



Legislative Fiscal Bureau

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

May 12, 2011

Joint Committee on Finance

Paper #766

Assistance to Needy Veterans, Veterans Assistance Program, Personal Loan Program, Museum Funding, Payments to Veterans Organizations, and Transfers to the Veterans Trust Fund (DVA -- General Agency Provisions and Veterans Homes)

[LFB 2011-13 Budget Summary: Page 516, #7; Page 517, #8; Page 518, #10 and #12; Page 519, Item #13 and #14; Page 520, #20; Page 521, #21; and Page 524, #8]

CURRENT LAW

Base funding for appropriations supported by the veterans trust fund is \$19,083,200 SEG. Individual programs are described below.

GOVERNOR

Reduce amounts appropriated for veterans trust fund-supported programs by \$2,419,100 SEG in 2011-12 and \$2,406,600 SEG in 2012-13 as described below.

DISCUSSION POINTS

1. The veterans trust fund overview paper outlined the current status of the fund and the projected balance under the bill. It is estimated that the bill would reduce base appropriations from the fund by \$2,419,100 SEG in 2011-12 and \$2,406,600 SEG in 2012-13. However, the cash balances plus anticipated 2011-13 revenues would still be insufficient to fund the amounts appropriated under the bill without the transfer of veterans home program revenue balances of approximately \$3.7 million on June 30, 2012. This paper addresses the modifications to veterans trust fund funded appropriations. The proposed transfer of the state approving agency functions, which is partially funded from the veterans trust fund, is separately addressed.

2. Modifications to the programs listed below would modify the amount of funding that would have to be transferred from the veterans homes appropriations, to the extent that resources are available to transfer.

3. *Transfers from the Veterans Homes to the Veterans Trust Fund.* In regards to the transfer of funds from the veterans homes to the veterans trust fund, DVA argues that even though the language in the bill is permissive, that the amounts appropriated under the bill would obligate such a transfer. The Department also states that the transfer authorization was made instead of the agency requested GPR supplement.

4. Under the DVA agency requests, the Department requested an additional \$9.4 million GPR in the 2011-13 biennium over base amounts, including the conversion of the Wisconsin Veterans Museum and the state veterans memorial cemeteries to GPR-supported appropriations and a \$2,944,500 GPR supplement to the veterans trust fund.

5. On May 5, 2011, the Committee modified the Governor's recommendation to allow the transfer of funds from the veterans homes appropriations to the veterans trust fund, by specifying the following: (a) there could not be transfers from the veterans homes gifts and grants appropriation; (b) the transfer could occur only developing the 2011-13 biennium; and (c) a 14-day passive review by the Joint Committee on Finance would be required before any transfer could occur.

6. State Budget Office Reestimates. The State Budget Office stated that its reestimates of appropriations were based on expenditures in the appropriations for the past few years, as well as trends in the amounts expended. If spending was unusually low in 2009-10, as opposed to prior years, the Office applied numbers that were more in line with 2008-09 expenditures. These reestimates will apply to several of the items discussed in the paper.

Veterans Assistance Program

7. The veterans assistance program (VAP) was created by 1993 Wisconsin Act 16 to provide assistance to homeless, incarcerated, and other groups of needy veterans, as designated by DVA. The current DVA rules additionally specify that VAP eligibility extends to veterans with the following status: (a) unemployment or underemployment that limits the veteran's ability to be self-supporting; (b) an affliction with acute or chronic physical or mental health problems that limits the veteran's ability to be self-supporting; and (c) insufficient monthly income and resources to pay for the cost of care provided at an assisted living facility operated at a veterans home.

8. The Department uses regional centers to provide transitional housing to veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. Services provided include: (a) providing 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) as of 2009 Wisconsin Act 28, providing single occupancy rooms.

9. All veterans who have served in the U.S. armed forces with other than a dishonorable discharge are eligible to participate in the VAP. There is no state residency

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

10. The Veterans Assistance Program is supported from federal per diems, veterans trust fund revenues, and resident fees. Federal law allows fees for residents if the veteran is gainfully employed.

11. Since 1993 Wisconsin Act 16, veterans rehabilitation and assistance centers have operated through DVA support and independently. Some rehabilitation and assistance centers have been viable without supplemental funding from the veterans trust fund (mainly through federal grants and per diems).

12. Currently, four of the centers established in Wisconsin (Fort McCoy, King, Union Grove, and Chippewa Falls) are facilities that are owned by the Department with services either operated by DVA or contracted through DVA to a private vendor.

