



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 2, 1998

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Veterans Affairs – Funding Request for the Veteran’s Assistance Program at Southern Wisconsin Center

On November 18, 1998, the Department of Veterans Affairs (DVA) submitted a request for release of \$197,200 SEG in 1998-99 from the Committee’s appropriation for continued operation of the veterans assistance program (VAP) at Southern Wisconsin Center (SWC) in Union Grove, Wisconsin. This requested funding would be added to the \$200,000 SEG which was provided by the Committee at its June, 1998, s. 13.10 meeting to open the VAP facility at SWC. At that meeting, DVA was directed by the Committee to provide clarification on the availability of federal funding for this program before additional 1998-99 funding for the program could be requested. The current request includes DVA responses to the questions that were raised by the Committee.

As provided for at the Committee’s June meeting, this request is being submitted under a 14-day passive review process. If an objection is not raised by December 9, 1998, an additional \$197,200 SEG will be released from the Committee’s appropriation for the veterans assistance program at SWC.

### Background

The veterans assistance program was created by 1993 Wisconsin Act 16 to provide assistance to homeless, incarcerated and other groups of needy veterans. The intent of the program is to establish regional veterans assistance centers to provide transitional housing for such veterans and to assist those veterans in receiving both medical and dental care and educational and employment services. Under the program, four veterans assistance centers are currently operating at the

following locations: Southern Wisconsin Center, King, Milwaukee and Fort McCoy/Tomah. In addition, DVA funds a small satellite VAP center in Madison.

In July, 1997, DVA secured a federal grant to fund 65% of construction/renovation costs of Cottage #1 at SWC to accommodate a veterans assistance center at that facility. The 1997-99 budget (1997 Act 27) authorized funds for the remaining 35% state share. In addition, Act 27 appropriated \$200,000 SEG annually in the Joint Finance Committee's supplemental SEG appropriation for operation of the VAP facility at SWC. However, release of this funding by the Committee was made contingent upon DVA submitting an expenditure plan for operation of the center and a report on how federal per diems would be used in the operation of the VAP.

In June, 1998, the Committee received a 13.10 request from DVA for release of \$399,900 SEG (\$124,500 in 1997-98 and \$275,400 in 1998-99) from the funds set aside in the Committee's supplemental SEG appropriation to operate a 30-bed veterans assistance center at SWC. The Department indicated in its request that the VAP center would begin operation in a temporary site (Beck Hall) in May, 1998, until renovations of the permanent site (Cottage 1) could be completed, which was expected at that time to be in March, 1999.

At its June, 1998, meeting, the Committee approved the release of \$200,000 SEG from the Committee's appropriation for initial operation of the center in 1998-99. During deliberations on DVA's request, questions were raised regarding the availability of additional federal funds to reduce state operational costs for the program. These funds would come from federal per diem payments for the care of homeless veterans participating in the program. The questions concerned when these funds might become available and if, under federal regulations, state funding could be adjusted once federal per diem payments were received. The Committee directed DVA to address the following two issues when it requested additional state funds:

1. An indication of if, and when, the federal per diem payments for veterans in the VAP at SWC might begin to be received; and
2. A copy of written confirmation from the U.S. Department of Veterans Affairs (USDVA) regarding whether or not the existing state funding levels for the VAP at SWC may be adjusted once any federal per diem payments for that program begin to be received.

### **Response to Committee's Request for Information on Federal Per Diem Payments**

Included with DVA's request for supplemental funding are its responses to the Committee's request for additional information. As the following discussion indicates, there is still uncertainty as to precisely when federal per diems for the VAP at SWC might begin to be received. However, it is clear that federal per diem payments will not be available this fiscal year. The second question,

regarding the ability of the Legislature to adjust funding levels once per diems are received, is more definitively answered in the agency's response.

*Availability of federal per diem funding.* In response to the Committee's question regarding the availability of federal per diem payments for the VAP at SWC, the Department indicated that it is not possible to provide a definite date by which DVA could expect to begin to receive per diem payments. This is because the receipt of federal per diem payments is contingent upon prior USDVA inspection of a permanent facility for the VAP. As DVA's response indicated, the remodeling of Cottage #1 for the VAP at SWC has now been determined not to be feasible. Consequently, DVA is now evaluating the use of Wallace Hall at SWC as a permanent home for the program. This evaluation is not expected to be completed until April, 1999. Therefore, the Department does not yet have a timetable for the completion of remodeling of a facility to provide a permanent home for the VAP and a projection of when per diem payments could then begin to be received.

