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State Programs for Veterans

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TABLE OF CONTENTS

General Eligibility Requirements for State Veterans Programs	1
Military Service	1
Wisconsin Residency.....	1
Veterans Loan Programs.....	2
Primary Mortgage Loan Program	2
Home Improvement Loan Program.....	3
Personal Loan Program	4
Veterans Grant Programs	5
Education Grant Programs	5
Emergency Assistance Grants	7
Assistance to Veterans Organizations.....	8
Other Programs	10
Veterans Assistance Program.....	10
Veterans Memorial Grant Program.....	11
Mission Welcome Home.....	11
Wisconsin Veterans Cemeteries	12
Military Funeral Honors.....	12
Wisconsin Veterans Museum	13
Funding for the Loan and Grant Programs.....	13
Home Loan Programs.....	13
Veterans Trust Fund.....	15
Wisconsin Veterans Home and Care Facilities.....	19
History and Description	19
Eligibility	20
Funding.....	20
Appendix I DVA Program Changes in 2005-07.....	23
Appendix II Military Service Requirements for Eligibility for State Veterans Programs	26
Appendix III Primary Mortgage Loan Program Activity	27
Appendix IV Primary Mortgage Loan Refund Bonds	29
Appendix V Summary of State Grants and Loans to Veterans.....	30

State Programs for Veterans

The Department of Veterans Affairs (DVA) administers several loan and grant programs and operates the Wisconsin Veterans Home at King (Waupaca County) and the Wisconsin Veterans Home at Union Grove (Racine County) for the benefit of Wisconsin veterans. Approximately 457,500 Wisconsin veterans may be eligible for services provided by DVA as a result of having prior service in the armed forces and meeting certain residency and specific program eligibility requirements.

This paper is organized into seven major sections. The first section describes the general military service and state residency eligibility requirements applicable to most veterans programs. The next four sections summarize DVA's loan programs, grant programs to individual veterans, grant programs to veterans organizations, and other programs, respectively. The sixth section describes how DVA's loan and grant programs are funded. The last section discusses DVA-operated care facilities. Appendix I describes major DVA program changes from the 2005-07 biennium.

General Eligibility Requirements for State Veterans Programs

Although most DVA-administered grant and loan programs have a variety of specific eligibility requirements that an applicant must meet, there are two requirements that are uniform for nearly all programs. First, the individual must meet certain military service requirements to qualify as a veteran. Second, since most of DVA's programs are designated for the benefit of Wisconsin veterans, there is a state residency requirement. With only a

few exceptions (identified in the individual program descriptions), the following military service and Wisconsin residency requirements are uniform across all DVA programs.

Military Service

Until 1997, the statutes defined eligible military service for veterans benefits purposes as service occurring during certain war and designated conflict periods. Eligible military service had to involve any one of the following: 90 days of service during a wartime period, service during a statutorily designated crisis period, six months of peacetime service between February 1, 1955, and August 4, 1964, or the receipt of an armed services medal.

Provisions of 1997 Wisconsin Act 27 expanded eligibility for DVA grant and loan programs to include peacetime veterans. Peacetime veterans are defined as veterans who have served in the U.S. armed forces, regardless of where the service was rendered or the conditions of service, for two or more continuous years or the full period of their service obligation, whichever is less. Individuals discharged early for reasons of hardship, service-connected disability, or a reduction in military personnel are also considered peacetime veterans. In all cases, a veteran must have served under honorable conditions or must be eligible to receive federal veteran benefits.

Appendix II enumerates the statutory war periods, designated conflicts, and peacetime veterans eligibility criteria.

Wisconsin Residency

Most DVA grant and loan programs have a

state residency requirement. To be eligible to receive benefits, a veteran must be a current Wisconsin resident at the time of application and meet either of the following requirements: (a) the veteran must have been a Wisconsin resident upon entering or reentering military service; or (b) the veteran was a resident of Wisconsin for any consecutive 12-month period after entry or reentry into service and before the date of an application for benefits or death.

Veterans Loan Programs

The Department of Veterans Affairs administers the following three loan programs to improve housing opportunities, provide home improvement assistance, and access multi-purpose low-cost loans for Wisconsin veterans. These programs are the primary mortgage loan program, the home improvement loan program, and the personal loan program.

Eligibility for DVA administered loans is limited to: (a) a veteran; (b) a person that served honorably on active duty for more than six months between February 1, 1955 and August 4, 1964; (c) an unremarried surviving spouse or dependant child of a deceased veteran; or (d) a person that served under honorable conditions and has completed six years of continuous service in the National Guard or a reserve component of the U.S. armed forces who lives in the state.

A person may not receive a veterans loan if any of the following apply: (a) the person would be incurring a debt that is excessive in light of the individual's income; (b) the person has another outstanding loan (unless the loan debt has been assumed by another individual or the second outstanding loan was a home improvement loan); and (c) the person is delinquent on child support or maintenance obligations as evidenced by a lien issued by the Department of Workforce

Development or an approved repayment schedule has been established (this clause does not apply for permanently and totally disabled veterans).

Primary Mortgage Loan Program

The primary mortgage loan program (PMLP) was created by Chapter 208, Laws of 1973, to provide mortgage loans to qualifying state veterans to purchase or construct a home. Under provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U.S. armed forces at the time of making application is also eligible for the program. Under the program, over \$2.3 billion has been made available for 54,762 home loans to Wisconsin veterans through June 30, 2006. In 2005-06, DVA made 82 primary mortgage loans totaling \$13,555,000. The average loan was \$165,300.

Funding for the primary mortgage loan program is derived from the proceeds from state bond issuances. While the financing of the home loan program is discussed in greater detail in the financing section of this paper, federal law allows the use of federally tax-exempt debt to finance home loans to veterans who apply for a loan within 25 years of the date of their discharge from military service. Until the change in federal law (*Tax Increase Prevention and Reconciliation Act of 2005*) in May, 2006, eligibility for loans from the federally tax exempt debt was limited to veterans whose service started before 1977, and who had applied within 30 years after leaving active service.

Restrictions on the use of tax-exempt debt for veterans home mortgage programs prior to May, 2006, had the effect of requiring DVA to issue both tax exempt and taxable bond issues to fund the PMLP. Although taxable bond issues are more expensive than tax-exempt issues, DVA had previously chosen to offer veterans the same mortgage rate, regardless of the source of the funds, providing a subsidy for taxable bond issues from equity in the program. The Department has determined that subsidies or similar arrangements

will not be available for the PMLP loans funded in the future issues of taxable bonds.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate associated with each bond issue. Under s. 45.37(4) of the statutes, the Board of Veterans Affairs sets the interest rate. As of December, 2006, the rate for a \$250,000, 30-year loan was 6.0%. In addition, the Department does not require private mortgage insurance.

There are additional specific requirements that must be met before a veteran may receive a primary mortgage loan. These requirements include: (a) a down payment on the home of at least 5% (15% for a manufactured home); (b) the value of the loan may not exceed 2.5 times the value of the median price of a house in Wisconsin (as of June 30, 2006, this maximum was \$395,500); (c) the loan must be secured with a first mortgage on the subject property; (d) a veteran receiving a primary mortgage loan must initially occupy the residence as the primary residence; and (e) the home must have adequate fire and extended coverage insurance.

A veteran may receive more than one primary mortgage loan provided the previous loan has been repaid in accordance with the terms and conditions of the mortgage or other agreement executed in connection with the loan.

Primary mortgage loans carry a fixed rate of interest, impose no prepayment penalties, may not be used to pay closing costs, and typically run for 30 years, which is the maximum term allowed under the program.

If a veteran's down payment, closing costs or moving expenses are acquired through borrowing, the loan application will be denied unless the funding source is government-sponsored or is from a program approved by the Department. The applicant must be financially able to purchase the house, including construction and improvements,

as well as afford all closing and moving expenses with personal assets and the loan provided by the Department to be eligible for the loan. Work credits, rent credits and other items that may reduce the cost are allowed, but only after the applicant has already shown that they possess the required 5% down payment from their own funds.

A veteran must also have a satisfactory repayment record on any other departmental loan or the loan will be denied. Further, a veteran who is certified by the Department of Workforce Development as delinquent in any child support or maintenance obligations will be denied, unless the veteran can show proof of entering into a repayment agreement with the local county child support agency.

Home Improvement Loan Program

The home improvement loan program (HILP) was created as part of the veterans home loan program by 1989 Wisconsin Act 31. This program allows veterans to borrow up to \$395,500, or up to 90% of the home's value, for alterations, repairs or improvements to primary residences. Up to 50% of the value of the improvements can be considered as increased value for the purposes of determining the maximum loan amount. The Department sets interest rates on a quarterly basis.

Rates are at least 25 basis points below the average conventional market rates offered in Wisconsin and at least 87.5 basis points above the State of Wisconsin Investment Board earnings rate for the last month reported or the bond coupon rate when the bond proceeds are lent. The rates offered vary based on whether the loan is secured by a mortgage or by a guarantor. Mortgage secured loans also vary based on the percent of the house's value is being loaned. Home Improvement Loans that are less than 80% of the home value (termed the loan-to-value ratio) have lower rates than those loans that are between 80% and 90% (maximum loan value) of the house value. Table 1 shows the available loan periods and the interest rates as of June 30, 2006.

Table 1: Home Improvement Loan Rates

Term Period	Loan-to-Value Ratio		Guarantor Secured
	Less than 80%	Between 80% and 90%	
Three Years	N.A.	N.A.	8.50%
Five Years	6.00%	6.50%	10.00
Seven Years	6.25	6.75	N.A.
10 Years	6.50	7.00	N.A.
15 Years	6.75	7.25	N.A.

*Percent of the Home Improvement Loan compared to the value of house.

All eligible veterans may qualify for these loans. Further, under provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U. S. armed forces at the time of making application is also eligible for the program. The general eligibility requirements for HILP are the same as for the primary mortgage loan program. However, no property security is required for HILP loans under \$3,000; instead a simple guarantor is acceptable. In 2005-06, 91 HILP loans were made, totaling \$2,119,000. The average loan was \$23,300.

Personal Loan Program

The personal loan program (PLP) was established by 1997 Wisconsin Act 27 to provide qualifying state veterans with multi-purpose, low-interest loans to eligible veterans, unremarried spouses of veterans, or a deceased veteran's child. Personal loans may be used for any purpose. The PLP replaced both the veteran's consumer loan and economic assistance loan programs.

