



Legislative Fiscal Bureau

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

T

June 3, 1999

Joint Committee on Finance

Paper #1010

Technical Change - Standard Budget Adjustments for Veterans Home (DVA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 634, #1 (part)]

CURRENT LAW

The institutional operations appropriation for the Wisconsin Veterans Home has base funding of \$28,323,900 PR for salaries and expenses and a total of 678.8 positions are funded from this appropriation.

GOVERNOR

As part of the standard budget adjustments for full funding of salary and fringe benefit costs at the Home, the Governor's budget reduces funding for the Veterans Home institutional operations appropriation by \$555,800 PR annually.

MODIFICATION

Restore \$277,900 PR annually for the salary and fringe benefit costs at the Home.

Explanation: The Governor's budget inadvertently reduced salary and fringe benefits funding for the Veterans Home institutional operations appropriation by twice the calculation of full funding for salary and fringe benefit costs.

<u>Modification</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	\$555,800

Prepared by: David Worzala

MO# 1010, 1011, 1012

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS

Gov Agency: Veteran's Affairs—General Agency Provisions—Technical Change

Recommendations:

Paper No. 1011 Approve Modification

Comments: Another mess up by the governor. This restores funding for the Veterans Home which was inadvertently reduced in the bill.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1011

Technical Change - Standard Budget Adjustments for Grants to CVSOs (DVA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 634, #1 (part)]

CURRENT LAW

1997 Wisconsin Act 27 provided one-time funding of \$162,000 SEG for the computerization of county veterans service offices and veteran service organizations offices.

GOVERNOR

As part of the standard budget adjustments removing non-continuing items from the base, the Governor's budget reduced funding for the Veterans Home appropriation by \$162,000 PR annually.

MODIFICATION

Increase by \$162,000 PR annually the supplies and services budget for Veterans Home institutional operations appropriation and reduce segregated funding for the supplies and services budgets of the following appropriations by a like amount: (a) reduce the administration of loans and aids to grants appropriation by \$64,800 SEG annually; and (b) decrease the Home Loan program general operations appropriation by \$97,200 SEG annually.

Explanation: The Governor's budget inadvertently reduced funding for the Veterans Home instead of reducing DVA operating expenses funded from the segregated Veterans Trust Fund and the Primary Mortgage Loan Repayment Fund. The net effect of this change is zero.

<u>Modification</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	\$324,000	- \$324,000	\$0

Prepared by: David Worzala

Gov Agency: Veteran's Affairs—General Agency Provisions—Technical Change

Recommendations:

Paper No. 1012 Approve Modification

Comments: This restores funding for the museum operation staff which was reduced by mistake by the governor.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1012

Technical Change -- Transfer of Staff Between Programs (DVA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 638, #8 (part)]

CURRENT LAW

The Department of Veterans Affairs (DVA) is currently authorized 130 positions outside of the Veterans Home activities. In 1998-99, DVA undertook a reorganization that reallocated positions between programs, including increasing those for the veterans assistance program.

GOVERNOR

Reallocate 5.0 SEG positions and associated funding from other programs within DVA to the veterans assistance program. Of the five positions, delete 1.95 SEG positions and \$97,300 annually from museum operations and add 1.95 SEG positions and \$97,300 SEG to the veterans assistance program. The funding consists of \$68,500 for salary costs, \$27,000 for fringe benefits and \$1,800 for supplies and services.

MODIFICATION

Restore \$97,300 SEG annually and 1.95 SEG position to the museum operations appropriation and instead decrease the general program operations of the home mortgage loan program by \$97,300 SEG annually and 1.95 SEG positions.

Explanation: DOA staff indicate that reducing the museum operation staff was not the Governor's intent. The reduction should have come from general program operations appropriation of the home mortgage loan program. The net impact of this modification is zero.

Prepared by: David Worzala

Gov Agency: Veteran's Affairs—General Agency Provisions—Veterans Museum—Integrate Museum Activities

Recommendations:

Paper No. 1013 Alternative 2

Comments: This is a big issue for the veterans. The governor has proposed integrating the Veterans Museum and the National Guard Museum. Veterans Affairs would assume operational control of both museums and a new library would be created in the governor's bill. Veterans Affairs, Marv Freedman, and Sen. Moen's office are all fine with the integration proposal.

The problem with the governor's language is that he intends to fund the integration with Veterans Trust Fund moneys. This is completely unacceptable to the veterans. They argue it is only appropriate to fund it with GPR. They say that since veterans museums honor veterans, it is counter intuitive to fund a museum with funds generated by the veterans themselves. This really is a huge issue for them, and it's not something they are willing to compromise. Support for this alternative can be found in points 18, 22 and 23 of the LFB paper.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1013

Veterans Museum - Integrate Museum Activities (DVA - General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 638, #9]

CURRENT LAW

The Department of Veterans Affairs currently operates the Wisconsin Veterans Museum located in Madison. Adjusted base funding for the museum, including rent and gift store activities is \$824,400 GPR and \$274,100 SEG. The museum is currently authorized 6.30 GPR positions and 1.40 SEG positions.

The Department of Military Affairs operates a Wisconsin National Guard (WNG) Museum located at Volk Field. Staffing and exhibit costs of the WNG museum are paid for through private donations from the National Guard Officers Association, National Guard Enlisted Association, local veterans groups and private donors. Staff of the museum consists of one part-time curator, paid approximately \$15,000 per year, who is assisted by volunteers. Utilities and maintenance costs average about \$5,000 per year and are paid by the Combat Readiness Training Command at Volk Field (from federal funds not appropriated to the state).

GOVERNOR

Provide \$397,500 SEG in 1999-00 and \$309,900 SEG in 2000-01 from the veterans trust fund and 3.5 SEG positions to integrate the operation and archives of the WNG Museum at Volk Field in the DVA museum operations. The DVA museum staff (with the new positions) would become responsible for administering the museum and library now operated by the WNG at Volk Field. The WNG Museum would continue to be operated at Volk Field as a satellite DVA museum facility. DVA would handle archival and manuscript responsibilities for the WNG collections and would also establish a 32nd ("Red Arrow") Infantry Division education center and library as a part of the DVA museum on the third floor of the DVA building in Madison. The WNG would continue to provide space for operating the existing museum at Volk Field. The

requested funding would be used as follows: (a) \$175,000 SEG to lease additional museum space in DVA's building in Madison for the 32nd Division education center (beginning January 1, 2000); (b) \$178,500 SEG in one-time funding to renovate the additional space to be added to the DVA museum; (c) \$253,900 SEG for salaries, fringe, and supplies and services associated with the requested 3.5 new positions (2.5 curators and 1.0 archivist); and (d) \$100,000 SEG for supplies and services costs related to operation of the WNG Museum at Volk Field.

DISCUSSION POINTS

1. The Wisconsin Veterans Museum was created to acknowledge, commemorate, and affirm the role played by Wisconsin veterans in America's military past. The museum space currently totals 22,000 square feet and operates seven days per week for six months of the year and six days a week for the remainder of the year. In 1998, over 114,400 people visited the museum.

2. The Wisconsin National Guard Memorial Library and Museum commemorates and records the activities of the National Guard and the 32nd Infantry Division. The museum is located at Volk Field and contains 3,000 square feet of exhibits. The museum is open six days a week year-round. In 1998, 8,100 people visited the museum.

3. Under the proposed integration, the DVA would assume operational control of the WNG Museum at Volk Field. All administrative, exhibit development, marketing, educational and curatorial responsibilities for the WNG museum would be transferred to the DVA museum. In addition, all archival, manuscript, and photographic collections related to the 32nd Division would be moved to Madison, initially for cataloging and then to be made more accessible to the public. One archivist and a half-time curator position, to be located at the satellite museum at Volk Field, would be provided at a cost of \$41,600 SEG in 1999-00 and \$55,300 SEG in 2000-01 and would be responsible for museum operation and cataloging the historical materials. In addition, \$50,000 SEG would be provided annually for supplies and services to modernize the Volk Field museum in the areas of security, lighting, computers, and temperature controls to better preserve the artifacts that continue to be stored and displayed there.

4. The DVA museum, in addition to assuming operation of the WNG museum at Volk Field, would create a new 32nd Division library at the DVA museum in Madison to make archival materials now at the WNG museum available to the public. DVA would renovate and newly occupy 5,000 square feet of the third floor of its headquarters building for the new museum library. The current reading room in the basement of the building would also be moved to the third floor and the vacated space in the basement would be used for additional storage of WNG museum materials. Additional rent costs associated with the acquisition of third floor space would be \$57,800 SEG in 1999-00 and \$117,200 SEG in 2000-01. In addition, one-time renovation costs of \$178,500 SEG would be provided in 1999-00 to establish the library. Two additional curators, budgeted at \$69,600 SEG in 1999-00 and \$87,400 SEG in 2000-01, would also be hired to catalogue the materials transferred from the WNG museum and establish and operate the new library in Madison.

5. In total, the Governor proposes to provide \$707,400 SEG and 3.5 new positions to integrate the activities and operation of the Wisconsin National Guard Museum at Volk Field with the DVA Museum in Madison. This is similar to the agency request except that the Governor increased the requested funding by \$50,000 annually and proposes to fund all of the integration activities from the veterans trust fund. DVA had requested that all of these costs be funded from GPR.

6. The following discussion points examine: (a) the merits of consolidation; (b) whether the requested funding levels are appropriate; and (c) the source of funding for the initiative.

Merits of Integration

7. DVA and DMA have proposed the integration of the museums to increase the public's access to the historical records and artifacts of the Wisconsin National Guard and to better preserve the records and artifacts that are presently kept at the Volk Field museum. DVA hopes to increase the accessibility to the historical collections by bringing some of the collection to Madison, cataloging the collection to make it more readily accessible, and improving the Volk Field museum and people awareness of the museum in the region. With regard to preservation, DVA will transfer all of the archive, manuscript and iconographic/photographic collections to the DVA museum facility. Other artifacts would generally remain at Volk Field, except where special preservation is needed. In addition, the proposal would provide a secure source of funding for operation of the Volk facility and provide lighting and temperature control security improvements for the museum there.

8. While the historical record of the National Guard is important to preserve, it could be argued that the present DVA museum has only recently been expanded and that the integration proposal will create a substantial commitment to on-going future costs. The addition of the collection from the Volk Field Museum will increase the size of the existing Madison collection by more than a third. In the last several years, the DVA museum has expanded onto the second floor and only recently created additional office space and a multimedia room to provide group events. As proposed, the integration will create almost \$310,000 in ongoing costs associated with increased personnel, rent and other operational costs.