In its letter to the Committee, DVA did state that it is unlikely that any per diems could be received until at least after January, 2000. In follow-up conversations, the Department indicated that January, 2000 is an optimistic date. Given the timing of the expected completion of the Wallace Hall evaluation and using state Division of Facility Development guidelines for average construction times, it was indicated that November, 2000, might be a more realistic date for when a permanent site would be available for inspection by USDVA. If the site is approved by the USDVA, federal per diem payments could then be expected to begin some time after that.

*Uses of federal per diem funding.* In response to the Committee's request for written confirmation from the USDVA regarding use of federal per diem payments, the state DVA has submitted a letter (see attachment) from the USDVA that addresses the issue. Paragraphs two and three of that letter address the homeless provider grant program which is for construction costs. Paragraph four of the attached letter addresses the issue of the use of federal per diem payments. The USDVA letter clearly states that "Per Diem payments are designed to offset operational costs once the programs are running." Further, DVA staff have stated that it is their understanding that state operational funding for the VAP at SWC could be reduced to reflect the receipt of federal per diem payments. The one constraint on reducing such funding is that the services provided at the site must be maintained and the total amount of federal per diem payments cannot exceed 50% of the cost of providing services to homeless veterans at the site. Given the USDVA letter and DVA interpretations, the Legislature would be able to adjust funding level at the VAP at SWC when federal per diem payments begin to be received.

### **Current Funding Request**

The Department is requesting release in 1998-99 of \$197,200 SEG from the Committee's appropriation to continue operation of the veterans assistance center at SWC in 1998-99. Combined

with the \$200,000 SEG already provided in June, fiscal year 1998-99 budgeted operational costs for the SWC facility would total \$397,200 SEG. Of this amount, \$185,700 will be used for salary and fringe benefits for contractor-provided staff, \$125,500 will be for supplies and services and indirect costs, and \$86,000 would be for one-time costs.

On October 1, the SWC facility opened in temporary quarters in Beck Hall. There are currently 13 veterans in residence at the facility and there is space for up to a total of 30 veterans. DVA plans to gradually increase the number of veterans at the VAP center from the current 13 to 30 over the next few months with a goal of 30 resident veterans by February of 1999. As indicated earlier, DVA is currently examining an alternative site at SWC, Wallace Hall, as a permanent home for the veterans assistance center at SWC. Until a permanent facility is available, however, DVA expects to continue to use Beck Hall for the VAP.

It may be noted that the current request would provide a total annual budget for 1998-99 that is \$34,800 above the amount originally requested for 1998-99 by DVA in April. Of this amount, \$25,300 is for additional salaries and fringe benefits, including \$16,400 for additional contractor staff when the facility increases to 30 residents in February of 1999. There is a net decrease of \$600 for supplies and services costs resulting from \$8,900 increase in supplies and services and a \$9,500 downward re-estimate of utility costs. Lastly, there is a decrease of \$1,000 in one-time start-up costs and an increase of \$11,100 for indirect costs.

This request for release of funds will be considered approved on December 10, 1998, unless the Committee raises an objection prior to that time.

Prepared by: David Worzala  
Attachment

ATTACHMENT



DEPARTMENT OF VETERANS AFFAIRS  
Veterans Health Administration  
Washington DC 20420

July 1, 1998

In Reply Refer To: 116E

Raymond Boland, Secretary  
Wisconsin Department Veterans Affairs  
30 W. Mifflin Street P.O. Box 7843  
Madison, WI 53707-7843

Dear Mr. Secretary:

In the past several weeks Mr. Michael Keatly and Mr. Robert Cocroft have been in contact with myself and Mr. Roger Casey regarding the maintenance of effort clause in the Homeless Provider Grant and Per Diem Program rules and regulations and per diem payments.

First, the clause as referred to in §17.706 and §17.707(a) of the rules and regulations states, "Maintenance of effort. No assistance provided under this part may be used to replace Federal, State or local funds previously used, or designated for use, to assist homeless veterans."