The PLP is funded from the segregated (SEG) veteran's trust fund, but the Department may borrow from the primary mortgage loan repayment fund or may enter into an agreement with the State of Wisconsin Investment Board to obtain additional moneys for these loans. These amounts (along with agreed upon interest fees) are then repaid to these funds. A total of \$10,000,000 SEG was budgeted for PLP loans in 2005-06 and in

2006-07 under a biennial appropriation. In 2005-06, 418 loans were made, totaling \$4,113,300. The average loan was \$9,840.

The statutes authorize veterans to borrow up to \$25,000, or such lesser amounts as the Department establishes, by rule, for a term of up to 10 years. A borrower may have more than one PLP loan outstanding, provided the current ceiling is not exceeded. PLP loan interest rates are also set by administrative rule and may be adjusted by DVA based on the term of the loan, the type of security offered, method of payment, or any other relevant factor.

Most PLP loans must be evidenced by a promissory note and secured by a Wisconsin mortgage. However, where the loan is less than \$5,000 and is made to an individual with total PLP indebtedness of less than \$5,000, the loan may be evidenced simply by a promissory note secured by a guarantor. (The loan may also be secured by a Wisconsin mortgage.) DVA is required to establish, by rule, the minimum allowable equity for mortgages that may be used to secure a personal loan.

The Department has established variable interest rates, depending on the securitization of the loan. In the third quarter of 2006, interest rates ranged from 6% for five-year loans secured by a mortgage to 10% for five-year loans secured by a guarantor.

A qualifying veteran may not receive a loan if the outstanding loan balance for a PLP loan combined with any loans under any predecessor loan programs, would exceed \$25,000 for a mortgage-secured loan, or \$5,000 for a guarantor-secured loan.

Loan recipients must not have been delinquent in any child support or maintenance obligations, as certified by the Department of Workforce Development. However, a loan can be used to make child-support payments. In these cases, the

DVA is required to ensure that the proceeds of the loan are first applied to pay any delinquent child support or maintenance payments and to pay any past support, medical expenses or birth expenses.

Veterans Grant Programs

The Department of Veterans Affairs administers two grant programs for veterans. These programs are funded from the segregated veterans trust fund and provide grants to individuals for education and for emergency assistance. Beginning in 2004-05, the University of Wisconsin System and the Wisconsin Technical College System are also required to operate a program for veteran student's education.

Education Grant Programs

The Department currently operates two education grant programs: the veterans education grant program; and the retraining grant program.

In 2005 Wisconsin Acts 25 and 468, education benefits for most veteran students were significantly modified. The University of Wisconsin System (UWS) and the Wisconsin Technical College System (WTCS) are now required to remit a portion of veteran tuition and fees [50% of tuition and fees for the 2005-07 biennium and 100% of tuition and fees beginning with the 2007-08 academic year]. The operation of these remitted fees along with DVA's veterans education grant program is described below.

Tuition Remission and Reimbursement Programs. This section will identify two types of tuition aid: (a) *remitted* tuition and fees, the amounts that are not charged to a student but are instead deducted from the amount owed before a payment is made; and (b) *reimbursed* tuition and fees, the amounts repaid to a student, in this case at the end of a semester. In the case of reimbursements, the

student must initially pay the tuition and fees actually charged (tuition and fee costs minus any other grants or scholarships or amounts remitted by Wisconsin higher education institutions) and then seek reimbursement from DVA upon completing a semester and meeting all qualifications (such as filing required forms with the Department in a timely matter and obtaining at least a 2.0 grade point average).

Under 2005 Wisconsin Act 25, the UW System Board of Regents and each technical college district board must remit 50% of tuition and fees, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer for a student who meets the following qualifications: (a) is a qualified veteran as defined in Chapter 36 of the statutes; (b) is a Wisconsin resident as defined in Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. Beginning in academic year 2007-08 the amounts remitted increase to 100%. These costs will no longer be borne by the veterans trust fund for these students.

The DVA education grant program was operated as two separate veterans reimbursement programs until the passage of 2005 Wisconsin Act 25. Prior to Act 25, veteran undergraduate students were eligible for reimbursement of up to 100% of tuition and fees (maximum cannot exceed resident undergraduate tuition and fees at UW-Madison for a similar number of credits) in the form of either part-time study grants or tuition and fee reimbursement grants depending on whether the veteran was a full-time (taking at least 12 credits in a semester) or a part-time (11 or fewer credits) student. Operation of these two programs is now unified as the veteran education grant program.

Reimbursements are made upon an eligible veteran's successful completion of a semester at any UW System institution or center, state technical college, private school approved by the Educational Approval Board, private or public high school, or similar institution with a tuition reciprocity agreement with Wisconsin.

Act 25 maintains DVA's responsibility for reimbursing veterans students for tuitions and fees that are not remitted at any eligible institution. If the veteran student was also eligible for DVA's veterans education grant program, the student could be reimbursed for the amounts not remitted by the UWS or WTCS institution, up to 100% of the cost of undergraduate tuition and fees, minus any other grants or scholarships received by the veteran, with a maximum reimbursement based on the costs of a UW-Madison resident undergraduate. The statutes specify that veterans that are eligible for National Guard tuition reimbursement may not receive DVA veterans education grants.

Eligible veterans that attend qualifying institutions other than the UWS and WTCS or did not enter service from Wisconsin cannot have tuition or fees remitted, but these veterans are still eligible for tuition and fee reimbursement from DVA (the UW-Madison resident undergraduate tuition and fee rate would still apply as a maximum reimbursement rate).

Part-time students may be reimbursed by DVA for courses taken at out-of-state institutions, if the course is not offered within 50 miles of the veteran's residence, and the course is taught at an institution within 50 miles of the state boundary, or a correspondence course is not offered in this state.

Veteran students must file a form with DVA within 30 days of the beginning of any semester in which reimbursement will be sought that identifies the name of the student, the educational institution that the veteran is attending, whether the veteran is attending full- or part-time, and an estimate of the amount of reimbursement that will be requested at the end of the academic term.

Tuition reimbursement credit limitations are based on the length of active duty service for the veteran. Veterans that were on active duty for at least 90 days but no more than 180 days may be reimbursed for up to 30 credits or two semesters.

Veterans with at least 181 days of active duty service but no more than 730 days are eligible for reimbursement of up to 60 credits or four semesters. And veterans with more than 730 days of active duty service may be reimbursed for up to 120 credits or eight semesters of study. A veteran may not be reimbursed by the Department if they have an undergraduate degree.

Veterans may receive tuition and fee reimbursement only for credits begun prior to the 10-year anniversary of their separation from active duty. However, up to 60 credits of part-time study may be reimbursed with no time limitations. Eligibility for DVA reimbursement is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two). There is no income limitation for tuition remission at UWS or WTCS institutions. The veteran may not be reimbursed in any semester in which the veteran failed to achieve at least a 2.0 grade point average, or a "C" average.

All applications for the veteran education grant program must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

Spouses, unremarried spouses, widows and dependents are not eligible for tuition and fee reimbursement, unless they also qualify as veterans. However, certain spouses and dependants of disabled or deceased veterans may be eligible for tuition remission - see the Legislative Fiscal Bureau's "Student Financial Aid" paper for more information.

No grants can be made to any otherwise eligible and qualified person if the Department of Workforce Development certifies that the veteran is delinquent in the payment of child support or maintenance obligations, unless the veteran has entered into an accepted agreement to repay owed child support and has been current on payments for the six months preceding the reimbursement request.

In 2005-06, 2,143 veterans education grants were awarded, totaling \$4,534,400. The average grant amount was \$2,116.

Retraining Grant Program. This program was established by 1989 Wisconsin Act 31. The program provides grants based on financial need of up to \$3,000 in any one-year period. Veterans may not receive more than two retraining grants and lifetime grants may not exceed \$6,000.

A retraining grant may be made if the veteran: (a) is enrolled in a state technical college or an in-state proprietary school that is approved by the Education Approval Board, other than a proprietary school offering a four-year degree or a four-year program, or is engaged in a structured on-the-job training program that meets program requirements promulgated by DVA; (b) meets financial assistance criteria established by DVA; (c) has become unemployed, underemployed or received a notice of termination of employment in the year prior to submitting the grant application; (d) proposes to participate in a retraining program that could enable the veteran to find gainful employment; (e) has not received a DVA tuition reimbursement grant for the same period; and (f) the applicant was employed for at least six months prior to the loss or reduction in employment.

In 2005-06, 118 retraining grants were awarded, totaling \$183,700. The average grant amount was \$1,557. Since the program's inception, 1,465 retraining grants have been awarded, totaling \$3,767,300.

Emergency Assistance Grants

In addition to education grants, DVA administers a grant program that provides limited emergency financial assistance to eligible veterans called assistance to needy veterans (ANV). This program includes both the health care aid grant and the subsistence aid grant programs that operated prior to 2005 Wisconsin Act 25.

Act 25 established a \$5,000 lifetime maximum for ANV grants. Under current DVA rules, an applicant must earn less than 130% of the federal poverty level to be eligible for these grants. An unremarried spouse or dependant of a veteran that died while on active duty (including training) are also eligible to receive either of these grants

The ANV program still provides two distinct types of service: (a) assistance for health care costs; and (b) subsistence aid.

The health care component provides emergency assistance to financially needy veterans to help pay for medical treatment and hospitalization. Act 25 specified that this program would solely cover costs related to dental care, hearing aids and eyeglass costs. Over any 12-month period, grants for a veteran may not exceed \$500 for vision care, \$1,500 per ear for hearing care, and \$2,500 for dental care. The veteran's household may not have liquid assets in excess of \$1,000 without losing eligibility for this program.

The Department may not provide health care aid unless the health care provider agrees to accept the following as payment in full: (a) the amount of the DVA grant payment; (b) any available insurance payment; and (c) a payment by the veteran in the amount the Department determines the veteran is able to pay.

The subsistence aid portion of the program provides temporary emergency aid to veterans in the event of an illness, injury or natural disaster that causes a loss of income.

The subsistence aids are provided on a month-to-month basis or for a three-month period. Payments cannot exceed \$2,000 over any consecutive 12-month period. Subsistence aid is limited to the difference between the amount of income earned before the loss of income and the amount of income earned after the loss of income.

The spouse and dependant children of an active member of the U.S. armed forces or the Wisconsin National Guard (whom is activated or deployed) are eligible for ANV if they meet the following qualifications: (a) they are a Wisconsin resident; (b) they have suffered a loss of income due to the activation or deployment; and (c) they experience an economic emergency during the period of the activation or deployment. Income eligibility standards [no more than 130% of the federal poverty level] apply for spouses or dependant children.

