

# State Programs for Veterans



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# State Programs for Veterans

The Department of Veterans Affairs (DVA) administers several loan and grant programs and operates the Veterans Home at King (Waupaca County), the Veterans Home at Union Grove (Racine County), and contracts for the operation of the Veterans Home at Chippewa Falls (Chippewa Falls County) for the benefit of Wisconsin veterans. The U.S. Department of Veterans Affairs projects that approximately 387,800 Wisconsin veterans will live in Wisconsin as of September, 2013. Many of these 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 eight major sections. The first section provides a brief introduction to the Department of Veterans Affairs. The second section describes the general military service and state residency eligibility requirements applicable to most veterans programs. The third section discusses DVA-operated care facilities. The next four sections summarize DVA's loan programs, grant programs to individual veterans, grant programs to veterans organizations, and other programs, respectively. The last section describes how DVA's loan and grant programs are funded.

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## **The Department of Veterans Affairs**

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The Wisconsin Department of Veterans Affairs (DVA) was created by Chapter 580, Laws of 1945, to administer the state's veterans programs and to assist the state's veterans in securing federal veterans benefits.

Some state veterans programs existed years

before DVA was created. The Grand Army Home at King was established in 1887 by the Grand Army of the Republic, an organization of Civil War veterans. The home was later turned over to the state. Similarly, the Grand Army of the Republic Memorial Hall, a museum for Civil War veterans, was established in the State Capitol in 1901. Two segregated funds had also been established. The first was the soldiers rehabilitation fund, which was established in 1919 to provide cash bonuses for World War I veterans. The second was the post-war rehabilitation fund, which was established in 1943 to meet the medical, educational, and economic needs of World War II veterans.

Many of the veterans programs that existed when DVA was created continue in some form today. The Grand Army Home at King has since been renamed the Wisconsin Veterans Home at King. Two additional Veterans Homes, one at Union Grove and one at Chippewa Falls, have been built. A new museum honoring all veterans was opened in 1993 and includes the Memorial Hall exhibits that were relocated from the State Capitol. A third segregated fund, the veterans housing trust fund, was created in 1947 to make second mortgages to qualified veterans. In 1961 the soldiers rehabilitation fund, the post-war rehabilitation fund, and the veterans housing trust fund were combined to form the veterans trust fund, which supports many of DVA's current programs. Another fund, the veterans mortgage loan repayment fund, was created in 1974.

Through the years, the scope of programs administered by the Department has expanded to include several types of state assistance programs for veterans, organizations that serve veterans, and the operation of Wisconsin's veterans cemeteries.

Prior to the enactment of 2011 Wisconsin Act 36, DVA was under the direction and supervision of the Board of Veterans Affairs. The Board consisted of seven veterans, including two Vietnam War veterans, appointed by the Governor for staggered six-year terms. The Board was authorized to promulgate rules relating to the Department's programs, and the Board appointed the Secretary of the Department.

Act 36 established DVA as a cabinet agency. The Governor appoints the DVA Secretary, but must first consult with the presiding officers of at least six Wisconsin veterans organizations. The Secretary must be a veteran. Act 36 increased the number of Board members from six to nine, and reduced the terms of Board members from six to four years. The Board must include at least one resident from each of Wisconsin's congressional districts. Rule-making authority rests with the Secretary, although all rules must be provided to the Board and any written comments or opinions submitted by the Board must be included with the proposed rule when it is published or distributed.

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### **General Eligibility Requirements for State Veterans Programs**

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

### **Military Service**

State statutes define a "veteran" to include a person who has done any one of the following: (a) served for at least one qualifying term of service during a war period or in a crisis zone; (b) served for two continuous years or more or for the full period of his or her initial service obligation, whichever is less; (c) served for 90 days or more during a wartime period; or (d) received an expeditionary or equivalent service medal. Individuals discharged early for reasons of hardship, service-connected disability, or a reduction in military personnel are also considered veterans, as are individuals that died while on active duty, are missing in action, died as a result of a service-connected disability, or died while training.

In most cases, a veteran must have served under honorable conditions (persons who died or are classified as missing in action may be excluded from this requirement). Individuals that are eligible for federal veterans benefits are considered to have served honorably for the purpose of determining state veteran benefit eligibility.

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

### **Wisconsin Residency**

Most DVA grant and loan programs have a state residency requirement. To be eligible to receive benefits, an applicant 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.



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## Wisconsin Veterans Homes

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### 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 includes four separately licensed nursing homes, with a total of 721 licensed skilled nursing care beds, a chapel, and an activity center containing a post office, theater, bowling alley, museum and library.

The Wisconsin Veterans Home at Union Grove opened in 2001. It consists of three separately licensed facilities -- Fairchild Hall, a 40-bed community-based residential facility, Boland Hall, a 120-bed skilled nursing facility, and Gates Hall, formerly a residential care apartment complex, which is scheduled to re-open as a 38-bed skilled nursing facility in calendar year 2013. A second 42-bed community-based residential facility, Shemanske Hall, was closed in February, 2012. The closure of Shemanske Hall allowed DVA to consolidate all assisted living residents in one facility, rather than operate two facilities with low occupancy.

The Union Grove campus includes a United States Department of Veterans Affairs (USDVA) community-based outpatient clinic, a state veterans cemetery, and a veterans assistance center for homeless veterans. It is adjacent to the Southern Wisconsin Center campus which includes the Southern Wisconsin Center for the Developmentally Disabled and the Robert E. Ellsworth minimum security correctional facility.

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.

Construction on the Veterans Home at Chippewa Falls began in May, 2011, and the facility is expected to open in February, 2013. Provisions in 2011 Wisconsin Act 32 permitted the Department to contract with a private company to provide services at the Veterans Home at Chippewa Falls if the Department determined as a result of a cost-benefit analysis that contracting would be more cost-effective than hiring state staff. DVA submitted its completed cost-benefit analysis on April, 17, 2012, and subsequently contracted with Health Dimensions Group for a three-year period. The combined three-year amount of the contract is \$19,322,900.

The Wisconsin Veterans Home at King, the Veterans Home at Chippewa Falls, and Boland and Gates Halls on the Union Grove campus are licensed and regulated by the Department of Health Services (DHS) and the USDVA as skilled nursing facilities and, as such, are 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.

### 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 facility can meet. Spouses, surviving spouses, and parents of qualifying veterans may also be admitted. 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 July 1, 2012, the membership at Wisconsin Veterans Home at King totaled 697, including 555 veterans and 142 dependents (primarily spouses). The veteran members as of that date included 222 World War II veterans, 122 Korean War veterans, 138 Vietnam-era veterans and 73 other qualifying veterans. Some veterans served in multiple conflicts.

The membership at the Wisconsin Veterans Home at Union Grove totaled 153 individuals, including 141 veterans and 12 dependents. There were 72 World War II veterans, 33 Korean War veterans, 21 Vietnam-era veterans, and 18 other qualifying veterans. Some veterans served in multiple conflicts.

### Funding

The Department's residential care facilities are supported from five primary sources: (a) member contributions; (b) Medical Assistance (MA) payments; (c) USDVA per diem payments; (d) Medicare payments; and (e) USDVA service-connected disability payments. Table 1 shows the number and percentage of residents by primary funding source as of July, 2012. A brief explanation of these revenue sources is provided below.

**Table 1: Primary Funding Sources for Nursing Home Care (as of July, 2012)**

	<u>King</u>		<u>Union Grove</u>	
	Residents	%	Residents	%
Medical Assistance Payments by Residents at Private Pay Rates	567	81.4%	78	66.7%
Federal Service-Connected Disability Program	63	9.0	19	16.2
Medicare	67	9.6	19	16.2
	<u>0</u>	<u>0.0</u>	<u>1</u>	<u>0.9</u>
Total	697	100.0%	117	100.0%

**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. 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. Table 2 shows the private pay rates for residents at King and Union Grove from January 2005 through January 2012.

**Table 2: Daily Private Pay Rates for Skilled Nursing Care Provided to Veterans**

Date	King	Union Grove
January 2005	\$148.24	N/A
January 2006	165.60	N/A
January 2007	163.29	\$225.00
March 2007	163.29	163.29
January 2008	176.58	176.58
January 2009	185.58	217.00
January 2010	207.47	257.47
January 2011	195.41	256.00
January 2012	199.18	246.00

Since January, 2009, private pay rates for nursing home care at King and Union Grove have been based on each facility's average cost per resident, by level of care. These costs are calculated in two parts: direct and non-direct care costs. The Department of Health Services maintains projected direct care costs for individuals in each nursing level of care. The average direct care cost per patient day for Veterans Home residents is calculated by taking the weighted average of these cost projections. Average non-direct costs are calculated by taking the total projected non-direct costs and dividing them by the projected number of residents. The sum of the average direct care costs and average non-direct care costs is the private pay rate. In January, 2010, DVA began using this same methodology to establish rates for the assisted living facilities at Union

Grove. The Department is in the process adjusting the rate methodology to reflect the recent building closures.

