

# *State Programs for Veterans*



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# *State Programs for Veterans*

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The Department of Veterans Affairs (DVA) administers several loan and grant programs and operates the Wisconsin Veterans Home at King in Waupaca County and the Southern Wisconsin Veterans Retirement Center in Racine County for the benefit of Wisconsin veterans. Approximately 479,100 Wisconsin veterans are potentially eligible for services provided by DVA because of prior service in the armed forces and meeting certain residency and specific program eligibility requirements.

This paper is divided into seven sections. The first section describes the general military service and state residency eligibility requirements applicable to most veterans programs. The next four sections discuss DVA's loan programs, grants to individual veterans, grants to veterans organizations and other programs. The sixth section discusses how DVA's loan and grant programs are funded. The last section discusses the care facilities operated by DVA.

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## **General Eligibility Requirements for State Veterans Programs**

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Although most veterans grant and loan programs administered by DVA have a variety of specific eligibility requirements that an applicant must meet, there are two eligibility requirements that are uniform across nearly all of DVA's programs. First, the person must meet certain military service requirements to qualify as a veteran. Second, since the majority of DVA programs are des-

ignated for the benefit of Wisconsin veterans, most programs have state residency requirements. With only a few exceptions, which are identified in the individual program descriptions, the following military service and Wisconsin residency requirements are uniform across all DVA programs.

### **Military Service**

Until recently, eligible military service for veterans benefits purposes was defined in statute as service occurring during certain war and designated conflict periods. The eligible military service had to involve any one of the following: 90 days of service during a wartime period, service during a statutorily designated crisis period, six months of peacetime service between February 1, 1955, and August 4, 1964, or the receipt of an armed services medal.

Provisions of 1997 Wisconsin Act 27 expanded eligibility for DVA grant and loan programs to include peacetime veterans. Peacetime veterans are defined as veterans who have served in the U.S. armed forces, regardless of where the service was rendered or the conditions of service, for two or more continuous years or the full period of their service obligation, whichever is less. Individuals discharged early for reasons of hardship, service-connected disability, or a reduction in military personnel are also considered peacetime veterans. In all cases, a veteran must have served under honorable conditions or must be eligible to receive federal veteran benefits.

Appendix I provides additional information on the statutory war periods, designated conflicts and

peacetime veterans eligibility criteria.

### **Wisconsin Residency**

The majority of DVA grant and loan programs also have a state residency requirement. To be eligible to receive benefits, a veteran must be a current Wisconsin resident at the time of application and meet either of the following requirements: (1) the veteran must have been a Wisconsin resident upon entering or reentering military service; or (2) the veteran must have been a state resident for at least one year after discharge and prior to the date of application for a grant or loan.

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## **Veterans Loan Programs**

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The Department of Veterans Affairs administers three loan programs to improve housing opportunities, provide home improvement assistance, and provide access to multi-purpose low-cost loans for veterans in Wisconsin. These programs are summarized below.

### **Primary Mortgage Loan Program**

The primary mortgage loan program (PMLP) was created by Chapter 208, Laws of 1973, to provide mortgage loans to qualifying state veterans to purchase or construct a home. Under the program, over \$2.3 billion has been made available for 47,961 home loans to Wisconsin veterans through June 30, 2002. In fiscal year 2001-02, DVA made 513 primary mortgage loans totaling \$66,369,600. The average loan was \$129,400.

Funding for primary mortgage loans is derived from the proceeds from state bond issuances. While the financing of the home loan program is

discussed in greater detail in the financing section of this paper, federal law allows the use of federally tax-exempt debt to finance home loans only for veterans who were discharged before January 1, 1977, and who apply for a loan no later than 30 years after leaving active service. As a result, two distinct types of bond issuances are required to fund the PMLP: tax-exempt bonds for veterans who are not subject to the federal prohibitions and taxable bonds for veterans who are subject to the federal prohibitions.

The federal restriction on use of tax-exempt debt separates veterans into two groups based on their eligibility for home loans. The two groups consist of: (1) those veterans discharged before 1977 but after 1973 (30 years before 2003), who are eligible for mortgages financed from tax-exempt bonds; and (2) all other veterans, who are eligible for mortgages financed from taxable bonds. Those veterans ineligible for tax-exempt financing under the PMLP are referred to as "disenfranchised veterans" by DVA. Under current law, this distinction between the classes of veterans will cease to exist in 2007 when the 30-year separation from service limit finally coincides with the 1977 discharge date.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate associated with each bond issue. Generally, the interest rate charges for primary mortgage loans have been approximately 1% higher than the interest cost associated with the underlying bond issue, but during 2002-03 rate charges were as low as 0.25% above the underlying bond issue. The primary mortgage interest rate offered as of December, 2002, was 5.65%.

There are additional specific requirements that must be met before a veteran can receive a primary mortgage loan. These requirements include: (1) a down payment on the home of at least 5% (at least 15% when purchasing a mobile home); (2) the loan

principal amount may not exceed two and one-half times the combined annual incomes of the veteran and spouse; (3) the loan principal amount may not exceed two and one-half times the median price of a Wisconsin home (as of September 30, 2002, this maximum was \$319,250); (4) the loan must be secured with a first or second mortgage on the subject property; and (5) a veteran receiving a primary mortgage loan must initially occupy the residence as the primary residence.

A veteran may receive more than one primary mortgage loan provided that the previous loan had been repaid in accordance with the terms and conditions of the mortgage or other agreement executed in connection with the loan. Loans for refinancing a home mortgage may be made where the initial funding had been obtained through temporary financing from a private lender.

Primary mortgage loans carry a fixed rate of interest, impose no prepayment penalties, may not be used to pay closing costs and typically run for 30 years, which is the maximum term allowed under the program.

If a veteran's down payment, closing costs or moving expenses are acquired through borrowing, the loan application will be denied. A veteran must also have a satisfactory repayment record on any other departmental loan or the loan will be denied. Further, a veteran who is certified by the Department of Workforce Development as delinquent in any child support or maintenance obligations will also be denied, unless the veteran can show proof of entering into a repayment agreement with the local county child support agency.

### **Home Improvement Loan Program**

The home improvement loan program (HILP) was created as part of the veterans home loan program by 1989 Wisconsin Act 31. This program allows veterans to borrow up to \$25,000, for a term

of 15 years. As of December, 2002, the HILP loan interest rate was 5.65%. The loan can be used for property alterations, repairs or improvements.