In 2005-06, a total of 420 assistance to needy veterans grants were awarded, totaling \$693,800. The average grant was \$1,652 in 2005-06.

Assistance to Veterans Organizations

In addition to grant programs that provide benefits directly to individual veterans, the Department administers three grant programs that provide monies to organizations or entities that assist Wisconsin veterans: the county veterans service office grants program; the grants to veterans organizations program; and a transportation services grant program.

County Veterans Service Office Grant Program.

Under this program, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Under s. 45.80 of the statutes, each county must have a county veterans service officer (CVSO) and must provide the CVSO with office space and clerical assistance.

A CVSO must be a Wisconsin resident who qualifies as a veteran and served under honorable conditions. The CVSO is appointed for a two-year term by the county board. In counties with a county executive or county administrator, the county executive or county administrator appoints

the officer, subject to the county board's approval. The primary duties of a CVSO are: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department.

A county's grant to support these activities is based on whether the CVSO is full-time or part-time and on the county's population. For counties with full-time CVSOs, the statutory grant amounts are as follows:

- \$8,500 for a county with a population under 20,000 (Ashland, Bayfield, Buffalo, Burnett, Crawford, Forest, Green Lake, Iron, Jackson, Lafayette, Marquette, Menominee, Pepin, Price, Richland, Rusk, Sawyer, Taylor, and Washburn);
- \$10,000 for a county with a population from 20,000 to 45,499 (Adams, Calumet, Clark, Door, Douglas, Dunn, Iowa, Juneau, Kewaunee, Langlade, Lincoln, Marinette, Monroe, Oconto, Oneida, Pierce, Polk, Shawano, Trempealeau, Vernon, Vilas and Waushara);
- \$11,500 for a county with a population from 45,500 to 74,999 (Barron, Chippewa, Columbia, Grant, Portage, Sauk, and Waupaca); and
- \$13,000 for a county with a population of 75,000 or more (Brown, Dane, Dodge, Eau Claire, Fond du Lac, Jefferson, Kenosha, La Crosse, Manitowoc, Marathon, Milwaukee, Outagamie, Ozaukee, Racine, Rock, St. Croix, Sheboygan, Walworth, Washington, Waukesha, Winnebago, and Wood).

Counties with a part-time CVSO are eligible for

a grant of \$500 annually. Currently, only two counties have part-time CVSOs (Florence and Green).

The CVSO grant program is funded 40% from the veterans trust fund and 60% from the primary mortgage loan program. In 2005-06, \$749,000 was awarded in grants to counties (\$299,600 from the veterans trust fund and \$449,400 from the veterans mortgage loan program).

The Department also provides \$8,500 grants to federally recognized Indian tribes and bands that appoint a tribal veterans service officer. The service officer must be a veteran and must serve as a full-time employee. The tribal veterans service officer is responsible for the same duties as a CVSO, but at the tribe or band level. Before the grants are provided, a tribe or band must agree to meet minimum budget and operating standards established by the Department. Funding for the tribal service officers comes from tribal gaming revenues. In 2005-06, four tribal grants totaling \$34,000 were awarded to the Ho-Chunk, Lac Courte Oreilles, Lac du Flambeau, and Oneida tribes.

Grants to Veterans Organizations. This program provides grants to any state or national veterans organization that has maintained a claims service office at the USDVA regional office in Milwaukee for the purpose of assisting Wisconsin veterans with obtaining federal veteran's benefits. To qualify for the state grant, the veterans organization must have maintained the office for at least five out of the 10 years preceding the date of application for the grant.

Grant amounts are based in the total amount of salaries and travel expenses incurred by a qualifying service organization as follows: (a) for organizations with costs ranging from \$1 to \$2,499, DVA reimburses the entire amount; (b) for organizations with costs ranging from \$2,500 to \$9,999, DVA reimburses \$2,500; (c) for organizations with costs ranging from \$10,000 to \$119,999, DVA reimburses

25% of the costs; and (d) for organizations with costs of at least \$120,000, DVA reimburses \$30,000.

In 2005-06, a total of \$127,800 was granted under the program to the following five organizations: American Legion, AmVets, Disabled American Veterans, Military Order of the Purple Heart, and Veterans of Foreign Wars.

Transportation Services Grant Program. Provisions of 2001 Wisconsin Act 16 established a program to provide grants to counties and to veterans service organizations for the transportation of veterans to medical facilities. A total of \$200,000 is appropriated annually from the veterans trust fund for the program.

DVA provides \$100,000 annually to the Wisconsin Chapter of the Disabled American Veterans to provide free transportation for veterans to community-based outpatient clinics and medical centers.

An additional \$100,000 annually is available for grants to counties that are not served by the transportation network developed by the Wisconsin Chapter of the Disabled American Veterans. Counties may use these grant funds to develop, maintain, and expand transportation services to veterans, including the development of multi-county cooperative transportation services.

Counties may not allocate any portion of a transportation services grant for use by another county department or reduce funding to a county veterans service office as a result of receiving a transportation services grant.

In most cases, the grant is divided among the eligible counties based upon the total number of miles that eligible veterans were transported in that particular county compared to the total number of eligible miles that were driven in all counties. Counties that are starting a new transportation program, or are expecting to significantly increase the number of miles that veterans will be trans-

ported may submit an application based on estimated costs.

Other Programs

In addition to loan and grant programs for veterans and veterans organizations, DVA administers several other programs that provide services to veterans: the veterans assistance program; veterans memorial grants; Mission Welcome Home; state veterans cemeteries; military funeral honors; and the state veterans museum.

Veterans Assistance Program

The veterans assistance program (VAP) was created by 1993 Wisconsin Act 16 to provide 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 needy veterans in receiving medical and dental care, educational support and employment services. Services provided include health care, federal and state veterans benefit information, education, job training, legal advice, basic financial counseling, and job location assistance.

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 for this program. An assistance center may not provide services to the veteran's spouses (unless the spouse is a veteran) or to his or her children. However, the VAP administrators will help the veteran's family obtain adequate housing while the veteran is in the program.

Since the creation of the VAP, five centers have been established in Wisconsin at the following locations: Milwaukee; Fort McCoy; Tomah; King; and Union Grove. Three of these sites (Fort McCoy,

King and Union Grove) are operated by the Department, while the other two facilities (Milwaukee and Tomah) are operated by private vendors that receive funding directly from the federal government.

The first site opened in Milwaukee in May, 1994, and is currently operated by the Center for Veterans Issues. This facility can house 72 residents. In November, 1994, a second center opened at Fort McCoy, making it the only military installation with a facility designed specifically to help homeless veterans. The veterans at the Fort McCoy facility received job training and other services through the nearby USDVA Medical Center in Tomah. In 1997, the Fort McCoy facility was shifted to Tomah to move most of the veterans closer to the USDVA facility. This relocated Tomah center is administered by the Veterans Assistance Foundation and can house 60 residents. A third assistance center opened in 1995 on the campus of the Wisconsin Veterans Home at King. This assistance center is operated by DVA and can house 26 residents. The fourth assistance center opened in 1998 at Southern Wisconsin Center in Union Grove. This assistance center is operated by DVA and can house 30 residents. The fifth assistance center was reestablished at Fort McCoy in 2003. This site is also operated by the Department and can house 14 residents.

As part of the 2005-07 biennial budget, additional federal expenditure authority was provided to the Department and placed in unallotted reserve, pending federal approval of moving the beds allocated to Fort McCoy to the Department of Health and Family Services' Northern Wisconsin Center in Chippewa Falls and for expanding the number of beds from 14 to 30. As of the fall of 2006, the Department is negotiating with the federal government for the establishment of a VAP at the Northern Wisconsin Center.

Through the 2005-06 fiscal year, a total of 5,278 veterans had received transitional housing services

under the program since its inception. Of those served, 63% left the program with a job and housing or were referred for long-term treatment, and 37% left the program without a job or housing.

In 2005-06, \$632,300 from the veteran's trust fund was expended for the veterans assistance program.

Veterans Memorial Grant Program

From time-to-time, the Department has provided assistance for the support of veterans memorials. As part of 1987 Wisconsin Act 399, \$600,000 SEG from the transportation fund was appropriated for the construction of two memorials; one honoring state veterans who served in the Vietnam conflict and the other honoring state veterans who served in the Korean conflict. Each memorial was funded at \$300,000, and DVA released \$2 in state funds for every \$1 raised from the public in cash contributions or in-kind donations. DVA provided administrative supervision of the construction grants.

The Vietnam Veterans memorial was dedicated on September 18, 1988. The monument is located at the Highground memorial site near Neillsville in Clark County. The site is operated and maintained by the Wisconsin Vietnam Veterans Memorial Project (a private, non-profit corporation).

The Korean memorial was dedicated June 19, 1994, at a site near Plover in Portage County. It is operated by the Korean War Veterans Memorial Association of Wisconsin, Inc., also a private, non-profit corporation.

Under 1991 Wisconsin Act 44, \$190,000 general purpose revenue (GPR) was provided in a continuing appropriation for construction of World War I, World War II and Persian Gulf War memorials at the Highground site. The World War I memorial was dedicated on September 19, 1992, and the World War II memorial was dedicated on September 18, 1993. Construction has not started

on the Persian Gulf War memorial. Through 2005-06, a total of \$136,200 GPR had been released for construction of the World War I and II memorials.

Provisions of 1995 Wisconsin Act 254 provided one-time grants of \$10,000 GPR each for the state's contribution to the creation and maintenance of two women's war memorials in Washington, D.C.

One grant was for the Vietnam Women's Memorial depicting women's role in that war. This memorial is located at the site of the Vietnam Veterans Memorial Wall and was dedicated in November, 1993.

The second grant was for the Women in Military Service for America Memorial to honor women who served from the American Revolution to the present, as well as to those who will serve in the future. This memorial is located at the grand entrance of the Arlington National Cemetery in Arlington, Virginia, and was dedicated in October, 1997.

Provisions of 1999 Wisconsin Act 2 appropriated \$166,100 GPR in a continuing appropriation to support the construction of a World War II Memorial in Washington, D. C. This memorial was dedicated on May 29, 2004.

Additionally, provisions of 2001 Wisconsin Act 16 appropriated one-time funding of \$3,000 GPR under a continuing appropriation for additional flags at the Wisconsin Veterans Tribute Memorial in Chippewa County. Act 16 also provided one-time funding of \$50,000 GPR in 2001-02 for the restoration of the Civil War-related Victorious Charge Monument in Milwaukee.