13. These centers provide transitional housing for up to 24 months for an individual (in some cases federal waivers may be obtained). The Department also operates single room occupancy accommodations at these sites. These accommodations are intended for graduates of the program who cannot find other low income housing and/or need additional support to be successful in maintaining housing.

14. The facilities that house VAP activities have varying level of financial support from DVA, depending on the ability of vendors to attain full federal funding, the facility costs (rent and utilities, for example). Increasingly, the facilities are becoming financially independent, but DVA contends that continued support is needed. For instance, due to high utility costs at Department of Health Services facilities, DVA supports utility costs that are in excess of \$40,800 from per diem and program fees from the veterans trust fund.

15. In addition, capital improvements and building maintenance to buildings are still the responsibility of the Department as the owner of the facilities. [There are no major capital improvements planned at this time.]

16. The following table shows the base funding for the veterans assistance program and the proposed revisions under the bill.

Veterans Assistance Program

	<u>2011-12</u>	<u>2012-13</u>
Base	\$643,900	\$643,900
Standard Budget Adjustments	28,600	28,600
Increase Employee Contributions for Pensions and Health Insurance	-18,400	-18,400
Eliminate Long-Term Vacancies	-68,600	-68,600
Veterans Assistance Program Modifications	<u>-296,300</u>	<u>-296,300</u>
Bill Total	\$289,200	\$289,200

17. Over the last five years, the amounts expended has varied between \$309,500 SEG and \$632,300 SEG, averaging \$511,800 SEG annually. Over the last two full fiscal years, DVA expended \$470,500 SEG in 2008-09 and \$309,500 SEG in 2009-10. The amounts appropriated under the bill would represent a 6.6% decrease over the lowest expenditure year and a 43.5% reduction compared to the five-year average. No funds would be provided for supplies and services under the bill.

18. The amounts expended in 2008-09 and 2009-10 represent a significant reduction to the amounts expended the previous three years, particularly for supplies and services and limited-term employee salaries. The average amount expended in 2008-09 and 2009-10 was \$390,000 SEG annually.

19. The amounts expended under supplies and services have decreased in recent years as VAP programs at Union Grove and Chippewa Falls have moved to direct reimbursements for program operators. However, DVA indicates that the Department contract with the vendor operating the VAP at Chippewa Falls specifies that fuel and utility costs be paid by the Department.

20. It could be argued that the amounts provided under the bill would provide an amount similar to the amounts expended in 2009-10, taking into consideration the increased employee contributions. However, this would discount the standard budget adjustments. If reductions to the appropriation were fixed to the expenditure levels of 2009-10 and adjusted for standard budget adjustments and increased employee contributions, then \$319,700 SEG annually could be provided (\$30,500 SEG annually above the amounts provided under the bill). [Alternative A2]

21. The long-term vacancy, within the VAP appropriation, is an outreach specialist that was created under 2009 Act 28 as a coordinator for the Mission Welcome Home program, has been vacant since October, 2009. The Department of Veterans Affairs argues that they have been able to reduce costs under the VAP over the last two years, in part to holding this position vacant and the deletion of this position should be part of the assumed long-term savings. By deleting this position and then assuming savings from that lower base is a double counting of the savings. The Department argues that the reductions to the supplies and services should not have included the amounts equivalent to the deleted position (\$68,600 SEG annually).

22. The Committee could choose to restore \$68,600 SEG annually to DVA's supplies and services, which would provide \$357,800 SEG annually for the VAP. This would represent an increase to the actual amounts expended in 2009-10. [Alternative A3]

23. The Department states that although \$18,200 SEG annually remains in the "grants" expenditure line, that grants are no longer provided. The Department has requested that these funds be moved to supplies and services. [Alternative A4]

Assistance to Needy Veterans

24. The Department administers a grant program that provides limited emergency financial assistance to eligible veterans called assistance to needy veterans (ANV). This program includes both the health care aid grant and the subsistence aid grant programs.

25. The lifetime maximum for ANV grants is \$7,500. Under current DVA rules, an applicant must earn less than 130% of the federal poverty level to be eligible for these grants. Unremarried spouses and dependants of veterans who died while on active duty (including training) are also eligible to receive either of these grants if they meet the income requirements.

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

27. Base funding for the subsistence aid grants is \$172,000 SEG, which would be reduced to \$100,000 SEG under the reestimates specified under the bill. The subsistence aid portion of the program provides temporary emergency aid to veterans in the event of an illness, injury or natural disaster that causes a loss of income. The 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.

28. The subsistence aid is provided for a maximum of 90 days. Payments cannot exceed \$3,000 over any consecutive 12-month period. Subsistence aid is limited to the difference between the amount of income earned before the loss of income and the amount of income earned after the loss of income.