Both qualified and disenfranchised veterans are eligible for these loans. The general eligibility requirements for HILP are the same as for the primary mortgage home loan program. However, no property security is required for HILP loans under \$3,000; instead a simple guarantor is acceptable. In 2001-02, 101 HILP loans were made, totaling \$1,630,100. The average loan was \$16,140.

### **Personal Loan Program**

The personal loan program (PLP) was established by 1997 Wisconsin Act 27 to provide 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 to finance education costs, consolidate debt, purchase a business or business property, purchase a mobile home, or pay for medical or funeral expenses. The PLP replaced both the veteran's consumer loan program and economic assistance loan program. The PLP is funded from the veteran's trust fund. A total of \$15,450,000 annually was budgeted in the 2001-03 biennial budget for PLP loans. In 2001-02, 914 loans were made totaling \$7,603,600. The average loan was \$8,319.

The statutes authorize veterans to borrow up to \$15,000, or such lesser amounts as the Department establishes by rule, for a term of up to 10 years. The Department has set the PLP loan limit at \$15,000 with a variable interest rate based on the securitization of the loan. PLP loan interest rates are set by administrative rule. In July, 2002, interest rates for loans ranged from 5% for loans secured by a mortgage, to 6% for loans secured by the guarantor.

Loan recipients must not have been delinquent in any child support or maintenance obligations as

certified by the Department of Workforce Development. However, a loan can be used to make child-support payments. In these cases, the DVA is required to ensure that the proceeds of the loan are first applied to pay any delinquent child support or maintenance payments and to pay any past support, medical expenses or birth expenses.

A qualifying veteran may not receive a loan if the outstanding loan balance for a PLP loan combined with any loans under any predecessor loan programs, would exceed \$15,000.

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### **Veterans Grant Programs**

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The Department of Veterans Affairs currently operates a number of grant programs for veterans funded from the segregated veterans trust fund. These grant programs fall into the following categories: education grants, emergency assistance grants, and grants to veteran organizations.

#### **Education Grant Programs**

The DVA operates three education grant programs. These are the veterans tuition and fee reimbursement program, the part-time study grant program, and the retraining grant program.

*Veterans Tuition and Fee Reimbursement Program.* This program was established by 1993 Wisconsin Act 254. Currently, the program provides reimbursement of up to 85% of the cost of an eligible veteran's undergraduate tuition and fees, based on the costs of a UW-Madison resident undergraduate. Veterans with a service-connected disability (rated 30% or higher by the USDVA) may be reimbursed for up to 100% of tuition and fees. These grants cannot be used for part-time study (less than 12 credits per semester).

Tuition and fee reimbursements are made upon

an eligible veteran's successful completion of a semester at any UW System institution or center, state technical college or similar institution with a tuition reciprocity agreement with Wisconsin. Veterans are eligible for reimbursement for up to 120 credits or eight semesters of study and may receive reimbursement only for credits completed prior to the 10-year anniversary of their separation from active duty. Eligibility is restricted to veterans with incomes of \$47,500 or less (plus \$500 for each dependent in excess of two), who have served on active duty for two or more continuous years or the full period of the individual's initial service obligation, whichever is less. An individual discharged for reasons of hardship, service connected disability or due to a reduction in the armed forces is eligible for the program regardless of the time served.

Spouses, unremarried spouses, widows and dependents are not eligible for this program, unless they also qualify as veterans. No grants will be made to any otherwise eligible and qualified person if the Department of Workforce Development certifies that the veteran is delinquent in the payment of child support or maintenance obligations. All applications for this program must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

In 2001-02, 1,257 veterans tuition and fee reimbursement grants were awarded, totaling \$1,772,165. The average grant amount was \$1,410. Since the program's inception, 10,861 reimbursement grants have been awarded, totaling \$7,406,090.

*Part-time Study Grants.* Currently, this program provides reimbursement of up to 85% of the cost of the eligible veteran's undergraduate tuition and fees based on the costs of a UW-Madison resident undergraduate for part-time study. "Part-time study" is considered 11 credits or less per semester for a student without a bachelor's degree or eight



credits or less per semester for a student with a bachelor's degree. There is no credit limitation for students attending summer school. Veterans with a service-connected disability (classified by USDVA as 30% or greater) may be reimbursed for up to 100% of tuition and fees.

Qualifying veterans may receive a grant for courses completed at any UW institution or center, state technical college, accredited private college in Wisconsin, similar institution that has a tuition reciprocity agreement with Wisconsin or proprietary trade and vocational school. Reimbursement may also be received for courses at schools less than 50 miles outside the state border, if the course is not offered within Wisconsin and is within 50 miles of the participant's home. The part-time coursework must be related to the veteran's occupational professional or employment goals.

Eligibility is restricted to veterans with annual household incomes of \$47,500 (plus \$500 for each dependent in excess of two). No grants will be made to any veteran if the Department of Workforce Development certifies that the veteran is delinquent in child support or maintenance payments.

In 2001-02, 1,028 part-time study grants were awarded, totaling \$535,267. The average grant amount was \$521. Since the program's inception, 246,517 reimbursement grants have been awarded totaling \$26,622,713.

*Retraining Grant Program.* This program provides grants based on financial need of up to \$3,000 a year for up to two years to qualifying veterans in need of job retraining. A retraining grant may be made if the veteran: (1) is enrolled or accepted for enrollment in a state technical college or is engaged in a structured on-the-job training program certified by the USDVA or the Department of Employment Relations; (2) meets financial assistance criteria established by DVA; (3)

has become unemployed, underemployed or received a notice of termination of employment in the year prior to submitting the grant application; (4) proposes to participate in a retraining program that could enable the veteran to find gainful employment; and (5) has not received a tuition and fee reimbursement grant or part-time study grant for the same period. Further, the applicant must have been employed for at least six months prior to the loss of or reduction in employment.

In 2001-02, 97 retraining grants were awarded, totaling \$229,094. The average grant amount was \$2,362. Since the program's inception, 1,013 retraining grants have been awarded, totaling \$2,717,108.

### **Emergency Assistance Grants**

In addition to education grants, DVA operates two grant programs that provide limited emergency financial assistance to eligible veterans: the health care aid grant program and the subsistence aid grant program.

*Health Care Aid Grant Program.* This program provides emergency assistance to financially needy veterans to help pay for medical treatment and hospitalization. The program also covers some dental care, hearing aid and eyeglasses costs. The veteran's household may not have liquid assets in excess of \$1,000 without losing eligibility for a health care aid grant. Grants are limited to \$5,000 per veteran or dependent for any twelve-month period beginning with the first day of care provided through the grant. Veterans who suffer from alcoholism or other drug abuse may use the health care aid grant to cover treatment or health care required because of the abuse.

