



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #657

### Veterans Grant Programs (Veterans Affairs)

[LFB 2017-19 Budget Summary: Page 473, #10, Page 474, #11 and #13]

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#### CURRENT LAW

The Department of Veterans Affairs (DVA) distributes grants to several private organizations that provide services to veterans.

DVA is required by statute to provide a \$120,000 annual grant to the Disabled American Veterans--Wisconsin Department (DAV). DAV provides rides, free of charge, to any veteran who needs assistance getting to and from medical appointments at Veterans Administration medical centers and clinics. Rides are provided by volunteer drivers in vehicles donated to VA facilities by DAV. DVA also provides grants, totaling \$100,000 annually, to 34 counties in which DAV does not offer transportation services.

DVA provides grants to federally-recognized veterans service organizations that provide veterans claims assistance and that maintain an office at the regional office of the U.S. Department of Veterans Affairs. Organizations with annual travel and salary costs of less than \$120,000 are eligible for a grant equal to 50% of those costs. Organizations with travel and salary costs exceeding \$120,000 per year receive a grant of \$70,000. In 2015-16, DVA provided grants to three organizations, totaling \$179,200.

DVA is required by statute to provide an annual grant of \$50,000 to the American Legion for the operation of Camp American Legion, a facility providing recreation and support for veterans and their families in Oneida County.

These grants are funded from the veterans trust fund.

## GOVERNOR

*Disabled American Veterans Grant.* Provide \$80,000 SEG annually to increase, from \$120,000 to \$200,000, the amount of a grant paid to the Disabled America Veterans for providing transportation services for veterans.

*Veterans Service Organization Grants.* Increase the amount of the grant paid to veterans service organizations with annual travel and salary costs exceeding \$120,000 from \$70,000 to \$100,000. Provide \$60,000 SEG annually from the veterans trust fund to reflect the expectation that two veterans service organizations would be eligible for the increase. Modify the statutory maximum grant amount, and specify that this increase would first apply to applications for assistance DVA receives on April 1, 2018.

*Camp American Legion Grant.* Provide \$25,000 SEG annually to increase, from \$50,000 to \$75,000, the amount of a grant DVA makes to the American Legion to operate Camp American Legion.

## DISCUSSION POINTS

1. The proposals discussed in this paper would increase funding for three existing veterans organization grant programs, all of which are supported through the veterans trust fund (VTF). Because of ongoing concerns regarding the sufficiency of VTF revenues, the Committee may wish to carefully consider proposals for new VTF spending. This paper provides a description of the proposed grant program increases.

2. Under current law, DVA is required by statute to provide a grant of \$120,000 to Disabled American Veterans and a grant of \$50,000 for Camp American Legion. Although the bill would increase funding to increase these grants, by \$80,000 and \$25,000 respectively, the bill would not increase the statutory grant amount. Subsequent to the introduction of the bill, DOA submitted an erratum indicating that it was the administration's intent to increase the statutory grant for the Disabled American Veterans to \$200,000 and the Camp American Legion grant to \$75,000. These changes are incorporated into Alternative A1 and C1.

3. The Disabled American Veterans grant requirement was created by the 2001-03 biennial budget. Originally, the Department provided a grant of \$100,000 annually to DAV from 2001-02 to 2011-12. The 2013-15 biennial budget increased the amount to \$120,000 annually, beginning in 2012-13. The bill would further increase the grant to \$200,000 annually, beginning in 2017-18. The administration indicates that the additional funding would be used to purchase eight new vans to increase transportation services provided to veterans.

4. The Committee may determine, given the limits on veterans trust fund revenues, that providing an increase to the grant for DAV may not be prudent. If the Committee deletes the Governor's recommendation (Alternative A2), DAV would have maintain its existing level of service or rely on private donations to maintain or increase transportation services.

5. The bill's funding increase for veterans service organizations is based on the expectation that two organizations, the American Legion (AL) and the Veterans of Foreign Wars (VFW), which qualified for the \$70,000 grants in 2015-16, would receive \$100,000 grants in each year of the 2017-19 biennium.

6. Providing assistance to veterans service organizations is a long-standing practice. Prior to the 2013-15 biennium, grants for any organization with costs exceeding \$10,000 were limited to 25% of their costs, with a maximum cap of \$30,000 per organization. The 2013-15 budget increased the percentage grant from 25% to 50% for organizations with costs less than \$120,000 per year and established the \$70,000 flat grant for organizations with costs higher than \$120,000 per year.

7. Veterans service organizations process about one-half of the claims submitted to the U.S. Department of Veterans Affairs, while Wisconsin DVA staff process the remainder. (Not all service organizations that process claims apply for DVA service organization grants.) The administration indicates that the increased funding would allow the organizations to hire new staff to process additional claims. If the Committee agrees with the administration's intent to increase funding for the veterans service organizations, it could approve the Governor's recommendation (Alternative B1).

