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Joint Committee on Finance

Paper #833

Veterans Service Office Grants (Veterans Affairs)

[LFB 2023-25 Budget Summary: Page 678, #11]

CURRENT LAW

State law requires each county to have a county veterans service officer (CVSO) and 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.

The Department of Veterans Affairs (DVA) administers state grants to provide partial support for CVSOs. For counties with full-time CVSOs, the annual grant amounts are as follows: (a) \$14,300 for counties with a population of 75,000 or more; (b) \$12,650 for counties with a population of 45,500 to 74,999; (c) \$11,000 for counties with a population of 20,000 to 45,499; and (d) \$9,350 for counties with a population of less than 20,000. Counties with a part-time CVSO receive a grant of \$550 annually.

In addition to financial assistance to CVSOs, the Department provides grants to federally-recognized Indian tribes and bands that appoint a tribal veterans service officer (TVSO) and that meet minimum budget and operating standards. Grants are limited by statute to \$15,000 per year per Indian tribe or band. However, because the funding budgeted for TVSO grants is not sufficient to provide that amount to every tribe that applies, DVA has had to limit grants to \$11,000 for each applicant.

Base funding for CVSO grants is \$837,200 SEG from the veterans trust fund, a segregated trust fund that is almost entirely supported by annual GPR transfers. 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).

DISCUSSION POINTS

1. County and tribal veterans service offices serve as a resource for veterans in their communities. One of the principal functions of these offices is to assist veterans in determining eligibility for federal and state veterans benefits and in completing applications for those benefits.

2. There are currently approximately 325,000 veterans in Wisconsin. According to demographic projections prepared by the U.S. Department of Veterans Affairs, the number of veterans in Wisconsin is declining by about 2.4% per year. Despite this decrease in the total veteran population, there are indications that the overall need for veterans services has increased, particularly among younger veterans. For instance, according to surveys of veterans conducted by the Bureau of Labor Statistics, 41% of Gulf War II era veterans and 30% of Gulf War I era veterans report having a service-connected disability, whereas just 13% of veterans of other eras have a service-connected disability rating.

3. The federal Promise to Address Comprehensive Toxics (PACT) Act, enacted in August of 2022, expands eligibility for federal VA health care and compensation benefits for veterans by establishing a presumption that a veteran's diagnosis involving one or more of 23 medical conditions is related to a toxic substance exposure during military service and, therefore, any resulting disability is considered to be service-connected. As with any change in federal veterans benefits, the PACT Act has already, or is likely to increase inquiries to county and tribal veterans service offices. Some veterans service offices may need to increase staffing or make other adjustments to address this increased workload.

4. In 2022, the Governor formed the Blue Ribbon Commission on Veteran Opportunity to examine issues facing veterans in Wisconsin and to make recommendations for program or budget changes to meet the needs of veterans. The Commission's report cites the increasing needs of veterans for services, and in particular in accessing treatment and support for physical and behavioral health challenges. Among the Commission's recommendations to address these issues was a proposal to increase funding for CVSO and TVSO grants.

5. AB 43/SB 70 would provide \$1,096,600 SEG annually to increase funding for grants to county and tribal veterans service offices and would modify the statutory distribution formulas as follows: (a) double the amounts provided in CVSO grants in each of the population tiers; (b) repeal a provision that specifies that the grant for a county with a part-time CVSO is \$550, so that the grant for any such county would be determined in the same manner as counties with a full-time CVSO; and (c) double the maximum annual grant made to TVSOs, from \$16,500 to \$33,000. Of the funding increase, \$843,600 annually would be budgeted for CVSO grants, increasing the total from \$837,200 to \$1,680,800, the amount needed to fund the formula increase for all counties. The remaining \$253,000 would be budgeted for TVSO grants, increasing the total from \$110,000 to \$363,000. This amount is what would be needed to fully-fund the proposed \$33,000 maximum grant to the 11 federally-recognized tribes in the state.

6. Following the release of the report of the Blue Ribbon Commission on Veteran Opportunity, the Governor announced an allocation of \$10 million from the state's share of funds received under the federal American Rescue Plan Act for veterans initiatives that were the subject of the Commission's recommendations. Among these initiatives was an allocation of \$1.5 million to increase to CVSO and TVSO grants in 2022-23. The funding included in the budget would provide state funding to increase grants on an ongoing basis, although at a slightly lower level.