In 2001-02, 552 health care aid grants were awarded, totaling \$1,169,198. The average grant was \$2,118. Since the program's inception, 23,733 grants have been awarded, totaling \$14,508,007.

*Subsistence Aid Grant Program.* This program provides temporary emergency aid to veterans in the event of an illness, disability or death that causes a loss of income. The emergency grant is to help the veteran meet everyday living expenses such as rent, food and clothing. The subsistence aid grant is provided on a month-to-month basis and is limited to a maximum of three 30-day grants within a 12-month period, unless the DVA determines there is need in excess of three months due to a relapse.

In 2001-02, 614 substance aid grants were awarded, totaling \$563,332. The average grant was \$917. Since the program's inception, 30,673 substance aid grants have been awarded, totaling \$8,317,385.

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### **Assistance to Veterans Organizations**

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In addition to grant programs specifically for veterans, there are two grant programs that provide monies to organizations or entities that assist Wisconsin veterans: county veterans' service office grants program and grants to veterans organizations program.

*County Veterans' Service Office Grant Program.* Under this program, DVA may award grants to counties for maintaining and operating a county veterans' service office. Under s. 45.43 of the statutes, each county must have a county veterans' service officer (CVSO) and provide the CVSO with office space and clerical assistance.

Each county's grant is based on whether the CVSO is full-time or part-time and the county's population. For full-time CVSOs, the grant is:

- \$8,500 for a county with a population under 20,000;

- \$10,000 for a county with a population from 20,000 to 45,499;

- \$11,500 for a county with a population from 45,500 to 74,999; and

- \$13,000 for a county with a population of 75,000 or more.

Counties that have a part-time CVSO are eligible for a grant of \$500 annually. Currently, two counties (Florence and Green) have part-time CVSOs, and the remaining 70 counties have full-time CVSOs.

The CVSO is a veteran who is appointed for a two-year term by the county board. In counties with a county executive or county administrator, the county executive or county administrator appoints the officer, subject to the county board's approval. To serve as a CVSO, the person selected must be a Wisconsin resident who served on active duty under honorable conditions for two consecutive years, excluding service on active duty for training. Veterans discharged for hardship or service-connected disability may serve as officers, regardless of actual time served.

The primary duties of a CVSO are to advise veterans of any benefits to which they may be entitled, including veterans home loans, and assist them in applying for such benefits or services. This program is funded 40% from the veterans trust fund and 60% from the primary mortgage loan program. In 2001-02, \$896,561 was awarded in grants, of which \$362,861 was from the veterans trust fund and \$533,700 was funded as an administrative cost of the veterans mortgage loan program.

*Grants to Veterans Organizations.* This program provides grants to any state or national veterans organization that has maintained a claim service office, for at least five out of the 10 years preceding the date of application, at the USDVA regional

office in Milwaukee. The grants equal 25% of the salary and travel expenses paid by the organization to employees engaged in veteran's claims service, subject to an overall grant maximum of \$30,000. The claim service involves assisting Wisconsin veterans with obtaining benefits to which they are entitled from the USDVA. In 2001-02, a total of \$69,499 was granted to the four organizations that participated in the program: Veterans of Foreign Wars, American Legion, Disabled American Veterans, and AmVets.

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### **Other Programs**

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In addition to loan and grant programs for veterans and veterans organizations, DVA operates several other programs that provide services to veterans: the veterans assistance program, veterans memorial grants, state veterans cemeteries, military funeral honors, and the state veterans museum.

#### **Veterans Assistance Program**

The veterans assistance program (VAP), was created by 1993 Wisconsin Act 16 to provide assistance to homeless, incarcerated, and other groups of needy veterans. The purpose of the program is to establish regional centers to provide transitional housing for veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. Services provided include health care, federal and state veterans' benefits information, education, job training, legal advice, basic financial counseling and job location assistance. All VAP centers are operated by non-profit organizations contracted under DVA oversight.

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 cannot feed or house spouses (unless the spouse is a veteran) or children. However, the VAP will help the veteran's family obtain adequate housing while the veteran is in the program.

Since the creation of the VAP, four centers have been established in the state at Milwaukee, Fort McCoy/Tomah, King, and Union Grove. The first site opened in May, 1994, in Milwaukee. The Milwaukee facility can house 72 residents. In November, 1994, a second veterans assistance center at Fort McCoy was opened. The Fort McCoy center is the only military installation with a facility designed specifically to help homeless veterans. The veterans at the Fort McCoy facility receive job training and other services through the nearby Tomah Veterans Administration Medical Center. In 1997, a center was opened in Tomah to move some of the veterans closer to the Veterans Administration Medical Center. In total, the Fort McCoy/Tomah centers can house 60 residents. A third assistance center opened in 1995, on the campus of the Wisconsin Veterans Home at King. This assistance center can house 26 residents. A fourth assistance center opened in 1998, at Southern Wisconsin Center in Union Grove. This assistance center can house 30 residents.

As of July 30, 2002, there have been 4,142 residents served since the program's inception. Of those, 49% left with a job and housing, 13% were referred for long-term treatment and 38% left without a job or housing.

In 2001-02, \$1,391,611 from the veterans trust fund was expended from the state appropriation for this program.

#### **Veterans Memorial Grant Program**

This program was created under 1987 Wisconsin Act 399. This act provides for the construction of two memorials: one honoring state

veterans who served in the Vietnam conflict and the other honoring state veterans who served in the Korean conflict. Each memorial was funded at \$300,000 from the transportation fund. DVA provided administrative supervision of the construction grants.

The Vietnam Veterans memorial was dedicated on September 18, 1988. The monument is located at the Highground memorial site near Neillsville in Clark County. The site is operated and maintained by the Wisconsin Vietnam Veterans Memorial Project (a private, non-profit corporation).

The Korean memorial was dedicated June 19, 1994, at a site near Plover in Portage County. It is operated by the Korean War Veterans Memorial Association of Wisconsin, Inc. (also a private, non-profit corporation).

Under 1991 Wisconsin Act 44, \$190,000 GPR was provided in a continuing appropriation for construction of World War I, World War II and Persian Gulf War memorials at the Highground site. The World War I memorial was dedicated on September 19, 1992 and the World War II memorial was dedicated on September 18, 1993. Construction has not started on the Persian Gulf War memorial. As of the end of the 2001-02 fiscal year, a total of \$138,045 of general purpose revenue (GPR) had been released for construction of the World War I and II memorials.

