

VETERANS AFFAIRS

Budget Summary							
Fund	2018-19 Base Year Doubled	2019-21 Governor	2019-21 Jt. Finance	2019-21 Legislature	2019-21 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$3,868,600	\$5,227,300	\$5,227,300	\$5,227,300	\$5,227,300	\$1,358,700	35.1%
FED	5,778,200	5,927,000	5,927,000	5,927,000	5,927,000	148,800	2.6
PR	225,776,800	226,871,500	226,871,500	226,871,500	226,871,500	1,094,700	0.5
SEG	<u>43,767,400</u>	<u>40,153,100</u>	<u>40,153,100</u>	<u>40,153,100</u>	<u>40,153,100</u>	<u>- 3,614,300</u>	- 8.3
TOTAL	\$279,191,000	\$278,178,900	\$278,178,900	\$278,178,900	\$278,178,900	- \$1,012,100	- 0.4%

FTE Position Summary						
Fund	2018-19 Base	2020-21 Governor	2020-21 Jt. Finance	2020-21 Legislature	2020-21 Act 9	Act 9 Change Over 2018-19 Base
GPR	0.00	0.00	0.00	0.00	0.00	0.00
FED	16.50	16.50	16.50	16.50	16.50	0.00
PR	1,147.30	1,146.74	1,146.74	1,146.74	1,146.74	- 0.56
SEG	<u>97.90</u>	<u>106.12</u>	<u>106.12</u>	<u>106.12</u>	<u>106.12</u>	<u>8.22</u>
TOTAL	1,261.70	1,269.36	1,269.36	1,269.36	1,269.36	7.66

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Reduce funding by \$329,100 (\$74,400 FED, -\$194,500 PR, and -\$209,000 SEG) in 2019-20 and \$274,800 (\$74,400 FED, -\$190,000 PR, and -\$159,200 SEG) in 2020-21 to reflect the following standard budget adjustments: (a) -\$519,000 PR and -\$134,900 SEG annually for turnover reduction; (b) \$74,400 FED, -\$2,952,800 PR, and -\$110,300 SEG annually for full funding of continuing position salaries and fringe benefits; (c) \$1,088,300 PR annually for overtime; (d) \$2,182,700 PR annually for night and weekend differential pay; (e) \$3,200 PR and \$36,200 SEG in 2019-20 and \$7,700 PR and \$86,000 SEG in 2020-21 in 2020-21 for full funding of lease and directed move costs; and (f) \$3,100 PR annually for reclassifications and semiautomatic pay progression.

FED	\$148,800
PR	- 384,500
SEG	<u>- 368,200</u>
Total	- \$603,900

2. GENERAL FUND SUPPLEMENT TO THE VETERANS TRUST FUND [LFB Paper 770]

Governor: Effective July 1, 2020, modify a current appropriation that authorizes the transfer of general fund revenues to the veterans trust fund (VTF) as follows: (a) convert it from a sum certain appropriation to a sum-sufficient appropriation and specify that its purpose is to supplement the VTF if the VTF contains insufficient moneys, as determined by the Secretary of the Department of Administration; (b) transfer the appropriation from DVA to Miscellaneous Appropriations; and (c) provide \$15,800,000 GPR in 2020-21 as an estimate of the amount of this transfer, although as a sum-sufficient appropriation, any transfer would not be limited to this amount. The fiscal effect of this provision is reflected in Miscellaneous Appropriations.

The current sum-certain GPR appropriation has no base funding. Instead, in order to maintain a positive balance in the VTF, the Department has made transfers from unencumbered balances in the program revenue appropriations for the veterans homes to the veterans trust fund for the past four years -- \$12,000,000 in 2015-16, \$9,000,000 in 2016-17, \$12,500,000 in 2017-18, and \$14,500,000 in 2018-19. The administration anticipates that DVA would make an additional transfer of approximately \$13.8 million from the state veterans homes to the VTF in 2019-20 to maintain a positive balance in the fund in that year.

Joint Finance/Legislature: Increase funding by \$13,800,000 GPR in 2019-20 and change the effective date of the GPR supplement appropriation to July 1, 2019. With this change, DVA would not need to transfer surplus program revenues from the veterans homes to the veterans trust fund, beginning in 2019-20. The fiscal effect of the GPR supplement is reflected in Miscellaneous Appropriations.