The clause is there to protect veterans' programs from having previously obligated funding removed. If monies were already obligated to the specific project in your grant application, any grant funding you received from us can not be used to replace the previously committed funding for that project or any other project. However, in no way does it prohibit the State's ability to move as allowed by law any other homeless veteran funding not connected with the grant project.

The second issue of per diem payments was also discussed. Per Diem payments are designed to offset operational costs once the programs are running. There is no guarantee of per diem payment. Section 17.716 Aid for supportive services and supportive housing paragraph (d)(3) states, "Continued payment is subject to availability of funds . . . ."

I hope this information is of some help to your organization. Please, if you have any questions regarding this correspondence or the Homeless Providers Grant and Per Diem Program call or write myself or Mr. Casey and we will be most happy to assist you.

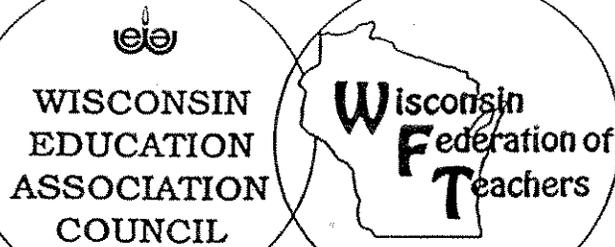
Sincerely,

A handwritten signature in cursive script, appearing to read "Guy A. Liedke".

Guy A. Liedke  
Program Specialist

33 NOB HILL DRIVE  
MADISON, WI 53713-2198

(608) 276-7711 • 1-800-362-8034  
FAX: (608) 276-8203



1334 APPLGATE ROAD  
MADISON, WI 53713-3184

(608) 277-7700 • 1-800-362-7390  
FAX: (608) 277-7708

MEMORANDUM

TO: Members of the Wisconsin Legislature

FROM: John Stocks, Director  
WEAC Government Relations Division

RE: UW Optional Retirement System

DATE: April 29, 1998

Please find attached a legal opinion on the proposed University of Wisconsin Optional Retirement System written by the attorneys that represented WEAC in the SIPD lawsuit *Wisconsin Retired Teachers Ass'n, Inc. v. Employee Trust Funds Bd.*, 207 Wis. 2d 1, 558 N.W.2d 83 (1997).

If you wish to discuss this in further detail, please don't hesitate to contact me.

JS:ckf

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# WISCONSIN EDUCATION ASSOCIATION COUNCIL

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*Affiliated with the National Education Association*

## **MEMORANDUM**

**TO:** John Stocks, Director  
Government Relations Division

**FROM:** Chris Galinat, Associate Counsel  
Anthony Sheehan, Staff Counsel  
Bruce Meredith, Director, Legal Services Division

**RE:** **Proposed "University of Wisconsin Optional Retirement System"**

**DATE:** April 29, 1998

You requested our opinion regarding the proposed University of Wisconsin Optional Retirement System (UWORS) which is to be included in the Budget Adjustment Bill. We understand the language will likely be similar to that proposed by 1997 AB 331 which was referred to the Joint Survey Committee on Retirement Systems. As an initial matter, we understand that the retirement provisions to be contained in the Budget Adjustment Bill will not be referred to the Joint Survey Committee on Retirement Systems for a written report contrary to the provisions of sec. 13.50(6), Stats. The Committee's oversight of retirement legislation ensures that legislation affecting public employee retirement benefits is legally and actuarially sound. For example, in our recent pension case involving the special investment performance dividend (SIPD), the provisions creating the SIPD, which were included in 1987 Act 27, were not referred to the Joint Survey Committee on Retirement Systems. The legislation creating the SIPD was eventually held to be unconstitutional and resulted in the state reimbursing over \$200 million to the Public Employee Trust Funds.

We have reviewed the memo from Scott Dennison of the Joint Survey Committee on Retirement Systems. Dennison notes that more likely younger employees will elect UWORS. This progressive loss of younger employees will cause "WRS contribution rates to increase for non-university as well as university employers of general employees". However, increases in contribution rates are split between employers and employees. Thus, not only would any increase in contribution rates caused by the loss of certain university employees be paid by the state and municipalities but it will also be paid by other WRS general category public employees.