In addition, 1995 Wisconsin Act 254 provided individual one-time grants of \$10,000 GPR each for the state's contribution to the creation and maintenance of two women's war memorials in Washington, D.C. One grant was for the Vietnam Women's Memorial depicting women's role in that war, while the other grant was for the Women in Military Service for America Memorial intended to honor women who served from the American Revolution to the present, as well as to those who will serve in the future.

The Vietnam Women's Memorial is located at the site of the Vietnam Veterans Memorial Wall and was dedicated in November, 1993. The Women in Military Service Memorial is located at the grand entrance of the Arlington National Cemetery in Arlington, Virginia, and was dedicated in October, 1997.

### **Wisconsin Veterans Cemeteries**

Currently, there are four veterans cemeteries located in Wisconsin. These are the Wood National Cemetery in Milwaukee and three state-run cemeteries: the King Cemetery located at the Veterans Home in King, the Southern Wisconsin Veterans Memorial Cemetery located near Union Grove in Racine County and the Northern Wisconsin Veterans Cemetery, located near Beaver Brook in Washburn County. The Northern Wisconsin facility is the newest cemetery. Internments began in December, 2000, and the cemetery was officially dedicated in June, 2001.

Only three of the cemeteries are currently performing casket interments. Wood National Cemetery reached capacity on September 30, 1996, at which time, Southern Wisconsin Cemetery performed its first interment. The cemetery at King provides burials for members of the Veterans Home at King and also for other eligible veterans and veterans' spouses or parents of veterans.

Veterans whose military service and state residency meet specific requirements are eligible for burial at a Wisconsin veterans cemetery. The veteran must have been discharged or released from active duty service under honorable conditions or died while on active duty. In addition, the veteran must meet one of the following residency requirements: (1) military service was entered from Wisconsin; (2) service was entered from another state but the veteran was a Wisconsin resident at the time of death; or (3) military service was entered from another state but the veteran was a Wisconsin resident at some

point for at least twelve months after discharge from active duty. A person who was a resident of the state at the time of his or her death and served at least 20 years in the National Guard or Reserves and qualified for retirement pay (or would have qualified for retirement pay except death occurred before age 60) is also eligible for burial at a Wisconsin veterans cemetery.

The Department has established rules setting the fee charged for burials at the veterans cemeteries. There is no fee charged for the state interment of an eligible veteran, guard or reserve member. There is also no interment fee for any veteran's spouse or unremarried surviving spouse who resides at a Wisconsin Veterans Home at the time of death. A fee of \$250 is assessed for the interment of a dependent child or a veteran's spouse or unremarried surviving spouse who did not reside at the Wisconsin Veterans Home at the time of death. In addition, DVA may assess the funeral directors the amount necessary to reimburse the Department for the average cost of providing services and items including columbarium niches, grave liners and vault excavation, planning and inspection.

The total number of interments to date at the Southern Wisconsin Veterans Cemetery as of June 30, 2002, was 2,548. There were 564 interments in 2001-02. Northern Wisconsin Veterans Memorial Cemetery had interred a total of 150 veterans and spouses as of June 30, 2002, with 93 interments in 2001-02. The total number of interments at King Cemetery as of June 30, 2002, was 4,804, with 79 of those occurring in 2001-02.

### **Military Funeral Honors**

Provisions of 1999 Wisconsin Act 136 require DVA to administer a program that coordinates the provision of military honors details at funerals of deceased veterans. The Adjutant General of the Wisconsin National Guard (WNG) is authorized to activate guard members for the provision of such

services. DVA must coordinate the provision of these honors details with existing veterans groups that had provided these services and with WNG members who would be activated by the Adjutant General to also provide such honors details. DVA must provide reimbursement of up to \$50 to the local veterans groups that provide such services.

Since the inception of this program through June 30, 2002, DVA has coordinated 6,026 funerals, staffed 968 of those funerals with funeral honors details, and paid 4,336 reimbursement grants to local organizations totaling \$216,800. In 2001-02 DVA coordinated 3,162 funerals, staffed 813 of these funerals and paid 3,412 reimbursement grants totaling \$170,600.

### **Wisconsin Veterans Museum**

In 1993, a new Wisconsin Veterans Museum was opened in Madison, located in the same building that houses the Department's central offices. The museum had been located inside the State Capitol since 1901 along with the Grand Army of the Republic headquarters. In 1989, funds were provided to relocate the museum outside the Capitol.

The museum contains exhibits, displays and other presentations related to Wisconsin's participation in U.S. military actions from the Civil War to the Persian Gulf War. The museum features dioramas depicting important historical events in which Wisconsin veterans participated. Another museum attraction is a computer containing the military records of more than 90,000 Wisconsin Civil War veterans. In addition to the exhibits provided at the museum, the staff at the museum present programs to the public on the experiences of Wisconsin veterans.

The segregated veterans trust fund has traditionally financed the museum's operations. Under 1995 Wisconsin Act 27, beginning January 1, 1997, a portion of the museum's costs were

funded by 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.

In 2002-03, a total of \$1,599,600 (\$689,800 GPR, \$176,900 PR and \$732,900 SEG) was appropriated for museum operations, including 14.15 staff positions. In addition to state support of the museum for the acquisition of artifacts, changing displays and other programs, a Wisconsin Veterans Museum Foundation (a private, non-profit organization formed in 1993), has contributed \$517,117 to the museum through June 30, 2002.

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## **Funding for the Loan and Grant Programs**

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### **Home Loan Programs**

The state issues general obligation bonds to finance veterans mortgage home loans and home improvement loans. The veterans trust fund finances the personal loan program and most of the grant and other programs operated by DVA.

Chapter 208, Laws of 1973, authorized the issuance of bonds to provide low-interest home mortgages to qualified veterans. Lending activities under the program began in 1974. The program is designed to be self-supporting. This means that the veteran mortgage loan repayments (principal and interest) are intended to be sufficient to repay the funds borrowed, plus interest costs, as well as the administrative costs of the home loan program.

The state, through the Building Commission and the Capital Finance Office in the Department of Administration, issues general obligation bonds as needed by DVA for the primary mortgage and home improvement loans to veterans. The amount of bonds that may be issued is limited by the

bonding authority granted to the Department by the Legislature. The general obligation bonds are backed by the full faith and credit of the state. Proceeds from the sale of bonds are then deposited in the state capital improvement fund and used by DVA to make veteran home loans.