**USDVA Per Diem Payments.** The Department receives USDVA per diem payments for its member veterans, which vary depending on the level of care provided. In federal fiscal year 2012, USDVA paid \$39.90 per day for each member in an assisted living unit and \$110.10 per day for each member who received nursing home care.

**Medicare.** Veterans may be eligible for both USDVA veterans benefits and Medicare. Medicare eligible veterans can receive treatment both from VA facilities through VA benefits and non-VA facilities through Medicare benefits. In most cases, veterans benefits will not pay for a service that Medicare has covered, or vice versa. In some cases, where veterans receive VA-authorized services from a non-VA provider, Medicare may cover costs not covered by veterans benefits and/or pay copayments USDVA charges veterans. Medicare may also cover some prescriptions not covered by veterans benefits.

**USDVA Service-Connected Disability Payments.** USDVA provides monthly cash benefits to veterans that have a service-connected disability and were discharged under other than dishonorable conditions. To be eligible for disability compensation, a veteran must have: (1) a medical diagnosis of the impairment; (2) evidence the condition occurred or worsened in-service; (3) medical proof of a connection between the in-service injury or illness and the current disability.

**Medical Assistance Payments.** DVA's nursing homes are certified to participate in the MA program and receive MA reimbursement for the costs of services they provide to MA-eligible residents. Most MA benefits costs, including payments to nursing homes for the care they provide to MA recipients, are funded on an approximately 60% federal/40% state cost-sharing basis. The

Veterans Homes are 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 a portion of debt service costs are funded by a state, general purpose revenue (GPR) appropriation, MA reimbursement of interest costs are required to lapse to the general fund at the end of each fiscal year. At the end of 2011-12, approximately \$367,900 lapsed to the general fund as a result of MA reimbursement for interest costs related to the Veterans Homes at King and Union Grove.

An example of the payment sources used to support care at an assisted living facility at the Veterans Home at Union Grove is shown in Table 3. The average cost of residency in an assisted living facility at Union Grove for an individual not requiring memory care was \$4,500 per month, as of June 30, 2012. The costs of care to the individual are reduced by any VA per diem payments and aid and attendance benefits for those members who qualify (in this case, \$1,197 and \$1,703, respectively). The aid and attendance benefit is an enhanced monthly pension payment paid in addition to a veteran's pension. Veterans and surviving spouses are eligible if

**Table 3: Example of Payment Sources to Support Care at Veterans Home at Union Grove -- Assisted Living Facility**

Monthly Cost (June 30, 2012)	\$4,500
VA Per Diem Payments*	\$1,197
Aid and Attendance Benefit**	<u>1,703</u>
Subtotal	\$2,900
Remaining Costs of Care (Paid by the Member's Own Funds)	\$1,600

\*The VA per diem payment for domiciliary care is \$39.90 per day in federal fiscal year 2011-12.

\*\*In calendar year 2012, the maximum annual pension for a veteran with no income, no dependents and who qualified for aid and attendance benefits was \$20,436 per year (approximately \$1,703 per month).

**Table 4: Combined Operating Revenues and Expenditures (Fiscal Years 2006-07 through 2011-12)**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenues</b>						
Medical Assistance	\$28,544,000	\$33,483,300	\$34,729,100	\$35,441,700	\$31,309,400	\$46,791,200
Payments by Residents	21,420,500	23,318,800	24,412,800	24,441,700	23,980,500	25,101,700
Federal per Diem Payments for Veterans	15,711,800	17,624,600	18,604,200	15,720,100	21,597,900	21,591,100
Medicare	1,716,600	2,207,900	2,893,600	2,260,800	2,661,800	2,315,500
Federal Service-Connected Disability Program	0	0	354,300	7,869,900	5,074,100	7,414,100
Aid to Indigent Veterans	174,900	191,900	303,600	370,400	193,300	182,800
Other	159,100	184,300	188,100	182,900	379,800	172,400
Revenue Transfers	<u>-1,164,500</u>	<u>-1,388,100</u>	<u>-1,407,800</u>	<u>-1,447,800</u>	<u>-1,436,300</u>	<u>-1,407,600</u>
Total	\$66,562,400	\$75,622,700	\$80,077,900	\$84,839,800	\$83,760,500	\$102,161,200
<b>Expenditures</b>						
Salaries	\$37,495,000	\$40,885,300	\$42,973,500	\$43,528,900	\$44,423,700	\$46,093,600
Fringe Benefits	17,006,200	19,957,900	22,686,900	25,259,000	28,490,500	24,387,100
Supplies and Services	7,722,200	8,168,500	9,394,400	9,739,400	10,721,300	8,962,300
Transfers	1,462,300	422,100	7,050,800	2,229,700	1,495,600	1,757,400
Utilities	2,386,800	2,782,600	2,809,100	2,425,400	2,539,900	4,869,500
Administration	1,677,900	1,858,900	1,761,700	1,207,400	1,306,900	1,342,600
Other	<u>2,041,600</u>	<u>2,400,400</u>	<u>3,033,300</u>	<u>2,826,900</u>	<u>3,131,700</u>	<u>3,185,500</u>
Total	\$69,792,000	\$76,475,700	\$89,709,700	\$87,216,700	\$92,109,600	\$90,598,000

they do not exceed the income limits and if they require the aid of another person for activities of daily living, are bedridden, are patients in a nursing home due to mental or physical incapacitation, or have specific vision limitations. If an individual resides in a Union Grove facility for the entire month and is eligible for the maximum aid and attendance benefit, the cost of residency would decrease to approximately \$1,600 per month.

Table 4 indicates the amount of revenue the Department received from each of the revenue sources for the combined operation of the Veterans Home at King and the Veterans Home at Union Grove from 2006-07 to 2011-12. Expenditures for these facilities are also shown. DVA uses uncommitted surplus revenues from previous years' operations ("carry-over funds") to support costs that exceed revenues in any given year.

### Nurse Education Stipend Program

DVA provides stipends to individuals to at-

tend school and receive the necessary credentials to become employed at the Veterans Homes. 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 2011-12, DVA has awarded 99 stipends totaling \$316,500.

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### Veterans Loan Programs

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On December 1, 2011, DVA placed an indefinite moratorium on the primary mortgage loan program, the home improvement loan program, and the personal loan program. The Department cited its inability to compete with very low conventional market interest rates and decreased demand as the primary reasons for the moratorium. This section describes the loan programs as they existed before the moratorium.

The Department administers three loan pro-

grams 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 dependent child of a deceased veteran (as described under (a) and (b)); 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 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 person is applying under the mortgage loan program for a second mortgage loan to improve the home); (c) the loan exceeds 2.5 times the median price of a Wisconsin home; and (d) the person is delinquent on child support or maintenance obligations as evidenced by a lien issued by the Department of Children and Families (DCF) (this clause does not apply for permanently and totally disabled veterans).

An otherwise eligible veteran may receive a loan despite child support delinquency, if an appropriate agreement for repayment has been entered through a county child support agency or DCF signs a statement that the person is not delinquent.

### **Primary Mortgage Loan Program**

The primary mortgage loan program (PMLP) provides mortgage loans to qualifying state vet-

erans and Wisconsin residents currently serving on active duty in the U.S. armed forces in order to purchase or construct a home. In state statute, active duty does not include "active duty for training" as defined in federal law. Under the program, nearly \$2.7 billion has been made available for 55,598 home loans to Wisconsin veterans through June 30, 2010. In 2009-10, DVA made 63 primary mortgage loans totaling \$10,572,400. No new loans have been made since fiscal year 2009-10 because of the low interest rates available in the community.

Funding for the primary mortgage loan program is derived primarily from the proceeds from state general obligation bond issuances as well as from the recycling of prepayments from general obligation bonds, fund equity, and excess insurance reserves.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate associated with each bond issue. The Board of Veterans Affairs sets the interest rate. In 2009-10, the primary mortgage loan interest rate was 5.25% for a 30-year loan. The rate was available through November 2, 2009, when the PMLP was closed to new applications due to lack of available funding.