8. While the grants used to be limited to 25% of a service organization's costs, regardless of size, the service organizations may now be eligible for grants covering a high percentage of their costs. Since the 2013-15 biennium, small organizations have been eligible to receive a grant equal to 50% of their costs, and it is possible for larger organizations to receive a larger share of their costs covered. Under current law, for instance, an organization that has costs of \$120,000 could receive a \$70,000 grant, covering 58% of its costs. With the bill's proposed increase to the flat grant, it would be possible for that organization to receive a grant covering 83% of its costs (\$100,000 out of \$120,000). If the Committee approves of the increase to the maximum grant to \$100,000, but wishes to limit the percentage of the organization's costs that a grant covers, it could establish a 50% cap for all grants (Alternative B2).

9. Since the \$70,000 flat grant was established, the grant has covered between 29% and 32% of AL's costs and between 49% and 55% of VFW's costs. A 50% cap on the grant would be most likely to affect the amount of the grant received by VFW, since that organization's annual costs are generally well below \$200,000. However, the actual impact of a 50% cap would depend upon how the recipient responds to the increased grant. It is possible, for instance that an organization that now has costs below \$200,000 would increase its staffing and costs as the result of the higher maximum grant. Because of this uncertainty, the precise impact of this alternative is unknown. Any amounts that are unspent as a result of such a limit would lapse to the veterans trust fund, becoming eligible for appropriation in the following biennium.

10. As with the additional grant to DAV, the proposed increase to the grant for the veterans service organizations entails increasing spending from the veterans trust fund. If the Committee wishes to limit the transfers to the veterans trust fund from the state veterans homes, a decision could be made to eliminate the proposed increase (Alternative B 3). The fact that not all service organizations that process claims apply for the DVA grant suggests that state support for

these functions is not necessary in all cases. In addition, the Department has 10 claims processing specialists who are able to perform this task if the veterans service organizations are unable to accommodate the demand.

11. The requirement that DVA provide a \$50,000 annual grant to Camp American Legion Grant was established by the 2013-15 biennial budget. Prior to that time, however, the Department had been making a grant of \$10,000 to the camp under a grant program for "the repair and improvement of facilities and for insurance premiums for the facilities operated by bona fide veterans organizations as homes for the retreat or asylum of needy veterans."

12. In 2015-16, the \$50,000 grant to Camp American Legion covered about 18% of the camp's operating cost. The American Legion relies on private or corporate donations to support the rest of the camp's budget. Veterans and their families are not charged to attend the camp.

13. The administration indicates that the additional funds would allow Camp American Legion to provide additional recreational and rehabilitation programming for camp attendees. Since the DVA grant was increased from \$10,000 in 2012-13 to \$50,000 in 2012-13, the number of persons attending the camp has increased. In calendar year 2016, the camp had 1,343 attendees, up from 894 in 2012.

14. In order to provide additional assistance to accommodate growth at Camp American Legion, the Committee could approve the Governor's recommendation to increase the grant to \$75,000 (Alternative C1). As with the other grants discussed in this paper, the increase would be provided with moneys from the veterans trust fund. If the Committee determines that the authorization of additional spending from this source is not warranted, this provision could be deleted (Alternative C2).

15. Under current law, the Legislative Fiscal Bureau is required to prepare an earmark transparency report on the budget bill and on each amendment to the bill before any votes are taken on the bill. Under this provision, an earmark is defined (in relevant part) as a provision that authorizes or requires the payment of state moneys to a specific beneficiary or beneficiaries in a manner not determined by laws of general applicability for the selection of the beneficiary or beneficiaries. Whereas normally an amendment or motion to remove a provision of a bill must receive a majority vote of those present, an item included on the Fiscal Bureau's earmark list may be removed from the budget bill on a tie vote. In a memorandum dated April 25, 2017, to the members of the Legislature, the Fiscal Bureau included the DVA grant to the Disabled American Veterans and the grant to Camp American Legion in the earmark transparency report. Consequently, Alternative A2 and Alternative C2 would prevail with a tie vote or a majority vote of the Committee.

## **ALTERNATIVES**

### **A. Disabled American Veterans Grant**

1. Approve the Governor's recommendation to provide \$80,000 SEG annually for

making a grant to Disabled American Veterans, but modify the bill to increase the statutory grant requirement for the organization from \$120,000 to \$200,000.

<b>ALT A1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$160,000	\$0

2. Delete provision.

<b>ALT A2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$160,000

## **B. Veterans Service Organization Grants**

1. Approve the Governor's recommendation to provide \$60,000 SEG annually for the veterans service organization grant program and increase from \$70,000 to \$100,000 per year, the grant amounts veterans service organizations with annual travel and salary costs exceeding \$120,000 may receive under the program.

<b>ALT B1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$120,000	\$0

2. Approve the Governor's recommendation to increase funding for veterans service organization grants, but specify that no grant may exceed 50% of an organization's reported salary and travel costs.

<b>ALT B2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$120,000	\$0

3. Delete provision.

<b>ALT 3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$120,000

**C. Camp American Legion Grant**

1. Approve the Governor's recommendation to provide \$25,000 SEG annually to increase, from \$50,000 to \$75,000, the amount of a grant DVA makes to the American Legion to operate Camp American Legion, but modify the bill to increase the statutory grant requirement for the camp from \$50,000 to \$75,000.

<b>ALT C1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$50,000	\$0

2. Delete provision.

<b>ALT C2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$50,000

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