To obtain a loan, a veteran applies through a financial institution approved by DVA. The financial institution reviews a veteran's loan application for creditworthiness. DVA also reviews the loan application to ensure that a veteran is qualified for the loan program. If the application is approved, the local lending institution originates the loan using monies from the capital improvement fund and acts as the collection agent for DVA. Throughout the life of the loan, the local financial institution acts as the loan servicer. Veterans receiving loans make payments to the local financial institution, which in turn deposits the funds into the state treasury to the credit of the veterans mortgage loan repayment fund. The Department then makes payments from the veteran mortgage loan repayment fund to the capital improvement fund to pay on the bonds.

Since the primary home mortgage loan and home improvement loan programs are required to be self-supporting, interest rates must be charged to veterans sufficient to redeem the bonds, pay DVA administrative costs, pay local financial institution costs, and capitalize a loan loss reserve. Generally, the interest rate charged for primary loans has been approximately one percent higher than the interest costs associated with the issuance of the bonds. The interest charge for the HILP program pays for DVA administration, loan reserves, and is a source of retained earnings to fund additional loans. The financial institution, currently, do not charge a servicing fee on HILP loans.

The federal Tax Reform Act of 1986 eliminated the use of federally tax-exempt general obligation

bonds for home loans for disenfranchised veterans (those veterans who were discharged after January 1, 1977, or those who apply for a loan more than 30 years after leaving active service). The Department has recently begun issuing taxable bonds to provide mortgage loans to disenfranchised veterans. One effect of issuing taxable bonds is to increase the financing costs of loans to the state, and subsequently the cost of the loan to veterans.

While the federal law created different costs of financing, the Department has, to date, provided the same interest rates on home mortgage and home improvement loans regardless of when a veteran was discharged. DVA is able to do this by providing an interest subsidy for the taxable bond issues from available retained earnings in the veterans mortgage loan repayment fund. This blended rate makes the differences in veteran eligibility for types of financing transparent from the applicant's point of view. However, there is no requirement for the Department to continue to subsidize the higher cost of taxable debt issuances in the future.

Table 1 shows the date and amount of bonds issued for the most recent ten-year period. In the last decade, the state has issued \$987,660,000 in general obligation bonds for home loans for veterans. Of this amount, \$364,005,000 were taxable bonds.

Appendix II includes a list of all bond issues for the mortgage loan program and loan activity since the program's inception.

The veterans home loan program is the largest revenue-supported loan program run by the state. The program is limited by the amount of bonding authorized by the Legislature. Through the 2001-03 biennium, the Legislature had authorized \$2,120,840,000 in state borrowing for this purpose.

In addition to making veteran home loans and home improvement loans, in recent years some

**Table 1: Recent Bond Issues for the Mortgage Loan Program (1992-2002)**

Bond Issue	Amount
June, 1992	\$30,000,000
November, 1993	20,000,000
December, 1993	135,255,000
June, 1994	103,830,000
August, 1994	45,000,000
February, 1995	45,000,000
October, 1995	42,850,000
May, 1996	45,000,000
October, 1996	30,000,000
March, 1997	45,000,000
September, 1997	45,000,000
September, 1997*	45,000,000
May, 1998	30,565,000
May, 1998*	34,005,000
October, 1998	6,155,000
October, 1998*	55,000,000
May, 1999*	40,000,000
November, 1999*	65,000,000
July, 2000*	35,000,000
February, 2001*	15,000,000
July, 2001*	20,000,000
October, 2001*	20,000,000
April, 2002*	15,000,000
June, 2002*	20,000,000
<b>TOTAL Bond Issues (1992-2002)</b>	<b>\$987,660,000</b>

\* Taxable bonds.

veterans mortgage loan repayment fund assets have been transferred to the veterans trust fund for various programs. Most recently, a loan portfolio and cash totaling \$68 million was transferred to the veterans trust fund in December, 1997, to provide revenues to the veterans trust fund for the personal loan program. In addition to the transfer of assets, 1997 Wisconsin Act 27 authorized the Department to borrow from the mortgage loan repayment fund to provide additional funding in the veterans trust fund for the personal loan program.

### Veterans Trust Fund

*Background.* The veterans trust fund was created in 1961 by consolidating three predecessor funds: the soldiers rehabilitation fund, the post-war rehabilitation fund, and the veterans housing

trust fund.

The soldiers rehabilitation fund was created in 1919 through a special surtax on income and a tax on property. The fund provided World War I veterans with either a one-time cash bonus of \$10 per month of service (with a minimum bonus of \$50) or an education bonus of \$30 per month of service (with a maximum bonus of \$1,080).

The post-war rehabilitation fund was created in 1943 to meet the medical, educational and economic needs of World War II veterans. This fund derived its revenue from a 60% surtax on individual income taxes collected for income earned in 1942. Supervision and administration of this fund became the responsibility of the Veterans Recognition Board formed in 1943 (renamed the Board of Veterans Affairs in 1945) and the Wisconsin Department of Veterans Affairs created in 1945.

The veterans housing trust fund was created in 1949 to make second mortgage loans to qualified veterans for home purchases, construction and improvement. Initially, the revenue source for the fund was a tax on liquor. However, the use of these funds to support veterans housing programs was invalidated by the Wisconsin Supreme Court in 1948. As an outgrowth of this decision, the Wisconsin Constitution was amended to include veteran housing activities as a purpose to which the state could contract for debt under Article VIII Section 10. As of July 1, 1951, liquor tax receipts were no longer used to support the veterans housing program. Subsequently, all loan repayments by veterans and all interest on these loans were deposited in this trust fund.

In 1961, the veterans trust fund was created by consolidating the assets and liabilities of the three predecessor funds. From 1961 until the creation of the veterans mortgage loan repayment fund in 1975, the veterans trust fund was the only segregated fund for receipt of loan repayments

and the disbursement of grants, loans and administrative expenses. Table 2 summarizes the source of veterans trust fund revenues since 1943 through a combination of special taxes, general fund appropriations, and other funding sources.

As indicated in Table 2, the main revenue source for the veterans trust fund prior to 1991 was the general fund, which provided \$25.9 million in general tax collection receipts, \$25.2 million in direct appropriations, and \$37.3 million in loans. The loans to the trust fund, totaling \$18.8 million from the general fund and \$18.5 million from the Investment Board have subsequently been fully repaid.

