at current levels due to the instability of worldwide actors and the potential for future major deployments by both the Active Duty and the National Guard and Reserve.

In 2016 Board members addressed the need for legislation in the 2017 Kentucky General Assembly to update State Death Gratuity legislation (KRS 61.315), which failed to define military eligibility for the Commonwealth's Death Gratuity Program. The board decided to review this legislation due to its effect on military families, particularly those of National Guard members.

In a success story, the 2017 Kentucky General Assembly, based on our initiative, amended KRS 61.315 to direct the Department of Military Affairs to promulgate Administrative Regulations defining eligibility for National Guard members for the State Death Gratuity.

The update of the Administrative Regulation was officially accepted by the legislature's Administrative Regulation Review Subcommittee in October 2017. There was one comment received during the public comment period, a request from the spouse of a deceased Kentucky Army Guardsman and Iraqi combat veteran who passed away from non-military-related illness in May 2016 for Post Traumatic Stress Syndrome (PTSD) to be included as a qualifying cause. She noted that her husband was validated by the U.S. Department of Veterans Affairs with PTSD, and asked that his PTSD rating be considered a military-related death qualifying for the state death gratuity. The board, with the concurrence of state counsel from both Military Affairs and the Governor's Office, determined the affected soldier's PTSD condition was not the official cause of death under the three qualifying line-of-duty circumstances (from the promulgated administrative regulation, "immediate death," "traumatic injury, wound, condition of the body, or disease resulting in death" or "Medical intervention for a condition in paragraph (b) of this subsection that directly causes death"). Further, in our opinion, to include PTSD as a qualifying condition would open up this benefit to the 15,000-plus (conservative estimate) Kentucky National Guard and Reserve Post-9/11 combat veterans, incurring a potential liability exceeding \$1.2 billion to the Commonwealth. Technically, all combat veterans could claim some level of PTSD. Such an action would be reserved to the Kentucky General Assembly to enact.

There was no further action taken by the 2018 General Assembly on Rep Schamore's 2017 session initiative to increase the adoption benefit reimbursement to \$4,000 for standard adoptions and \$6,000 for special needs adoptions. Rep. Schamore plans to keep this effort going in future sessions.

We plan to conduct an internal review of the eligibility criteria for the Military Family Assistance Trust Fund grant program to see if there are any compelling reasons to expand trust fund eligibility criteria (primarily, but not limited to, the impact of deleting the deployment criteria). Gen. Bullard will work with Family Programs staff members in this effort and report his findings to the board during the October 2018 meeting.

The next meeting of the Trust Fund Board is scheduled for October 17, 2018, at 1:00 p.m. at the Boone National Guard Center in Frankfort, KY.

END