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

30. Over the last four full fiscal years, DVA has expended an average of \$98,500 SEG for subsistence aid grants. The Department estimates that 2010-11 grants will total \$108,700 SEG.

31. It would appear that the Governor's recommendation and the Department's estimate of ongoing use are fairly similar, especially in light of the Department's ability to transfer funds between the two assistance to needy veteran programs.

32. The health care component can only be used to cover costs related to dental care, hearing aids and eyeglass costs. 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.

33. There is no statutory cap for the amount that can be annually spent for an individual's dental, hearing, and eye care. However, there are annual limits placed on the amounts that may be provided to an eligible individual under administrative rules [VA 2.01].

34. 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 is provided by a licensed audiological health care professional provides evidence of 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 eyeware.

35. Base funding for the health care aid grants is \$1,069,800 SEG, which would be reduced to \$870,000 SEG annually under the bill.

36. The historical amounts expended on health care aid grants have varied significantly over the recent years due to changes in the capped rates for vision, dental and hearing care.

37. Under 2007 Wisconsin Act 20, the lifetime maximum for assistance ANV grants was increased from \$5,000 to \$7,500 and statutory maximums for vision, dental and hearing care were deleted. In August, 2010, new administrative rules were established that provided for the capped rates that are described above.

38. Based on the capped rates, the Department estimates that costs for the program would be \$323,800 SEG in 2011-12 and \$343,300 in 2012-13. The Committee could choose to reduce the amounts appropriated to these lower estimates, which would reduce funding compared to the bill by \$546,200 SEG in 2011-12 and \$526,700 SEG in 2012-13. [Alternative B2]

39. Since the programs have been combined under the same appropriation, if there are insufficient funds appropriated for subsistence aids or health care aids, excess funds, should they exist, could be used for the other program. Also, the statutes are permissive of the provision of assistance to needy veterans, allowing, rather than requiring, DVA to provide these grants. Finally, the statutes also allow DVA to request supplements for this appropriation under a 14-day passive review. Therefore, to the extent that the amounts appropriated are insufficient, the amounts appropriated could be addressed at a future time. However, any supplement would be based on sufficiency of revenue availability from the veterans trust fund.

Payments to Veterans Service Organizations for Claims Services

40. The payments to veterans service organizations for claims services program requires DVA to make grants to any state or national veterans organization that has maintained a claims service office at the USDVA regional office in Milwaukee for the purpose of assisting Wisconsin veterans with obtaining federal veteran's benefits.

41. To qualify for the state grant, the veterans organization must have maintained the office for at least five out of the 10 years preceding the date of application for the grant. In 2009-10, a total of \$99,600 was granted under the program to the following four organizations: American Legion, Disabled American Veterans, Military Order of the Purple Heart, and Veterans of Foreign Wars. The Department indicates that the Paralyzed Veterans of America are also eligible, based on the statutory requirements.

42. Grant amounts are based in the total amount of salaries and travel expenses incurred by a qualifying service organization as follows: (a) for organizations with costs ranging from \$1 to \$2,499, DVA reimburses the entire amount; (b) for organizations with costs ranging from \$2,500 to \$9,999, DVA reimburses \$2,500; (c) for organizations with costs ranging from \$10,000 to \$119,999, DVA reimburses 25% of the costs; and (d) for organizations with costs of at least \$120,000, DVA reimburses \$30,000.

43. The amount of the total reimbursements is based on the total number of eligible groups, and the amount that the group spends for salaries and travel expenses related to providing veterans claims services at the US DVA regional office in Milwaukee.

44. Under the bill, the amounts available for payments to veterans service organization would be reduced by \$67,500 SEG annually (from \$177,500 to \$110,000 SEG annually).

45. Over the last four full fiscal years (2006-07 through 2009-10) between \$94,000 and \$116,500 has been requested by four eligible organizations. The last time five agencies requested funds (2005-06), \$127,800 was requested.

46. It appears that the amount requested has been very consistent. The average payment per requesting organization between 2005-06 and 2009-10 was between \$23,500 and \$29,100 in each year, averaging \$25,600 per organization. If an additional \$18,000 SEG annually was provided, then an average of \$25,600 SEG could be provided to each eligible veterans service organization. [Alternative C2]

47. It could be argued that if the Committee wishes to reduce the amounts appropriated below the maximum amount that can be statutorily requested, it could require DVA to pro-rate payments, should requests be in excess of amounts appropriated. [Alternative C3]

Public Information Funding

48. Under the bill, \$60,000 SEG in 2011-12 and \$40,000 SEG in 2012-13 would be provided for the development and distribution of public information about DVA's activities and programs. Funding would include \$44,400 SEG in 2011-12 and \$29,600 SEG in 2012-13 from the veterans trust fund. The remaining funds would be provided from the mortgage loan repayment fund. All the funds would be provided under supplies and services.