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%; (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 July 1, 2012, this maximum was \$355,000); (c) the loan must be secured with a first mortgage on the subject property; (d) a veteran receiving a primary mortgage loan must be a resident of the home; and (e) the home must have adequate fire and extended coverage insurance.

For manufactured homes, the loan must be secured by both a first mortgage and a chattel

security agreement (writings which evidence both a monetary obligation and a security interest in the home) on the home itself. The loan period may not exceed 12 years for manufactured homes.

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.

### 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 \$355,000, 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.

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 home's value that is loaned. Home improvement loans that are less than 80% of the home's value (termed the loan-to-value ratio) have lower rates than those loans that are between 80% and 90% (maximum loan value) of the home's value. Table 5 shows the loan periods and the interest rates as of December, 2010. The Board of Veterans Affairs has not set new HILP rates since the loan moratorium went into effect.

**Table 5: Home Improvement Loan Rates**

Term Period	<u>Loan-to-Value Ratio</u>		
	Secured 80%*	Secured 90%*	Guarantor Secured
Three Years	N.A.	N.A.	7.50%
Five Years	4.90%	5.50%	8.50
Seven Years	5.40	6.00	N.A.
10 Years	5.40	6.00	N.A.
15 Years	5.90	6.50	N.A.

\*Percent of the home improvement Loan compared to the value of house.

All eligible veterans may qualify for these loans. In addition, Wisconsin residents that serve on active duty in the U.S. armed forces at the time they apply for a loan are 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 2011-12, prior to the moratorium, DVA approved nine HILP loans totaling \$273,100.

### Personal Loan Program

The personal loan program (PLP) provides low-interest loans to eligible veterans, veterans'

unremarried surviving spouses, and children of deceased veterans. Individuals may use personal loans for any purpose.

The PLP is funded from the segregated (SEG) veterans 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 interest fees) are then repaid to these funds. In 2010-11, DVA provided 285 loans under the program, totaling \$920,875. No PLP loans were approved in the 2011-13 biennium.

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.

Current DVA rules specify that a PLP loan may range from one to ten years. Educational loans may be deferred for up to five years, though interest accumulates during the deferral. The borrower then has an additional five years to pay off the loan.

DVA will not approve a loan if the loan would bring the applicant's total indebtedness to more than 35% of his or her monthly income unless the applicant can show he or she has an excellent debt repayment history. The applicant must also have at least one of the following: a demonstrated ability to accumulate savings, at least 15% equity in real estate, or such other factors as the Department determines relevant to the applicant's ability and motivation to make higher repayments.

Most PLP loans must be evidenced by a

promissory note and secured by a Wisconsin mortgage. However, if a 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. As of December, 2012, interest rates ranged from 4.9% for five-year loans secured by a mortgage to 8.5% 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.

Individuals delinquent in any child support or maintenance obligations, as certified by the Department of Children and Families, may only receive a PLP loan if the amount of the arrearage is to be paid from the proceeds of the loan. In these cases, 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.

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## **Veterans Grant Programs**

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### **Veterans Education Programs**

The Department of Veterans Affairs administers two education-related grant programs for veterans -- the veterans education grant program

and the retraining grant program. These programs are funded from the segregated veterans trust fund and provide grants to individuals for education and for emergency assistance. In addition to these programs, the University of Wisconsin System (UW System) and the Wisconsin Technical College System (WTCS) administer tuition remission programs for veterans.

This section identifies 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 upon completing a semester and meeting all qualifications (such as filing required forms with the Department in a timely matter and maintaining a grade point average of at least 2.0).

**Veterans Tuition and Fee Remissions.** The UW System Board of Regents and technical college district boards must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, for up to 128 credits or eight semesters, whichever is longer, to eligible veterans. To qualify as a veteran eligible for this remission, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having been a resident of this state at the time of entry into the armed services; and (c) having qualifying military service. In 2011-12, the UW System provided tuition and fee remissions totaling \$8.1 million to 1,913 veterans. Of this amount, \$2.2 million was remitted to veterans enrolled as graduate and professional students. The Wisconsin technical colleges provided remissions totaling \$2.7 million to 2,055 veterans.

Beginning in the spring 2010 semester, veterans who are eligible for benefits under the federal Post-9/11 G.I. Bill have been required to use those benefits before accessing state tuition and fee remissions. The federal Post-9/11 G.I. Bill provides education benefits, including the direct payment of tuition and fees, a monthly housing allowance, and an annual books and supplies stipend, to veterans who served at least 90 days of active duty (or 30 days in the case of a service-related disability) after September 10, 2001. Students are required to use Post-9/11 G.I. Bill benefits before receiving state tuition and fee remissions even if they are eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Under 2011 Act 32, credits that are wholly paid for with Post-9/11 G.I. Bill benefits do not count against the 128 credit limit on state remissions. In cases where Post-9/11 G.I. Bill benefits pay for a fraction of a credit and the remainder is remitted under state law only the portion of the credit that is remitted is counted against the 128 credit limit.

Of the 1,913 UW students and 2,055 technical college students who received tuition remissions under state statute, Post-9/11 G.I. Bill education benefits paid a portion of tuition and fees for 773 UW students and 709 technical college students. An additional 1,886 UW students and 1,668 technical college students were eligible for remissions under state statute but had their tuition and fees wholly paid with Post-9/11 G.I. Bill benefits. Although these students did not receive remissions through the state program, they were eligible to receive reimbursement/supplemental payments from the institution attended (described below). In 2011-12, Post-9/11 G.I. Bill tuition and fee payments for veterans to UW institutions totaled \$16,574,553. The technical colleges received \$4,931,034 in tuition and fee payments for veterans through the Post-9/11 G.I. Bill in that year. Payments from the Post-9/11 G.I. Bill program have reduced the amount of state tuition



remissions to veterans which peaked in 2008-09.

The Montgomery G.I. Bill provides a monthly stipend to veterans who are enrolled as students which can be used for tuition, books and supplies, and living expenses. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed by the institution attended for the difference in these benefits. In 2011-12, the UW System provided reimbursement payments totaling \$1.8 million to 897 veterans and the Wisconsin technical colleges provided \$1.1 million to 685 veterans.

An appropriation under the Higher Educational Aids Board (HEAB) has been provided to reimburse, in whole or in part, the UW Board of Regents and the Wisconsin technical college district boards for remissions provided to veterans, for remissions provided to the children and spouses of certain veterans, and for reimbursement payments made to veterans, children, and spouses. (For more information on tuition and fee remissions for children and spouses of certain veterans, please see the Legislative Fiscal Bureau's Informational Paper "Student Financial Aid.") Unlike the appropriation for DVA's veterans tuition and fee reimbursement program, discussed below, which is funded through the veterans trust fund, the HEAB appropriation for the reimbursement of the UW Board of Regents and the Wisconsin technical college district boards is funded with state, general purpose revenues (GPR). In 2011-12, the appropriation was set at \$6,496,700 and the UW Board of Regents received a reimbursement payment of \$4.6 million while the Wisconsin technical college district boards received reimbursements totaling \$1.9 million. This amount fully funded all reimbursement payments made directly to veterans (identified above) and reimbursed the institutions for approximately 17.5% of remissions provided to

veterans, children, and spouses. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin technical college district boards' budgets or funded through other revenues such as tuition charged to other students.

**Veterans Tuition and Fee Reimbursements.** Eligible veterans who attend qualifying institutions other than the UWS and WTCS or did not enter service from Wisconsin cannot have tuition or fees remitted. However, these veterans are still eligible for tuition and fee reimbursement from DVA.

The Department reimburses veteran students for tuitions and fees that are not remitted by a UW System or WTCS 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 UW System 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 or tuition assistance from the U.S. Department of Defense may not receive DVA veterans education grants.

Under the DVA education grant program, tuition and fees 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.

Tuition reimbursement credit limitations are based on the length of active duty service for the veteran. Veterans who 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. Veterans with more than 730 days of active duty service may be reimbursed for up to 120 credits or eight semesters of study.

Veterans may receive tuition and fee reimbursement only for credits begun prior to the 10-year anniversary of their separation from active duty. After the 10-year anniversary, the veteran may only be reimbursed for up to 60 of the credits for which they are eligible. For all semesters started after May 27, 2010, eligible veterans may be reimbursed for up to 11 credits per semester regardless of whether the student is full- or part-time, for up to 60 credits past the delimiting date. 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. A veteran may not be reimbursed by the Department if he or she has an undergraduate degree.