By the early 1990's, ongoing revenue sources for the trust fund were interest payments by veterans on outstanding second mortgage and economic assistance loans and investment earnings on the cash and investment balances of the fund. Annual expenditures from the fund in recent years have typically exceeded these annual revenues. Consequently, in order to sustain program funding, additional sources of revenue have had to be found. For example, in the 1991-93 biennium, a veterans mortgage loan portfolio held by the Wisconsin Housing and Economic Development Authority (WHEDA) was sold. This sale generated \$11.2 million for the trust fund.

In the 1993-95 biennial budget, funds totaling \$20.0 million were transferred from the excess reserves of the veterans mortgage loan repayment fund to the veterans trust fund to create a one-time consumer loan program. The goal of the loan program (called the veteran trust fund stabilization loan program) was to create a high-demand program so that the funds would be lent quickly, with the repayments providing a flow of new revenue to the veterans trust fund. Because of high demand for the veterans consumer loan program, the original \$20 million was fully committed by October, 1993. Subsequent legislation (1993 Wisconsin Act 254) provided an



**Table 2: Sources of Veterans Trust Fund Revenues**

Revenues Sources	Amount
Pre-World War II balance	\$32,900
1943 Surtax on Income	7,636,400
1947-51 Liquor Tax Proceeds	<u>18,190,100</u>
(Subtotal-Dedicated Revenue)	(\$25,859,400)
1947 General Fund Appropriation	5,000,000
1951 General Fund Appropriation	4,000,000
1971 General Fund Appropriation	6,000,000
1972 General Fund Appropriation	5,900,000
1973 General Fund Appropriation	667,000
1974 General Fund Appropriation	1,033,000
1985 General Fund Appropriation	1,000,000
1986 General Fund Appropriation	400,000
1987 General Fund Appropriation	942,800
1988 General Fund Appropriation	<u>261,900</u>
(Subtotal-GPR Appropriations)	(\$25,204,700)
1969 Investment Board Loan	\$6,500,000
1973 General Fund Loan	13,500,000
1974 General Fund Loan	5,300,000
1974 Investment Board Loan	6,000,000
1975 Investment Board Loan	<u>6,000,000</u>
(Subtotal-Loans)	(\$37,300,000)
1991 WHEDA Loan Portfolio Proceeds	\$11,231,900
1993 Mortgage Loan Repayment Fund Transfer	20,000,000
1994 Asset Sale Proceeds	15,591,900
1997 Mortgage Loan Repayment Fund Transfer	<u>5,627,173*</u>
(Subtotal--Other)	\$52,450,9735
<b>TOTAL REVENUES</b>	<b>\$140,815,073</b>

\*In addition to this cash transfer, a portfolio of \$54.6 million in outstanding mortgage loans and \$7.9 million in home improvement loans were transferred to the VTF and the repayments may be used to fund VTF programs.

additional \$15.6 million from the proceeds remaining after the sale of revenue bond mortgages and the retirement of the associated outstanding debt. These latter funds, also utilized for additional consumer loans, were largely depleted by December 31, 1994.

In the 1997-99 budget, a \$68.0 million portfolio of primary mortgage loans, home improvement loans and excess cash reserves was transferred from the veterans mortgage loan repayment fund to the veterans trust fund to providing start-up funding for a new personal loan program (PLP).

The transferred portfolio consisted of \$54.6 million in primary mortgage loans, \$7.9 million in home improvement loans and \$5.6 million in excess cash reserves. A purpose of creating the PLP was to generate an on-going revenue source for the veterans trust fund from personal loan interest payments.

Appendix IV provides a summary of the total amounts of loans and grants made from the veterans trust fund from 1943 through June 30, 2002.

*Current Status of Fund.* The financial condition of the veterans trust fund, as of June 30, 2002, is presented in Table 3.

**Table 3: Veterans Trust Fund Balance Sheet -- As of June 30, 2002**

Assets	Amount
Cash and Investments	\$40,509,238
Economic Assistance Loans	725,702
Consumer Loans	3,196,453
Second Mortgage Loans	662,708
Disenfranchised Loans	23,085,380
Personal Loans	33,895,269
Acquired Revenue Bond Loans	67,712
HILP Loans	2,578,639
Revenue Bond Loans Receivable	1,887,145
Other Accounts Receivable	1,279,134
Prepaid Insurance	46,737
Property Plant and Equipment*	<u>8,419,185</u>
<b>TOTAL</b>	<b>\$116,353,304</b>
<b>Liabilities and Retained Earnings</b>	
Liabilities	\$3,053,446
Bonds Payable	984,943
Retained Earnings	(49,957,152)
Contributed Capital	<u>162,272,067</u>
<b>TOTAL</b>	<b>\$116,353,304</b>

\*Depreciated value.

The assets category refers to any cash on hand, investments, outstanding loans, pre-paid insurance and value of equipment. The liability category refers to any outstanding purchase orders. Retained earnings refers generally to

cumulative annual revenues minus annual expenditures. However, revenues which are generated from outside the fund and deposited to it, such as what occurred with the transfer of funding for the personal loan program, are not included (this type of revenue is called contributed capital).

Table 4 presents a summary of the revenues and expenditures for the fund in the 2001-02 fiscal year. As detailed in the table, new revenues to the veterans trust fund in 2001-02 totaled \$23,805,386. Of this total, \$5,357,804 accrued as interest income to the fund, \$17,816,516 in loan repayments were made, and \$631,066 in other income was generated. In addition to new revenue, a carryover balance of \$40,509,238 represents additional cash available for expenditures in 2002-03.

Fund disbursements in 2001-02 totaled \$19,602,518. Of that total, \$5,345,397 was expended for administrative purposes (including museum administration cemetery operations and debt service), \$8,002,684 was utilized to make personal loans, \$3,952,322 was paid for veterans grant purposes, and \$2,302,115 was spent on other veterans programs.

*Recent Program Changes Affecting the Fund.* In recent years, new trust fund programs have been created and existing programs have been changed significantly in order to increase benefit levels and the number of veterans eligible for these programs. Changes that were authorized in the last two years include: (1) increased educational grant reimbursements from 65% to 85% of the UW-Madison resident undergraduate tuition and fees; (2) provision of transportation services for veterans to community-based outpatient clinics and medical centers in Wisconsin; and (3) reduction of residency requirements from five years to one year for eligibility for most veterans programs, including veterans homes, tuition and fee reimbursements, housing loans, and burial rights.