49. The Department states that the program would develop and distribute a public information campaign to state veterans, stakeholders, and the general public about DVA, its programs, services, and its funding mechanisms. "The public information campaign would also enable stronger communication with the general public and key stakeholders about the work of the Department and funding challenges currently faced by the organization."

50. The Department states that it is seeking: (a) increased awareness and understanding of DVA and its programs and services; (b) increased in the positive perception regarding state veterans, DVA, and DVA's programs and services; and (c) behavioral changes among veterans and stakeholders to include calls or website visits to inquire about DVA benefits and services and other actions that would be supportive of veterans and the agency.

51. First year funding would include: (a) \$26,600 for the development and purchase of paid print publications; (b) \$29,000 for production and purchase of radio advertising; (c) \$2,100 for the development of promotional kits for county veterans service officers and veterans service organizations; and (d) \$2,300 for two media events, including signs and media kits. The Department indicates that 2012-13 funding could be reduced to \$40,000 due to reduced start-up costs incurred in 2011-12.

52. The Department states that the public information funding would complement existing outreach activities and help create awareness of benefits and available DVA services. The Committee could choose to approve the Governor's recommendation for providing \$100,000 over the 2011-13 biennium for a public information campaign.

53. Under current law, the Legislature has approved multiple programs to make veterans aware of state and federal programs and to assist veterans in applying for the available programs, including: (a) county veterans service offices; (b) payments for veterans service organizations for claims services; (c) American Indian Services Coordinator; (d) American Indian Grants; (e) Mission Welcome Home; and (f) Supermarkets of Veterans Benefits.

- Under the county veterans service office program, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Each county must have a county veterans service officer (CVSO) and must provide the CVSO with office space and clerical assistance. The primary duties of a CVSO are: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department.

- The payments to veterans service organizations for claims services program requires DVA to make grants to state or national veterans organizations that have maintained a claims service office at the USDVA regional office for the purpose of assisting Wisconsin veterans with obtaining federal veteran's benefits.

- Funding is provided for supplies and services of an American Indian Services Coordinator, who serves as a DVA contact person for tribal governments and American Indian veterans and is involved in the planning and coordinating of DVA programs for American Indians.

- The Department also provides \$8,500 grants to federally recognized Indian tribes and bands that appoint a tribal veterans service officer. The service officer must be a veteran and must serve as a full-time employee. The tribal veterans service officer is responsible for the same duties as a CVSO, but at the tribe or band level. Before the grants are provided, a tribe or band must agree to meet minimum budget and operating standards established by the Department. Funding for the tribal service officers comes from tribal gaming revenues. In 2009-10, eight tribal grants totaling \$68,000 PR were awarded to the Bad River Band, Ho-Chunk, Lac Courte Oreilles, Lac du Flambeau, Oneida, Red Cliff, Sokoagon (Mole Lake), and Stockbridge tribes. Under the bill, total funding would be reduced by 10% to \$61,200 PR annually for 2011-13.

- Mission Welcome Home is currently staffed with an outreach specialist to administer a program to identify, train, and place community volunteers who assist National Guard members, members of the U.S. armed forces, and members incorporated in the U.S. armed forces and their spouses and dependents who return to Wisconsin after serving on active duty. The Department's outreach staff attends demobilizations and integration meetings of Wisconsin National Guard units to inform members of the availability of state and federal benefits. The outreach position is funded under the Veterans Assistance Program and would be deleted under the bill as part of the deletion of long-term vacancies as described in this paper.

- As part of the Supermarkets for Veterans Benefits, DVA has sponsored, through 2010, 44 veterans "supermarkets." These supermarkets feature local, state and federal veterans' benefits specialists offering information to state veterans.

54. According to DVA, outreach staff also coordinates and attends re-integrations, demobilizations, and other veteran events. The Recently Separated Veterans Program provides approximately 500 monthly informational mailings to veterans recently discharged from active duty and returning to Wisconsin.

55. If the Committee believes that sufficient resources are currently available to the Department to inform veterans on Departmental activities, the Committee could choose to delete this funding. [Alternative D2]

Personal Loan Program

56. The personal loan program (PLP) provides qualifying state veterans with multi-purpose, low-interest loans to eligible veterans, unremarried spouses of veterans, or a deceased veteran's child. Personal loans may be used for any purpose.