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.

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). 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.

Spouses, unremarried spouses, widows and dependents are not eligible for tuition and fee reimbursement, unless they also qualify as veterans.

In 2011-12, DVA awarded 479 veterans education grants, totaling \$986,300.

**Retraining Grant Program.** DVA awards grants to veterans who participate in retraining programs to enable them to obtain gainful employment. The grant amounts are limited to \$3,000 in any 12-month period. A veteran may not receive more than \$6,000 in grants during his or her lifetime.

These grants are available to any veteran who: (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; and (e) has not received a DVA tuition reimbursement grant for the same period. The eligibility criteria and the determination of the grant amount are further specified in administrative rule.

In 2011-12, DVA awarded 30 retraining grants, totaling \$52,351.

### **Assistance to Needy Veterans**

DVA provides limited emergency financial assistance to eligible veterans and their families under the assistance to needy veterans (ANV) program.

By rule, eligibility for these grants is limited to veterans in families with income less than 130% of the federal poverty level. In 2012, this amount was \$14,521 for an individual and \$24,817 for a family of three. In addition, each grant applicant must submit a declaration that he or she has applied for all aid offered through or administered by county, state or federal govern-

ments, and must list all assets that are available to the applicant or the applicant's family. An individual may not receive more than \$7,500 in ANV grants during his or her lifetime.

In addition to veterans, unremarried spouses and dependents of veterans who died while on active duty (including training) are eligible to receive assistance if they meet the income requirements. Further, spouses and dependents of activated or deployed members may be eligible for assistance grants if they submit evidence that: (a) the service member has been deployed or activated; (b) due to the activation or deployment, a loss of income has occurred; (c) an economic emergency has occurred during the activation or deployment; and (d) the spouse and dependents are residents of the state. For this latter group, the requirement that the applicant have income that does not exceed 130% of the federal poverty level does not apply.

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

Dental care (including dentures), hearing care (including hearing aids) and vision care (including eye glass frames and lenses) are funded under the health care aid component of the program. In order to be eligible for health care aid, a veteran may not have liquid assets that exceed \$1,000. In calculating liquid assets, DVA may not include the first \$50,000 of cash surrender value of any life insurance policy.

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.

By rule, dental care assistance cannot exceed \$500 for any 12-month period unless dentures are required. The grant may not exceed \$1,875 for an upper or lower denture or \$3,750 for both in any 48-month period.

Hearing care may not exceed \$200 in any 12-month period, unless a hearing aid is needed. A grant for a hearing aid may not exceed \$1,875 for any 48-month period, unless documentation provided by a licensed audiological health care professional demonstrates a compelling medical need for additional assistance.

A grant for vision care may not exceed \$400 in any 12-month period, except in the following circumstances: (a) there is a significant change to the refraction error of eyes [the rules specify the necessary refraction changes for additional aid]; or (b) an ophthalmologist or optometrist documents the medical necessity of additional assistance, or for an additional set of eyewear.

The subsistence aid component 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 Department may grant subsistence aid to veterans whose loss of income is the result of abuse of alcohol or other drugs if the veteran is participating in an alcohol and other drug abuse treatment program approved by DVA.

The amount an individual receives 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. Subsistence aid is provided for 30-day periods for a maximum of 90 days. Payments cannot exceed \$3,000 over any consecutive 12-month period.

In 2011-12, DVA awarded 304 assistance to needy veterans grants totaling \$488,600.

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## Assistance to Veterans Organizations

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The Department administers three grant programs that provide funding 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.

### Grants to Support County Veterans Service Offices

The statutes require each county to have a county veterans service officer (CVSO) and to provide the CVSO with office space and clerical assistance. Each CVSO must be a Wisconsin resident and a veteran who served on active duty under honorable conditions.

CVSOs are required to: (a) 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 agencies that serve or grant aid or benefits to former military personnel and their dependents; and (d) furnish information about veterans burial places within the county. These duties are required to be performed separately and distinctly from any other county department.

DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the 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 counties with a population under 20,000 (Ashland, Bayfield, Buffalo, Burnett, Crawford, Forest, Green Lake, Iron, Lafayette, Langlade, Marquette, Menominee, Pepin,

Price, Richland, Rusk, Sawyer, and Washburn Counties);

- \$10,000 for counties with a population from 20,000 to 45,499 (Adams, Clark, Door, Douglas, Dunn, Green, Jackson, Juneau, Kewaunee, Lincoln, Marinette, Monroe, Oconto, Oneida, Pierce, Polk, Shawano, Taylor, Trempealeau, Vernon, Vilas and Waushara Counties);

- \$11,500 for counties with a population from 45,500 to 74,999 (Barron, Calumet, Chippewa, Columbia, Grant, Portage, Sauk, Waupaca, and Wood Counties); and

- \$13,000 for counties 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, and Winnebago Counties).

- Counties with a part-time CVSO are eligible for a grant of \$500 annually. Currently, two counties have part-time CVSOs (Florence and Iowa Counties).

In the 2011-13 biennium, the CVSO grant program is funded 45% from the veterans trust fund, 45% from the primary mortgage loan program, and 10% from Veterans Homes operations. In 2011-12, \$731,500 was awarded in grants to counties (\$329,200 from the veterans trust fund, \$329,200 from the veterans mortgage loan program, and \$75,200 from Veterans Homes operations).

### American Indian Veterans Service Grants

The Department provides grants to federally recognized Indian tribes and bands that appoint a tribal veterans service officer and that meet minimum budget and operating standards. The service officer must be a veteran and must serve as a full-time employee. The tribal veterans service

officer provides the same services as CVSOs provide, but provide these services to tribal members. These grants are funded with tribal gaming revenues. In 2011-12, nine tribal grants totaling \$61,200 were awarded to the Bad River Band, Ho-Chunk, Lac Courte Oreilles, Lac du Flambeau, Menominee Nation, Oneida, Red Cliff, Sokaogon Chippewa, and Stockbridge-Munsee Tribes.

### **Grants to Veterans Organizations**

This program provides grants to state and national veterans organizations that maintain a claims service office at the USDVA regional office in Milwaukee for the purpose of assisting Wisconsin veterans with obtaining federal veterans benefits. To qualify for the state grant, the veterans organization must have maintained the office for at least five out of the ten years preceding the date of application for the grant.

Grant amounts are based on 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 2011-12, DVA provided grants totaling \$102,000 to four organizations -- the American Legion, Disabled American Veterans, the Military Order of the Purple Heart, and Veterans of Foreign Wars.

### **Transportation Services Grant Program**

DVA distributes grants to counties and to veterans service organizations that transport veterans to medical facilities. A total of \$200,000 from the veterans trust fund is budgeted in each year of the 2011-13 biennium for the program.

Of the funding available in the 2011-13 biennium, DVA has allocated \$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. In addition, DVA has allocated \$100,000 annually 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 transported may submit an application based on estimated costs.

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### **Other Programs**

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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 property tax credit, veterans memorial grants, state veterans cemeteries, military funeral honors, and the state Veterans Museum.

## **Veterans Assistance Program**

The veterans assistance program (VAP) provides transitional housing and support services to homeless veterans and veterans who are at risk of becoming homeless. By rule, a veteran is eligible for the program if the veteran's need for services is based on any of the following circumstances: (a) homelessness or conditions that indicate that the veteran is at risk of becoming homeless; (b) incarceration; (c) unemployment or underemployment that significantly limits the veteran's ability to be self-supporting; (d) an affliction with acute or chronic physical or mental health problems that significantly limits the veteran's ability to be self-supporting; and (e) insufficient monthly income and resources to pay for the cost of care provided at an assisted living facility operated at a state Veterans Home.

DVA funds VAP residential services on the campuses of the three state Veterans Homes (26 beds at King, 30 beds at Union Grove and Chipewewa Falls) and at Fort McCoy (14 beds). DVA contracts for program operations at the state Veterans Homes, and employs state staff to operate the program at Fort McCoy. DVA has contracted with the Center for Veterans Issues (CVI) since May, 2007. CVI operates other transitional housing facilities for veterans that are not partially supported with state funds. In October, 2012, DVA requested bids for a new contract beginning in January, 2013.

Services provided in the VAP include: (a) transitional housing; (b) referrals to service providers; (c) financial assistance to veterans who are eligible for residency at a veterans home but lack financial resources; (d) assistance in seeking vocational opportunities; and (e) single occupancy rooms at reduced rent for working veterans.