Staffing and Operating Costs

9. *Additional Museum Staff.* The Governor would provide a total of 3.50 positions associated with the integration proposal. An archivist and a half-time curator position would be provided to operate the Volk Field museum and catalog the historical artifacts located at the museum. In Madison, two additional curator positions would be provided to establish the 32nd Division library and archive the transferred records.

10. DVA argues that this is the minimum number of staff necessary to accomplish the integration. Further, DVA would argue that even with the additional 2.0 positions the DVA museum operates with significantly fewer staff than comparable-sized museums. DVA points out

that the nearby Historical Society Museum is authorized a total of 26 positions and the Madison Children's Museum has 12 positions.

11. In general, the proposed activities of the 3.5 positions would be to operate the Volk Field museum, identify materials to be transferred, establish the library at the museum in Madison and operate the library. The 1.5 positions at the Volk Field museum will sort the collection and identify materials to be shipped to Madison. It is estimated that approximately 1,100 books and 100 linear feet of material will be transferred. The two positions in Madison will catalogue the artifacts and operate the library, which is scheduled to open in the winter of 2001.

12. It could be argued that the tasks of transferring the artifacts and operating the two new facilities could be accomplished with one less curator position in Madison. The first order of business will be to identify the materials that will be sent to Madison. This will be the main activity of the archivist position at the Volk Field museum. DVA estimates that it will take approximately 14 months to catalogue the material. During this same time, the space for the new library will be renovated. Under the Governor's proposal, two curator positions would also be provided in Madison to catalogue the artifacts and operate the library. However, the library will not be open until early in the year 2001, so there is not a time pressure to complete the cataloguing task immediately. With one less position, this could result in not all of the transferred materials being made available immediately upon opening of the library. However, once all the materials are catalogued, that workload should be significantly reduced. Furthermore, existing staff dedicated to the reading room could also assist with the development and operation of the library. Given this scenario, the Committee could reduce the Governor's recommended funding by \$29,000 SEG in 1999-00 and \$38,600 SEG in 2000-01 and provide one less curator position.

13. It should also be noted that an additional curator position for the DVA museum, not associated with the WNG museum integration initiative, is also provided under the Governor's recommendation.

14. *Supplies and Services Funding.* The Governor's budget would also provide \$50,000 SEG annually for the operating costs of the Volk Field museum. This funding would be used to provide enhanced security, new lighting, computer equipment, temperature and humidity controls, and acid free storage of historical materials.

15. DVA has identified only \$42,500 SEG in necessary one-time supplies and services costs for the Volk Field museum and indicated that this equipment could be installed over a period of two to four years. In addition, ongoing funding of \$5,000 SEG annually for utility costs has subsequently been identified as an additional need. The Committee could reduce the supplies and services funding recommended by the Governor to operate the Volk Field museum by \$28,700 SEG in 1999-00 and by \$28,800 SEG in 2000-01, leaving \$42,500 SEG over the biennium and provide that funding all as one-time funding. In addition, the Committee could provide \$5,000 SEG annually as permanent funding for utility costs.

Funding Sources

16. Recent appropriation history for the veterans museum operations has been mixed between the veterans trust fund and the general fund. Since the time the museum was in the State Capitol, rent has always been funded from general purpose revenues (no space rent was actually charged the museum when it was in the Capitol). However, prior to the 1993-95 budget, the remaining operating costs of the DVA museum were funded from the veterans trust fund (VTF). In the debate over the 1993-95 budget, the Senate unsuccessfully tried to transfer a portion of the funding from the VTF to the general fund. In the 1995-97 budget process, Act 27 shifted all of the remaining funding for the museum from the VTF to the general fund, beginning on January 1, 1997. Subsequently, however, in 1997 Act 237, the budget adjustment bill, DVA requested a funding shift of \$26,100 in museum operating costs from the general fund to the VTF, which the Legislature provided.

17. In the budget, the Governor recommends that the funding of the Volk Field museum integration costs all come from the veterans trust fund. According to the DOA Budget Office, this was recommended because the Governor believes that the VTF should share in the cost of the museum operation. In its budget request, DVA had requested that all of the funding associated with the costs of the museum integration initiative be funded from the general fund. At the same time, however, DVA requested additional funds for other increases for the DVA museum, totaling almost \$300,000, all to be funded from the VTF.

18. The general arguments that have been made in the past to provide more or total funding of the veterans museum from the general fund rather than the VTF can be summarized as follows: (a) the veterans museum serves primarily an educational and historic purpose, not a benefit to veterans purpose; (b) the majority of the museum visitors are not veterans but rather citizens of Wisconsin and visitors to Madison, including large numbers of school children; and (c) therefore, it is appropriate that the general fund, supported by revenues collected from all the citizens of Wisconsin, be used to support this activity, even though it is under the control of DVA.

19. In this regard, the Senate Committee on Health, Utilities and Veterans and Military Affairs adopted on a vote of 5 to 2 a recommendation that the Volk Field museum integration initiative be funded entirely from GPR as originally proposed by DVA and not from the VTF. The arguments raised in the Committee in support of this recommendation were that: (a) the VTF finances many of the loan and grant programs for state veterans and should be maintained for that purpose; and (b) the veterans museum serves the state by receiving thousands of visitors and tourists each year, including many school groups.

20. The general arguments that have been made in the past as to why the VTF should provide support for at least some of the costs of veterans museum can be summarized as follows: (a) the museum, even when it was in the State Capitol, receives general fund support by having its rent costs borne by the state general fund but operation of the museum -- especially when the museum activities were substantially expanded when the museum was moved out of the Capitol -- has historically been funded by the VTF; (b) while the museum does serve an educational and

history of Wisconsin function, it also serves as a memorial to and a commemorative statement for, all Wisconsin veterans and thus the use of some veterans trust fund monies for this purpose is in Wisconsin veterans' interests; and (c) DVA seemingly has recognized that some VTF funding is appropriate in view of requests in the 1997-99 budget adjustment bill and in its 1999-01 biennial budget request where there were funding requests from DVA for the museum which the Department requested be provided from the veterans trust fund.

21. The argument could be made that as a result of other initiatives that the Department has proposed in the past and which past Legislatures have supported, the VTF is in relatively sound financial condition. Under the Governor's budget recommendations, which includes providing all the new funding for the veterans museum from the VTF, the ending balance in the VTF at the end of the next biennium is projected to be in excess of \$19 million (\$19,101,300). Therefore, the Committee could support the Governor's recommendation regarding using VTF funding for the museum integration initiative.

22. Alternatively, the Committee could modify the Governor's recommendation by funding a portion, but not all, of the museum integration costs from GPR. The argument could be made that the museum's space rental costs have always been funded from the general fund and that the Committee should fund at least this increased expense from GPR. The Committee could provide an increase of \$57,800 GPR in 1999-00 and \$117,200 GPR in 2000-01 and delete an equivalent amount of SEG (VTF) funding.

23. A further argument along this line that might be made is that the alteration of the space in the DVA office building to provide DVA with additional museum space could be considered a space-related cost and thus also appropriately funded from the general fund rather than the VTF. The Committee could provide one-time funding of \$178,500 GPR in 1999-00 for space renovation costs and delete an equivalent amount of SEG (VTF) funding.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by funding all of the museum integration proposal from GPR in place of funding from the VTF.

Alternative 2	GPR	SEG	TOTAL
1999-01 FUNDING (Change to Bill)	\$707,400	- \$707,400	\$0
2000-01 POSITIONS (Change to Bill)	3.50	- 3.50	0.00

3. Modify the Governor's recommendation by adoption of one or more of the following:
 - a. Delete \$29,000 SEG in 1999-00 and \$38,600 SEG in 2000-01 to reflect the deletion

of one curator position for the DVA museum in Madison.

<u>Alternative 3a</u>	<u>SEG</u>
1999-01 FUNDING (Change to Bill)	- \$67,600

b. Delete \$28,700 SEG in 1999-01 and \$28,800 SEG in 2000-01 to reflect lower supplies and services funding for the museum at Volk Field and specify that all of the funding is one-time funding and provide an additional \$5,000 SEG annually as permanent funding for utility costs at the Volk Field museum.

<u>Alternative 3b</u>	<u>SEG</u>
1999-01 FUNDING (Change to Bill)	- \$47,500

c. Provide \$57,800 GPR in 1999-00 and \$117,200 GPR in 2000-01 and delete \$57,800 SEG in 1999-00 and \$117,200 SEG in 2000-01 for the costs of the increased DVA museum space rent.

<u>Alternative 3c</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	\$175,000	- \$175,000	\$0

d. Provide one-time funding of \$178,500 GPR in 1999-00 and delete \$178,500 SEG in 1999-00 for the one-time space renovation costs associated with establishing the 32nd Division library as a part of the DVA museum in Madison.

<u>Alternative 3d</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	\$178,500	- \$178,500	

4. Maintain current law.

<u>Alternative 4</u>	<u>SEG</u>
1999-01 FUNDING (Change to Bill)	- \$707,400

MO# 3 a b c d

2 BURKE	(Y)	N	A
DECKER	Y	(N)	A
JAUCH	Y	(N)	A
MOORE	Y	(N)	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
GARD	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUBER	(Y)	N	A
RILEY	(Y)	N	A

Prepared by: David Worzala

AYE 13 NO 3 ABS

Gov Agency: Veteran's Affairs—General Agency Provisions—Veterans Museum—Operating Cost Increases

Recommendations:

Paper No. 1014 Alternative 1

Comments: Veterans Affairs wants an increase in their advertising budget for the museum from \$5,000 SEG to \$28,500 SEG in order to increase sales at the museum store and produce specialized promotional publications. Sounds okay, but LFB says it could be reduced significantly. They propose an increase of \$5,000 SEG. If the money is coming from the Trust Fund, I don't see why we can't just give them what they want (Alt. 1).

However, Marv Freedman thinks this should be funded with GPR. (He believes strongly that anything having to do with the museum should be GPR funded). I think it would be difficult to get the full increase funding it with GPR, and Sen. Moen's office doesn't really consider this a priority. My recommendation would be to support Alt. 1 or 2, and then let Sen. Moen and Rep. Musser work it out in their respective caucuses.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1014

Veterans Museum - Operating Cost Increases (DVA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 639, #11 Part]

CURRENT LAW

The Wisconsin Veterans Museum has a base budget of \$5,000 SEG annually for advertising.