Mission Welcome Home

Provisions of 2005 Wisconsin Act 25, provided one-time funding of \$25,000 GPR in each year of the 2005-07 biennium for grants to individuals that administer a program to identify, train, and place community volunteers who assist National Guard

members, members of the U.S. armed forces, and members incorporated in the U.S. armed forces and their spouses and dependants who return to Wisconsin after serving on active duty.

Under this program, veterans and their families are sent information on state and federal benefits and services for veterans. As of the fall of 2006, 1,009 volunteers had been trained. In 2005-06 \$17,000 was expended in the program.

Wisconsin Veterans Cemeteries

Currently, there are four veterans cemeteries located in Wisconsin. These are the Wood National Cemetery in Milwaukee and three state-run cemeteries: the Central Wisconsin Veterans Memorial Cemetery located at the Veterans Home in King; the Southern Wisconsin Veterans Memorial Cemetery located near Union Grove in Racine County; and the Northern Wisconsin Veterans Cemetery, located near Spooner in Washburn County. The Northern Wisconsin facility is the newest cemetery. Interments began there in December, 2000, and the cemetery was officially dedicated in June, 2001.

Only three of the cemeteries are currently performing casket interments. Wood National Cemetery reached capacity on September 30, 1996, at which time the Southern Wisconsin Cemetery performed its first interment. All three of the state veteran's cemeteries provide burials for veterans, spouses and dependent children. Each of the cemeteries provide casket and cremation internments.

Veterans whose military service and state residency meet specific requirements are eligible for burial at a Wisconsin veterans cemetery. The veteran must have been discharged or released from active duty service (except service on active duty for training purposes) under honorable conditions or died while on active duty. In addition, the veteran must meet one of the following residency requirements: (a) military service was entered from

Wisconsin; (b) service was entered from another state but the veteran was a Wisconsin resident at the time of death; or (c) military service was entered from another state but the veteran was a Wisconsin resident at some point for at least twelve months after discharge from active duty. Further, a Wisconsin resident who was a member of the National Guard or a reserve component of the U. S. armed forces at the time of that service or who was a resident of the state for at least 12 consecutive months immediately preceding death, is eligible for burial at a Wisconsin veterans cemetery, provided the individual is also eligible for burial in a national cemetery.

The Department has established rules setting the fee charged for burials at the veterans cemeteries. Currently, there is no fee charged for the state interment of an eligible veteran, guard or reserve member. There is also no internment fee for any veteran's spouse or unremarried surviving spouse who resides at a Wisconsin Veterans Home at the time of death. Currently, the Department assesses a fee of \$450 for the interment of a dependent child or a veteran's spouse who does not reside at a Wisconsin Veterans Home at the time of death.

The total number of interments through the 2005-06 fiscal year at each state cemetery is as follows: the Southern Wisconsin Veterans Memorial Cemetery (5,661); the Northern Wisconsin Veterans Memorial Cemetery (732); and the Central Wisconsin Veterans Memorial Cemetery (5,359). The interments during 2005-06 are as follows: the Southern Wisconsin Veterans Memorial Cemetery (795); the Northern Wisconsin Veterans Memorial Cemetery (165); and the Central Wisconsin Veterans Memorial Cemetery (129).

Military Funeral Honors

Provisions of 1999 Wisconsin Act 136 require DVA to administer a program that coordinates the provision of military honors details at funerals of deceased veterans. The Department provides these

services either by performing the honors with DVA's Military Funeral Honors Teams or by coordinating the performance of such honors by members of veterans groups and the military services.

The Department has also created a funeral honors training program to certify veterans organizations and their members for the performance of these duties. DVA must provide reimbursement of up to \$50 to the local veterans groups that provide such services. Under 2005 Wisconsin Act 25, the source of these stipends changed from the veterans trust fund to the general fund.

Since the inception of this program through the 2005-06 fiscal year, DVA has coordinated 26,866 funerals, has staffed 5,120 of those funerals with the agency's Military Funeral Honors Teams, and has paid 18,432 reimbursement grants to local organizations, totaling \$916,000. In 2005-06, DVA coordinated 5,145 funerals, staffed 1,153 of these funerals with Military Funeral Honors Teams and paid 3,305 reimbursement grants, totaling \$162,200.

Wisconsin Veterans Museum

In 1993, a new Wisconsin Veterans Museum was opened in Madison, located in the same building that houses the Department's central offices. The museum had been located inside the State Capitol since 1901 along with the Grand Army of the Republic headquarters. In 1989, funds were provided to relocate the museum outside the Capitol.

The museum contains exhibits, displays and other presentations related to Wisconsin's participation in U.S. military actions from the Civil War to the Persian Gulf War. The museum features dioramas depicting important historical events in which Wisconsin veterans participated. Another museum attraction is a computer containing the military records of more than 90,000 Wisconsin

Civil War veterans. In addition to the exhibits provided at the museum, many noted historians and public figures, along with the staff at the museum, present programs to the public on military history, world events and the experiences of Wisconsin veterans.

Over the last decade funding for the museum has shifted between the veterans trust fund (SEG) and the general fund (GPR). Under 1995 Wisconsin Act 27, beginning January 1, 1997, a portion of the museum's costs was funded with GPR. Provisions of 2001 Wisconsin Act 16 for the first time supported a portion of museum operations with program revenue (PR) funds from tribal gaming revenues. Under 2003 Wisconsin Act 33, all GPR and PR support for the museum was deleted, thereby returning all funding support for museum operations to the veterans trust fund. Then, under 2005 Wisconsin Act 25 a portion of the museum costs were again shifted to GPR, while the remaining costs continue to be supported by the veterans trust fund.

In 2006-07, a total of \$292,500 GPR and \$1,494,600 SEG have been appropriated for museum operations, including 11.45 SEG staff positions.

Funding for the Loan and Grant Programs

Home Loan Programs

The state issues general obligation bonds to finance veterans mortgage home loans and home improvement loans. The veterans trust fund finances the personal loan program and most of the grant and other programs operated by DVA.

Chapter 208, Laws of 1973, authorized the issuance of bonds to provide low-interest home mortgages to qualified veterans. Lending activities under the program began in 1974. The program is

designed to be self-supporting. This means that the veteran mortgage loan repayments (principal and interest) are intended to be sufficient to repay the funds borrowed, plus interest costs, as well as the administrative costs of the home loan program.

The state, through the Building Commission and the Capital Finance Office in the Department of Administration, issues general obligation bonds as needed by DVA for the primary mortgage and home improvement loans to veterans. The amount of bonds that may be issued is limited by the bonding authority granted to the Department by the Legislature. The general obligation bonds are backed by the full faith and credit of the state. Proceeds from the sale of bonds are then deposited in the state capital improvement fund and used by DVA to make veteran home loans.

To obtain a loan, a veteran applies through a financial institution approved by DVA. The financial institution reviews a veteran's loan application for creditworthiness. DVA also reviews the loan application to ensure that a veteran is qualified for the loan program. If the application is approved, the local lending institution originates the loan with funds supplied by DVA from the capital improvement fund and acts as the collection agent for DVA. Throughout the life of the loan, the local financial institution acts as the loan servicer. Veterans receiving loans make payments to the local financial institution, which in turn deposits the funds into the state treasury to the credit of the veterans mortgage loan repayment fund. The Department then makes payments from the veteran mortgage loan repayment fund to the capital improvement fund to pay the debt service on the bonds.

Since the primary home mortgage loan and home improvement loan programs (HILP) are required to be self-supporting, interest rates must be charged to veterans sufficient to redeem the bonds, pay DVA administrative costs, pay local financial institution costs, and capitalize a loan loss reserve.

The interest charge for the HILP program pays for DVA administration, loan reserves, and is a source of retained earnings to fund additional loans. The financial institutions, currently, do not charge a servicing fee on HILP loans.

The federal Tax Reform Act of 1986 eliminated the use of federally tax-exempt general obligation bonds, called qualified veterans mortgage bonds, for home loans for veterans that entered active duty after December 31, 1976, or apply for a loan more than 30 years after leaving active service (referred to as "disenfranchised" veterans). In 2006, federal tax law was amended to expand eligibility for qualified veterans mortgage bonds used to fund mortgage loans by removing the requirement that active duty military service must have begun prior to 1977. Qualified veterans are eligible for loans funded from tax-exempt bonds, regardless of when they entered service. However, the new law specifies that the use of tax-exempt bonds is limited to veterans that are within 25 years of their date of separation from active duty.

The Department has issued taxable bonds to provide mortgage loans to disenfranchised veterans. However, one effect of issuing taxable bonds is to increase the financing costs of loans to the state, and subsequently the cost of the loan to veterans. While the federal law created different costs of financing, the Department has, to date, provided the same interest rates on home mortgage loans regardless of when a veteran was discharged. DVA has been able to do this by buying down or blending interest rates, much like paying points on a loan, for the taxable bond issues from available retained earnings in the veterans mortgage loan repayment fund. This blended rate makes the differences in veteran eligibility for types of financing transparent from the applicant's point of view. However, this process can only take place if sufficient equity funds are available.

Table 2 shows the date and amount of bonds issued for the most recent ten-year period. In the last decade, the state has issued \$709,725,000 in

general obligation bonds for home loans for veterans. Of this amount, \$447,005,000 was issued as taxable bonds. It must be noted that during this period the use of taxable bonds created situations where the programs interest rate exceeded the existing market rate.

Table 2: Recent Bond Issues for the Mortgage Loan Program (1996-2006)

Bond Issue	Amount
May, 1996	\$45,000,000
October, 1996	30,000,000
March, 1997	21,360,000
March, 1997	23,640,000
September, 1997	45,000,000
September, 1997*	45,000,000
May, 1998	30,565,000
May, 1998*	34,005,000
October, 1998	6,155,000
October, 1998*	55,000,000
May, 1999*	40,000,000
November, 1999*	65,000,000
July, 2000*	35,000,000
February, 2001*	15,000,000
June, 2001*	20,000,000
October, 2001*	20,000,000
April, 2002*	15,000,000
June, 2002*	20,000,000
September, 2002*	13,000,000
December, 2002*	15,000,000
July, 2003*	30,000,000
August, 2004*	20,000,000
April, 2005*	5,000,000
December, 2005**	<u>61,000,000</u>
TOTAL Bond Issues (1996-2006)	\$709,725,000

* Taxable bonds.

** Extendible Municipal Commercial Paper (tax exempt).

Appendix III summarizes all bond issues for the mortgage loan program and loan activity since the program's inception. The veterans home loan program is the largest revenue-supported loan program run by the state. The program is limited by the amount of bonding authorized by the Legislature. Through the 2005-07 biennium, the Legislature had authorized \$2,120,840,000 in state

borrowing for this purpose.