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. The assistance centers do not provide services to veterans' spouses (unless the spouse is a veteran) or to veterans' children.

In 2011-12, the program was supported from federal per diem payments (\$1,298,500) the veterans trust fund (\$261,100) and revenue contributed by veterans who received VAP services (\$44,700 including \$10,300 veterans paid for services provided by DVA and \$34,000 for services provided by CVI). Veterans who are gainfully employed are required to pay part of program costs.

The Department also provides services to veterans who are incarcerated in Wisconsin or are under community supervision by the Department of Corrections. The Department assists veterans at the assessment and evaluation centers at the Dodge and Taycheedah Correctional Institutions. The Department conducts monthly briefings for veterans at the Dodge facility and at other correctional facilities on request.

## **Veterans Property Tax Credit**

Since tax year 2005, Wisconsin has provided a refundable credit against the individual income tax for property taxes paid by certain veterans and unremarried surviving spouses of veterans. Currently, the tax credit is equal to real and personal property taxes paid on a principal dwelling by an eligible veteran or by an eligible unremarried surviving spouse.

An eligible veteran is defined as a person: (a) who served on active duty in the U.S. armed forces; (b) was a resident of this state at the time of entry into that service or had been a Wisconsin resident for any consecutive five-year period after entry; (c) who is a resident of the state for purposes of receiving veterans benefits; and (d) has a service-connected disability of 100% or a 100% disability rating based on individual employability.

An unremarried surviving spouse includes persons meeting any of three criteria relative to the deceased spouse:

a. The spouse died while on active duty in the U.S. armed forces, was a Wisconsin resident at the time of entry into service or for any subsequent, consecutive five-year period, and was a Wisconsin resident at the time of death;

b. The spouse served on active duty in the U.S. armed forces, was a Wisconsin resident at the time of entry into active service or for any subsequent, consecutive five-year period, was a resident of this state at the time of death, and had a service-connected disability of 100% or a 100% disability rating based on individual employability; or

c. The person served in the National Guard or U.S. armed forces reserves, who was a Wisconsin resident at the time of entry into active service or for any subsequent, consecutive five-year period, and who died in the line of duty while on active or inactive duty while a Wisconsin resident.

For married-joint filers, an eligible veteran may claim the credit for the entire property tax imposed on the veteran's principal dwelling, rather than for the share of property taxes that reflects the veteran's ownership interest in the dwelling (which is 50% for property owned as marital property). For a married couple filing separate returns, an eligible veteran and an eligible spouse are each permitted to claim the veterans property tax credit based on their respective ownership interest in the veteran's principal dwelling.

The veterans property tax credit is not allowed if an individual or the individual's spouse files a claim for the property tax/rent credit, the farmland preservation credit, or the homestead credit.

Almost 6,000 veterans or spouses claimed the credit in tax year 2011. Because the veterans property tax credit is a refundable credit, it is treated as an appropriation, and \$19.9 million was expended from the appropriation in 2011-12.

### **Veterans Memorial Grants**

The Department has provided funding and administrative support for the construction of several veterans memorials.

The Vietnam Veterans Memorial was dedicated in September, 1988. The monument is located near Neillsville in Clark County at the Highground Memorial Park, which includes a number of tributes and trails, and provides educational and social programs. The Highground Memorial Park is operated and maintained by the Wisconsin Vietnam Veterans Memorial Project, a private, non-profit corporation.

The Wisconsin Korean War Veterans Memorial was dedicated in June, 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.

1991 Wisconsin Act 44 provided funding for the construction of World War I, World War II and Persian Gulf War memorials at the Highground Memorial Park. The World War I memorial was dedicated in September, 1992, and the World War II memorial was dedicated in September, 1993. Construction for the Persian Gulf War memorial began in November 2011.

The state has also made contributions 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 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.

1999 Wisconsin Act 2 provided \$166,100 GPR in one-time funding to support the construction of a World War II Memorial in Washington, D. C. This memorial was dedicated in May, 2004.

### **Veterans Outreach Efforts**

The Department conducts outreach events to inform and assist veterans in receiving state and federal veterans benefits. DVA, in collaboration with the Wisconsin Department of Workforce Development (DWD), conducted 16 career and benefit fairs in calendar year 2012. The fairs feature employers providing job search assistance to veterans seeking employment, along with local, state and federal veterans advocates offering benefits and services information to state veterans. The Department estimates that over 2,400 veterans attended these fairs in 2012.

In addition, in 2012, DVA co-sponsored and coordinated five "Year of the Veteran Business Symposiums" to educate employers on the benefits of hiring veterans.

In March, 2012, DVA created the Veterans Benefits Resource Center (VBRC) which provides veterans improved access to information about the Department's programs, benefits and services via phone, chat (through DVA's website), walk-in and e-mail communications. The goal of the VBRC is to ensure that veterans who contact DVA during business hours will be able to immediately speak to VBRC support staff trained to provide the most frequently requested information about the Department's programs, benefits, and services.

The Department's outreach staff also coordi-

nates and attends re-integrations, demobilizations and other veterans events. The Recently Separated Veterans Program provides monthly informational mailings to veterans recently separated or discharged from active duty and returning to Wisconsin.

### **Wisconsin Veterans Cemeteries**

There are four veterans cemeteries located in Wisconsin. The Wood National Cemetery, operated by the USDVA, is co-located with the VA Regional Office and VA Medical Center in the City of Milwaukee and is closed to new interments. DVA operates three state veterans cemeteries -- the Central Wisconsin Veterans Memorial Cemetery at the Veterans Home in King, the Southern Wisconsin Veterans Memorial Cemetery at the Veterans Home at Union Grove, and the Northern Wisconsin Veterans Cemetery near Spooner in Washburn County. The state veterans cemeteries provide burials for veterans, spouses and dependent children. Each of the state 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) or died while on active duty. In addition, the veteran must meet one of the following residency and service release requirements: (a) military service was entered from Wisconsin and the person was discharged or released under conditions other than dishonorable; (b) service was entered from another state but the veteran was a Wisconsin resident at the time of death and the person was discharged or released under conditions other than dishonorable; or (c) military service was entered from another state but the veteran was a Wisconsin resident for at least 12 months preceding his or her death and the person was discharged or released under honorable conditions. DVA receives a \$700 plot allowance from the federal government for each



veteran interred.

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.

Non-resident service members that were killed in the line of duty can also be buried in a state veterans cemetery. For nonresident burials, interment costs that are not covered by the federal government must be covered by either the estate of the decedent or the family member that requests the burial.

While the statutes authorize DVA to charge fees for burials at the state veterans cemeteries and permits DVA to promulgate rules for the assessment of these fees, the Department's current rules prohibit the agency from assessing fees for the interment of a veteran, guard or reserve member. These rules permit DVA to assess fees for the interment of a dependent child or a veteran's spouse or surviving spouse in the cemetery. These fees may not exceed the average costs associated with the interments, as determined by DVA. DVA may waive the fee for a veteran's spouse or surviving spouse who resides at a state Veterans Home at the time of death, if the individual's estate is insufficient to pay the fee. In 2012, the burial fee was \$550. DVA charges an additional \$650 fee for veterans, spouses, and dependent children who choose to purchase their own vault from a funeral director rather than using the preplaced liners provided at the Southern Wisconsin and the Northern Wisconsin Veterans Cemeteries.

In addition, DVA assesses fees for a disinterment. The fee charged for a disinterment is based on the work needed to be performed and whether the remains are in a casket or have been cremat-

ed. In 2012, this fee was \$900 for a casket and \$550 for a cremation.

As of July 1, 2012, there were 11,155 interments at the Southern Wisconsin Veterans Memorial Cemetery, 6,171 interments at the Central Wisconsin Veterans Memorial Cemetery, and 1,889 interments at the Northern Wisconsin Veterans Memorial Cemetery. In fiscal year 2011-12, there were 1,387 interments at the state's veterans cemeteries, including 998 at the Southern Wisconsin Veterans Memorial Cemetery, 230 at the Northern Wisconsin Veterans Memorial Cemetery, and 159 at the Central Wisconsin Veterans Memorial Cemetery.

### **Military Funeral Honors**

DVA administers a program that coordinates the provision of military honors details at funerals of deceased veterans and to deceased persons who have served under honorable conditions in any national guard or in a reserve component of the U.S. armed forces. 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 also administers 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. These stipends are funded from the general fund. In addition, DVA distributes tuition vouchers to funeral directors to distribute to students who sound "Taps" on a bugle, trumpet or cornet during funerals with military honors. These \$25 vouchers may be used by the student at any University of Wisconsin system school or technical college. DVA encourages private institutions of higher learning to accept these vouchers.

