



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #656

County Veterans Service Office Liaison and CVSO Grant Program (Veterans Affairs)

[LFB 2017-19 Budget Summary: Page 472, #8 and Page 473, #9]

CURRENT LAW

Each county is required 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, as the board requires; (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.

The Wisconsin Department of Veterans Affairs (DVA) provides financial assistance to counties to support CVSO costs. In order to qualify for assistance, the county must document its CVSO expenses. DVA provides reimbursement of certain expenses, although the total amount that a county may receive is capped according to a population-based formula. For counties with full-time CVSOs, the reimbursement limits are as follows: (a) \$13,000 for counties with a population of 75,000 or more; (b) \$11,500 for counties with a population of 45,500 to 74,999; (c) \$10,000 for counties with a population of 20,000 to 45,499; and (d) \$8,500 for counties with a population of less than 20,000. Counties with a part-time CVSO are limited to a reimbursement of \$500 annually.

Reimbursements are available for only the following expenses: (a) information technology; (b) transportation for veterans and services to veterans with barriers; (c) special

outreach to veterans; (d) training and services provided by DVA or by the U.S. Department of Veterans Affairs; and (e) on a temporary basis, a portion of salary and fringe benefit costs. CVSOs could apply for reimbursement of 50% of fringe benefit and salary costs in 2016, but just 25% of these costs in 2017. In 2018 and beyond, no reimbursement will be provided for CVSO salary and fringe benefit costs.

In addition to financial assistance to CVSOs, the Department provides financial assistance to federally recognized Indian tribes and bands that appoint a tribal veterans service officer (TVSO) and that meet minimum budget and operating standards. As with CVSO grants, TVSO assistance is provided on a reimbursable basis, subject to the same restrictions applying to CVSOs. Assistance is limited by statute to \$15,000 per year per Indian tribe or band, although DVA has established a limit of \$11,000, based on available funding.

Base funding for CVSO grants is \$761,000, funded from the veterans trust fund (\$342,400), the veterans mortgage loan repayment fund (\$342,400), and a state veterans homes program revenue appropriation (\$76,200). Base funding for TVSO grants is \$110,000, funded from a tribal gaming revenue PR appropriation (\$61,200) and the veterans trust fund (\$48,800).

GOVERNOR

Create 1.0 SEG position, beginning in 2017-18, to serve as a Department liaison to CVSOs and provide \$107,800 SEG in 2017-18 and \$143,800 SEG in 2018-19 to support the position. Budget funding for salary, fringe benefits, and supplies and services costs for the position in a current appropriation, supported by the veterans trust fund, which supports grants to CVSOs. Modify the appropriation to specify that it may be used to fund the administration of the grant program, in addition to grants.

Repeal provisions that require DVA to provide grants to counties and tribes on a reimbursable basis, up to statutory limits that are based on county population (for county grants), or \$15,000 per tribe. Repeal provisions that require DVA to make reimbursement payments twice each year. Instead, require DVA to provide annual grants to counties and tribes that equal the current statutory maximum grant amounts. Repeal a requirement that DVA promulgate rules relating to procedures for reimbursing expenses.

Modify a current law provision that specifies that no more than 50% of the maximum grant in 2016, no more than 25% of the maximum grant in 2017, and none of the grant in 2018 and thereafter may be used for the reimbursement of salary and fringe benefit costs of the county or tribal veterans service offices, to specify, instead, that no more than 50% of the grant in 2018, no more than 25% of the grant in 2019, and none of the grant amount in 2020 and beyond may be used for salary and fringe benefit expenditures.

DISCUSSION POINTS

1. The proposal to provide 1.0 SEG position and funding to establish a CVSO liaison position would provide DVA additional management support for the Department's CVSP program,

funded from the veterans trust fund (VTF). Because of ongoing concerns regarding the sufficiency of veterans trust fund revenues, the Committee may wish to carefully consider proposals for new VTF spending, including the proposed CVSO liaison. [For a discussion of the condition of the veterans trust fund, see LFB Issue Paper #655.] This paper discusses the CVSO liaison position proposal, plus a separate statutory change in the bill relating to the distribution of grants to CVSOs and tribal veterans service offices.

2. The administration indicates that the proposed CVSO position would enhance the Department's communication between counties and tribes with respect to veterans issues, allowing better coordination of efforts to serve veterans' needs and deliver benefits. The liaison would report directly to the DVA Secretary. Representatives of the Wisconsin County Veterans Service Officer Association indicate that communication with DVA on CVSO issues has not always been good, although they say it has improved recently. They indicate that the liaison position would help maintain a positive relationship with the Department.

3. The Department anticipates that the liaison position would become a single point of contact with veterans service offices. Currently, the Department communicates with CVSOs through various program staff, as well as senior Department management. If the Committee decides not to provide increased resources for DVA for CVSO liaison activities, the Department would continue current communication strategies with the county offices, using current staff.