In addition to making veteran home loans and home improvement loans, in recent years some veterans mortgage loan repayment fund assets have been transferred to the veterans trust fund for various programs. Most recently, a loan portfolio and cash totaling \$68 million was transferred to the veterans trust fund in December, 1997, to provide revenues to the veterans trust fund for the personal loan program. Further, Appendix IV shows the amounts of refunded bond issues (bonds that are issued at lower rates to refund higher interest bonds) since 1985.

In addition to the transfer of assets, 1997 Wisconsin Act 27 authorized the Department to borrow from the mortgage loan repayment fund to provide additional funding in the veterans trust fund for the personal loan program. Provisions of 2003 Wisconsin Act 83 authorized the Department to borrow from the veterans trust fund to support the mortgage loan repayment fund.

Veterans Trust Fund

Background. The veterans trust fund was created in 1961 through the consolidation of three predecessor funds: the soldiers rehabilitation fund; the post-war rehabilitation fund; and the veterans housing trust fund.

The soldiers rehabilitation fund was created in 1919 through a special surtax on income and a tax on property. The fund provided World War I veterans with either a one-time cash bonus of \$10 per month of service (with a minimum bonus of \$50) or an education bonus of \$30 per month of service (with a maximum bonus of \$1,080).

The post-war rehabilitation fund was created in 1943 to meet the medical, educational and economic needs of World War II veterans. This fund derived its revenue from a 60% surtax on individual income taxes collected for income earned in 1942. Supervision and administration of

this fund became the responsibility of the Veterans Recognition Board formed in 1943 (renamed the Board of Veterans Affairs in 1945) and the Wisconsin Department of Veterans Affairs created in 1945.

The veterans housing trust fund was created in 1949 to make second mortgage loans to qualified veterans for home purchases, construction and improvement. Initially, the revenue source for the fund was a tax on liquor. However, the use of these funds to support veterans housing programs was invalidated by the Wisconsin Supreme Court in 1948. As an outgrowth of this decision, the Wisconsin Constitution was amended to include veteran housing activities as a purpose to which the state could contract for debt under Article VIII Section 10. As of July 1, 1951, liquor tax receipts were no longer used to support the veterans housing program. Subsequently, all loan repayments by veterans and all interest on these loans were deposited in this trust fund.

In 1961, the veterans trust fund was created by consolidating the assets and liabilities of the three predecessor funds. From 1961 until the creation of the veterans mortgage loan repayment fund in 1974, the veterans trust fund was the only segregated fund for receipt of loan repayments and the disbursement of grants, loans and administrative expenses. Table 3 summarizes the source of veterans trust fund revenues since 1943 through a combination of special taxes, general fund appropriations, and other funding sources.

As indicated in Table 3, the principal revenue source for the veterans trust fund prior to 1991 was the general fund, which provided \$25.9 million in general tax collection receipts, \$25.2 million in direct appropriations, and \$37.3 million in loans. The loans to the trust fund, totaling \$18.8 million from the general fund and \$18.5 million from the Investment Board have subsequently been fully repaid.

By the early 1990's, ongoing revenue sources for the trust fund were interest payments by veterans

Table 3: Sources of Veterans Trust Fund Revenues

Revenues Sources	Amount
Pre-World War II balance	\$32,900
1943 Surtax on Income	7,636,400
1947-51 Liquor Tax Proceeds	<u>18,190,100</u>
Subtotal-Dedicated Revenue	\$25,859,400
1947 General Fund Appropriation	5,000,000
1951 General Fund Appropriation	4,000,000
1971 General Fund Appropriation	6,000,000
1972 General Fund Appropriation	5,900,000
1973 General Fund Appropriation	667,000
1974 General Fund Appropriation	1,033,000
1985 General Fund Appropriation	1,000,000
1986 General Fund Appropriation	400,000
1987 General Fund Appropriation	942,800
1988 General Fund Appropriation	<u>261,900</u>
Subtotal-GPR Appropriations	\$25,204,700
1969 Investment Board Loan	\$6,500,000
1973 General Fund Loan	13,500,000
1974 General Fund Loan	5,300,000
1974 Investment Board Loan	6,000,000
1975 Investment Board Loan	<u>6,000,000</u>
Subtotal-Loans	\$37,300,000
1991 WHEDA Loan Portfolio Proceeds	\$11,231,900
1993 Mortgage Loan Repayment Fund Transfer	20,000,000
1994 Asset Sale Proceeds	15,591,900
1997 Mortgage Loan Repayment Fund Transfer	<u>5,627,200*</u>
Subtotal--Other	\$52,451,000
TOTAL REVENUES	\$140,815,100

*In addition to this cash transfer, a portfolio of \$54.6 million in outstanding mortgage loans and \$7.9 million in home improvement loans were transferred to the veterans trust fund and the repayments may be used to support fund programs.

on outstanding second mortgage loans, economic assistance loans, and investment earnings on the cash and investment balances of the fund. In recent years, the annual expenditures from the fund have typically exceeded annual revenues. Declining interest rates have also affected the ability of the fund to generate additional revenues on loan repayments. Periodically, in order to sustain program funding, additional sources of revenue have had to be found. For example, in the 1991-93 biennium, a veterans mortgage loan portfolio held by the Wisconsin Housing and Economic Development Authority (WHEDA) was sold. This sale generated \$11.2 million for the trust fund.

In the 1993-95 biennial budget, funds totaling \$20.0 million were transferred from the excess reserves of the veterans mortgage loan repayment fund to the veterans trust fund to create a one-time consumer loan program. The goal of the loan program (called the veteran trust fund stabilization loan program) was to create a high-demand program so that the funds would be lent quickly, with the repayments providing a flow of new revenue to the veterans trust fund. Because of high demand for the veterans consumer loan program, the original \$20 million was fully committed by October, 1993. Subsequent legislation (1993 Wisconsin Act 254) provided an additional \$15.6 million from the proceeds remaining after the sale of revenue bond mortgages and the retirement of the associated outstanding debt. These latter funds, also utilized for additional consumer loans, were largely depleted by December 31, 1994.

In the 1997-99 budget, a \$68.0 million portfolio of primary mortgage loans, home improvement loans and excess cash reserves was transferred from the veterans mortgage loan repayment fund to the veterans trust fund to providing start-up funding for the new personal loan program (PLP). The transferred portfolio consisted of \$54.6 million in primary mortgage loans, \$7.9 million in home improvement loans and \$5.6 million in excess cash reserves. A purpose of creating the PLP was to generate an on-going revenue source for the veterans trust fund from personal loan interest payments.

Appendix V provides a summary of the total amounts of loans and grants made from the veterans trust fund from 1943 through June 30, 2006.

Current Status of the Veterans Trust Fund. The financial condition of the veterans trust fund, as of June 30, 2006, is presented in Table 4.

The fund's assets include cash on hand,

Table 4: Veterans Trust Fund Balance Sheet –As of June 30, 2006

Assets	Amount
Cash and Investments	\$29,044,500
Economic Assistance Loans	64,900
Consumer Loans	17,700
Second Mortgage Loans	178,200
Disenfranchised Loans	5,962,600
Personal Loans	32,898,900
Acquired Revenue Bond Loans	20,800
Home Improvement Loans	427,100
Revenue Bond Loans Receivable	359,200
Other Accounts Receivable	296,100
Prepaid Insurance	50,100
Property and Equipment*	<u>8,766,500</u>
Total Assets	\$78,086,700
 Liabilities	
Accounts Payable and Accrued Liabilities	\$1,131,000
Bonds Payable	845,900
Notes Payable	<u>5,900</u>
Total Liabilities	\$1,982,800
 Fund Equity	
Fund Equity Invested in Capital Assets**	\$7,914,700
Unrestricted Capital	<u>68,189,200</u>
Total Fund Equity	\$76,103,900
 Total Liabilities and Fund Equity	 \$78,086,700

*Depreciated value.

**Net of related debt.

investments, outstanding loans, pre-paid insurance and the depreciated value of its capital assets. The fund's liabilities include outstanding vouchers payable, debt service payable, and employee payroll deductions and payroll taxes payable. The bonds payable represents the principle balance of outstanding bonds. Fund equity is the difference between total assets and total liabilities, and is categorized as amounts that are invested and capital assets net of related debt and unrestricted capital (includes cash balances from Table 5, as well as remaining principal from veterans trust fund loan programs for which there are no restrictions placed on fund use).

Table 5 summarizes the fund's revenues and expenditures and opening and closing balances for the 2005-06 fiscal year. As detailed in the table, total annual revenues to the veterans trust fund (\$16,102,900) consisted primarily of loan repayment amounts (\$11,165,100), interest payments on those outstanding loans (\$3,944,300), and minor other income and revenue (\$993,500).

Total annual fund disbursements in 2005-06 (\$17,111,400) consisted of agency administrative expenses (\$6,311,500), new grants and aids to veterans (\$5,510,300), new loans and related expenses (\$4,613,000), and new grants to veterans organization, counties, and others (\$676,600). For the 2005-06 fiscal year, expenditures from the veterans trust fund exceeded revenues by \$1,008,500. This structural imbalance resulted in a drawdown of the fund's July 1, 2005, opening balance of \$30,052,800 to \$29,044,300 by June 30, 2006.

In recent years, the condition of the fund has been affected by declining interest rates, the continuing expansion of existing programs, and the creation of new programs. Investment rates, which were as low as 1% in October, 2003, and did not exceed 3% until June, 2005, reduced the annual earnings of the fund for several years at the same time various program expansions increased the draw on the fund. Among the program expansions in the 2003-05 biennium were: (a) increasing educational grant reimbursements from 85% to 100% of the UW-Madison resident undergraduate tuition and fees; (b) funding all museum operations from the veterans trust fund rather than from a mix of the general fund, tribal gaming revenues, and trust fund revenues; (c) partially supporting the Veterans Home Nurses Education Stipend Program from the fund; and (d) increasing the maximum amount of a personal loan program loan from \$15,000 to \$25,000.