GOVERNOR

Provide \$23,500 SEG annually from the veterans trust fund to increase advertising and promotion efforts of the museum. The increased spending authority would be aimed at increasing attendance at the museum through the use of the development of specialized publications for various audiences interested in the museum.

DISCUSSION POINTS

1. The Governor recommends increasing the advertising budget of the museum from \$5,000 SEG to \$28,500 SEG annually. The Department's rationale for increasing the advertising budget is to increase sales at the museum store and to produce specialized promotion publications that are targeted to special audiences.

2. DVA estimates that sales at the museum gift store average \$1.60 per visitor to the museum. By increasing advertising, DVA hopes to increase attendance and argues, therefore that sales at the museum gift store will also increase.

3. The Department intends to use the increased funding to develop specialized publications geared to targeted audiences. DVA has already done this for one large group, school children, who make up approximately one-quarter of the museum visitors.

4. Attendance at the museum grew from approximately 97,000 visitors in 1996 to over 114,000 in 1998. Only three museums in the state had higher attendance and only the Madison Art Center had higher attendance in Madison. In terms of museum sales, the Department indicates that sales at the store increased from \$68,000 in 1997 to \$121,000 in 1998. This increase occurred while the advertising budget was at the current level. Lastly, the events sponsored by the museum generate special interest stories in the media that generate free publicity for the museum and have aided in the increased attendance. Given the already strong and growing attendance at the museum it could be argued that no increase is necessary for advertising.

5. Alternatively, the argument could be made that that \$5,000 SEG annually is not a large advertising budget for a museum with an annual operating budget of over \$475,000 (excluding rent). Instead of the Governor's recommended increase of \$23,500 SEG, which would be a 470% increase, the Committee could provide an additional \$5,000 SEG which would double the advertising budget.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Provide \$5,000 SEG annually for increased advertising and promotion efforts.

Alternative 2	SEG
1999-01 FUNDING (Change to Bill)	- \$37,000

3. Maintain current law.

Alternative 3	SEG
1999-01 FUNDING (Change to Bill)	- \$47,000

MO# Alt 2

<p>2 BURKE DECKER JAUCH MOORE SHIBILSKI PLACHE COWLES PANZER</p> <p>GARD PORTER KAUFERT ALBERS DUFF WARD HUBER RILEY</p>	<p>Y Y Y Y Y Y Y Y</p> <p>Y Y Y Y Y Y Y Y</p>	<p>N N N N N N N N</p> <p>N N N N N N N N</p>	<p>A A A A A A A A</p> <p>A A A A A A A A</p>
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Prepared by: David Worzala

AYE 16 NO 0 ABS 0

Gov Agency: Veteran's Affairs—General Agency Provisions—Home Loan Program Bonding Authority

Recommendations:

Paper No. 1015 Alternative 2

Comments: Veterans Affairs wants additional bonding authority for the primary mortgage loan program to make home loans and home improvement loans to veterans. Alternative 2 gives them the authority to do what they want based on a fairly reasonable estimate of loan activity for the next biennium. Sen. Moen supports this alternative. In general, any of the alternatives would be fine. They all provide bonding authority at relatively similar levels. Just go with the flow here.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1015

Home Loan Program Bonding Authority (DVA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 641, #15]

CURRENT LAW

In 1997-99 the Legislature provided an additional \$146,500,000 BR in bonding authority for self-amortizing mortgage loans for qualified veterans. Bond proceeds are used to fund loans to eligible veterans under the primary mortgage home loan program and the home improvement loan program. Principal and interest repayments from veterans are then used to retire the bonds. The statutory cap on bonding for the self-amortizing home loans is currently \$1,807,500,000 BR.

GOVERNOR

Provide additional bonding authority of \$110,500,000 BR for the primary mortgage loan program to make home loans and home improvement loans to veterans. The revised statutory cap on bonding for these programs would then be \$1,918,000,000 BR.

DISCUSSION POINTS

1. The state issues general obligation bonds to finance veterans mortgage home loans and home improvement loans. The general obligation bonds are backed by the full faith and credit of the state. The loan programs are designed to be self-supporting, which means the veteran mortgage loan repayment amounts are intended to be sufficient to repay the bonds, including interest costs, and also cover the administrative costs of the program.

2. In 1997-98, DVA issued \$146.3 million in home loans and \$3.4 million in home improvement loans to veterans for a total of \$149.7 million of loans. In 1998-99, the Department estimates that it will make \$132.6 million in home mortgage loans and \$2.2 million in home improvement loans for a total loan level of \$134.8 million.

3. In terms of loan recent activity under the program, Table 1 shows the total annual loan amounts issued by DVA from 1995-96 through 1998-99 and DVA's estimate for the next biennium. According to DVA, the increased activity in 1997-99 was primarily due to the provision in the last budget making peacetime veterans eligible for this program and the effects of increasing home prices under the current economy. For the 1999-01 biennium, DVA assumes 1,389 loans will be issued annually at an average loan of \$108,000, resulting in total costs of \$150.0 million annually. DVA's estimated total loan activity of \$150.0 million is slightly higher than the amount of loans issued in 1997-98 when peacetime veterans first became eligible for the home loan and home improvement loan programs.

TABLE 1
Home Loan and Home Improvement Loan Activity

	Actual		Estimated		
	1996-97	1997-98	1998-99	1999-00	2000-01
	\$95,586,000	\$149,692,900	\$134,821,300	\$150,000,000	\$150,000,000

6. Since loan activity has declined in 1998-99, an alternative basis for estimating the level of likely home loan activity in the next biennium would be to use the average of the two years of the current biennium. It could be argued that this is a more realistic basis in view of the fact that DVA did experience a large increase in loan activity in the first year of the current biennium but that then there has been somewhat of a decrease in the second year, which may be more reflective of likely on-going demand. Using an average of actual 1997-98 and estimated 1998-99 loan levels would result in estimated loan activity in the next biennium of \$142.3 million annually.

7. To make loans under the program to veterans in a biennium, DVA first uses any remaining available bond revenues, then uses any remaining bonding authority that has not been issued and any available cash in the fund from loan prepayments and then would begin using new bonding authority. Table 2 shows, using the Governor's level of recommended additional bonding authority, the estimated total revenues that would be available for loans in the next biennium.

TABLE 2

Currently Available Resources to Issue Loans During 1999-01

Available Bond Revenues	\$23,666,400
Remaining Bonding Authority Not Yet Issued	28,337,400
Cash Available from Prepayments	<u>20,000,000</u>
	\$72,003,800

8. The Committee could consider two alternatives to the Governor's recommendation. To provide funds for a total of \$300 million in new loan activity in the next biennium, total additional bonding authority of \$228 million could be authorized (\$300 million needed less \$72 million currently available). Alternatively, to provide funds for a total of \$285 million in new loan activity in the next biennium, additional bonding authority of \$213 million could be authorized (\$285 million needed less \$72 million available).

ALTERNATIVES

1. Approve the Governor's recommendation to provide additional bonding authority of \$110,500,000 BR.

2. Provide increased bonding authority for self-amortizing mortgage loans of \$228,000,000 BR, to reflect an estimated \$150 million per year in home loans and home improvement loans to veterans.

Alternative 2	BR
1999-01 FUNDING (Change to Bill)	\$117,500,000

3. Provide increased bonding authority for self-amortizing \$213,000,000 BR to reflect an estimated \$142.3 million per year in home improvement loans to veterans.

Alternative 3	BR
1999-01 FUNDING (Change to Bill)	\$102,500,000

MO# ALT 3

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

Prepared by: David Worzala

AYE 16 NO 0 ABS

Gov Agency: Veteran's Affairs—General Agency Provisions

Recommendations:

Items for Which No LFB Papers Were Prepared

Comments: Since this is a bill agency, you don't need to approve these items. They are all okay. Just as an aside, Marv Freedman would like items 10 and 11(part) funded with GPR. This is consistent with his other museum arguments. This would take a separate motion which I did not commit you to authoring. I think it is something that could be dealt with in caucus.

Prepared by: Julie

VETERANS AFFAIRS
General Agency Provisions

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1(part)	Standard Budget Adjustments
2	Information Technology Initiatives
6	Additional Central Office Space
7	Residency Requirements for Veterans
8(part)	Transfer of Staff Between Programs
10	Veterans Museum -- Staff Increases
11(part)	Veterans Museum -- Operating Cost Increases
13	Operation of Northern Wisconsin Veterans Cemetery
14	Other Veterans Cemetery Funding Adjustments
16	Home Improvement Loans

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>	<u>MO#</u>
12	Veterans Museum -- Mission Statement	BURKE Y N A
		DECKER Y N A
		JAUCH Y N A
		MOORE Y N A
		SHIBILSKI Y N A
		PLACHE Y N A
		COWLES Y N A
		PANZER Y N A
		GARD Y N A
		PORTER Y N A
		KAUFERT Y N A
		ALBERS Y N A
		DUFF Y N A
		WARD Y N A
HUBER Y N A		
RILEY Y N A		

AYE _____ NO _____ ABS _____

Veterans Affairs

Veterans Home

(LFB Budget Summary Document: Page 641)

No Papers Have Been Prepared

Gov Agency: Veteran's Affairs—Veterans Home

Recommendations:

Items for Which No LFB Papers Were Prepared

Comments: Since this is a bill agency, no action is required to approve these items. They all look okay to me.

Prepared by: Julie

VETERANS AFFAIRS -- VETERANS HOME

Exempting the Southern Veterans Home From Statewide Bed Cap

Motion:

Move to exempt the proposed Veterans nursing home in southeastern Wisconsin from Chapter 150 limits on the total number of licensed nursing home beds in the state and the required review of proposed capital costs for new nursing facilities.

Note:

Chapter 150 imposes a statewide limit on the number of licensed nursing home beds in the state. Chapter 150 also requires the Department to review the capital costs for any new nursing home facility. This motion would exempt the new Veterans nursing home that will be built in southeastern Wisconsin from these restrictions. The new Veterans Home is planned to have a licensed bed capacity of 120 beds.

MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AVE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			

2

16 NO 0 ABS

VETERANS AFFAIRS

Veterans Home

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Activities Staff
2	Respiratory Services
3	LTE Funding
4	Direct Care Staff
5	Sale of Utility Services
6	Align Expenditure Authority to Projected Revenues
7	Fuel and Utilities

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
1	Commandant's Guardian Powers

Veterans Affairs

Trust Fund Programs

(LFB Budget Summary Document: Page 643)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Veterans Assistance Program (Paper #1025)
2	Single Room Occupancy Program (Paper #1026)
3&4	Tuition and Fee Reimbursement Grant and Part-Time Study Grant Programs (Paper #1027)
5	Technical Change -- Personal Loan Program Debt Service (Paper #1028)
7	Health Care Aid Grant Program (Paper #1029)
10	Retraining Grants (Paper #1030)
-	County Veterans Service Officer Grants (Paper #1031)

Gov Agency: Veteran's Affairs—Trust Fund Programs—Veterans Assistance Program

Recommendations:

Paper No. 1025 Alternatives 2 and 3

Comments: This money will fund increased contract costs associated with operating the veterans assistance program. The money is necessary, and should be approved, but there is some leftover federal money that should be used up before drawing on the veterans trust fund. The federal funds come from federal per diem rates paid to the state for each participant in the program. We cannot use up all the federal money that is available due to an outstanding 14 day passive review request that will likely get approved by the Committee.

So, LFB has proposed a very reasonable compromise in Alt. 2 which will use up the difference of the total and the amount requested under 14 day passive review. Alternative 3 would include language that would change the federal per diem appropriation from annual to sum certain. This would provide better oversight to ensure that all the money that is available is actually used in the future. Sen. Moen is okay with these alternatives.

Alternative 4 would modify the request further by deleting funding for the purchase of computer equipment for the veterans assistance program. LFB thinks the request is a bit over the top, but I think it's fine. No need to move Alt. 4—they get what they want in the governor's recommendation.

Prepared by: Julie



Legislative Fiscal Bureau

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June 3, 1999

Joint Committee on Finance

Paper #1025

Veterans Assistance Program (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 643, #1]

CURRENT LAW

The veterans assistance program (VAP) provides temporary housing, counseling, access to medical services and training to homeless veterans to assist these veterans in becoming self-supporting. Veterans assistance centers (VACs) are now located at Tomah (with a satellite at Fort McCoy), the Veterans Home at King, Southern Wisconsin Center and Milwaukee. Adjusted base funding for the program is \$849,500 SEG. An additional \$397,200 SEG in one-time funding was released in 1998-99 by the Committee to establish a VAC at Southern Wisconsin Center. All funding for the VAP is currently from the veterans trust fund.

GOVERNOR

Provide \$217,800 FED and \$634,100 SEG in 1999-00 and \$295,000 FED and \$470,200 SEG in 2000-01 to pay for general increased contract costs for operating the four VACs. All VACs are operated through contracts with non-profit organizations. In addition to increased contract costs, one-time funding of \$165,400 SEG is also provided in 1999-00 to purchase computer hardware and software for each of the VAC sites.

The new federal funding of \$512,800 FED would be from federal per diems received from USDVA for resident veterans at VACs at the Veterans Home at King and Southern Wisconsin Center. Under the Governor's budget, these funds are placed in unallotted reserve and the Executive Budget Book indicates that release of the funds by the State Budget Office would occur when DVA submits a report to DOA regarding the exact per diem amounts to be used at each VAC. In addition, another new revenue source would account for \$80,000 SEG annually of proposed program expenditures in 1999-01. These expenditures would represent the amounts collected from residents at each of the VAC sites based on fees charged for transitional housing

and other services. The remaining increased funding of \$944,300 SEG provided would be provided out of the veterans trust fund.

DISCUSSION POINTS

1. The veterans assistance program (VAP), created by 1993 Act 16, provides assistance to homeless, incarcerated, and other groups of needy veterans. The purpose of the program is to establish regional centers to provide transitional housing for veterans and to assist veterans in need in receiving medical and dental care, and educational and employment services. Services provided include health care, information regarding federal and state veterans' benefits, education, job training, legal advice, basic financial counseling and job location assistance. All VAP centers are operated by non-profit organizations contracted under DVA oversight.

2. All veterans who have served in the U.S. Armed Forces with other than a dishonorable discharge are eligible to participate in the VAP. There is no state residency requirement. An assistance center cannot feed or house spouses (unless the spouse is a veteran) or children. However, the VAP will help the veteran's family obtain adequate housing while the veteran is in the program.

3. Since the original establishment of the VAP, a total of four centers have been established in Wisconsin and are located at Milwaukee, Tomah/ Fort McCoy, Southern Wisconsin Center and King. In total, there are 188 resident beds at the VACs. The Milwaukee site is the largest with 72 beds available for the program, followed by Tomah/Ft. McCoy which has a total of 60 beds, of which 10 are at a Ft. McCoy satellite facility. The VAC at Southern Wisconsin Center (SWC) will have 30 beds available in 1999-01 and King will have 26 beds available during 1999-01.

4. From the inception of the program through March 1, 1999, a total of 2,187 veterans have participated as residents at a VAP center. This includes some veterans who have been a resident at a VAC site on more than one occasion. Of that total, DVA indicates that 48% left with employment and housing placements in hand, 12% were referred to a long-term treatment facility and 40% left without either having a job or housing lined-up. The centers also provide assistance to non-resident veterans who call or stop in. Assistance for non-residents includes referrals, on-the-spot assistance, job assistance, housing assistance and counseling.

5. The four VACs are operated via contracts with non-profit organizations. However, the contracts vary from site to site and are negotiated individually based on contractors' stated needs and what DVA agrees to pay for. For example, at SWC and Tomah/McCoy, DVA pays some costs directly, such as utilities, whereas at Milwaukee, the contract includes all of the costs the DVA is going to pay for the year. In addition, the Milwaukee VAC operates a number of other programs providing services to veterans that are supported by other organizations and so the state VAP contract is just one activity and that contract is paying a portion of the facility's total cost of operation. The VAP per bed costs at different VAC sites are, therefore, not comparable without

more complete detailed cost allocation information covering all of a site's available revenue sources.

6. There are also two different treatments of how the federal per diem payments for veterans who participate in the VAP are handled. Providers of care for veterans in USDVA approved facilities are eligible to receive per diems of \$16 per day from the USDVA. At the VACs in Milwaukee and Tomah/ Fort McCoy, the owner of each of those facilities has applied for the federal per diem payments, the contractor receives the payments directly and they are not considered resources of the state. In the case of SWC and King, DVA as the owner of the facilities has applied for the per diem payments and therefore, the per diem funding comes through the state. One difficulty which this creates is that DVA does not have programmatic control of the federal per diem amounts at the Milwaukee and Tomah sites. Neither does DVA explicitly factor the availability of these funds into the contracts it negotiates.

7. The table below provides a comparison of the estimated state funds for each VAC in 1998-99, the estimated total state funds to be provided for 1999-00 and 2000-01, and provides an estimate of the available sources of revenues to meet those state costs.

TABLE 1

VAP State Costs and Available Funding Sources

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
<u>Costs</u>			
Tomah/McCoy Center	\$439,800	\$489,800	\$486,700
King Center	264,200	406,800	385,800
Milwaukee Center	250,000	361,200	315,400
Southern Wisconsin Center	397,200	435,100	418,300
DVA Staff and Other Expenses	<u>69,500</u>	<u>280,100</u>	<u>280,100</u>
Total Costs	\$1,420,700	\$1,973,000	\$1,886,300
<u>Funding Sources</u>			
VTF Appropriation	\$1,246,700 ^a	\$1,622,200 ^b	\$1,458,300 ^b
Department of Army Reimbursement (McCoy)	108,300	53,000	53,000
Carryover (Biennial Appropriation)	50,300	--	--
Per Diems to State	^c	217,800	295,000
Program Fees to State	--	<u>80,000</u>	<u>80,000</u>
	\$1,405,300	\$1,973,000	\$1,886,300

^a Includes JFC supplement for SWC totaling \$397,200.

^b Excludes Governor's recommended funds of \$50,000 SEG annually for a single-room occupancy initiative.

^c As of May 19, 1999, DVA has collected \$182,000 in per diems and estimates that it will collect an additional \$26,000 for the remainder of the 1998-99 fiscal year for a total of \$208,000. On May 20, 1999, the Joint Committee on Finance received a 14-day passive review request to expend \$120,900 of these federal per diem revenues in the remainder of this fiscal year for various purposes. (A copy of that request was distributed to Committee members' offices on May 24, 1999.)

8. In terms of total program expenditures, the Governor's budget reflects a \$552,300 increase in the program above FY 1998-99 costs. A significant portion of this increase, \$210,000 annually, is associated with the five central office staff positions that were transferred to this program during the FY 1997-99 biennium and is now being included as a part of the VAP budget. In addition, the Governor has recommended \$165,400 in 1999-00 to purchase new networked computers for the contract providers at each of the centers. The remaining funding is generally attributable to increased operating costs and additional staff at the individual centers.

9. The available resources for the VAP program consist of the appropriation from the veterans trust fund, the federal per diems received for care of veterans at King and SWC, program fees to be collected at all sites, and reimbursements from the U.S. Department of the Army for activities at Fort McCoy site. To date, no federal per diems have been expended, although DVA has collected \$182,000 and estimates a total of \$208,000 to be collected by the end of this fiscal year. DVA was authorized to collect program fees from participating veterans in 1997 Act 27 to offset program costs but has not yet implemented that program. Collections of the fees is expected to begin on July 1, 1999.

10. A comparison of DVA estimated program costs and available revenues in 1998-99 would indicate a shortfall of \$15,400. However, on May 20, DVA submitted a request to the Joint Committee on Finance to spend a portion of the per diems that have been collected and increase 1998-99 expenditure authority by \$120,900 FED. The funding would be used to pay for the some of the underestimated 1998-99 costs, cover a reduction of federal HUD funding at the Milwaukee VAC and for other one-time program expenditures.

Federal Per Diem Payments

11. In 1997 Act 27, the Legislature required DVA to submit, for approval, a written report on DVA's plan to use the federal per diem it receives for VAC programs to the Committee prior to any use of the per diems. While the request pending before the Committee spells out specific one-time uses of per diem funds in 1998-99, DVA does not have a specific plan for how federal per diems will be used in 1999-01 other than to offset general costs of the VAP program. Arguably, DVA has not fully complied with the overall intent of the requirement to inform the Committee of how the federal per diems available to the state will be used. Presumably, it is a similar concern over the use of per diems that is reflected in the Governor's recommendation to place VAP per diems in unallocated reserve (for subsequent release by DOA), pending a report from DVA on how the per diems will be used in 1999-01.