**Table 4: Veterans Trust Fund Cash Flow**

	2001-02
<b>REVENUES</b>	
Opening Cash Balance, July 1	\$36,306,375
<b>Interest Earnings</b>	
Second Mortgage Loans	29,597
Personal Loans	2,105,938
Economic Assistance Loans	66,043
Consumer Loans	323,358
HILP Interest	215,651
Investments and Misc. Interest	1,005,362
Revenue Bond Interest	8,172
PML Portfolio	1,603,683
<b>Loan Repayments</b>	
Personal Loans	6,246,657
Second Mortgage Loans	235,511
Economic Assistance Loans	457,206
Consumer Loans	2,545,187
Primary Mortgage Loans	7,228,402
HILP	1,067,151
Principal Repayments	7,428
Unallocated Cash	28,974
<b>Other Income</b>	
VA Per Diem and Program Fees	346,616
Other Income and Cemetery Fees	34,357
<b>Miscellaneous Revenues</b>	
Museum Hall Sales	131,739
Loan Service Fees	<u>118,354</u>
Total Revenues	\$23,805,386
<b>EXPENDITURES</b>	
Administration	\$3,515,860
Museum Expenses	856,348
Cemetery Operations	681,371
Military Funeral Honors Admin.	170,600
Agency Debt Service	53,071
Operating Transfers Out	68,147
<b>Loans</b>	
New Personal Loans	7,672,178
Loan Expenses	186,056
SWIB Payments	144,450
<b>Aids to Individuals</b>	
Tuition and Fee Reimbursement	1,607,452
Part-Time Education Grants	488,328
Health Care Aid	1,091,916
Subsistence Aid Grants	544,834
Retraining Grants	219,792
<b>Other Programs</b>	
Rehabilitation Program	1,389,908
County Veterans Service Officers	289,261
VA Per Diem and Program Fees	284,554
Education Museum	200,000
Transportation Grants	100,000
Grants to Veterans Service Organiz.	<u>38,392</u>
Total Expenditures	\$19,602,518
YEAR ENDING CASH BALANCE	\$4,202,867
TOTAL CASH BALANCE	\$40,509,238

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## Wisconsin Veterans Home and Care Facilities

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### History and Description

In 1887, the Grand Army of the Republic (GAR) founded the Wisconsin Veterans Home at King to provide a facility for aging and disabled veterans of the Civil War. The property was conveyed to the state in 1890, but until 1917, it continued to be operated by the board of trustees originally established by the GAR. In 1917, the facility was placed under the control of a board of managers appointed by the Governor and, in 1929, control was transferred to the Adjutant General. Subsequently, administrative control of the facility was transferred to the Department of Veterans Affairs when that agency was created in 1945.

The Wisconsin Veterans Home at King provides residential care, nursing and medical services, food services, and social and counseling opportunities to its resident veterans and dependents. It includes four separately licensed nursing homes, with a total of 721 licensed skilled nursing care beds, cottages for married couples that provide 28 domiciliary beds, a chapel and an activity center, which contains a post office, theater, bowling alley, museum and library.

The Wisconsin Veterans Home at King is licensed and regulated by the Department of Health and Family Services (DHFS) as a nursing home and, as such, is subject to state and federal rules that govern the maintenance, operation and construction of nursing homes. These rules specify staffing requirements, program and service standards and various sanitary and physical plant regulations.

In response to interest in developing a second care facility for veterans, the Legislature enacted 1997 Wisconsin Act 121, which authorized DVA to

construct and operate residential treatment and nursing care facilities in southeastern Wisconsin. 1999 Act 9 authorized \$23.1 million in bonding authority for DVA to: (a) construct a 120-bed skilled nursing care facility; (b) construct a 48-bed community-based residential facility (CBRF); and (c) renovate Garner Hall and Beck Hall to create two 36-bed CBRFs. Act 9 also designated the new nursing care facilities, including the CBRFs, the Southern Wisconsin Veterans Retirement Center (SWVRC). These facilities are on the same campus as Southern Wisconsin Center for the Developmentally Disabled near Union Grove in Racine County. SWVRC opened in 2001 with two newly renovated buildings. Fairchild Hall (formerly Garner) and Shemanske Hall (formerly Beck) currently provide a total of 86 CBRF beds. SWVRC residents may also obtain health services at the U.S. Department of Veterans Affairs outpatient clinic, which is located near the residential facilities.

A 42-bed residential care apartment complex, which will be named Gates Hall, is scheduled to open in the summer of 2003, while the skilled nursing care facility is scheduled to open in January 2005. An adult day health care center and a recreational facility are also scheduled to open in 2005. Federal funding will support 65 percent of the construction costs of the adult day health care center, and may cover a portion of the costs of the recreational facility, as well. It is anticipated that 240 veterans and spouses will live at SWVRC upon completion of the skilled nursing facility, about half of whom will be eligible for medical assistance.

As of October, 2002, the Veterans Home at King was authorized 703.74 full-time equivalent positions and the SWVRC was authorized 68 full-time equivalent positions. The Department's 2003-05 budget proposal includes a request for approximately \$6.8 million and 143 additional full-time employees to operate the new 120-bed skilled nursing facility.

## Eligibility

To be admitted as a member of either veterans home, an applicant must have either: (a) served at least one day during a war period and been discharged under honorable conditions after 90 days or more of active service, unless earlier discharged due to a service-connected disability; (b) served during a qualifying military conflict; (c) received an armed forces expeditionary medal; or (d) served on active duty for two continuous years or more or the full period of the initial service obligation, whichever is less, except that an individual discharged for hardship, a service-connected disability, or released due to a reduction in armed forces prior to the completion of service would still qualify. In addition, a veteran may be admitted to the home or southeastern facility if the veteran (a) was a Wisconsin resident upon entering the service and a state resident on the date of application for membership or, if not a state resident upon entering the service, a veteran who has been a Wisconsin resident for any consecutive 12-month period after completing service (b) is permanently incapacitated due to disability or age (c) has not been convicted of a felony or other crime involving moral turpitude (d) has not been diagnosed with certain chronic ailments unless the facility is able to provide care for the individual (e) provides a financial statement for evaluation purposes, and (f) has care needs which the home or southeastern facility can meet. Spouses, surviving spouses, and parents may also qualify for admittance based on the veterans' eligibility.

As of December, 2002, the membership at Veterans Home at King totaled 742, including 618 veterans and 124 dependents (primarily spouses). The veteran members as of that date included 404 World War II veterans, 131 Korean War veterans, 54 Vietnam era veterans and 29 other qualifying veterans.