The Department proposed a number of initiatives during the 2005-07, biennial budget [2005 Wisconsin Act 25] deliberations in an attempt

Table 5: Veterans Trust Fund Cash Flow As of June 30, 2006

OPENING CASH BALANCE, JULY 1, 2005	\$30,052,800
REVENUES	
Interest Earnings	
Economic Assistance Loans	\$7,800
Consumer Loans	5,200
Second Mortgage Loans	8,100
PML Portfolio	415,700
Personal Loans	2,142,200
Revenue Bond Interest	2,500
HILP Interest	38,000
Investments and Misc. Interest	1,324,800
Loan Repayments	
Economic Assistance Loans	54,400
Consumer Loans	22,200
Second Mortgage Loans	55,400
Primary Mortgage Loans	1,671,900
Personal Loans	9,134,900
Acquired Revenue Bonds	4,500
Home Improvement Loans	219,000
Unallocated Cash	2,800
Other Income and Miscellaneous Revenue	
Loan Service Fees	82,700
Museum Hall Sales	97,700
Gifts and Donations	107,300
Miscellaneous Revenues	211,200
VA Per Diem and Program Fees	<u>494,600</u>
Total Revenues	\$16,102,900
EXPENDITURES	
Administration	\$2,950,900
Museum Expenses	1,531,300
Cemetery Operations	620,200
Military Funeral Honors Administration	470,600
Veterans Assistance Program	632,300
Agency Debt Service	106,200
Loans	
New Personal Loans	4,113,300
SWIB Payments	22,300
Loan Expenses	477,400
Aids to Individuals	
Veterans Education Grants	4,534,500
Health Care Aid	591,500
Subsistence Aid Grants	102,300
Retraining Grants	183,700
Assistance to Indigent Veterans	98,300
Other Programs	
County Veterans Service Officers	297,500
Grants to Veterans Service Organizations	127,800
Home for Needy Veterans	7,600
Transportation Grants	200,000
Nurse Stipends	<u>43,700</u>
Total Expenditures	\$17,111,400
CHANGE IN CASH BALANCE	-\$1,008,500
CLOSING CASH BALANCE, JUNE 30, 2006	\$29,044,300

to reduce the amount of outlays and increase the amount of revenues for the veterans trust fund. Most of the major program changes relating to reducing costs previously were discussed in this paper under the sections entitled *education grant programs*, *emergency assistance grants*, and *other programs*.

In addition, the Legislature also approved three initiatives aimed at increasing revenues for the trust fund. Two of the initiatives were approved under 2005 Wisconsin Act 25, and include: (a) a veterans trust fund check-off for individual and corporate income tax and franchise tax forms, which allows individuals to make donations to the trust fund when filing their taxes; and (b) shifting the revenues generated by the issuance and reissuance of veteran and military special group license plates from the transportation fund to the veterans trust fund. Further, under 2005 Wisconsin Act 468, DVA is authorized to transfer up to \$16 million in 2006-07 from the agency's PR appropriation that supports the institutional operations of the Veterans Home at King and Union Grove to the veteran's trust fund, provided that the PR balance in the appropriation account is in excess of the amount needed to fund the operations of the veterans homes and the nurse stipend payments during the 2006-07 fiscal year.

The 2005 tax forms where the first year in which the check-off box was included. As of September 30, 2006, \$129,900 was deposited in the trust fund from the 2005 tax filings. Since the Department of Transportation is allowed to retain revenues equal to the costs of producing the plates (up to \$27,600) and the amounts collected for plate issuances or reissuances was only \$10,800 in 2005-06, no funds were deposited into the trust fund for license plate fees in 2005-06. Finally, the Department indicates that it is unlikely that there will be a transfer of funds from the PR appropriations that support the veterans homes. The Department is concerned that there would not be sufficient balances to transfer given potential costs of the skilled nursing facility at Union Grove

and start up costs of a proposed home at Chippewa Falls.

Wisconsin Veterans Home and Care Facilities

History and Description

Since 1887, the Wisconsin Veterans Home at King has provided residential care, nursing and medical services, food services, and social and counseling opportunities to its resident veterans and dependents. The campus, operated by DVA, currently includes four separately licensed nursing homes, with a total of 721 licensed skilled nursing care beds, cottages for married couples that provide 28 domiciliary beds, a chapel, and an activity center containing a post office, theater, bowling alley, museum and library.

The Wisconsin Veterans Home at King is licensed and regulated by the Department of Health and Family Services (DHFS) as a nursing home and, as such, is subject to state and federal rules that govern the maintenance, operation and construction of nursing homes. These rules specify staffing requirements, program and service standards and various sanitary and physical plant regulations.

A second veterans care facility, the Wisconsin Veterans Home at Union Grove, opened in 2001. The campus includes a 42-bed residential care apartment complex (Gates Hall) and two community-based residential facilities that provide a total of 86 beds (Shemanske and Fairchild Halls). A 120-bed skilled nursing facility (Boland Hall) was licensed to begin admitting members in September, 2006. These facilities are part of the Southern Wisconsin Center campus that includes a USDVA community-based outpatient clinic, a state veterans cemetery, a veterans assistance center for homeless veterans, the Southern Wisconsin Center for the Developmentally Disabled, the Southern

Oaks Girls School, and the Robert E. Ellsworth minimum security correctional facility.

Under 2005 Wisconsin Act 25, almost \$9.5 million and 108.5 additional FTE positions were provided to staff and operate the new skilled nursing facility at Union Grove beginning in 2005-06. Operational expenses for the Union Grove facility, including both the domiciliary operations and the skilled nursing facility, are budgeted at \$15.2 million with 216 FTE in 2006-07. In addition, under the 2005-07 budget, the Veterans home at King received an additional 33 FTE positions and \$3.5 million to increase the number of direct care staff at the facility to 729.54 FTE, and to increase funding for certain supplies and services. Funding for King was increased again in July, 2006, as a result of a request under s. 16.515 of the statutes by \$2,849,000 PR in 2005-06 and in 2006-07 to address cost overruns in 2005-06 and anticipated shortfalls in 2006-07.

Previously, 2003 Wisconsin Act 102 authorized DVA to develop and operate residential, treatment and nursing care facilities and programs on the campus of the Northern Wisconsin Center for the Developmentally Disabled in Chippewa Falls, that could include an assisted living facility, a skilled nursing facility, a medical clinic, an adult day health care center, an activities center, and a veterans assistance program. While the state enumerated \$24.5 million (or approximately 35% of anticipated costs) in the 2005-07 capital budget to secure matching federal funds, the project has not yet been enumerated in the federal budget.

Nurse Education Stipend Program. Provisions of 2003 Wisconsin Act 33 provided \$105,000 PR (\$43,700 SEG from the Veterans Trust Fund and \$61,300 FED) annually to support a nurses education stipend program. Under the program, DVA provides stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Recipients are required to work for DVA for one year for each year they

receive a stipend. From the program's origination in 2003-04 through fiscal year 2005-06, 43 grants have been awarded for a total of \$155,650.

Eligibility

Any individual who wishes to be admitted as a member of either veterans home must meet all of the service and residency criteria that he or she would be required to meet to receive other DVA benefits. In addition, an applicant must demonstrate that he or she: (a) is permanently incapacitated due to disability or age; (b) has not been convicted of a felony or other crime involving moral turpitude; (c) has not been diagnosed with certain chronic ailments unless the facility is able to provide care for the individual; (d) provides a financial statement for evaluation purposes; and (e) has care needs which the home or southeastern facility can meet. Spouses, surviving spouses, and parents may also qualify for admittance based on the veterans' eligibility. The order of priority for admissions to the facilities is as follows: (a) veterans; (b) spouses of eligible veterans; (c) surviving spouses of eligible veterans; and (d) parents of eligible veterans. Exceptions to these priorities may be made to avoid the separation of husbands and wives.

As of June 30, 2006, the membership at Wisconsin Veterans Home at King totaled 701, including 574 veterans and 127 dependents (primarily spouses). The veteran members as of that date included 326 World War II veterans, 136 Korean War veterans, 69 Vietnam-era veterans and 43 other qualifying veterans.

The membership at the Wisconsin Veterans Home at Union Grove totaled 106 individuals, including 96 veterans and 10 dependents. There were 67 World War II veterans, 18 Korean War veterans, seven Vietnam-era veterans, and four other qualifying veterans.

Funding

The Department's residential care facilities are supported from three primary sources: (a) member

Example of Payment Sources to Support Care at Veterans Home at Union Grove -- Assisted Living Facility

Monthly Cost (June 30, 2006)	\$3,009.00
VA Per Diem Payments*	892.00
Aid and Attendance Benefit**	<u>1,470.00</u>
Subtotal	\$2,362.00
Remaining Costs of Care (Paid by the Member's Own Funds)	\$447.00

*The VA per diem payment for domiciliary care is \$29.31 per day in federal fiscal year 2005-06. In this example, the monthly total has been adjusted to reflect payment for one hour per week of skilled nursing care at the rate of \$63.40 per day.

**In calendar year 2006, the maximum annual pension for a veteran with no income, no dependents and who qualified for aid and attendance benefits was \$17,640 per year (approximately \$1,470 per month).

contributions; (b) MA payments; and (c) USDVA per diem payments. A brief explanation of these revenue sources is provided below.

Member Contributions. Member contributions include VA pension amounts that are paid directly to the member, as well as other individual sources of revenue. Each member is billed monthly for the cost of his or her care. Any adjustments in the actual cost of care provided are made on the next billing. Members, or their personal representatives, have 30 days after the receipt of the statement to pay the bill. An interest assessment of one percent per month or fraction of a month is applied to overdue bills. If the member's income is insufficient to cover the monthly cost of care, revenues derived from the other funding sources may be used to cover the member's cost of care.

USDVA Per Diem Payments. The Department receives USDVA per diem payments for its member veterans, which vary depending on the level of care provided. As of October 1, 2006, USDVA paid \$31.30 per day for each member who received domiciliary care and \$67.71 per day for each member who received nursing care. In the 2005-06 federal fiscal year, USDVA paid DVA \$29.31 per day for each member who received domiciliary care and \$63.40 per day for each member who received nursing care.

Medical Assistance Payments. The Veterans Home at King is certified to participate in the MA program and receives MA reimbursement for the costs of services it provides to MA eligible residents. The state's MA program is funded on a 58% federal/42% state cost-sharing basis. The Veterans Home at King is able to claim all allowable MA costs under the MA program, as long as the total claim is less than the Medicare upper limit, the amount that the state estimates would have been paid under Medicare payment principles. Allowable costs under MA include the interest portion of debt service costs and depreciation. Since debt service costs are funded by a GPR appropriation, MA reimbursement of interest costs and depreciation are required to lapse to the general fund at the end of each fiscal year. At the end of 2005-06, approximately \$481,700 lapsed to the general fund as a result of MA reimbursement for interest and depreciation costs related to the Veterans Home at King.