57. The PLP is funded from the veteran's trust fund, but the Department may borrow from the primary mortgage loan repayment fund or may enter into an agreement with the State of Wisconsin Investment Board to obtain additional moneys for these loans. These amounts (along with agreed upon interest fees) are then repaid to these funds. A total of \$5,000,000 SEG annually was budgeted for PLP loans in 2009-11 under a biennial appropriation. 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.

58. Under current law, \$150,000 SEG is provided for administration of the personal loans.

59. Under the bill, the Governor would reduce the amounts available for personal loans by \$2,000,000 SEG annually and the amounts for administration by \$100,000 SEG annually. Since the appropriation is a biennial appropriation, a total of \$6,000,000 SEG would be available in 2011-13 for personal loans and \$100,000 SEG would be available for administration of loans over the biennium.

60. In 2009-10, 209 loans were made, totaling \$3,134,100. The following table shows the number of loans and the amount of the PLP's over the last five full fiscal years.

**Personal Loans Issuances
2005-06 through 2009-10**

	Fiscal Year				
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Amount Loaned	\$4,113,300	\$5,933,800	\$5,082,000	\$2,764,736	\$3,134,000
Number of Loans	348	374	325	188	209

61. Historically, the loans issued from the veterans trust fund (currently the PLP) have represented the revenues for the fund. The Department states that an estimated \$2.6 million will be loaned in 2010-11, which would continue a recent trend of reduced loans. The Department states that it is DVA's belief that this reduction is not reflective of a permanent decrease to the amount of personal loans, but is instead reflective of a depressed home equity market. The Department believes that as the housing market and the economy recover that there will be increased demand for personal loans.

62. The more VTF balances that can be loaned, the more revenue that will be available in future biennia to pay for DVA programs and the less money that would have to be transferred from the veterans homes. It could be argued, that to the extent that demand may increase and more loans could be issued, that higher loan authority should be provided to offset future costs.

63. During the late 1990s and into the mid 2000s the Department was regularly loaning over \$10 million in personal loans which resulted in high interest earnings. In 2003-04, DVA received \$2,816,200 in interest earnings under the PLP. As shown on the VTF overview paper, the annual earnings are expected to be \$832,780 in 2011-12 and \$748,413 in 2012-13. In order to potentially increase future interest earnings, the Committee could choose to delete the Governor's recommendation and restore funding to base levels (\$5 million annually).

64. The approval of base level funding would allow the Department to loan up to \$10 million over the biennium (base funding), but would likely also require an additional \$4 million transfer from the veterans homes. To the extent that revenues were available to transfer, DVA could make the additional transfers; if funds were not available, DVA would have to manage assets of the homes versus ability to offer additional PLP's. [Alternative E2]

65. However, PLP revenues would have to be about 20 times greater than the current revenues to pay for the amount of ongoing expenditures that are appropriated from the veterans trust fund under the bill. Additionally, loan interest is gained over a fairly long-period (up to ten years after the loan is issued) and, given the Department's declining cash balances, it will be increasingly difficult to free up balances for future loans. Finally, it could be argued that the Legislature should limit, to the extent possible, the amounts transferred from the homes, because of potential affects on service levels and resident fees at the homes.

66. Since the appropriation is biennially funded, the Committee could approve the current proposal for \$3,000,000 SEG annually and review agency supplement requests under s. 13.10 of the statutes, or under a separate bill, should demand expand. At that time, DVA could

provide information as to whether additional funds to loan could be made available, either from reduced spending on veterans trust-fund supported programs or from transfers from the veterans homes.

67. In regards to the PLP administration, the following table shows the last full five years of administrative costs.

Personal Loans Administrative Expenses
2005-06 through 2009-10

	Fiscal Year				
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Loan Administration	\$57,700	\$100,400	\$42,900	\$58,100	\$49,800

68. Over the last three years an average of \$50,300 SEG has been expended on loan administration, which is very similar to the amounts annually provided under the bill (\$50,000 SEG).

69. Since the funds are used to pay portfolio managers, DVA is concerned that there could be insufficient funds, should demand for loans increase. The Department has requested that this amount be adjusted to at least \$60,000 annually, in case there is increased demand. The Committee could consider providing an additional \$10,000 annually. [Alternative E3]

70. Alternatively, the Governor's recommendation approximates the last three years of expenditures. Since funds are provided on a biennial basis there is flexibility for increases that could occur in one of the fiscal years. Should demand spike in the program, then additional need could be addressed at the same time additional personal loan funding is addressed (either s. 13.10 of the statutes or as a separate bill).