7. Although the state provides assistance to counties and tribes through the veterans service office grant programs, the cost of maintaining a veterans service office remains primarily the county's or tribe's responsibility. At current levels of aid, the grants generally support 5% or less of the cost of the veterans service office. As an example, Crawford County, with a population of approximately 16,000 and a veteran population of around 1,100, budgeted \$189,500 in 2023 for its county veterans service office. Under the current CVSO formula, the state grant of \$9,350 supports 4.9% of that cost. Outagamie County, with a total population of 192,000 and a veteran population of about 10,000, budgeted \$514,400 for its county veterans service office in 2023, and under the current CVSO formula, the grant of \$14,300 covers 2.8% of that cost.

8. Under AB 43/SB 70, the state assistance for veterans service offices would be doubled, but the impact that this increase would have is unclear. Counties and tribes would likely have varying responses to the additional state support. Some may increase services offered, while for others the increase would offset county revenues going for the same level of veterans service office expenses. In many cases, the increase in state aid, although large in percentage terms, would still be too small to lead to readily apparent changes in service offerings. In any case, the cost of operating these services would continue to be overwhelmingly a county or tribal expense.

9. In some cases, an increase in funding for a program that provides targeted aid to a particular local government function is accompanied by some form of local maintenance of effort provision, to ensure that the increased state support is used to increase the level of targeted local services. However, in the case of a relatively small aid program like the veterans service office grants, this may be impractical. A provision of the 2015-17 biennial budget attempted to increase accountability for the veterans service office grants by requiring the assistance to be provided only on a reimbursement basis. However, because of the additional administrative burdens that this change created, some counties did not apply for assistance, and the 2017-19 budget restored the previous method of distributing grants.

10. Regardless of the particular impact on veterans service office operations, the proposed increase could be seen as accomplishing the goal of expressing the state's commitment to supporting veterans and to the county and tribal offices. If the Committee determines that this funding increase is warranted, it could adopt the proposal in AB 43/SB 70. [Alternative 1]

11. The Committee could decide to provide an increase for veterans service office aid, but at a lower level. Providing a 50% increase to the formula grants would require an annual funding increase of \$585,700 SEG. [Alternative 2]

12. The Committee could determine, however, that because of the small role that the program plays in funding veterans service offices, even an increase in funding of 50% or 100% would

have little impact on veterans services, and so an increase is not warranted. [Alternative 3]

13. Since the segregated veterans trust fund (VTF) is funded primarily by a GPR sum sufficient appropriation that supplements other VTF segregated revenues, any increase in SEG spending from the veterans trust fund will increase the amount expended from the GPR supplemental appropriation by a corresponding amount. Consequently, Alternative 1 or Alternative 2, which would provide additional funding for CVSO and TVSO grants, would increase estimates of the amount of these supplements to reflect these spending increases from the VTF. [No total is shown in the funding box for these alternatives to avoid presenting the funding change as a double-counted total.]

ALTERNATIVES

1. Provide \$1,096,600 SEG annually to increase funding for grants to county and tribal veterans service offices and modify the statutory distribution formulas as follows: (a) double the amounts provided in CVSO grants in each of the population tiers; (b) repeal a provision that specifies that the grant for a county with a part-time CVSO is \$550, so that the grant for any such county would be determined in the same manner as counties with a full-time CVSO; and (c) double the maximum annual grant made to TVSOs, from \$16,500 to \$33,000. Increase estimates of the amount of funding transferred from the general fund to the veterans trust fund by \$1,096,600 GPR annually.

ALT 1	Change to Base
GPR	\$2,193,200
SEG	2,193,200

2. Provide \$585,700 SEG annually to increase funding for grants to county and tribal veterans service offices by 50% and modify the statutory distribution formulas accordingly. Increase estimates of the amount of funding transferred from the general fund to the veterans trust fund by \$585,700 GPR annually.

ALT 2	Change to Base
GPR	\$1,171,400
SEG	1,171,400

3. Take no action.

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