In 2011-12, DVA coordinated 6,879 funerals,

staffed 1,387 of these funerals with military funeral honors teams and paid 5,644 reimbursement grants, totaling \$330,000.

### **Wisconsin Veterans Museum**

The Wisconsin Veterans Museum contains exhibits, displays and other presentations related to Wisconsin's participation in U.S. military actions from the Civil War to the present. The museum features dioramas depicting important historical events in which Wisconsin veterans participated. The museum maintains a computer database containing the military records of more than 90,000 Wisconsin Civil War veterans. The museum offers presentations by historians, authors, and museum staff on military history, world events, and the experiences of Wisconsin veterans.

In 2011-12, \$2,505,100 (\$249,200 GPR and \$2,255,900 SEG from the veterans trust fund) is budgeted to support the operations of the museum. In addition, the Veterans Museum Foundation provides additional support for the museum.

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### **Funding for Home Loans**

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When DVA determines that loan issuances are economically feasible, the state, through the State of Wisconsin Building Commission and the Capital Finance Office in the Department of Administration, issues general obligation bonds 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 DVA 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 disbursed by DVA for home loans to veterans.

The state issues general obligation bonds to

finance veterans mortgage home loans and home improvement loans and may also recycle prepayments from those bonds or use fund equity or excess insurance reserves to make such loans.

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 and issuance costs, as well as the administrative costs of the home loan program.

To obtain a primary mortgage 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 the applicant is qualified for the loan program. If the application is approved, the lending institution originates the loan with funds supplied by DVA. Throughout the life of the loan, the lending institution acts as the collection agent and loan servicer for DVA. Each veteran that receives a primary mortgage loan makes payments to the lending institution, which deposits the funds into the state treasury to the credit of the veterans mortgage loan repayment fund. The Department makes payments from the veterans mortgage loan repayment fund to pay administrative expenses and to the bond securities and redemptions fund to pay debt service on the bonds.

The home improvement loan program (HILP) is also required to be self-supporting, so 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. Recycled prepayments, fund equity or excess insurance reserves are also used to fund additional loans.

Home improvement loans are originated through either county veterans service offices or directly from the Department via on-line applica-

tions. The home improvement loans are serviced in-house by the Department.

DVA mortgage loans can be funded with either tax-exempt or taxable bonds. "Qualified veterans" are veterans who are within 25 years of their date of separation from active duty and are therefore eligible for loans funded from tax-exempt bonds, regardless of when they entered service. The federal government has established maximum bonding levels for the tax-exempt bonds. The State of Wisconsin is currently authorized to bond for up to \$100 million annually.

The Department may issue taxable bonds for "disenfranchised veterans," who are veterans that are not within 25 years of their date of separation from active duty. These veterans are not eligible for loans funded from tax exempt bonds. Investors in taxable bonds generally require a higher yield, resulting in increased financing costs of loans to the state, and subsequently higher mortgage rates to veterans. Because most veteran home buyers are eligible for home loans from tax-exempt bonds, coupled with the cost of increased financing rates for issuing taxable bonds, the Department has discontinued the issuance of taxable bonds for disenfranchised veterans, except when economically feasible.

Table 6 shows the date and amount of bonds issued for the most recent twelve-year period. Over that period, the state issued \$314,555,000 in general obligation bonds for home loans for veterans, with the last issuance in 2008. Of this total, \$212,445,000 was issued as taxable bonds. During this period the use of taxable bonds created situations where the program's interest rate exceeded the existing market rate.

Appendix II summarizes all bond issues for the mortgage loan program and loan activity since the program's inception. Through the 2011-13 biennium, the Legislature had authorized \$2,400,840,000 in state borrowing for this purpose. Additional loans have been issued from

**Table 6: Recent Bond Issues for the Mortgage Loan Program (2000-2012)**

Bond Issue	Amount
July, 2000*	\$35,000,000
February, 2001*	15,000,000
June, 2001*	20,000,000
October, 2001*	20,000,000
March, 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
August, 2006	61,685,000
October, 2007	20,570,000
May, 2008*	4,445,000
June, 2008	<u>19,855,000</u>
Total Bond Issues (2000-2012)	\$314,555,000

\* Taxable bonds.

proceeds from prepayments of prior loans as well as equity or excess insurance reserves.

In addition to making veteran home loans and home improvement loans, some veterans mortgage loan repayment fund assets have been transferred to the veterans trust fund. In December, 1997, a loan portfolio and cash totaling \$68 million was transferred to the veterans trust fund, the revenue from which was used to support the personal loan program. Appendix III 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.

The financial condition of the mortgage loan

**Table 7: Veterans Mortgage Loan Repayment Fund - Balance Sheet -- As Of June 30, 2012**

Assets	Amounts
Cash and Investments	\$29,170,700
<i>Mortgage Loans</i>	
Home Improvement Loans	\$2,550,000
Loans to Disenfranchised Veterans	41,898,200
Loans to Qualified Veterans	<u>81,644,000</u>
Subtotal	\$126,092,200
Other Accounts Receivable	\$879,600
Prepaid Insurance	22,300
Property and Equipment*	17,700
Advances to other Funds	611,200
Real Estate	<u>1,445,500</u>
Subtotal	\$2,976,300
<b>Total Assets</b>	<b>\$158,239,200</b>
<b>Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$255,400
Bonds Payable	<u>141,890,000</u>
Total Liabilities	\$142,145,400
<b>Fund Equity</b>	
Fund Equity Invested In Capital Assets**	\$17,700
Unrestricted Capital	<u>16,076,100</u>
Total Fund Equity	\$16,093,800
<b>Total Liabilities and Fund Equity</b>	<b>\$158,239,200</b>

\* Depreciated value.  
 \*\* Net of related debt.

repayment fund, as of June 30, 2012, is presented in Table 7. The largest assets in the fund are mortgage loans to qualified veterans funded with tax-exempt bonds (\$81,644,000) and mortgage loans to disenfranchised veterans funded with taxable bonds (\$41,898,200). Bond obligations (\$141,145,400) are the largest liability for the fund.

Table 8 summarizes the mortgage loan repayment fund's cash flow for fiscal years 2009-10 through 2011-12. The largest sources of revenue for the mortgage loan repayment fund over this time period were loan principal and interest payments from veterans, specifically for those loans issued to disenfranchised veterans using proceeds from taxable bonds and loans originally

funded with tax exempt qualified veterans mortgage bonds (QVMBs). The largest expenditures from the fund were bond principal and interest repayments and employee payments. The last large loan disbursement from the mortgage loan repayment fund was provided under the home improvement loan program in 2009-10.

The economic recession that began in 2007-08 has had two primary impacts on the primary mortgage loan repayment fund. First, the number of foreclosures by veterans holding primary mortgage loans, and subsequently the bad debt expenses paid by the fund, increased significantly. In 2011-12 the fund paid \$800,500 in bad debt expenses. By comparison, in 2006-07 the fund paid \$67,000 in bad debt expenses.

Second, in response to the recession, commercial mortgage loan interest rates decreased to historic lows. Many veterans chose to take advantage of these low rates by refinancing their mortgages with commercial providers. When veterans refinance these loans, the entire amount of their veterans primary mortgage loan is paid off. DVA can then use the money from the paid off mortgage loan to pay down its existing bond obligations.

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### Veterans Trust Fund

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The veterans trust fund supports the personal loan program and most of the grant and other programs operated by DVA, other than the state Veterans Homes.

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.