Dennison also points out that the UWORS fully vests a short term employee with both employer and employee contributions whereas the WRS member only gets the employee's share. As he notes, this raises equity issues between UW and non-university employees. It may also raise equity issues between similarly situated

*Terry Craney, President*

*Charles N. Lentz, Executive Secretary*

John Stocks  
Page 2  
April 29, 1998

university employees because the bill applies only to those hired after the UWORS is operational. Additionally, the more favorable terms for short term employees under the UWORS will be an inducement for younger employees to select the UWORS.

Moreover, section 40.19(1), Stats., provides that benefits accrued under chapter 40 are due as a contractual right. One right is contained in sec. 40.01(2), Stats., which provides that the trust is to be dealt with "solely with the purpose of ensuring the fulfillment at the lowest possible cost of the benefit commitments to participants." State law may not impair public employees' trust fund contract rights. *State ex rel Cannon v. Moran*, 111 Wis. 2d 544, 331 N.W.2d 369 (1983). A proposal which induces younger public employees to participate in a system other than the WRS, and thus increases contribution rates for WRS participants, raises the issue of whether there has been an impairment of WRS participants' contractual right to benefits at the lowest possible cost.

Dennison raises the issue that the bill forbids an employee from returning to the WRS after electing to participate in the UWORS and perhaps the bill should allow a single switch back to the WRS after attaining a specified number of years employed or reaching a stated age. However, in light of his earlier concerns that the progressive loss of younger employees would cause contribution rates to increase, it would seem that allowing older employees to subsequently enter the WRS would only exacerbate that problem.

Dennison also raises the fact that in order to compute contributions on behalf of UWORS, a second valuation of WRS will have to be made. He then asks, "and paid for by whom - DETF?" However, questions arise about whether the DETF could use public employee trust fund moneys to fund a valuation for the benefit of employees who are not participants in the WRS. See *State Teachers' Retirement Board v. Giessel*, 12 Wis. 2d 5, 106 N.W.2d 301 (1960).

Dennison also raises administrative concerns the bill's provisions may present to DETF. One involves the fact that new employees would have until 60 days after date of hire to elect UWORS and would thus appear to be WRS members for those 60 days irrespective of whether they elect UWORS. The other issue involves the DETF's need to access data for members of the UWORS. If there is a financial cost to these administrative issues, how will the funding be provided to deal with these issues? DETF's administrative costs are currently funded from trust fund moneys. However, the DETF currently only administers benefits on behalf of WRS participants and annuitants and not for individuals who are not WRS beneficiaries.

John Stocks  
Page 3  
April 29, 1998

Finally, issues may also be raised about the fiduciary duties the Board of Regents' will owe to the UWORS participants because the bill requires the Board to manage and administer the UWORS. This may raise issues about the Board's liability with respect to mismanagement on the part of those insurers with whom it contracts. Moreover, when a governmental entity delegates duties to a private entity as envisioned by this legislation, questions are raised regarding who an employee must sue in order to enforce contract rights and whether governmental immunity and notice of injury statutes apply to such claims.

DM7679

## **BUDGET AMENDMENT: LISBON AVE/HWY 41 FUNDING FOR LIGHTS**

This motion directs WisDOT to expend up to \$25,000 of their existing project budget (not new \$\$), as a dollar-for-dollar match of local funds, to help pay for "harp" or "lantern" street lighting on Lisbon Avenue, between N. 47<sup>th</sup> and N. 52<sup>nd</sup> Street.

Again, this is not new funding. It just earmarks a very, very small fraction of the overall project budget to help beautify the area.

The Uptown Business Improvement District has been actively involved in renovating this stretch of US Hwy 41. They have raised tens of thousands of private dollars to pay for repairs and upkeep in the area, and they are currently raising money to pay for street-scaping beautification projects to coincide with WisDOT reconstruction of the road next year.

Frankly, they are tapped out and have asked me to see if I could get some state \$ to help pay for the lighting portion of the street-scaping project. \$25,000 is a very modest request, and it requires matching money. I expect both the City and the BID will contribute the matching funds. Further, it would be nice for DOT to spend some money making an area look nice, rather than just dividing the city with concrete. (note: DOT has a policy against paying for lighting like this, that's why the statutory direction is needed).