4. The funding provided by the bill would include a budget for salary and fringe benefits of \$96,500 in 2017-18 and \$128,800 in 2018-19, and supplies and services of \$11,300 in 2017-18 and \$15,000 in 2018-19. In calculating the fringe benefit costs for the liaison position, the administration inadvertently doubled the fringe benefit rate. Correcting the calculation would reduce the funding needed for the position by \$24,900 SEG in 2017-18 and \$33,300 SEG in 2018-19.

In addition, the bill would fund the liaison position from the same appropriation that supports program grants. However, staff costs should be funded from the agency's general program operations appropriation, rather than an appropriation that supports local assistance. Consequently, if the Committee chooses to fund this position, the position and funding in the bill should be transferred to the agency's general program operations appropriation for the administration of grants and loans, and the provisions in the bill that would authorize DVA to fund administrative costs from the grants appropriation should be deleted from the bill.

5. Prior to the 2015-17 biennium, CVSO grants were a fixed amount based on county population, while TVSO grants were fixed (by Department policy) at \$11,000 for each tribe. Grant funds could be used for any costs associated with the veterans service office. The 2015-17 biennial budget (Act 55) required that grants be made on a reimbursable basis, and restricted the purposes for which grants can be made. By eliminating the requirement that CVSO and TVSO grants be made on a reimbursable basis, the bill would restore the practice of providing a fixed grant amount, although the Act 55 restrictions on the use of grant funds would largely remain.

6. The requirement that CVSOs and TVSOs submit expenses for reimbursement resulted in a reduction in the amount of grants made in 2015-16. Although a total of \$761,000 was appropriated for CVSO grants, DVA made total a \$667,100 in reimbursement payments. Out of the

\$110,000 appropriated for TVSO grants, DVA made reimbursement payments of \$65,900. Although there may be various reasons for these reductions, it appears that they may have been caused, in part, by confusion relating to the new reimbursement requirements.

7. The veterans service office grants constitute a small portion of office costs. Even if every county had received the maximum reimbursement in 2015-16, no county would have had more than 14% of its total costs reimbursed by the state and for most counties the reimbursement payment would have covered less than 10% of its costs. The purpose of making a reimbursement payment, rather than a fixed grant, was to increase the Department's oversight of veterans service office expenses. However, the fact that most office costs are paid with county or tribal funds may mean that counties and tribes have sufficient financial stake in veterans service office expenditures to already ensure a reasonable level of accountability. In this case, the additional administrative burden associated with the counties submitting and Department reviewing office expenses may be unnecessary (Alternative B 1).

8. Although the bill would reverse some of the Act 55 changes to the grant programs, the restrictions on office expenses would remain, with a modification to the phase-out schedule for the eligibility of salary and fringe benefit expenses. The case could be made that these restrictions are unnecessary and, in addition, would be difficult to enforce. As noted above, veterans service office costs are largely paid by counties and tribes, so there would likely be no way of determining which expenses were paid using exclusively state grant funds. Furthermore, for the budgets of some of the smaller veterans service offices, the amount allocated for purposes other than salary and fringe benefits is very limited. Once salary and fringe benefit expenses become ineligible for reimbursement (in 2020 under the bill), these counties may not have enough other eligible expenses to fully use their grant. If the Committee decides to fully restore the grant programs to the way they operated prior to the 2015-17 biennium, the restrictions on the use of grant funds could be eliminated (Alternative B 2).

ALTERNATIVES

A. County Veteran Service Office Liaison

1. Approve the Governor's recommendation to create 1.0 SEG position, beginning in 2017-18, to serve as a Department liaison to county veteran service offices (CVSOs). In addition: (a) reduce funding for the position by \$24,900 SEG in 2017-18 and by \$33,300 SEG in 2018-19 to reflect a reestimate of fringe benefit costs for the position; (b) transfer funding for the position to the agency's general program operations appropriation for the administration of grants and loans; and (c) delete provisions in the bill that would authorize DVA to fund DVA's administrative costs from the grants appropriation.

ALT A1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
SEG	\$193,400	1.00	-\$58,200	0.00

2. Delete the position authorization and funding associated with the liaison position.

ALT A2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
SEG	\$0	0.00	- \$251,600	- 1.00

B. CVSO Grant Program -- Reimbursement Requirement

1. Approve the Governor's recommendation to repeal provisions that require DVA to provide grants to counties and tribes on a reimbursable basis, and instead provide fixed grants. Modify the phase-out schedule for restrictions on the use of grant funds to eliminate the use of grant funds for salary and fringe benefits by 2020 instead of by 2018.

2. Modify the Governor's recommendation by, in addition to eliminating the reimbursable basis of the grants, also eliminating the restrictions on the specific use of grant funds.

3. Maintain current law.

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