Museum Operations

71. The Wisconsin Veterans Museum is located in the same building that houses the Department's central offices in Madison. The museum contains exhibits, displays and other presentations related to Wisconsin's participation in U.S. military actions from the Civil War to the Iraq War. In addition to the exhibits provided at the museum, many noted historians and public figures, along with the staff at the museum, present programs to the public on military history, world events and the experiences of Wisconsin veterans.

72. Since the Museum has moved to its current location in 1993, funding for the museum has shifted between the veterans trust fund (SEG) and the general fund (GPR). Under 1995 Wisconsin Act 27, beginning January 1, 1997, a portion of the museum's costs was funded with GPR. Provisions of 2001 Wisconsin Act 16 for the first time supported a portion of museum operations with program revenue (PR) funds from tribal gaming revenues. Under 2003 Wisconsin Act 33, all GPR and PR support for the museum was deleted, thereby returning all funding support for museum operations to the veterans trust fund. Under 2005 Wisconsin Act 25, a portion of the

museum costs were again shifted to GPR, while the remaining costs continue to be supported by the veterans trust fund. The following table shows the amounts provided from the sources described above.

**Budgeted Amounts for Veterans Museum Operations
(By Funding Source)**

<u>Fiscal Year</u>	<u>GPR</u>		<u>PR</u>		<u>SEG</u>		<u>Total</u>
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	
1993-94	\$0	0.0%	\$0	0.0%	\$286,000	100.0%	\$286,000
1994-95	0	0.0	0	0.0	335,600	100.0	335,600
1995-96	0	0.0	0	0.0	432,100	100.0	432,100
1996-97	211,800	49.4	0	0.0	216,800	50.6	428,600
1997-98	455,600	94.6	0	0.0	26,100	5.4	481,700
1998-99	458,200	94.6	0	0.0	26,100	5.4	484,300
1999-00	765,000	71.3	0	0.0	308,500	28.7	1,073,500
2000-01	608,300	63.6	0	0.0	347,700	36.4	956,000
2001-02	761,900	44.2	228,700	13.3	735,000	42.6	1,725,600
2002-03	689,800	43.1	176,900	11.1	732,900	45.8	1,599,600
2003-04	0	0.0	0	0.0	1,671,600	100.0	1,671,600
2004-05	0	0.0	0	0.0	1,623,000	100.0	1,623,000
2005-06	300,000	16.7	0	0.00	1,494,600	83.3	1,794,600
2006-07	300,000	16.3	0	0.00	1,546,100	83.7	1,846,100
2007-08	443,000	22.2	0	0.00	1,550,700	77.8	1,993,700
2008-09	450,000	22.5	0	0.00	1,550,700	77.5	2,000,700
2009-10	276,900	14.4	0	0.00	1,645,700	85.6	1,922,600
2010-11	276,900	14.4	0	0.00	1,645,700	85.6	1,922,600
2011-12*	249,200	10.8	0	0.00	2,067,800	89.2	2,317,000
2012-13*	249,200	10.5	0	0.00	2,117,400	89.5	2,366,600

*Recommended by the Governor.

73. A total of \$276,900 GPR and \$1,645,700 SEG and 11.45 SEG positions annually was appropriated in the 2009-11 biennium. Under the bill, the Governor would provide an additional \$422,100 SEG in 2011-12 and \$471,700 SEG in 2012-13 and 2.0 SEG project positions annually and reduce GPR funding by \$27,700 annually as outlined in the following table.

Proposed Museum Funding

2011-13

	SEG			GPR	
	<u>2011-12</u>	<u>2012-13</u>	<u>Positions</u>	<u>2011-12</u>	<u>2012-13</u>
Adjusted Base	\$1,645,700	\$1,645,700	11.45	\$276,900	\$276,900
Standard Budget Adjustments	95,600	95,600			
Increase Employee Contributions for Pensions and Health Care	-44,800	-44,800		-27,700	-27,700
Museum Storage Facility	248,500	273,100	2.00		
Limited-Term Employees for Veterans Museum	60,300	60,300			
Museum Exhibits	<u>62,500</u>	<u>87,500</u>	—	—	—
Total	\$2,067,800	\$2,117,400	13.45	\$249,200	\$249,200

74. *Museum Storage Facility.* The Department anticipates that beginning in October 2013, DVA will be able to move manuscripts, collections, and archival material to the new State Preservation Storage Facility. The Facility is a joint project for the storage of collections for DVA and the State Historical Society. The Department states that it has over 22,000 objects to prepare for moving into the new storage facility and that it will take two years to prepare all of the materials.