**Table 8: Veterans Mortgage Loan Repayment Fund - Cash Flow  
(As of June 30 of Each Year)**

	2009-10	2010-11	2011-12
Beginning Cash Balance, July 1	\$74,876,400	\$57,863,800	\$28,662,000
<b>Operating Activities</b>			
State Staff Costs	-\$2,415,700	-\$2,785,200	-\$2,505,600
Payments to Suppliers	-470,200	-721,400	-596,000
Bad Debt Expenses	-492,100	-368,100	-800,500
Transfers	-113,900	-113,900	0
Other Operating Revenues	9,000	1,299,600	5,500
Other Operating Expenses	0	0	-16,900
HILP Loan Origination Payments	<u>-11,223,400</u>	<u>-561,100</u>	<u>-273,100</u>
Subtotal	<u>-\$14,706,300</u>	<u>-\$3,250,100</u>	<u>-\$4,186,600</u>
<b>Collection of Loan Principal</b>			
Loans to Disenfranchised Veterans	\$18,856,700	\$20,744,200	\$13,758,600
HILP Loans	1,311,700	1,014,500	794,700
Loans to Qualified Veterans	8,194,400	10,396,600	7,902,800
Loans Funded with QVMBs	14,134,800	22,069,200	20,707,800
Unapplied Loan Payments	<u>-235,600</u>	<u>-782,800</u>	<u>1,113,500</u>
Subtotal	<u>\$42,262,000</u>	<u>\$53,441,700</u>	<u>\$44,277,400</u>
<b>Collection of Loan Interest</b>	\$15,223,600	\$12,130,200	\$10,236,500
<b>Non-Operating Activities</b>			
Grants	-\$341,100	-\$327,900	-\$329,200
<b>Financing Activities</b>			
Repayment of Bonds	-\$44,790,000	-\$79,045,000	-\$40,810,000
Interest Payments	<u>-14,809,600</u>	<u>-12,248,100</u>	<u>-8,723,500</u>
Subtotal	<u>-\$59,599,600</u>	<u>-\$91,293,100</u>	<u>-\$49,533,500</u>
<b>Investing Activities</b>			
Investment Income	\$148,800	\$97,400	\$43,800
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>-\$17,012,600</u>	<u>-\$29,201,800</u>	<u>\$508,400</u>
<b>Closing Cash Balance, June 30</b>	\$57,863,800	\$28,662,000	\$29,170,400

Created in 1919, the soldiers rehabilitation fund provided World War I veterans with cash bonuses. The post-war rehabilitation fund was created in 1943 to meet the medical, educational and economic needs of World War II veterans. In 1947, the veterans housing trust fund was created to make second mortgage loans to qualified veterans for home purchases, construction and improvement.

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 9 summarizes the source of veterans trust

fund revenues since 1943 through a combination of special taxes, general fund appropriations, and other funding sources.

Table 9 shows that the principal revenue source for the veterans trust fund prior to 1991 was the state general fund, which provided \$25.9 million in general tax collection receipts, \$25.2 million in direct appropriations, and \$37.3 million in loans over that period. The loans to the trust fund, totaling \$18.8 million from the general fund and \$18.5 million from the State of Wisconsin Investment Board have subsequently been fully repaid.

By the early 1990's, ongoing revenue sources

**Table 9: 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	261,900
2012 General Fund Appropriation	<u>5,000,000</u>
Subtotal-GPR Appropriations	\$30,204,700
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*	5,627,200
2007 Veterans Homes	1,131,200
2009 Veterans Homes	<u>7,000,000</u>
Subtotal--Other	\$60,582,200
<b>Total</b>	<b>\$153,946,300</b>

\*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.

for the trust fund were interest payments by veterans 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 af-

ected the ability of the fund to generate additional revenues on loan repayments.

Periodically, in order to sustain program funding, additional sources of revenue have been transferred to the fund. 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 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 provide 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.

There have also been two recent transfers from the Veterans Homes operating revenues to the veterans trust fund, \$1,131,150 in 2006-07 and \$7,000,000 in 2008-09.

Most recently, 2011 Wisconsin Act 32 provided a one-time transfer of \$5,000,000 in 2011-12 from the general fund to the veterans trust fund.

Appendix IV provides a summary of the total amounts of loans and grants made, including programs paid from the veterans trust fund.

The financial condition of the veterans trust fund, as of June 30, 2012, is presented in Table 10. The fund's assets include cash on hand, 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 represent 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 11, as well as remaining principal from veterans trust fund loan programs for which there are no restrictions placed on fund use).

Table 11 summarizes the fund's revenues and expenditures and opening and closing cash balances for the 2011-12 fiscal year. As detailed in the table, total annual cash receipts to the veterans trust fund (\$12,976,200) consisted primarily of the GPR transfer approved in 2011 Wisconsin Act 32 (\$5,000,000), loan repayment amounts (\$5,039,000), and federal grants (\$1,360,600).

The total annual fund disbursements in 2011-12 (\$12,056,800) consisted of agency operating activities (\$8,925,900), grants and aids to veterans (\$2,174,500), and new loans and related expenses (\$956,400).

**Table 10: Veterans Trust Fund Condition Statement -- As of June 30, 2012**

<b>Assets</b>	<b>Amounts</b>
Cash and Investments	\$20,773,600
<i>Trust Fund Loans Receivable</i>	
Personal Loans	\$8,286,700
Revenue Bond Loans Receivable	0
Economic Assistance Loans	1,400
Consumer Loans	<u>0</u>
Subtotal	\$8,291,100
<i>Mortgage Loans Receivable</i>	
Loans to Disenfranchised Veterans	\$1,116,900
Second Mortgage Loans	18,900
Home Improvement Loans	<u>600</u>
Subtotal	\$1,136,400
Other Accounts Receivable	\$170,000
Prepaid Insurance	66,600
Property and Equipment*	11,152,200
Total Assets	\$41,589,900
<b>Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$4,477,800
Bonds Payable	397,700
Notes Payable	0
Compensated Absences	344,400
Other Post-Employment Benefits	<u>448,300</u>
Total Liabilities	\$5,668,200
<b>Fund Equity</b>	
Fund Equity Invested in Capital Assets**	\$10,754,600
Unrestricted Capital	<u>25,167,100</u>
Total Fund Equity	\$35,921,700
Total Liabilities and Fund Equity	\$41,589,900

\*Depreciated value.

\*\*Net of related debt.

Over the past decade, the condition of the fund has been affected by declining interest rates, increasing program costs, and the creation of additional programs funded from the trust 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 the operations of the Wisconsin Veterans Museum entirely with revenues 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 nurse education stipend program from the fund; and (d) increasing the maximum amount of a personal loan program loan from \$15,000 to \$25,000.

In 2005-07, the Legislature approved initiatives aimed at increasing revenues for the trust fund including: (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) transferring 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.

The 2005 tax forms were the first year in which the check-off box was included. In 2011-

12, the Department did not receive any revenue from either the tax check-offs or from license plate sales.

Since 2005, DVA has occasionally received authorization to transfer revenue from the PR appropriations for the Veterans Homes to the veterans trust fund. Under 2005 Wisconsin Act 468, DVA was authorized to transfer up to \$16 million in 2006-07 from the institutional operations appropriation for the Veterans Homes at King and Union Grove, provided that the PR balance in the appropriation account was 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 Department transferred a total of \$1,131,150 from the Veterans Homes account to the veterans trust fund in 2006-07.