12. The DVA request for expenditure of per diem funds totaling \$120,900 FED in 1998-99, is for: (a) \$60,250 for underestimated costs at the Tomah/McCoy VAC; (b) a proposal to provide supplemental funding to the Milwaukee VAC for a \$42,000 separate federal HUD that the faculty was expecting, but did not receive; (c) \$13,100 for costs associated with a move scheduled to occur next fiscal year at King; and (d) one-time program expenditures of \$5,150 for LTE and training program costs. Committee action on this request is pending.

13. While DVA has requested Committee approval to expend \$120,900 FED of already received per diems in 1998-99, DVA actually expects to collect a total of \$208,000 in 1998-99. The remaining \$87,100 FED in per diems has not been included in the Governor's recommendation for the VAP. The Committee could increase the per diems appropriation by \$87,100 FED in 1999-00 and reduce the VAP appropriation in 1999-00 by \$87,100 SEG to reflect the use of this available resource.

14. The Committee could also change the federal per diems appropriation from continuing to sum certain appropriation to ensure that if additional federal revenues in excess of the currently expected amounts are received, DVA could receive them but could not expend them without the Committee approving a supplemental expenditure request. Under a continuing appropriation, DVA may expend any revenues available.

Funding for Computers

15. As part of the requested funding for the VACs, the Department proposes to expend \$165,400 in one-time funding in 1999-00 to purchase new information technology equipment for the contractor personnel at each site. The funding would provide each VAC site with computers, modems, printers, and the software and hardware necessary to create a local network for each VAC. The individual VAC systems would also be able to connect to the DVA central network via a T-1 line.

16. DVA indicates it included the initiative to buy computer equipment for the private contractors to improve the data that is generated by the VACs and to improve oversight of the program. The Department also indicated that providing equipment to VACs would allow the centers to get information on participating veterans, such as military experience and medical histories, in a more timely fashion.

17. A question could be raised about the purchase of computer equipment for the contractor personnel at the VAC facilities. First, it could be argued that these are costs that should be borne by the contractor, not by DVA. Second, an argument could be advanced that DVA could explore the alternative of improving the computerization of the VACs by installing surplus DVA equipment at the VACs. In June, 1999, the Department will have replaced all of its computer equipment within the last three years and will begin a new replacement cycle. Given the relative newness of the machines being replaced, the Department could transition some of the replaced equipment to the VACs. DVA expects to replace approximately 35 computers in 1999-00. This is similar to what was done for the CVSOs, except that that equipment was much older and required additional funds. If the Committee adopted this approach, it could reduce the appropriation for the VAP program by \$165,400 SEG in 1999-00.

ALTERNATIVES

1. Approve the Governor's recommendation.

Federal Per Diems

2. Modify the Governor's recommendation by providing an additional \$87,100 FED in 1999-00 and reducing \$87,100 SEG in 1999-00 to reflect allocating the remaining \$87,100 of currently available per diem revenues to offset veteran trust fund expenditures in 1999-00.

<u>Alternative 2</u>	<u>FED</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	\$87,100	-\$87,100	\$0

3. In addition to Alternative 2, further modify the Governor's recommendation by including language to change the federal per diems appropriation from its current continuing appropriation status to an annual, sum certain appropriation.

Funding for Computers

4. Modify the Governor's recommendation by deleting \$165,400 SEG in 1999-00 for purchase of computer equipment for each of the VAP site contractors.

<u>Alternative 4</u>	<u>SEG</u>
1999-01 FUNDING (Change to Bill)	-\$165,400

5. Maintain current law

<u>Alternative 5</u>	<u>FED</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$512,800	-\$1,104,300	-\$1,617,100

Prepared by: David Worzala

MO# Alts 2,3,4

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
1 GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS

Gov Agency: Veteran's Affairs—Trust Fund Programs—Single Room
Occupancy Program

Recommendations:

Paper No. 1026 Alternative 2

Comments: This proposal would create a new program to provide grants to community-based organizations which will sponsor single room occupancy facilities for veterans. There are some outstanding questions about the exact details of the program. Best to put the money in the Committee's appropriation for release under 14 day passive review. Sen. Moen supports this alternative.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1026

Single Room Occupancy Program (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 644, #2]

CURRENT LAW

The Department of Veterans Affairs (DVA) does not currently have a single room occupancy program.

GOVERNOR

Provide funding of \$54,000 SEG annually for a new program to provide grants to community-based organizations which will sponsor single room occupancy (SRO) facilities for veterans. The program goal is to have the community-based organizations receiving the grants use the funds to partially offset operating costs of transitional housing facilities to encourage those facilities to provide affordable housing and a supportive environment for veterans who are transitioning from homelessness. Of the funds provided, \$50,000 SEG annually would fund grants and \$4,000 SEG annually would be used to fund travel costs of staff in DVA's Bureau of Program Services who would inspect the facilities. The recommended funding would be placed in unallotted reserve and the Executive Budget Book indicates that release of the funds by the State Budget Office would be contingent upon DVA submission to DOA of a detailed plan of the contracts with community-based organizations. Funding for this program would be from the veterans trust fund.

DISCUSSION POINTS

1. The USDVA estimates that nationally between one and two percent of the veteran population is homeless or at the risk of being homeless. In Wisconsin, where there are an estimated 488,700 veterans, using the USDVA estimate would suggest that there are between 4,900 and 9,800

veterans who are homeless or at risk of homelessness.

2. DVA currently operates the veterans assistance program which assists veterans who are homeless or in the need of assistance. The VAP program consists of four centers with a planned 188 beds available to homeless veterans. As a result of its efforts to assist homeless veterans under the VAP program, DVA has identified a need to increase the availability of short-term, low-cost housing aimed at servicing veterans only. According to the Department, approximately 50-60% of the annual 240 VAP graduates seek SRO type placements following their time at a VAP residential site. In addition, DVA attributes what it believes is about a 12% repeat enrollment rate in the VAP program primarily due to the inability of veterans to secure adequate housing at an affordable cost upon leaving the program.

3. The Department states that the problem of adequate housing is not simply low-cost housing but affordable housing in residential facilities which provide an environment that is supportive of veterans' efforts to re-enter mainstream society. DVA believes that providing support to temporary housing facilities which will provide veteran-only housing is one way to improve the ability of veterans to succeed in their efforts to become self-sufficient, because other veterans can better relate to the struggles that a veteran encounters. While the DVA views the SRO program as an extension of the VAP program, other veterans would also be eligible to reside in a SRO which receives a grant under the program.

4. The Department is aware of four existing SRO facilities in Wisconsin that are dedicated to veterans. They are located in De Pere (six beds), Milwaukee (14 beds at the VAC site), King (two beds at the VAC site) and Madison (six beds).

5. The SRO program would provide \$50,000 SEG annually to provide grants up to \$10,000 each to community organizations which would establish veterans-only SRO housing facilities. Sponsoring organizations would be required to provide a facility, manage the maintenance and operation of the facility, screen and interview tenants, develop employment referrals, and assist in the social re-integration of the resident veterans. The grants would be used to offset the operating costs of the facility. Organizations expected to apply for grants would include veterans service organizations, social service organizations and other non-profit organizations. DVA believes that the two current VAP vendors may also apply. The Department estimates the establishment of from eight to ten new facilities under this program with capacity for approximately 100 veterans. DVA anticipates that a veteran's average stay at an SRO facility would be about 12 months.

6. In addition to the grants, the Governor's recommendation would provide \$4,000 SEG annually for DVA staff (property managers) to identify and coordinate the establishment and operation of SRO facilities with community organizations. The intent is that a property manager would visit each of the projected eight to ten SRO program facilities at least once per month.

7. Under the Governor's recommendation, the \$54,000 SEG is placed in unallotted reserve with release contingent upon DVA submitting a detailed plan of the contracts with community based organizations to DOA. According to the State Budget Office, the reason for placing the funding in unallotted reserve was because the program details were preliminary and DOA wanted to review the contracts before releasing the grant funds.

8. There are several questions that may be posed regarding the SRO program proposal. The first question is whether the SRO grant program is likely to create a long-term grant commitment for the veterans trust fund. It is unclear whether the proposed grant program is envisioned as a one-time incentive or an on-going subsidization program for part of the cost of these new facilities' operations. The provision of housing is not a short-term enterprise. Creating SROs, either by transitioning existing housing or creating new housing, will presumably require a capital investment that the sponsoring organizations will need to recoup over time and therefore might envision the program as an on-going grant program for that purpose. Further, if the grants can go to existing facilities, which DVA indicates is a possibility, it may be questioned whether the providing grants to an SRO that is already operating is a wise use of grant funding and whether any new housing would be created as a result.

9. A second question that may be raised is whether the amount of funding provided (a maximum of \$10,000 per facility) is realistically likely to achieve the goals envisioned by the Department. It could be argued that \$5,000 annually to ten facilities is unlikely to stimulate the establishment of ten new or redesigned facilities. Further, a SRO under the program will be expected to provide job referrals and assist the social integration of the veteran, meaning case workers and counseling services will be required which could entail salary costs as well as the housing costs. Given the uncertainty over the precise definition of the program's long-term goals and operating criteria and whether the proposed level of funding is adequate, the Committee could place the \$54,000 SEG annually in the Committee's supplementary SEG appropriation for release under a 14-day passive review process after DVA has developed and submitted a detailed plan for the program.

10. Finally, if the Committee is concerned about the potential long-term fiscal implication of beginning a new program, it could delete the Governor's recommendation.

ALTERNATIVES

1. Approve the Governor's recommendation.

2. Delete \$54,000 SEG annually from the Department's appropriation and provide \$54,000 SEG annually in the Committee's SEG appropriation, reserved under 14-day passive review process upon submission by DVA of a detailed plan for the proposed SRO program.

3. Maintain current law.

Alternative 3	SEG
1999-01 FUNDING (Change to Bill)	-\$108,000

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

Prepared by: David Worzala

AYE 16 NO 0 ABS _____

Gov Agency: Veteran's Affairs—Trust Fund Programs—Tuition and Fee Reimbursement Grant and Part Time Study Grant Programs

Recommendations:

Paper No. 1027 Alternatives A(2) and B(1)

Comments: This funding is for the two veterans study grant programs. Alternative A(2) funds the programs at a slightly reduced level to reflect actual current expenditure levels. The levels are lower than the actual expenditures for the past few years. Sen. Moen and the Department are all fine with the reduced funding level. In addition, it funds the programs at an increased reimbursement rate for participants from the current 50% to 65%. Obviously, veterans very much support the increased rate.