75. As part of the 2007-09 biennial budget, the Legislature provided \$127,600 GPR and \$127,600 PR in 2008-09 for the operation of the storage facility. As part of the 2009-11 budget, the State Historical Society was provided with \$122,400 GPR and \$121,200 PR in 2009-10 and \$87,500 GPR and \$86,300 PR in 2010-11 for preparing documents for the move to the new storage facility.

76. Under the bill, funding for the storage facility costs would include 2.0 project positions and three limited-term employees (LTE) positions. The project positions would be assigned as operations program associates. The LTE's would include an archivist supervisor and two other archivists.

77. The Department argues that the current museum staff is insufficient to prepare the items for the move to the new facility. The Department also states that the positions would be needed for three years; two years for the preparation of the materials, and one year for assistance in the physical move to the new facility.

78. According to DVA, in the absence of any additional assistance, that DVA would not be ready to move into the new facility once it opens, and thus delay such a move for five years.

79. *Museum Exhibits.* The Governor would provide one-time funding of \$62,500 SEG in 2011-12 and \$87,500 SEG in 2012-13 for temporary exhibits and redevelopment of existing displays.

80. Funding would be provided for: (a) two temporary exhibits on Wisconsin's role in the Civil War as part of the 150th Anniversary of the beginning of the War (\$37,500 annually); and (b) redevelopment of the permanent gallery space at the Wisconsin Veterans Museum in Madison and moving the Wisconsin National Guard exhibit that is currently at the Veterans Museum to the Wisconsin National Guard Museum at Volk Field (\$25,000 in 2011-12 and \$50,000 in 2012-13).

81. Periodically, the Legislature has appropriated one-time funding for new displays at the Veterans Museum. Recently, the Legislature provided \$150,000 GPR in 2008-09 for the development of an exhibit on the Iraq War. The Legislature provided \$30,000 (all funds) in 2001-02 for a major special exhibit and \$25,000 (all funds) in 2001-02 and 2002-03 for temporary exhibits (funding was provided from a mix of GPR and tribal gaming revenues).

82. It would appear that the funding provided under the bill is line with funding provided under previous biennial budgets for the purpose of developing new displays.

83. *Limited-Term Employees for Veterans Museum.* The Department requested the ability to hire two LTE's as a library services assistant and an operations program associate. Funding would include \$60,300 SEG for salaries and fringe benefits for these two LTE's. The positions would be hired on a concurrent basis, meaning that the LTE's, would work on a full-time basis over the year (2,088 hours) rather than on a no more than half-time basis (no more than 1,043 hours). The Department indicates that these positions would be needed on a permanent basis, and with work beginning with the Civil War Sesquicentennial programs and exhibits in the current biennium. The Department also argues that there is ongoing need for additional assistance, due to the growth in the library collections.

84. The positions would include: (a) an operations program associate that would assist the museum curator with the development of exhibits, programs, collection management, and working with donors on acquiring museum acquisitions; and (b) a library services assistant that would work on cataloging monographs, serials, phonograph records and oral histories that have been provided to the Veterans Museum.

85. It could be argued that all of the Museum requests represent items that will assist the Department in maintaining and updating the collections and displays that are contained in the Veterans Museum.

86. Alternatively, the additional cost of \$422,100 SEG in 2011-12 and \$471,700 SEG in 2012-13 represent a significant additional draw on the veterans trust fund and would increase the amounts expended on the Museum from the fund by 27.2% over base levels.

Long-Term Funding

87. In comparison to the amounts appropriated under the bill, it is anticipated that there would be approximately \$3.7 million of shortfall in the veterans trust fund, in the absence of transfers from the veterans homes. The ability of the veterans homes to provide such a transfer is based largely on DVA's ability to forego expenditures in 2012-13 relating to the privatization of the home at Chippewa Falls. In the absence of sufficient savings, the Department would have to seek means of further reducing costs or increasing revenues within veterans trust fund or veterans homes

programs.

88. One alternative would be to further restrict the amounts loaned under the personal loan program, which would increase cash balanced, but which would also reduce future trust fund revenues.

89. Regardless of the agency's ability to contain costs in the 2011-13 biennium, it would appear unlikely that funding mechanisms, including adjustments under the bill, would be adequate in future biennia. Based on a no increase budget for 2013-15, it is estimated that appropriations from the trust fund would be between \$11.2 million and \$11.5 million greater than revenues per year. This amount represents about two-thirds of the total estimated disbursements for the proposed 2012-13 budget.