An example of the payment sources used to support care at the Veterans Home at Union Grove is shown in the preceding column. The average cost of residency in an assisted living facility at Union Grove for an individual requiring less than one hour per week of skilled nursing facility care was \$3,009 per month, as of June 30, 2006. The costs of care to the individual is reduced by any VA per diem payments and aid and attendance benefits for those members who qualify (in this case, \$892 and \$1,470, respectively). If an individual resides in a Union Grove facility for the entire month, requires one hour per week of skilled nursing facility care, and is eligible for the maximum aid and attendance benefit, the cost of residency would decrease to approximately \$447 per month.

Table 6 indicates the amount of revenue the Department received from each of the revenue sources for the operation of the Veterans Home at King and the Wisconsin Veterans Home at Union

Table 6: Revenues and Expenditures for DVA's Institutional Operations --Fiscal Year 2005-2006

	King	Union Grove	Total
Revenues			
Medical Assistance			
2005-06 Claims	\$26,121,900	\$0	\$26,121,900
2001-02 to 2004-05 Claims	<u>20,237,400</u>	<u>0</u>	<u>20,237,400</u>
Subtotal	\$46,359,300	\$0	\$46,359,300
Medicare Payments	\$127,300	\$0	\$127,300
Member Contributions	\$17,929,700	\$2,384,500	\$20,314,200
USDVA Per Diem Payments	\$13,103,100	\$1,137,100	\$14,240,200
Miscellaneous Revenue	\$974,200	\$12,700	\$986,900
Revenue Transfers			
to Fuel and Utilities Appropriation to Union Grove*	-\$2,014,600	-\$539,200	-\$2,553,800
Lapse to General Fund (MA reimbursement of Interest Costs)	<u>-481,700</u>	<u>0</u>	<u>-481,700</u>
Subtotal	-\$6,788,800	\$3,753,300	-\$3,035,500
Unexpended Revenue Balance from Previous Fiscal Years	\$3,739,000	-\$1,234,600	\$2,504,400
Total Revenues	\$75,443,800	\$6,053,000	\$81,496,800
Expenditures			
Balance	\$24,008,100	\$206,200	\$24,214,300

*A portion of the revenues generated by King are used to support expenditures at Union Grove.

Grove in 2005-06 and the total expenses for the operation of these facilities. The table also identifies revenue transfers DVA made from these sources to support these facilities' fuel and utility costs and the required lapse to the general fund. A portion of the revenues generated by the Veterans Home at

King is used to support expenditures at the Veterans Home at Union Grove. Approximately 56.7% of the funding comes from medical assistance payments, 24.8% from member contributions and VA pensions, and 18.5% from VA per diem payments and other revenue sources.

APPENDIX I

Changes to DVA Programs in 2005-07

Education Grants for Veterans. Under 2005 Wisconsin Act 25, the part-time study grants and the tuition and fee reimbursement programs were combined into a single tuition reimbursement grant program. Act 25 also specified the following: (a) students who already have an undergraduate degree would be ineligible for the program; (b) veterans enrolling in a public or private high school would be eligible for reimbursements; (c) unremarried spouses and dependents of deceased veterans would not be eligible for the program; (d) reimbursements may not be provided if the veteran failed to achieve at least a 2.0 grade point average or an average grade of "C" for the semester in which a reimbursement is requested; and (e) a veteran who is eligible for or received either a National Guard Tuition Grant under the Department of Military Affairs or off-duty training or education paid by the U.S. Department of Defense under 10 USC 2007 (generally applying to federal payments for educational costs in exchange for agreeing to serve in active service or the reserves) would be ineligible for DVA educational grants.

Under Act 25, the Department may adjust the rates of reimbursement based on the availability of appropriated funds, except for disabled veterans whose rate of reimbursement could not be reduced. Act 25 also links the maximum number of credits for which reimbursement may be received to the number of days served on active duty for purposes other than training, as follows: (a) 30 credits or two semesters would be reimbursable for 90 to 180 days of service; (b) 60 credits or four semesters would be reimbursable for 181 days to 730 days of service; and (c) 120 credits or eight semesters would be reimbursable for more than 730 days of service.

Under Act 25, veterans who plan to apply for reimbursement must provide the following within the first 30 days of a semester: (a) their name; (b) the educational institution the veteran is attending; (c) whether the veteran is enrolled full- or part-time; and (d) the estimated amount of tuition reimbursement that will be requested at the end of the academic term.

In addition, Act 25 requires the UW System Board of Regents and each technical college district board to remit 50% of all academic fees and segregated fees and 100% of all nonresident tuition, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for any student who meets the following qualifications: (a) is classified as a qualified veteran under Chapter 36 of the statutes; (b) is classified as a resident under Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. 2005 Wisconsin Act 468 increases the amounts remitted to 100%, beginning with the 2007-08 academic year.

Education Grants for Spouses and Dependents. Act 25 also requires the UW System Board of Regents and the Wisconsin Technical College System to remit full tuition and fees for up to 128 credits or eight semesters, whichever is longer, at any of their institutions for the following: (a) a spouse of a veteran who entered or reentered service from Wisconsin and has a service-connected disability rating of at least 30%, or who died while on active duty [applies only for the first 10 years after the veterans disability rating or death]; and (b) a child of a veteran that entered or reentered service from Wisconsin and has a service-connected disability rating of at least 30% or who died while on active duty [applies to children of veterans that are at least 18, but not yet

26 years of age].

Loan Programs. Under 2005 Wisconsin Act 25, a primary mortgage loan or a home improvement loan may now be used for any residence of a veteran (not just their primary residence). Act 25 extended eligibility to include an individual who has completed six continuous years of service under honorable conditions in the National Guard or in a reserve component of the U.S. armed forces, and who is living in Wisconsin at the time of the loan application.

A veteran may now refinance an existing loan for the purposes of the purchase, construction or improvement of a residence.

Finally, under Act 25, the \$25,000 maximum amount for a Home Improvement Loan was deleted.

Economic Assistance Grants. Under 2005 Wisconsin Act 25 the following changes were made to the subsistence aid grant and health care aid grant programs: (a) established a \$5,000 lifetime cumulative grant maximum; and (b) terminated the eligibility of a veteran's spouse, widow, or dependents for benefits under either program.

Unremarried spouses and dependent children of veterans are eligible for grants under either program if they meet the following qualifications: (a) they are a resident of Wisconsin; (b) their spouse or guardian died on active duty in the U.S. armed forces or in forces incorporated in the U.S. armed forces; and (c) they otherwise meet the income qualifications for the programs. Spouses and dependent children of active members of the U.S. armed forces or the Wisconsin National Guard activated or deployed to serve in the U.S. armed forces would be eligible for economic assistance if they meet the following qualifications: (a) they are a Wisconsin resident; (b) they have suffered a loss of income due to the activation or deployment; and (c) they experience an economic emergency during

the period of activation or deployment.

Under Act 25 health care aid for assistance to needy veterans may be used solely for the reimbursement of dental care (including dentures), vision care (including eyeglass frames and lenses), and hearing care (including hearing aids).

The Legislature also specified that subsistence aid (also under assistance to needy veterans) could only be provided to veterans that have suffered a loss of income due to illness, injury or natural disaster and in cases where the veteran does not have other assets or income available to meet subsistence needs and no other sources of aid are available. No more than \$2,000 could be provided for these grants for any 12-month period.

The Department must establish, by rule, the eligibility criteria and household income limitations for these grants.

Veterans Trust Fund Tax Check-Off. Under 2005 Wisconsin Act 25, the Legislature required that the Department of Revenue to include tax check-offs on the individual income tax forms and on the corporate income and franchise tax forms for donations to the veterans trust fund.

Program Revenue Lapse. The federal Veterans Health Programs Improvement Act of 2004 (P.L. 108-422) changed the way in which states are permitted to treat USDVA per diem payments so that states are no longer permitted to include these payments as patient liability under MA, or otherwise use these payments to offset or reduce any other payment made to assist veterans. This federal law change resulted in increasing MA payments to the veterans homes beginning in 2004-05. Consequently, revenues to the program revenue appropriation that supports operations at King and Union Grove were expected to exceed budgeted expenditures for the 2005-07 biennium.

Under 2005 Wisconsin Act 468, DVA is authorized to transfer up to \$16 million in 2006-07

from the agency's PR appropriation that supports the institutional operations of the Veterans Home at King and Union Grove to the segregated veteran's trust fund, provided that the PR balance in the appropriation account is in excess of the amount needed to fund the operations of the veterans homes and the nurse stipend payments during the 2006-07 fiscal year.

The MA payments to the veterans homes are based on the nursing home services that the facilities have already provided to MA recipients. Once the MA program makes this payment to DVA, the state may use these funds for any

purpose. Consequently, the transfer of funds from the PR operations appropriation to the veterans trust fund would not violate any federal MA requirement.

The Department indicates that it is unlikely that there will be a transfer of funds from the PR appropriations that supports the veterans homes. The Department is concerned that there would not be sufficient balances to transfer given the potential costs of the skilled nursing facility at Union Grove and start up costs of a proposed home at Chippewa Falls.

APPENDIX II

Military Service Requirements for Eligibility for State Veterans Programs

The definitions of Peacetime Veteran, Statutorily Designated War Periods and Other Designated Conflicts are as follows:

Peacetime Veterans

Veterans who served on active duty for two continuous years or more or the full period of the initial service obligation, whichever is less, except that an individual discharged for hardship, a service-connected disability, or released due to a reduction in armed forces prior to the completion of service would still qualify.

Statutorily Designated War/Conflict Periods

War Periods^a

1. Indian War: 1860-1898
2. Spanish American War: 4/21/1898 to 4/11/1899
3. Philippine Insurrection: 4/12/1899 to 7/4/1902^b
4. Boxer Rebellion: 6/16/1900 to 5/12/1901
5. Mexican Border Service: 6/19/16 to 4/5/17
6. World War I: 4/6/17 to 11/11/18^c
7. World War II: 8/27/40 to 7/25/47
8. Korean Conflict: 6/27/50 to 1/31/55
9. Vietnam War: 8/5/64 to 1/1/77
10. Persian Gulf War: 8/1/90 to present^d
11. Afghanistan War: 9/11/01 to present^e
12. Iraq War: 3/19/03 to present^f

Other Eligible Conflicts^g

1. Lebanon^h: 8/1/82 to 8/1/84
2. Grenada^h: 10/23/83 to 11/21/83
3. Panama: 12/20/89 to 1/31/90
4. Middle East Crisis (Includes Iraq and Afghanistan conflicts): See ⁱ below.
5. Somalia: See ⁱ below.
6. Bosnia: See ^k below.