Alternative B(1) approves the governors changes in program criteria. Basically, the changes will more clearly define the two grant programs into one program aimed at part-time study and the other aimed at a full time study. The Department, Sen. Moen, etc. all support this idea.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1027

Tuition and Fee Reimbursement Grant and Part-Time Study Grant Programs (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 644, #3 and Page 645, #4]

CURRENT LAW

The Department's tuition and fee reimbursement grant (TFRG) program and the part-time study grant program (PTSG) provide reimbursement of up to 50% of the cost of an eligible veteran's undergraduate tuition and fees. Grants may not exceed 50% of the cost of UW-Madison resident undergraduate tuition and fees. Veterans classified by the USDVA as 30% or greater disabled are eligible for 100% reimbursement. The adjusted base level of funding for the TFRG program is \$1,885,000 SEG and the PTSG program adjusted base level is \$771,800 SEG.

GOVERNOR

Increase the maximum reimbursement rate under both programs from the current 50% to 65% of eligible tuition and fee costs. The maximum reimbursement would be limited to 65% of the costs of undergraduate resident tuition and fees at UW-Madison. No increased funding for the program above the adjusted base level for these programs is included in the Governor's budget request as a part of this proposed change.

In addition, make the following other program changes:

- Amend the universe of eligible institutions that veterans can attend to make them similar for both programs. In the case of the TFRG program, the eligible institutions would be expanded beyond the current UW system and state technical schools to include private educational institutions. For the part-time study grant program the Governor's proposal retains the same institutions but the reference to federal law is updated.

- Limit reimbursement under the TFRG program to full-time students, who would be defined as veterans enrolled for at least 12 credits for the semester for which reimbursement is sought.

- Create a new provision specifying that the Department shall construe the statutory language for the TFRG program as liberally as possible in favor of applicants for grants under the program.

DISCUSSION POINTS

1. The tuition and fee reimbursement program (TFRG) was authorized by 1993 Act 254 and funding for the program was first provided under 1995 Act 27 (the biennial budget). A part-time study grant program (PTSG) has been in existence for over thirty years.

2. Eligibility for the TFRG program is restricted to veterans with incomes of \$47,500 or less (plus \$500 for each dependent in excess of two), and who have served on active duty for two years or more continuous years or the full period of the individual's initial service obligation, whichever is less. An individual discharged for reasons of hardship, service connected disability, or due to a reduction in the armed forces is eligible regardless of time served. The veteran must have received an honorable discharge or be eligible to receive federal veteran benefits. The veteran must have been a resident of Wisconsin at the time of entry into service or for five consecutive years after discharge and before application. Spouses, unremarried surviving spouses and dependents are not eligible for TFRG grants. No grant may be provided to a veteran that is certified by DWD as delinquent in child support. Eligibility for the TFRG is restricted to veterans who were released within 10 years prior to application for reimbursement.

3. TFRG grants are made upon an eligible veteran's successful completion of a semester's coursework. Under current law, veterans may attend any institution or center within the UW system or any state technical college or any similar institution that has a tuition reciprocity agreement with Wisconsin. Veterans are eligible for up to 120 credits of part-time study or eight semesters of full time undergraduate study. DVA estimates that 1,600 grants will be awarded in 1998-99, totaling \$902,000 and averaging \$564 per grant.

4. Eligibility for the PTSG program is restricted to veterans that meet the same income requirements as the TFRG program. In terms of veteran status and Wisconsin residency the requirements are the same as TFRG except there is no time-limit related to release from military service. Also, a deceased veteran's dependents and unremarried surviving spouse may be eligible for a part-time study grant whereas they are not eligible under the TFRG program. No PTSG reimbursement will be made to any veteran if DWD certifies that the veteran is delinquent in his or her child support or maintenance payments. The part-time coursework must be related to the veteran's occupational and professional or employment goals. Part-time study is considered to be enrollment for 11 credits or less for a student without a bachelor's degree or for eight credits or less for a student with a bachelor's degree.

5. Part-time study grants are made upon an eligible veteran's successful completion of courses. Qualifying veterans may receive a grant for courses completed at any UW institution, state technical college, or accredited private college in Wisconsin, including correspondence courses. Schools less than 50 miles outside the state border may qualify, if the class is not offered within Wisconsin and is within 50 miles of the participant's home. If a correspondence course is not offered by an educational institution in the state, a veteran may also be eligible to receive reimbursement for out-of-state correspondence courses. DVA estimates that 2,174 grants will be awarded in 1998-99 totaling \$290,000 and averaging \$133 per courses. The recent number of grants issued and the expenditure history of the TFRG and PTSG are provided in Table 1.

TABLE 1

Recent Expenditures for the TFRG and PTSG Programs

<u>Fiscal Year</u>	<u>TFRG</u>		<u>PTSG</u>	
	<u>No. of Grants</u>	<u>Expenditures</u>	<u>No. of Grants</u>	<u>Expenditures</u>
1994-95*	166	\$46,000	2,447	\$517,000
1995-96	1,852	594,700	3,284	637,300
1996-97	1,885	759,800	2,789	688,800
1997-98	1,680	933,900	2,303	353,700
1998-99(Est.)	1,600	920,000	2,174	290,000

*First year DVA operated the TFRG Program.

6. Two points may be made about Table 1. First, the participation in the part-time study program has decreased significantly since 1995-96. DVA attributes the reduction in expenditures to more veterans attending technical colleges than universities and therefore, the cost is decreasing. The second point is that the current expenditure levels are significantly below the adjusted base levels of \$1,885,000 for TFRG and \$771,800 for PTSG.

7. The Governor's recommendation would amend the TFRG and PTSG programs to: (a) more clearly separate the two educational grant programs into one program aimed at part-time study and the other aimed at a full-time study; and (b) make the educational institutions for which tuition cost reimbursement would be eligible to be essentially the same for both programs. In addition, the Governor recommends language requiring the Department to construe the statutory language for the TFRG programs as liberally as possible in favor of applicants, as is currently the procedure for the PTSG program. Lastly, the Governor recommends that the grant reimbursement rate for both programs be increased from 50% to 65%.

Changes in the TFRG and PTSG Program Criteria

8. The Department indicates that the provisions requiring an eligible veteran to be a full-time student for the TFRG program is designed to make the two educational grant programs complementary depending upon a veterans status as a student. Under the proposal, full-time students would be directed to TFRG and part-time students would be directed to the PTSG program. Currently, a veteran who is a part-time student may get reimbursement under either the TFRG or PTSG programs if they attend an eligible educational institution. However, a veteran may not receive a grant from both programs at the same time. The Department has proposed this change to clarify the purpose of each program and provide better information on how the veterans should use the respective programs.

9. Similarly, the bill includes provisions amending the eligible institution veterans may attend and receive reimbursement under the two programs to increase the consistency between the two programs. First, the definition of eligible institutions under the PTSG program definition is updated to reference the federal code rather than outdated federal public laws. Under the change, the PTSG program eligible institutions will remain the same. Second, the definition of eligible institutions under the TFRG program will reference the PTSG definition so a similar universe of institutions are eligible for both programs. The programmatic impact of this change is to make veterans attending private educational institutions, which are currently not eligible under TFRG, eligible for reimbursement. DVA argues that this change should be made now for program equity. In addition, DVA believes the original purpose for limiting the TFRG program to public institutions was because of the higher cost of private institutions, which is now controlled by the maximum reimbursement rate being linked to UW-Madison undergraduate tuition. DVA estimates that private school eligibility will increase the number of TFRG grants by approximately twenty percent.

10. It should be noted that there are two exceptions that will remain as differences between the two programs as to qualified educational institutions under the program. The first difference is that PTSG program does not include eligibility for courses taken at an institution where a veteran receives a waiver for nonresident tuition. The second difference is that TFRG eligibility criteria do not include provisions allowing reimbursement for courses less than 50 miles outside the state and within 50 miles of a participant's home if the class is not offered in Wisconsin.

11. The Governor's proposal would also add the tuition and fee reimbursement program to the list of veterans programs for which the Department is directed to construe the statutes as liberally as the language permits in favor of the applicant. The practical use of this language is for determining the eligibility of a veteran for a program. When there is a doubt about a veterans eligibility, such as whether a discharge was a hardship discharge or not, this provision allows DVA to provide the benefit of the doubt to the applicant. For the majority of DVA programs, the Department is either explicitly directed to use the liberal construction of the statutes or the program uses the definition of veteran that references liberal construction and therefore, it applies. This provision already applies to the PTSG program.

12. Of the three changes recommended by the Governor to increase consistency

between the programs, and applying liberal construction to TFRG, only the expansion of which institutions are qualified under the TFRG program would appear to raise any significant concern. The full-time/part-time division between the programs will clarify the purpose of each program and ease administration. The liberal construction provision already applies to almost all of DVA's programs. Allowing veterans to attend private educational institutions on a full-time basis and receive TFRG reimbursement will likely increase the cost of the TFRG program. However, if the Committee approves the change to structure the TFRG program as a full-time student grant program and PTSG program as a part-time student program, the expansion of eligible schools under TFRG may be necessary. If the TFRG eligible institutions are not expanded to include private institutions, it could be argued that the impact of this change could be to keep veterans in school on a part-time basis instead of a full-time basis if they want to attend private educational institutions and receive tuition reimbursement from DVA.

13. It is estimated that amending TFRG eligibility to include private institutions will increase expenditures by 20% annually. Under current TFRG eligibility provisions, expenditures are estimated to be \$947,100 SEG in 1999-00 and \$994,500 SEG in 2000-01. If the only changes adopted by the Committee were to make the two programs more consistent, without raising the reimbursement rates, estimated TFRG expenditures would be \$1,136,500 SEG in 1999-00 and \$1,193,300 SEG in 2000-01.

14. It is estimated that PTSG expenditures would be \$304,500 SEG in 1999-00 and \$319,700 SEG in 2000-01 if no change in the reimbursement rate were made. This is identical to the estimated expenditure level under the current program.

15. If the Committee chose only to amend the programs to be more consistent but did not increase the reimbursement rate, the Governor's recommended funding level for the TFRG program could be reduced by \$748,500 SEG in 1999-00 and \$691,700 SEG in 2000-01. Likewise, funding for the PTSG program in the bill could be decreased by \$467,300 SEG in 1999-00 and \$452,100 SEG in 2000-01.