[Act 9 Sections: 256 and 9448(1)]

3. STATE VETERANS HOMES -- CONTRACTED NURSE STAFFING [LFB Paper 771]

PR	\$1,500,000
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Governor/Legislature: Provide \$750,000 annually to increase funding for contracted nursing staff at the Veterans Home at King (\$500,000 annually) and Veterans Home at Union Grove (\$250,000 annually). The funding would be provided on a one-time basis in the 2019-21 biennium, and would be deleted as a standard budget adjustment in the 2021-23 budget. The Department uses contract agencies to supplement permanent position staffing at the state veterans homes, typically to compensate for position vacancies and to reduce the amount of overtime shifts worked by certified nursing assistants. In 2017-18, DVA spent approximately \$2.7 million for contract staffing at the King and Union Grove homes.

4. VETERANS OUTREACH AND RECOVERY PROGRAM

	Funding	Positions
SEG	\$1,447,200	8.00

Governor/Legislature: Provide \$723,600 annually and 8.0 positions, beginning in 2019-20, to establish the veterans outreach and recovery program (VORP)

as a permanent program. The program was initially established in 2015 and was supported by a one-time federal grant, which expired in 2017. 2017 Wisconsin Act 295 provided \$180,000 GPR in 2017-18 and \$719,800 GPR and 8.0 GPR project positions to continue the program with state funding through June 30, 2019, but sunset the program as of that date. Consequently, the one-time funding and position authority provided in Act 295 is not included in the agency's base budget. Create a biennial appropriation from the veterans trust fund to fund the program.

Create statutory provisions relating to the program by requiring DVA to provide outreach, mental health services, and support to individuals who reside in Wisconsin and who may have a mental health condition or substance abuse disorder and for whom either of the following apply: (a) are serving in the National Guard of any state or a reserve component of the U.S. armed forces; or (b) served on active duty in the U.S. armed forces, forces incorporated as part of the U.S. armed forces, a reserve component of the U.S. armed forces, or the National Guard of any state and were discharged under conditions other than dishonorable. Specify that the statutory eligibility criteria for veterans benefits programs do not apply to the program, which generally has the effect of removing state residency requirements, as well as allowing services to be provided for nonveterans currently serving in the National Guard or reserve component of the U.S. armed forces. Specify that the Department may provide payments to facilitate the provision of services under the program.

[Act 9 Sections: 257 and 435]

5. DEBT SERVICE REESTIMATE

GPR	\$1,358,700
PR	227,800
SEG	<u>- 3,081,900</u>
Total	<u>- \$1,495,400</u>

Governor/Legislature: Reduce funding by \$1,347,600 (\$187,000 GPR, \$4,500 PR, and -\$1,539,100 SEG) in 2019-20 and by \$147,800 (\$1,171,700 GPR, \$223,300 PR, and -\$1,542,800 SEG) in 2020-21 to reflect reestimates of debt service payments for bonds previously issued to fund capital projects at DVA facilities and the final closeout of debt service payments under the veteran mortgage loan program.

The following table shows base funding for DVA's debt service appropriations, the changes to the base under the Governor's reestimates, and the total estimated funding that would be required to make debt service payments from these appropriations in the 2019-21 biennium.

<u>Source and Purpose</u>	<u>Base</u>	<u>Change to Base</u>		<u>Total Debt Service Estimate</u>	
		<u>2019-20</u>	<u>2019-20</u>	<u>2019-20</u>	<u>2020-21</u>
SEG -- Veterans Mortgage Loan Bonds	\$1,523,200	-\$1,523,200	-\$1,523,200	\$0	\$0
SEG -- Cemetery Bonds	<u>22,700</u>	<u>-15,900</u>	<u>-19,600</u>	<u>6,800</u>	<u>3,100</u>
SEG -- Subtotal	\$1,545,900	-\$1,539,100	-\$1,542,800	\$6,800	\$3,100
GPR -- Veterans Homes	\$1,484,400	\$187,000	\$1,171,700	\$1,671,400	\$2,656,100
PR -- Veterans Homes	<u>2,119,200</u>	<u>4,500</u>	<u>223,300</u>	<u>2,123,700</u>	<u>2,342,000</u>
Total	\$5,149,500	-\$1,347,600	-\$147,800	\$3,801,900	\$5,001,700

6. ELIMINATE VETERANS MORTGAGE LOAN PROGRAM

	Funding	Positions
SEG	-\$1,860,000	- 0.34
BR	-\$4,997,605	

Governor: Delete the veterans mortgage loan program, the veterans mortgage loan repayment fund (VMLRF), and related statutory and administrative code provisions. Specify that the assets and liabilities of the VMLRF become the assets and liabilities of the veterans trust fund (VTF) on the effective date of the bill. Reduce funding by \$930,000 annually and delete 0.34 position, beginning in 2019-20, to reflect the net effect of the following: (a) the elimination of VMLRF appropriations for general program operations, foreclosure loss payments, and funded reserves, totaling \$1,260,000 annually, and the elimination of 2.30 VMLRF positions; and (b) the creation of 1.96 VTF positions, with associated funding of \$330,000 annually in the administration of loans and aids to veterans appropriation.