^aActive duty service anywhere under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces for 90 days or more during one or more of these war periods, or is entitlement to receive an armed forces, navy or marine corps expeditionary medal or the Vietnam Service medal, qualifies a person for veteran status. Persons who were honorably discharged for service-connected disability or for disabilities subsequently adjudicated to have been service connected or who died in service during any of these periods also qualify as veterans. A person that was released from active duty, under honorable conditions, due to a reduction in the U.S. armed forces is also classified as a veteran.

^bExtended to July 15, 1903, if engaged in Moro Province hostilities.

^cExtended to April 1, 1920, if service was in Russia.

^dAn ending date to the Persian Gulf War (Operation Desert Storm or Operation Desert Shield) has not been set by the Department.

^eBetween September 11, 2001, and the ending date of Operation Enduring Freedom, or successor operation as set by DOA rule.

^fAn ending date to the Iraq War (Operation Iraqi Freedom) has not been set by the Department.

^gActive duty service in these statutorily-designated conflicts areas during the defined conflict time period under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces, except service on active duty for training purposes, qualifies a person for veteran status

^hService in Lebanon or Grenada is also defined by: (1) receipt of an armed forces expeditionary medal; (2) a marine corps or navy expeditionary medal; or (3) have not received a medal but submit other satisfactory proof of service to the Department.

ⁱService in a Middle East Crisis is defined in s. 45.01(11)(b) as active duty in the U.S. armed forces or forces incorporated as a part of U.S. armed forces for which any of the following apply: (1) award of the humanitarian service medal for participating in the attempted rescue of American hostages in Iran; (2) award of the valor ribbon bar by the U.S. State Department for having been a hostage in Iran in 1980 and 1981; (3) participation in the April 14, 1986, military action against Libya; (4) service on the U.S.S. Stark on May 17, 1987; (5) service in support of Operation Desert Shield or Operation Desert Storm under an active duty order, a unit assignment order or an involuntary extension of an active duty order or in the Middle East or in territorial or international waters adjacent to the Middle East, under honorable conditions, between August 1, 1990, and the ending date of Operation Desert Shield or Operation Desert Storm, as established by DVA by rule; and (6) the person served for 90 days or more in support of Operation Enduring Freedom or an operation that is a successor to Operation Enduring Freedom or served in the Operation Enduring Freedom theater of operation under an active duty order, a unit assignment order, or an involuntary extension of an active duty order, under honorable conditions, between September 11, 2001, and the ending date of Operation Enduring Freedom or an operation that is a successor to Operation Enduring Freedom, as established by the department by rule.

^jService in Somalia or in territorial waters adjacent to Somalia under honorable conditions between December 9, 1992, and the end of Operation Restore Hope, as established by the Department.

^kActive duty service in Bosnia is defined in s. 45.01(11)(e) as service for 90 days or more in support of Operation Balkan Endeavor or service for 90 days or more in Austria, Bosnia, and Herzegovina, Czech Republic, Croatia, Hungary, Macedonia, Montenegro, Serbia including the autonomous provinces of Kosovo and Vojvodina, Slovakia or Slovenia, or in territorial waters adjacent to any of those countries, between December 1, 1995 and the ending date of Operation Balkan Endeavor or a successor operation, as established by the Department, under honorable conditions.

APPENDIX III

Primary Mortgage Loan Program Activity (as of June 30, 2006)

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
WHFA Issues			
October, 1974	\$37,615,000	8.43%	1,324
May, 1975	<u>24,330,000</u>	<u>7.85</u>	<u>749</u>
Subtotal	\$61,945,000	---	2,073
State of Wisconsin Revenue Bond Issues			
May, 1980	\$80,000,000	9.83%	1,700
August, 1981	<u>10,055,000</u>	<u>12.31</u>	<u>268</u>
Subtotal	\$90,055,000	---	1,968
General Obligation Issues			
August, 1975	\$50,000,000	7.00%	1,836
December, 1975	50,000,000	6.75	1,830
March, 1976	100,000,000	7.00	3,543
July, 1976	100,000,000	7.00	3,655
November, 1976	40,000,000	6.35	1,411
February, 1977	40,000,000	6.23	1,386
May, 1977	110,000,000	6.11	3,696
October, 1977	36,000,000	6.03	1,161
February, 1978	100,000,000	6.44	3,174
June, 1978	80,000,000	6.58	2,367
November, 1978	49,000,000	6.25	1,378
February, 1979	75,000,000	6.88	2,021
May, 1979	70,000,000	6.70	1,906
October, 1979	70,000,000	6.91	1,824
January, 1980	30,000,000	7.31	758
September, 1982	30,000,000	10.20	758
May, 1983	20,000,000	9.20	496
December, 1983	30,000,000	9.90	721
April, 1984	50,000,000	10.30/10.60/8.55	1,311
April, 1985	18,551,000	10.60	472
May, 1986	38,185,500	8.55	843
July, 1988	15,000,000	8.55	320
January, 1989	20,000,000	8.55/7.85	420
August, 1989	20,000,000	7.85	404
March, 1990	20,000,000	8.25	383
October, 1990	20,000,000	8.25	382
April, 1991	30,000,000	8.10/7.40	575
June, 1992	30,000,000	7.40	181
October, 1993	20,000,000	5.25	328
September, 1994	45,000,000	7.25	499
February, 1995	29,625,000	7.45	313
October, 1995	42,850,000	6.55	440
May, 1996	45,000,000	7.00	447
October 1996	30,000,000	6.90	286
March, 1997	21,360,000	6.90	207
March, 1997	23,640,000	6.90	243
September, 1997	45,000,000	6.40	410
September, 1997	45,000,000	6.40	523
May, 1998	30,565,000	6.65/6.50	393
May, 1998	34,005,000	6.65	381
October, 1998	6,155,000	6.50	57

APPENDIX III (continued)

**Primary Mortgage Loan Program Activity
(as of June 30, 2006)**

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
General Obligation Issues (continued)			
October, 1998	\$55,000,000	6.50/6.85	649
May, 1999	40,000,000	6.85	478
November, 1999	65,000,000	7.80	639
July, 2000	35,000,000	7.90	311
February, 2001	15,000,000	6.80	173
June, 2001	20,000,000	7.00	189
October, 2001	20,000,000	6.80	177
March, 2002	15,000,000	6.50	130
June, 2002	20,000,000	6.50	156
September, 2002	13,000,000	5.65	96
December, 2002	15,000,000	5.75	104
July, 2003	30,000,000	5.35/5.75/5.30	209
August, 2004	20,000,000	6.15	45
April, 2005	5,000,000	5.99	31
December, 2005	<u>61,000,000</u>	<u>*</u>	<u>*</u>
Subtotal	\$2,188,936,500	---	47,126
Lending of Prepayments from Prior General Obligation Issues			
March, 1980; April, 1980	-0-	6.60/7.31%	1,535
Lending of Prepayments for Disenfranchised Veterans Loans			
August, 1989; July, 1990; July 1991; June, 1992; November, 1993; June, 1994 July, 1995; October, 1995; and July, 1996	-0-	7.85/8.25/8.10% 7.40/5.25/6.00 7.45/6.55/7.00	1,134
Lending of Prepayments from Refunded General Obligation Bonds			
June, 1994; April, 1993; October, 2003 December, 2003; March, 2004	-0-	6.00/5.75/5.30% 5.30/5.75	659
Lending of Equity or Insurance Reserve Funds for Veterans Loans			
December, 2002; March, 2003; May, 2004; July, 2004; March 2005; May 2006	-0-	5.65/5.75/5.70% 6.40/5.99/7.50	267
Total	\$2,340,936,500	---	54,762

NA = Not available.

* = Proceeds of this issue not yet available.

APPENDIX IV

Primary Mortgage Loan Refund Bonds (1985 to Present)

<u>Date of Bond Issue</u>	<u>Amount of Bonds Issued*</u>
April, 1985	\$223,088,000
May, 1986	38,185,000
October, 1993	20,000,000
December, 1993	133,660,000
March, 1994	45,305,000
March, 1994	58,525,000
September, 1994	10,400,000
February, 1995	15,735,000
October, 1995	42,850,000
March, 1997	23,640,000
October, 1998	6,155,000
May, 1999	15,790,000
April, 2003	7,000,000
April, 2003	13,740,000
October, 2003	<u>67,890,000</u>
Total	\$721,963,000

*Face value of bond issue.

APPENDIX V

Summary of State Grants and Loans to Veterans

	2005-06 Loans ¹	2005-06 Total Loan Amount ¹	2005-06 Average Amount	Total Loans thru 2005-06	Total Loan Amount thru 2005-06
DVA Loan Programs					
Primary Mortgage Loan Program	82	\$13,555,000	\$165,305	54,762	\$2,340,936,500
Home Improvement Loan Program	91	2,119,000	23,286	2,216	28,756,800
Economic Assistance Loan Program ²	0	0	0	94,154	161,229,800
Personal Loan Program	418	4,113,300	9,840	8,559	82,094,200
Consumer Loan Program ³	0	0	0	2,634	35,478,600

	2005-06 Grants ⁴	2005-06 Total Grant Amount ⁵	2005-06 Average Amount	Total Grants thru 2005-06	Total Grant Amount thru 2005-06
DVA Grant Programs					
Tuition and Fee and Reimbursement Grants ⁶	NA	NA	NA	15,555	\$16,488,200
Part-Time Study Grants ⁶	NA	NA	NA	246,100	29,953,400
Veterans Education Grants ⁶	2,143	\$4,534,400	\$2,116	2,143	4,534,400
Retraining Grants	118	183,700	1,557	1,465	3,767,300
Health Care Aid Grants ⁷	NA	NA	NA	25,087	18,567,800
Subsistence Aid Grants ⁷	NA	NA	NA	31,569	9,108,300
Assistance to Needy Veterans ⁷	420	693,800	1,652	420	693,800
Military Funeral Honors	3,305	162,200	49	18,432	916,000
Nurse's Stipend	9	33,750	3,750	43	155,650

¹Number and amount of loans based on loans disbursed.

²Funding for this program was depleted in 1997-98.

³Funding for this program was depleted in 1994-95.

⁴Number may include multiple grants to individuals.

⁵Grant expenditures represent grants approvals in fiscal year 2005-06. The disbursement of the funds may occur in subsequent fiscal years.

⁶The Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs were combined in 2005-06, under the Veterans Education Grant program.

⁷The Health Care Aid Grant and Subsistence Aid Grant programs were combined in 2005-06, under the Assistance to Needy Veterans program.