**Table 11: Veterans Trust Fund Cash Flow --As of June 30 of Each Year**

	2009-10	2010-11	2011-12
<b>Beginning Cash Balance, July 1</b>	<b>\$28,288,900</b>	<b>\$24,235,800</b>	<b>\$19,854,200</b>
<b>Revenues</b>			
<i>Receipts from Customers</i>			
General Sales	\$191,300	\$191,900	\$172,500
Other Receipts from Customers	<u>800</u>	<u>0</u>	<u>700</u>
Subtotal	\$192,100	\$191,900	\$173,200
<i>Interest Income</i>			
Loan Interest	\$1,306,100	\$1,017,100	\$759,900
Investment and Interest on Cash	<u>67,000</u>	<u>22,700</u>	<u>5,300</u>
Subtotal	\$1,373,100	\$1,039,800	\$765,200
<i>Loan Repayments</i>			
Economic Assistance Loans	\$9,600	\$2,200	\$1,300
Consumer Loans	900	500	0
Second Mortgage Loans	15,900	13,800	14,100
Acquired Revenue Bonds	0	0	0
HILP Loans	57,400	26,500	10,400
Mortgage Loans	819,800	386,900	399,700
Personal Loans	6,992,900	6,056,900	4,613,400
Revenues from SWIB Portfolio	<u>64,600</u>	<u>11,000</u>	<u>0</u>
Subtotal	\$7,961,100	\$6,497,800	\$5,038,900
<i>Other Income</i>			
Federal Grants	\$1,189,500	\$1,295,500	\$1,360,600
Federal Payments for Building Construction	0	0	0
Refund of Prior Year Expenditures	9,700	9,800	400
General Fund Transfers In	363,700	0	5,000,000
Other Transfers In	0	0	416,800
Tax-Check-Off Donations	126,000	500	0
Veterans License Plates	16,100	15,000	0
Other Gifts and Donations	23,800	107,100	106,300
Miscellaneous Revenues	<u>112,100</u>	<u>72,100</u>	<u>114,800</u>
Subtotal	\$1,840,900	\$1,500,000	\$6,998,900
<b>Total Revenues</b>	<b>\$11,367,200</b>	<b>\$9,229,500</b>	<b>\$12,976,200</b>
<b>Expenses</b>			
<i>Operating Activities</i>			
Employee Payments	\$5,919,500	\$4,206,100	\$5,432,000
Cash Payments to Suppliers	2,980,300	3,036,000	3,384,500
Capital Assets	56,800	1,308,500	49,300
Repayment of Long-Term Debt	57,200	121,100	60,100
Building Fund Transfers and Municipal Services	<u>15,500</u>	<u>0</u>	<u>0</u>
Subtotal	\$9,029,300	\$8,671,700	\$8,925,900
<i>Grants Disbursed</i>			
Educational Grants	\$1,726,300	\$1,271,100	\$870,500
Retraining Grants	198,100	111,300	110,000
Health Care Aid Grants	356,600	579,200	98,000
Subsistence Aid Grants	69,900	103,000	440,200
Transportation Grants	200,000	200,000	202,000
County Veterans Service Officers	341,100	342,400	329,200
Grants to Veterans Service Organizations	99,600	120,500	114,700
Aid to Indigent Veterans	0	0	0
Home for Needy Veterans	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Subtotal	\$3,001,600	\$2,737,500	\$2,174,600
<i>Loan Activity</i>			
Personal Loan Program Originations	\$2,844,400	\$1,915,600	\$882,600
Other Operating Expenses	309,700	228,700	47,900
Interest Payments	<u>32,000</u>	<u>57,600</u>	<u>25,900</u>
Subtotals	\$3,186,100	\$2,201,900	\$956,400
Lapse to General Fund	203,300	0	0
<b>Total Expenses</b>	<b>\$15,420,300</b>	<b>\$13,611,100</b>	<b>\$12,056,900</b>
<b>Closing Cash Balance, June 30</b>	<b>\$24,235,800</b>	<b>\$19,854,200</b>	<b>\$20,773,500</b>

## APPENDIX I

### 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<sup>a</sup>

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<sup>b</sup>
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<sup>c</sup>
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<sup>d</sup>
11. Afghanistan War: 9/11/01 to present<sup>e</sup>
12. Iraq War: 3/19/03 to present<sup>f</sup>
12. Other periods designated by DVA rule

##### Other Eligible Conflicts<sup>g</sup>

1. Lebanon<sup>h</sup>: 8/1/82 to 8/1/84
2. Grenada<sup>i</sup>: 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 <sup>j</sup> below.
5. Somalia: See <sup>j</sup> below.
6. Bosnia: See <sup>k</sup> below.

<sup>a</sup>Active 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.

<sup>b</sup>Extended to July 15, 1903, if engaged in Moro Province hostilities.

<sup>c</sup>Extended to April 1, 1920, if service was in Russia.

<sup>d</sup>An ending date to the Persian Gulf War (Operation Desert Storm or Operation Desert Shield) has not been set by the Department.

<sup>e</sup>Between September 11, 2001, and the ending date of Operation Enduring Freedom, or successor operation as set by DOA rule.

<sup>f</sup>An ending date to the Iraq War (Operation Iraqi Freedom) has not been set by the Department.

<sup>g</sup>Active 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

<sup>h</sup>Service 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.

<sup>i</sup>Service 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.

<sup>j</sup>Service 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.

<sup>k</sup>Active 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 II

### Primary Mortgage Loan Program Activity (as of June 30, 2012) -- Loans Committed

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
<b>Wisconsin Housing Finance Authority Issues</b>			
September, 1974	\$37,615,000	8.43%	1,324
May, 1975	<u>24,330,000</u>	7.85	<u>748</u>
Subtotal	\$61,945,000		2,072
<b>State of Wisconsin Revenue Bond Issues</b>			
May, 1980	\$80,000,000	9.83%	1,700
August, 1981	<u>10,055,000</u>	12.31	<u>268</u>
Subtotal	\$90,055,000		1,968
<b>General Obligation Issues</b>			
August, 1975	\$50,000,000	7.00%	1,844
December, 1975	50,000,000	6.75	1,833
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	1,413
February, 1977	40,000,000	6.23	1,384
May, 1977	110,000,000	6.11	3,698
October, 1977	36,000,000	6.03	1,161
February, 1978	100,000,000	6.44	3,171
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	1,908
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	1,310
April, 1985	18,551,000	10.60	472
May, 1986	38,185,500	8.55	843
July, 1988	15,000,000	8.55	319
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	244
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	394
May, 1998	34,005,000	6.65	381
October, 1998	6,155,000	6.50	57

**APPENDIX II (continued)**

**Primary Mortgage Loan Program Activity  
(as of June 30, 2012) -- Loans Committed**

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	638
July, 2000	35,000,000	7.90	311
February, 2001	15,000,000	6.80	171
June, 2001	20,000,000	7.00	190
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	30
August, 2006	61,685,000	6.00	364
October, 2007	20,570,000	6.00/5.65	124
May, 2008	4,445,000	6.00	26
June, 2008	<u>19,855,000</u>	5.75	<u>117</u>
Subtotal	\$2,234,491,500		47,766
Lending of Prepayments from Prior General Obligation Issues			
March, 1980; April, 1980; June, 2008; September, 2009-November, 2009	-0-	6.60/7.31/6.00% 5.875/4.85/5.55 5.25	1,668
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; October, 2007 -- January, 2008; September, 2008 - November, 2009	-0-	5.65/5.75/5.70% 6.40/5.99 to 7.50 6.00/4.85/5.55 5.25	331
Total	\$2,386,491,500		55,598

Note: The total amount lent by DVA (\$2,675,529,800 through June 30, 2010) is higher than the amount shown in this appendix because of the issuance of loans from profits, prepayments, refunded bonds, and insurance reserves, which are categorized on the bottom of this appendix.

## APPENDIX III

### 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
April, 1994	103,830,000
October, 1994	10,400,000
March, 1995	15,735,000
October, 1995	42,850,000
April, 1997	23,640,000
April, 1998	6,155,000
June, 1999	15,790,000
April, 2003	7,000,000
April, 2003	13,740,000
November, 2003	9,555,000
December, 2003	58,335,000
October, 2007	20,570,000
June, 2008	<u>19,855,000</u>
Total	\$762,388,000

\*Face value of bond issue.

## APPENDIX IV

### Summary of State Grants and Loans to Individual Veterans

	2011-12 Loans <sup>1</sup>	2011-12 Total Loan Amount <sup>1</sup>	2011-12 Average Amount	Total Loans thru 2011-12	Total Loan Amount thru 2011-12
<b>DVA Loan Programs</b>					
Primary Mortgage Loan Program <sup>2</sup>	0	\$0	\$0	55,598	\$2,675,529,800
Home Improvement Loan Program <sup>2</sup>	9	273,097	30,344	2,406	33,354,700
Personal Loan Program <sup>2</sup>	285	920,900	3,231	10,178	101,863,200

	2011-12 Grants <sup>3</sup>	2011-12 Total Grant Amount	2011-12 Average Amount	Total Grants thru 2011-12	Total Grant Amount thru 2011-12
<b>DVA Grant Programs</b>					
Tuition and Fee and Reimbursement Grants <sup>4</sup>	NA	NA	NA	15,555	\$16,488,200
Part-Time Study Grants <sup>4</sup>	NA	NA	NA	246,100	29,953,400
Veterans Education Grants <sup>4</sup>	484	\$992,000	\$2,050	10,257	15,299,500
Retraining Grants	30	53,000	1,767	1,763	4,378,300
Health Care Aid Grants <sup>5</sup>	NA	NA	NA	25,087	18,567,800
Subsistence Aid Grants <sup>5</sup>	NA	NA	NA	31,569	9,108,300
Assistance to Needy Veterans <sup>5</sup>	304	3,514,000	1,691	2,373	4,607,600
Military Funeral Honors	5,644	330,000	58	47,168	2,268,500
Nurse's Stipend <sup>2</sup>	0	0	0	99	316,500

<sup>1</sup>Number and amount of loans based on loans disbursed.

<sup>2</sup>In moratorium as of this writing.

<sup>3</sup>Number may include multiple grants to individuals.

<sup>4</sup>The Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs were combined in 2005-06, under the Veterans Education Grant program.

<sup>5</sup>The Health Care Aid Grant and Subsistence Aid Grant programs were combined in 2005-06, under the Assistance to Needy Veterans program.