90. In the long-term there has to be a significant increase in revenues or a reduction in veterans trust fund-funded programs currently offered. The Committee may wish to have the Department prepare materials that would indicate the DVA Board's priorities in the absence of additional funding in 2013-15. The Committee could require DVA to submit such a recommendation as part of their agency requests in the 2013-15 biennium. [Alternative G1]

ALTERNATIVES

A. Veterans Assistance Program

A1. Approve the Governor's recommendation to make the following modifications to the veterans assistance program: (a) provide \$28,600 SEG annually under standard budget adjustments; (b) delete \$18,400 SEG annually for increased employee contributions for pensions and health insurance; (c) delete \$68,600 SEG and 1.0 position annually for the elimination of long-term vacancies; and (d) delete \$296,300 SEG annually for reestimates for the veterans assistance program.

A2. Modify the bill to provide \$30,500 SEG annually for the veterans assistance program.

ALT A2 Change to Bill Funding	
SEG	\$71,000

A3. Modify the bill to provide \$68,600 SEG annually for the veterans assistance program.

ALT A3 Change to Bill Funding	
SEG	\$137,200

A4. In addition to Alternatives 1, 2, or 3, transfer \$18,200 SEG annually from grants to supplies and services under the veterans assistance program appropriation.

B. Assistance to Needy Veterans

B1. Approve the Governor's recommendation to delete \$271,800 SEG annually for assistance to needy veterans (\$72,000 SEG annually for the subsistence aid grants and \$199,800 SEG annually for health care aid grants).

B2. Delete an additional \$546,200 SEG in 2011-12 and \$526,700 SEG in 2012-13 for health care aid grants.

ALT B2 Change to Bill	
Funding	
SEG	- \$1,072,900

C. Veterans Service Organizations

C1. Approve the Governor's recommendation to delete \$67,500 annually from payments to veterans service organizations.

C2. Provide an additional \$18,000 SEG annually for payments to veterans service organizations.

ALT C2 Change to Bill	
Funding	
SEG	\$36,000

C3. In addition to Alternatives 1 or 2, specify that the Department of Veterans Affairs would be required to pro-rate the payments to veterans service organizations, if the amounts appropriated are insufficient to make grants otherwise statutorily authorized.

D. Public Information Funding

D1. Approve the Governor's recommendation to provide \$60,000 in 2011-12 and \$40,000 in 2012-13 for public information funding.

D2. Delete the Governor's recommendation to provide public information funding.

ALT D2 Change to Bill	
Funding	
SEG	- \$100,000

E. Personal Loan Program

E1. Approve the Governor's recommendation to delete \$2,000,000 SEG annually for personal loans and \$100,000 SEG annually for administration of the loans.

E2. Delete the Governor's recommendation to delete \$2,000,000 SEG annually for personal loans.

ALT E2 Change to Bill	
Funding	
SEG	\$4,000,000

E3. Modify the Governor's recommendation by providing an additional \$10,000 SEG annually for personal loan administration.

ALT E3 Change to Bill	
Funding	
SEG	\$20,000

F. Museum Operations

F1. Approve the Governor's recommendation to provide: (a) \$248,500 SEG in 2011-12 and \$273,100 SEG in 2012-13 for staffing and supplies and services for the preparation of materials for the museum storage facility; (b) \$62,500 SEG in 2011-12 and \$87,500 SEG in 2012-13 for museum exhibits; and (c) \$60,300 SEG annually for limited-term employees at the Wisconsin Veterans Museum.

F2. Modify the Governor's recommendation by deleting \$248,500 SEG in 2011-12 and \$273,100 SEG in 2012-13 for staffing and supplies and services for the preparation of materials for the museum storage facility.

ALT F2 Change to Bill	
Funding	
SEG	- \$521,600

F3. Modify the Governor's recommendation by deleting \$62,500 SEG in 2011-12 and \$87,500 SEG in 2012-13 for museum exhibits.

ALT F3 Change to Bill	
Funding	
SEG	- \$150,000

F4. Modify the Governor's recommendation by deleting \$60,300 SEG annually for limited-term employees at the Wisconsin Veterans Museum.

ALT F4 Change to Bill	
Funding	
SEG	- \$120,600

G. Long-Term Funding

G1. Require the Department of Veterans Affairs to submit the following as part of the agency's 2013-15 biennial budget: (a) an estimate of veterans trust fund revenues for each year of the biennium; and (b) a recommendation for amounts appropriated that are no greater than the estimated veterans trust fund revenues in each year of the 2013-15 biennium.

Prepared by: Darin Renner