Exciting things are happening on this stretch of US Hwy 41. With the brownfields law, a new District Police station being built, and the determination of residents and business owners in the area, this part of town could become a real gem in the near future.

(note: the entire US Hwy 41 project boundaries for 1999 are from Sherman to Center).

MEMORANDUM

TO: FRED AMMERMAN, Fiscal Bureau  
FROM: Brian Burke  
DATE: April 27, 1998  
RE: Request for Motion

As Barry mentioned on the phone, I would like a motion drafted that directs WisDOT to expend up to \$20,000 of their budget for US Hwy 41/Lisbon Avenue reconstruction project (in Milwaukee County, due to begin in 1999) to replace existing "cobra" lighting (i.e. street lights) with Milwaukee "harp" or "lantern" street lighting on Lisbon Avenue, between North 47<sup>th</sup> Street and North 52<sup>nd</sup> Street.

Direct WisDOT to make a dollar-for-dollar match of local funds (private or public) committed to this decorative lighting project (up to \$20,000).

Further, WisDOT should be directed to work with the Milwaukee Police Department, the Milwaukee Department of Public Works and the Uptown Crossing Business District to coordinate installation of the new lighting fixtures.

Thank you. Please call Barry if you have any questions.

Mike O'Brien

OK Ave

49<sup>th</sup> to 6<sup>th</sup>

east of 27<sup>th</sup> mid  
autumn

west of 27 2 weeks  
1 lane both directions later

Harp / Bob Klein  
- infrastructure  
286-3244

# Big Picture Update

I-94 East is expected to be completed  
US 41 11

done in Harp  
County to 137th  
June 8th  
east to 201  
Harp to 201  
July 1st  
County State

renovations  
Dec 98 - let K  
construction will  
start in spring of 99  
South city  
to Valley  
Forest  
Cap of project

local agency

reconstruction  
July 21st let K  
begin mid August 98  
2 stages  
East side  
West side  
Harp

no start  
5/99

Platform to Uconnect  
Chicago

no widening  
no 2 lanes  
at all

200 - County State  
1st  
AUS  
(annual  
budget  
completed)

## History

in design stage now  
let April 99  
combos 2 phase  
46th to Sherman Blvd.  
46th to Center St.  
52nd to 47th

after July 1st  
8th

Aug. 15th  
absolutely  
do

people want to know when things will be done

gate project

Obblaten  
S 49th

to S. 27th  
2.9 miles

reconstruction  
into gutter  
improved  
start mid May  
in ball

Mary Kay  
Soffer

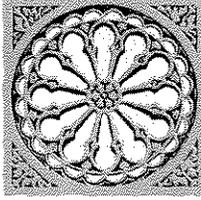
win for  
National Ave

US Hwy

always  
targeted  
in August  
completion

S. KK  
Becker Mitchell  
begin in June  
start in June  
renovations

Fred Canales  
286-3700  
Karlton Blvd.  
Peters



**UPTOWN**  
CROSSING

1 April 1998

Senator Brian B. Burke  
P.O. Box 7882  
Madison, Wisconsin 53707-7882

Re: Business Improvement District #16, Milwaukee; Lisbon/Hwy. 41 Paving

Dear Senator Burke:

Thank you very much for sending Bob Simi to the most recent meeting of the board of directors for the above-referenced Business Improvement District (BID). He was most helpful and informative to our discussion of the impact that the re-paving of Lisbon Avenue/Highway 41 will have upon the BID's plans to "streetscape" Lisbon Avenue. The BID really appreciates your interest in this project, and its efforts to make Lisbon Avenue a better place to do business.

I also write to make a request of you which flows from our discussions at the BID's meeting last meeting. Specifically, the BID respectfully requests that you investigate all possible sources of state funding to allow the BID to replace the existing "cobra" lighting on Lisbon Avenue from the intersection of North Avenue to North 52<sup>nd</sup> Street with Milwaukee "harp" and/or Milwaukee "lantern" lights. Such a change would not only make an enormous impact upon the look and safety of Lisbon Avenue, but they would also bring this stretch of roadway into congruence in look and feel with the surrounding area, namely the lighting on the North Avenue portion on the BID and in the Washington Heights Neighborhood, Washington Boulevard in particular.