Reimbursement Rate Increases

16. The current 50% reimbursement rates for the TFRG program and PTSG program reflect recent legislative changes to the programs. In 1995 Act 27, the TFRG reimbursement rate was increased from 25% to 35%. The TFRG rate was then again increased to 50% by 1995 Act 255. In 1997 Act 27, the PTSG reimbursement rate was changed from a maximum grant of \$300 per course to 50% of tuition and fees. The 1997 Act 27 also limited the maximum reimbursement amount for both the TFRG and the PTSG programs to a maximum of 50% of the cost of an equivalent undergraduate course or courses at the UW Madison.

17. The Governor's recommendations would increase the TFRG and PTSG reimbursement rates from 50% to 65% and limit the maximum grant to 65% of the cost of an equivalent undergraduate course at the UW-Madison. DVA has indicated that the reasons for the increased reimbursement rate are to: (a) enhance the ability of veterans to take advantage of

educational opportunities; (b) come closer to meeting the veterans community goal of 100% reimbursement; and (c) use the existing budget funding levels for these programs which are sufficient to cover the estimated costs of an increase in the reimbursement rate. No additional funding above the adjusted base level of \$1,885,000 SEG for TFRG and \$771,800 SEG for PTSG is recommended by the Governor.

18. It could be argued, as the Department does, that the primary rationale for increasing the reimbursement rate is to improve the ability of veterans to further their educational goals. By providing a higher reimbursement rate it is assumed that veterans will be more likely to accomplish this because it will decrease the costs to the veteran of obtaining additional education.

19. Alternatively, it could be argued that the demonstrated benefits of increasing the reimbursement rate to 65% from 50% are unclear. Recent experience is not very indicative because the TFRG program is sufficiently new that it is still unclear how the previous increase in reimbursement rate affected participation. For the PTSG program, the shift to a reimbursement of 50% of tuition and fees from a \$300 per course reimbursement appears to have actually resulted in decreased participation.

20. The Department's other two arguments regarding the veterans' community goal of 100% reimbursement and available funding in the TFRG and PTSG appropriations are better considered in the larger context of the veterans trust fund. Generally, program appropriation levels are set based on program need or estimated participation or some similar programmatic indice. The current appropriated amounts were based on what was estimated to be needed for the program when the reimbursement rates were last increased. In terms of a goal to expend the entire appropriation, the Department's estimates indicate that even at a 65% reimbursement rate the appropriation would not be fully exhausted.

21. It is estimated that increasing the TFRG reimbursement rate to 65% would require a total of \$1,477,500 SEG in 1999-00 and \$1,551,400 SEG in 2000-01 (this includes added private institution eligibility). For the PTSG program, it is estimated that \$395,900 SEG in 1999-00 and \$415,600 SEG in 2000-01 would be required.

22. Since the recommended appropriation level for these two appropriations is greater than the Department's estimated use expenditure need for the two programs, the Committee could approve the 65% reimbursement rate but reduce the Governor's recommendation for both programs. Based on estimated expenditures, the TFRG program appropriation could be reduced by \$407,500 SEG in 1999-00 and \$333,600 SEG in 2000-01 and the recommended funding for the PTSG could be reduced by \$375,900 SEG in 1999-00 and \$356,200 SEG in 2000-01.

23. The Department would argue against reducing the TFRG and PTSG appropriations because they believe the adjusted base level for these programs is necessary to maintain flexibility if additional veterans apply for grants. However, it should be noted that the Department is also justifying statutory caps on other programs, such as health care aid grants, to ensure their ability to accurately predict the impact on the veteran trust fund cash flows. Maintaining the appropriations

for TFRG and PTSG at the adjusted level does not accurately reflect what the Department itself currently estimates will occur. Furthermore, the Department has the flexibility to request additional funding from the Committee under 13.10 should increased expenditure needs be identified at some later time.

ALTERNATIVES

A. Funding and Reimbursement Rates

1. Approve the Governor's recommendation (65% reimbursement rate and adjusted base level funding).

2. Increase the reimbursement rate from 50% to 65% and delete \$407,500 SEG in 1999-00 and \$333,600 SEG in 2000-01 from the TFRG appropriation and \$375,900 SEG in 1999-00 and \$356,200 SEG in 2000-01 from the PTSG appropriation.

Alternative A2	SEG
1999-01 FUNDING (Change to Bill)	- \$1,473,200

3. Maintain the current 50% reimbursement rate and delete \$748,500 SEG in 1999-00 and \$691,700 SEG in 2000-01 from the TFRG appropriation and \$467,300 SEG in 1999-00 and \$452,100 SEG in 2000-01 from the PTSG appropriation.

Alternative A3	SEG
1999-01 FUNDING (Change to Bill)	- \$2,359,500

4. Maintain current law (50% reimbursement rate and adjusted base level funding).

B. Changes in Program Criteria

1. Approve the Governor's recommendation.

2. Maintain current law:

a. Fiscal effect if 65% reimbursement rate is chosen above:

Alternative B2a	SEG
1999-01 FUNDING (Change to Bill)	- \$504,800

MO# A2, B1

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

b. Fiscal effect if 50% reimbursement rate is chosen above:

Alternative B2a	SEG
1999-01 FUNDING (Change to Bill)	- \$360,300

Prepared by: David Worzala

VETERANS AFFAIRS -- TRUST FUND PROGRAM

Tuition and Fee Reimbursement Grant Program Reimbursement Rate

Motion:

Move to provide that the tuition and fee reimbursement grant reimbursement rate be increased to 75% beginning July 1, 2001.

Note:

The bill increases the tuition and fee reimbursement grant program reimbursement rate from 50% to 65% effective with enactment of the budget. This motion would increase the reimbursement rate to 75% beginning July 1, 2001. There would be no fiscal change to the bill as a result of this motion because this increase would not occur until fiscal year 2001-02. Had this motion been in effect during the upcoming biennium it is estimated the fiscal impact would be an additional \$227,300 SEG in the first year and \$238,600 SEG in the second year. The tuition and fee reimbursement grant program is funded from veterans trust fund.

MO#

2	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

Motion #495

AYE 8 NO 8 ABS

Gov Agency: Veteran's Affairs—Trust Fund Programs—Technical Change—
Personal Loan Program Debt Service

Recommendations:

Paper No. 1028 Approve modification

Comments: Just a modification. Seems fine to me.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1028

Technical Change -- Personal Loan Program Debt Service (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 645; #5]

CURRENT LAW

The Department of Veterans Affairs (DVA) is currently authorized to borrow funds from the veterans mortgage loan repayment fund for the personal loan program. Under the personal loan program, DVA provides multi-purpose low interest loans to eligible veterans, unremarried spouses of veterans, or a deceased veteran's child. DVA provides loans up to \$10,000 at a variable interest rate dependent upon veteran family income. Personal loans may be used to finance education costs, consolidate debt, purchase a business or business property, purchase a mobile home, or pay for medical or funeral expenses. In 1998-99, \$15 million was appropriated in a biennial appropriation for personal loans and DVA estimates that about 1,400 loans will be issued totaling \$11,720,000 SEG.

GOVERNOR

Reduce funding of \$1,248,800 SEG in 1999-00 to reflect a reestimate of scheduled principal and interest payments required in that year for repayment of monies which were expected to be obtained from either the Investment Board or DVA's veterans mortgage loan repayment fund to provide additional revenues to the veterans trust fund for the cost of loans under the personal loan program (PLP). The funding adjustment reduces the base to lower scheduled principal and interest payments to reflect the fact that no borrowing has occurred in the current biennium. The Governor's revised estimate assumes \$7.5 million annually will first be borrowed beginning in the next biennium.

MODIFICATION TO BILL

Reduce the estimated debt service for PLP borrowing by \$85,500 SEG in 1999-00 and by \$248,000 SEG in 2000-01 to reflect the lower borrowing costs expected from obtaining \$7.5 million SEG from the veterans mortgage loan repayment fund. Debt service payments are estimated at \$177,000 SEG in 1999-00 and \$1,263,300 SEG in 2000-00.

Explanation: The adjusted base assumed DVA would obtain \$7.5 million annually from the State of Wisconsin Investment Board at an 8% interest rate. Under the modification, the adjusted amount reflects borrowing \$7.5 million at a 4.72% interest rate from the veterans mortgage loan repayment fund. According to DOA staff, it is the Governor's intent that DVA will obtain the required additional revenues for the PLP in 1999-01 from the veterans mortgage loan repayment fund.

Modification	SEG
1999-01 FUNDING (Change to Bill)	- \$333,500

Prepared by: David Worzala

MO# _____

2
 BURKE Y N A
 DECKER Y N A
 JAUCH Y N A
 MOORE Y N A
 SHIBILSKI Y N A
 PLACHE Y N A
 COWLES Y N A
 PANZER Y N A

GARD Y N A
 PORTER Y N A
 KAUFERT Y N A
 ALBERS Y N A
 DUFF Y N A
 WARD Y N A
 HUBER Y N A
 RILEY Y N A

AYE 16 NO 0 ABS _____

Gov Agency: Veteran's Affairs—Trust Fund Programs—Health Care Aid Grant Program

Recommendations:

Paper No. 1029 Alternatives 2 and 4

Comments: This provides for a increase for the health care aid grant program. Alternative 2 gives the Department what they asked for, but removes the governor's proposed statutory cap. LFB argues against the cap in point 9 of the paper. Sen. Moen is okay with this. In addition, Alternative 4 directs the Department to conduct a review of the program and report back to the Committee. Sen. Moen is also okay with this.

Prepared by: Julie



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June 3, 1999

Joint Committee on Finance

Paper #1029

Health Care Aid Grant Program (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 646, #7]

CURRENT LAW

The health care aid grant program provides emergency assistance to financially needy veterans to help pay for medical treatments, hospitalization, some dental care and the cost of hearing aids and eyeglasses. Grants are limited to \$5,000 per veteran or dependent for a 12-month period beginning with the first day of care for which the person seeks a grant. The maximum amount of liquid assets a veteran and the veteran's dependents who are living in the same household can retain and still be eligible for the program is \$1,000. In 1998-99, DVA estimates that \$1,200,000 SEG will be expended for health care aid grants.