The Department suspended the veterans mortgage loan program in December 2011, citing lack of demand and market conditions. Under the program, the Department issued bonds to make mortgage loans to qualifying veterans. Loan repayments are deposited in the veterans mortgage loan repayment fund and used to pay debt service on the mortgage bonds and administrative costs of the program. In November 2018, the Department sold the remaining loan portfolio to the Wisconsin Housing and Economic Development Authority, using the proceeds to pay off remaining mortgage bond debt.

In addition to the loan program, the VMLRF is also used to support a portion of DVA administrative positions and a portion of the county grants for veterans service offices. This item would transfer the portion of the administrative positions funded by the VMLRF to the VTF. A separate item in the bill would transfer the portion of the county grants made from the VMLRF to the VTF.

Joint Finance: Amend, rather than repeal, the bonding appropriation to eliminate the remaining unissued bonding for the veterans mortgage loan program. With this change, the total bond authorization would be reduced by \$4,997,605, from \$2,127,540,000 to \$2,122,542,395.

Assembly/Legislature: Amend the bonding authorization for veterans mortgage loans to specify that the authorized amount is reduced by \$4,997,605, to eliminate unissued bonds for the program.

[Act 9 Sections: 67, 118 thru 121, 258 thru 260, 293, 308d, 308e, 337, 338, 427 thru 434, 436, 828, 1802, 1803, 1824, 1858, 1862 thru 1866, 2111, 2267, and 9148(1)]

7. COUNTY VETERAN SERVICE OFFICE GRANTS

PR	- \$152,400
SEG	<u>152,400</u>
Total	\$0

Governor/Legislature: Repeal two appropriations that fund grants to county veterans service offices (CVSOs), one funded from the veterans mortgage loan repayment fund (-\$342,400 SEG annually), the other funded from transfers of program revenue from the state veterans homes (-\$76,200 PR annually). Increase funding for the CVSO grant program by \$418,600 SEG from the veterans trust fund (VTF) to replace base funding that would be deleted from these two other sources. Under the bill, a total of \$761,000 SEG from

the VTF would be budgeted annually to support the CVSO grant program. This amount includes base funding from the VTF (\$342,400 SEG) and the funding increase provided from the VTF under this item.

DVA provides grants to counties to support the operations of county veterans service offices. The amount each county receives is based on each county's population. A separate item in the bill would repeal the veterans mortgage loan repayment fund and the Department's veterans mortgage loan programs, which are currently inactive.

[Act 9 Sections: 254, 255, and 260]

8. POSITION REALLOCATION

	Funding	Positions
PR	- \$96,200	- 0.56
SEG	<u>96,200</u>	<u>0.56</u>
Total	\$0	0.00

Governor/Legislature: Delete 0.56 PR position, beginning in 2019-20, and associated PR funding of \$48,100 annually in the appropriation for the state veterans homes, and provide corresponding SEG position and funding increases in the administration of loans and aid for veterans appropriation to reflect a reallocation of position authority to match Department functions. The funding for some DVA positions that perform duties crossing over Department functions is split between the funding sources corresponding to those functions. Periodically, the Department assesses these funding splits and requests position and funding reallocations to align funding with functions.

9. APPROPRIATION ADJUSTMENTS

Governor/Legislature: Convert the sum certain PR appropriations for the veterans home exchange (a store at the Veterans Home at King where residents may purchase goods) and for veterans cemetery operations to PR continuing appropriations. As continuing appropriations, DVA would be authorized to expend all revenue it collects from the operations of these programs, and would not be required to limit expenditures to budget estimates (\$264,900 annually for the home exchange and \$292,100 annually for cemetery operations).

In addition, transfer a GPR appropriation for veterans cemetery maintenance and beautification, funded at \$23,200 annually from the state veterans homes program to the memorial cemeteries program.

[Act 9 Sections: 252, 253, and 261]