The BID and the city of Milwaukee have spent over a million dollars on streetscaping improvements in the area, and a return to traditional lighting elements has been a most popular and effective portion of this plan. The BID feels strongly that Lisbon Avenue should have a similar treatment so that the entire business district can retain its unique character as a distinct and intact commercial venue. Because Lisbon Avenue is a state roadway and because the BID and the city of Milwaukee have previously paid substantial sums toward the upgrade of the area—the lion's share of improvements in the BID—The BID board urges you to do all that you can to encourage the State of Wisconsin to renovate its portion of the district in a manner befitting the substantial efforts previously made.

Thank you for your kind consideration. I look forward to hearing from you.

Very Truly Yours,

  
Juergen Hartter  
Chairman, BID #16

cc: Mr. Bob Simi

UPTOWN CROSSING BUSINESS DISTRICT

5027 West North Ave., Suite 102 • Milwaukee, WI 53208 • Phone 414.476.2090 • Fax 414.476.2056

## Mcginnis, Cindy

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**From:** Burke, Brian  
**Sent:** Wednesday, March 25, 1998 7:46 PM  
**To:** Sen.Burke  
**Subject:** FW: Summary of Lisbon/North Ave BID

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**From:** Robert F Simi Jr  
**Sent:** Wednesday, March 25, 1998 7:57:57 PM  
**To:** Burke, Brian  
**Subject:** Summary of Lisbon/North Ave BID  
**Auto forwarded by a Rule**

The following is a summary of the Business Improvement District #16 (sections of North Ave and Lisbon ~ 50th St.) meeting held 25 Mar 98.

<u>Purpose:</u> The meeting was a regularly scheduled gathering of the board. The agenda item pertaining to you was regarding the reconstructing/repaving of Lisbon Ave. <b>Specifically, the board is asking you to find some creative way for the state to pay for new lighting when the street is reconstructed.

</b>

<u>Discussion</u>: The BID previously raised \$500 K with a special assessment and the City matched it. They spent it all on streetscaping North Ave. That is, they spent the whole \$ 1 million (cost overrun, don't you know). They have no cash left, the City isn't going to cough up any more and DOT doesn't do lights. This leaves the state as a funding source and they are asking for your help. Specifically, their words were, "If we have to pay for lighting, it will kill us," and (as noted above) " We are looking for Brian to find some sort of creative funding mechanism, some federal or state grant or something, to fund the lighting."

The DOT rep at the meeting will essentially do anything if its funded and doesn't violate any federal guidelines that will jeopardize fed funds.

The planning for the reconstruction is underway (project to be let April '98) and the lighting must be part of the coordinated reconstruction effort. Hence, the BID needs some verification of incoming funding for the lighting sometime within the next 6-8 months (my guess on the timeframe, not theirs) or the lights won't happen.

<u>Bob's Take:</u> The group spoke very highly of you. If we can come up with the cash for them they'll love you all the more. If we can't get the cash but make a valiant effort and keep them apprised of our efforts they may still love you. Staff individual in charge of getting blood from rocks should take for action. Even though Ms. Sara Van Winkle wasn't at the meeting ( I believe she was taking a long nap) she remains the BID's point of contact.

Respectfully,  
R.F. Simi Jr.

Can Police Station  
Construction Budget  
pay for hays lights  
- Could maybe  
get something  
in budget  
?

Hays  
lights  
Uptown Crossing  
Bob Rein - City  
286-3244

April 14, 1998

Juergen Hartter, Chair  
Uptown Crossing, BID #16  
5027 West North Avenue, Suite 102  
Milwaukee, Wisconsin 53208

Dear Juergen:

Just a quick note of thanks for your recent letter requesting assistance in obtaining state funding for street lighting improvements on Lisbon Avenue.

I'm looking into this for you and will report back as soon as I can. Hopefully it will be a positive report.

Thanks for all your work to refurbish this fine area of the city!

Sincerely,

BRIAN BURKE  
State Senator

BBB:bja

} have already  
funded some of  
this through BID  
Sherman to both  
on North Ave  
(already put in  
hays lights)

City would pay for some cabling  
- but, city doesn't have \$  
for decorative lighting.

} Could do a  
special assessment  
for hays light

Tim Miller  
- for hays  
- w/