GOVERNOR

Provide \$284,300 SEG annually to increase funding for the health care aid grant (HCAG) program. In addition, add statutory language establishing a permanent cap of \$1,200,000 on the annual expenditures under the program. This limitation amount would be equal to the amount provided in the sum certain annual appropriation for the program for 1999-01 under the Governor's recommendation.

DISCUSSION POINTS

1. The increased funding recommended by the Governor would provide essentially the same level of funding as currently provided for 1998-99. However, that amount is higher than was originally appropriated. The original biennial budget provided a total of \$915,700 SEG for 1998-99. In September of last year, because of substantial increases in grants for dentures, DVA requested a supplement under s. 13.10 of \$285,000 SEG, which the Finance Committee approved.
2. The Governor's recommendation would also establish this \$1.2 million amount as permanent statutory cap on grant expenditures under this program. The statutory cap was requested

by DVA to limit potential growth in the program. Recent growth experienced in 1996-97 and 1997-98 has the Department concerned that costs will continue to escalate without a statutory cap. DVA acknowledges that this may result in some needy veterans not receiving assistance under this program, but believes it is more important to place a cap on this program to limit expectations from applicants. In addition, DVA argues that the cap would allow the agency to predict exactly the annual impact of the program on the cash flow of the veterans trust fund (VTF) since no monies above that level could be expended by DVA. In other words, if additional applicants sought grants, DVA would be able to say that they are statutorily prohibited DVA from spending any more than the capped level for health care aids.

3. The past five years of expenditures for this program are shown in Table 1.

TABLE 1

Expenditures for Health Care Aid Grants

<u>Fiscal Year</u>	<u>Expenditures</u>
1993-94	\$330,100
1994-95	383,300
1995-96	439,900
1996-97	996,200
1997-98	915,700 *

* In 1997-98, only \$420,000 SEG was expended but an additional \$495,700 was encumbered to allow outstanding grant applications to be paid in the next fiscal year.

4. The Department's current estimate is that it will expend all of the \$1,200,000 SEG appropriated (after the s. 13.10 supplement is added in) in 1998-99. Recorded transactions as of the end of May of this year indicated DVA has paid out a total of only \$652,145 in grants, with an additional \$840,338 encumbered for future payments or a total of \$1,492,483 that is expended or encumbered. The total amount available for expenditure is the \$1,200,700 plus carryover encumbrances from the prior year of \$495,700 or a total of \$1,696,400. It is unclear what the amount of the carryover funds of the \$495,700 that were encumbered from the previous year is included in this expenditure plus encumbrance figure. However, this perhaps underscores the apparent volatility of the health care aid grant program at the current time. At the same time, however, it can be argued that arbitrarily setting a dollar ceiling on a program that is arguably designed to serve the neediest of veterans may not be the best way to control program expenditures.

5. As a part of its s. 13.10 request in September of last year, when a supplement of \$285,000 SEG for the program was approved by the Committee, DVA indicated that a particular concern in the operation of the HCAG program at that time was the issue of grants for dental care, particularly dentures. This was illustrated by a breakdown of expenditures anticipated at that time that were believed to be one of the main reasons for the dramatic increase in program expenditures. That breakdown is shown in Table 2 below:

TABLE 2

**Health Care Aid Grants
1998-99 Budgeted and Requested Funding for HCAG
(September, 1998, s. 13.10 Request)**

	<u>Budgeted</u>	<u>Requested</u>	<u>Difference</u>
Denture Grants	\$50,000	\$300,175	\$250,175
Other Grants	<u>865,700</u>	<u>900,525</u>	<u>34,825</u>
Total	\$915,700	\$1,200,700	\$285,000

6. It is worth noting the recent history of funding for this program. In recent years, demand for health care grants, including denture grants, has increased, as can be seen in Table 1. In 1996-97, DVA budgeted \$435,900 SEG for grants under the program. However, due to concerns that commitments were escalating far above the budgeted level, DVA suspended the program on March 1, 1997. Presumably this is the same thing DVA would do under a statutory cap if grant applications exceeded \$1,200,000.

7. In order to fully fund estimated HCAG commitments made prior to the shut-down of the program in 1997, DVA requested additional funding under s. 13.10 of \$426,200 SEG, a portion of which was to be used to fund remaining unpaid denture claims. However, the Committee directed DVA to restore operation of the HCAG program for the remainder of the year and provided \$985,900 SEG in additional funding for the program. Upon receiving the additional funding, DVA promulgated an emergency rule and increased the expenditure limitation for dentures to \$165,000. Total expenditures for health care aid grants in 1996-97 were approximately \$996,200 SEG, of which approximately \$159,700 SEG was for denture grants.

8. In response to those escalating 1996-97 HCAG costs, the Committee asked DVA to submit a report to the members on whether or not DVA believed the HCAG program should be continued, and if so, recommendations on changes that should be made to the program. The Department submitted the report to the Committee during the 1997-99 biennial budget process and recommended continuation of the program along with a number of statutory and administrative programmatic changes. No recommendations were made regarding the payment of denture claims. Most of DVA's statutory program recommendations were included in 1997 Act 27, the biennial budget act.

9. The following points may be raised regarding the proposed statutory expenditure cap on the program.

- First, by definition, since the HCAG appropriation is a sum certain, annual appropriation, a fixed level of spending that will be permitted by the Legislature is already being set as a part of the budget process. The Department may not expend above that level unless it chooses to request an increase in its appropriation from either the Committee under s. 13.10 or from the Legislature. DVA would be correct in informing CVSOs and the veterans community

Gov Agency: Veteran's Affairs—Trust Fund Programs—Retraining Grants

Recommendations:

Paper No. 1030

Alternative 3

12

Comments: The governor wants to create a statutory cap on the retraining grant program. Alternative 3 maintains current law and is supported by Sen. Moen.

Prepared by:

Julie



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June 3, 1999

Joint Committee on Finance

Paper #1030

Retraining Grants (DVA -- Trust Fund Programs)

[LFB 1999-01 Budget Summary: Page 647, #10]

CURRENT LAW

The retraining grant program provides grants up to \$3,000 a year, based on financial need, to qualifying veterans needing retraining. Currently, funding under this program is available for veterans who are enrolled in a training course in a state technical college or are engaged in a structured on-the-job training program that has been approved by the Department of Veterans Affairs (DVA). In 1997-98, a total of \$254,300 was expended for 97 grants. The Department estimates that \$242,000 will be expended on this program in 1998-99.

GOVERNOR

Create a statutory cap limiting the total amount of grants that may be made under this program to \$500,000 SEG in any fiscal year. This is equal to the amounts appropriated for the program in each year of the fiscal 1999-01 biennium under the Governor's recommendations.

DISCUSSION POINTS

1. The Governor's recommendation reestablishes a statutory cap on the retraining grant program that existed during the 1993-95 biennium. The statutory cap was requested by DVA and would be made a permanent cap.
2. DVA indicates that the statutory cap was requested in order to do the following: (a) limit the potential amount of expenditures for the program from the Veterans Trust Fund (VTF); (b) allow DVA to estimate the maximum impact of the program on the cash flow of the VTF; and (c) allow DVA to shutdown the program once funding has been expended. DVA indicates that due to recent rule changes, which the Department initiated, the agency is worried that it cannot estimate the usage for the program.

3. The past five years of expenditures for this program are shown in the table.

Expenditures for Retraining Grants

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Number of Grantees</u>
1993-94	\$298,700	103
1994-95	188,200	65
1995-96	265,600	125
1996-97	405,600	222
1997-98	238,900	93
1998-99 (est.)	242,000	N.A.

4. With regard to the stated purposes for instituting a cap when considering this proposal, the following points may be made.

- First, by definition, since the retraining grant appropriation is a sum certain, annual appropriation, a fixed level of spending that will be permitted is already being set in the budget process. The Department may not expend above that level unless it chooses to request an increase in its appropriation from either the Committee under s. 13.10 or from the Legislature. DVA would be correct in informing CVSOs and the veterans community at the start of the next budget cycle that the level that has been appropriated is all the DVA intends to spend on the program in 1999-01, in accordance with the budget as established by the Legislature and the Governor.

- Second, if a statutory cap were enacted and subsequently the Department determined for whatever reason that it was necessary to provide additional grants under the program, both DVA and the Committee could act until the law was passed to repeal or modify the statutory cap.

- Third, it is likely that even if a cap were to be enacted, it would not remain a fixed amount for more than one biennium. It could be argued that at the very least, DVA would likely submit in its next budget request for some type of increase in the cap amount. The argument can be advanced that the way to control program expenditures, if that is a concern, is to modify eligibility and benefit provisions to affect program expenditures.

5. An examination of the recent expenditure history of the retraining grant program also raises the question of whether the \$500,000 SEG that would be provided annually for retraining grants is too high. According to DVA, the decrease in demand for retraining grants that first occurred in 1997-98 is attributable to a statutory change enacted in 1997 Wisconsin Act 27 which eliminated university coursework as being eligible for coverage under the program. Qualified veterans attending university courses are eligible for tuition and fee reimbursement programs and the part-time study program, but no longer for retraining grants.

6. The Committee could set the appropriation for 1999-00 and 2000-01 at the level of average retraining grant expenditures for the four years (including estimated 1998-99), which would be \$288,000 SEG. This amount would be \$46,000 SEG higher than the estimated expenditure level for 1998-99. Under this approach, the Committee could reduce the Governor's level of funding for this program by \$212,000 SEG annually. DVA would be able to request additional expenditure authority under s. 13.10 it subsequently developed, based on actual grant experience, that additional program funding was necessary.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by adopting one or both of the following:
 - (a) deleting \$212,000 SEG annually for retraining grants to reflect the average level of the last four years; and
 - (b) eliminating the proposed statutory cap.

<u>Alternative 2</u>	<u>SEG</u>
1999-01 FUNDING (Change to Bill)	- \$424,000

3. Maintain current law.

Prepared by: David Worzala

MO# Alt 2

2	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input checked="" type="radio"/>	N	A

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Gov Agency: Veteran's Affairs—Trust Fund Programs—County Veterans Service Officer Grants

Recommendations:

Paper No. 1031 Alternative 3

Comments: The governor proposed a continuation of base level funding for the CVSO program. Due to an upgrade for the Iron County CVSO from part time to full time, a change to the governor's proposal is necessary to receive a higher grant. Alt. 3 would accomplish this goal and give them an additional grant increase for CY 1998, when they actually made the conversion. Not much money and it will make them happy. Sen. Moen supports this alternative.

Prepared by: Julie