The membership at the SWVRC totaled 62

individuals, including 59 veterans and three dependents. As of December 1, 2002, there were 39 World War II veterans, 12 Korean War veterans, two Vietnam era veterans, and six other qualifying veterans.

## Funding

The Department's residential care facilities are supported from three primary sources: (1) member contributions; (2) MA payments; and (3) U.S. Department of Veterans Affairs (U.S. DVA) per diem payments. A brief explanation of these revenue sources is provided below.

*Member Contributions.* Each member is billed monthly for the cost of his or her care, based on the level of care the resident received the month before the billing period. Any adjustments in the actual cost of care provided are made on the next billing. Members, or their personal representatives, have 30 days after the receipt of the statement to pay the bill. An interest assessment of one percent per month or fraction of a month is applied to overdue bills. If the member's income is insufficient to cover the monthly charge, revenues derived from the other funding sources are used to pay the cost of the care provided to the member.

*U.S. Department of Veterans Affairs Per Diem Payments.* The Department receives U.S. DVA per diem payments for its member veterans, which vary depending on the level of care provided. As of October 1, 2002, the U.S. DVA paid the Department \$26.69 per day for each member who received domiciliary care and \$56.24 per day for each member who received nursing care.

*Medical Assistance Payments.* The Veterans Home at King is certified to participate in the MA program and receives MA reimbursement for the costs of services it provides to MA eligible residents. The state's MA program is funded on a 59% federal/41% state cost-sharing basis. The Veterans Home at King is able to claim all

allowable MA costs under the federal MA program, as long as the total claim is less than the Medicare upper limit, the amount that the state estimates would have been paid under Medicare payment principles. Allowable costs under MA include the interest portion of debt service costs and depreciation. Since debt service costs are funded by a GPR appropriation, MA reimbursement of interest costs and depreciation are required to lapse to the general fund at the end of each fiscal year. At the end of 2001-02, \$535,875 lapsed to the general fund as a result of MA reimbursement for interest and depreciation costs related to the Veterans Home at King.

Table 5 indicates the amount of revenue the Department received from each of the revenue sources for the operation of the Veterans Home at

King and the Southern Wisconsin Veterans Retirement Center in 2001-02 and the total expenses for the operation of these facilities. The table also identifies revenue transfers DVA made from these sources to support these facilities' fuel and utility costs and the required lapse to the general fund. The table also shows that, in 2001-02, DVA transferred \$1,102,300 from revenues collected for the care of members at the Veterans Home at King to support the costs of operating the SWVRC. Approximately \$151,900 of the funds transferred to SWVRC were used to cover the cost of debt service and the fuel and utilities for the facilities. Although SWVRC currently operates on a private pay basis, once the facilities are fully occupied 30% of the funding is expected to come from member contributions, 38% from VA pensions, and 32% from VA per diem payments.

**Table 5: Revenues and Expenditures for DVA's Institutional Operations -- Fiscal Year 2001-02**

	Veterans Home At King	SWVRC	Total
<b>Revenues</b>			
Medical Assistance			
2001-02 Claims	\$13,326,400	\$0	\$13,326,400
1999-00 and 2000-01 Claims	<u>3,765,000</u>	<u>0</u>	<u>3,765,000</u>
Subtotal	\$17,091,400	\$0	\$17,091,400
Member Contributions	\$15,926,300	\$285,900	\$16,212,200
U.S. DVA Per Diem Payments	\$11,225,900	\$263,300	\$11,489,200
Miscellaneous Revenue	\$41,300	\$4,700	\$46,000
Revenue Transfers			
to Fuel and Utilities Appropriation	-\$1,028,800	-\$90,000	-\$1,118,800
to Southern Wisconsin Retirement Center Facilities	-1,102,300	1,102,300	0
Lapse to General Fund (MA reimbursement of	<u>-535,900</u>	<u>0</u>	<u>-535,900</u>
Interest and Depreciation Costs)	-\$2,667,000	\$1,102,300	-\$1,654,700
<b>Total</b>	<b>\$41,617,900</b>	<b>\$1,566,200</b>	<b>\$43,184,100</b>
<b>Expenditures</b>	<b>\$40,576,600</b>	<b>\$1,297,300</b>	<b>\$41,873,900</b>



## APPENDIX I

### Military Service Requirements for Eligibility for State Veterans Programs

To be generally eligible for DVA benefits an individual must earn veterans status by meeting certain military service requirements. The 1997 Legislature broadened the definition of military service necessary to obtain veteran status to include a category of veterans that served during peacetime. Prior to the inclusion of peacetime veterans, a veteran had to meet criteria related to service in statutorily defined war periods and other conflicts. The definitions of Peacetime Veteran, Statutorily Designated War Periods and Other Designated Conflicts are as follows:

#### Peacetime Veterans

Veterans who served on active duty for two continuous years or more or the full period of the initial service obligation, whichever is less, except that an individual discharged for hardship, a service-connected disability, or released due to a reduction in armed forces prior to the completion of service would still qualify.

#### Statutorily Designated War/Conflict Periods

##### War Periods<sup>a,b</sup>

1. Indian War: 1860-1898
2. Spanish American War: 4/21/1898 to 4/11/1899
3. Philippine Insurrection: 4/12/1899 to 7/4/1902<sup>c</sup>
4. Boxer Rebellion: 6/16/1900 to 5/12/1901
5. Mexican Border Service: 6/19/16 to 4/5/17
6. World War I: 4/6/17 to 11/11/18<sup>d</sup>
7. World War II: 8/27/40 to 7/25/47
8. Korean Conflict: 6/27/50 to 1/31/55
9. Vietnam Era: 8/5/64 to 7/1/75<sup>e</sup>
10. Persian Gulf War: 8/1/90 to present<sup>f</sup>

##### Other Eligible Conflicts<sup>g</sup>

1. Lebanon: 8/1/82 to 8/1/84
2. Grenada: 10/23/83 to 11/21/83
3. Panama: 12/20/89 to 1/31/90
4. Middle East Crisis (Includes Iraq and Afghanistan conflicts): See <sup>h</sup> below.
5. Somalia: See <sup>i</sup> below.
6. Bosnia: See <sup>j</sup> below.

<sup>a</sup>Active duty service anywhere under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces, except service on active duty for training purposes, for 90 days or more during one or more of these ten war periods, or entitlement to receive an armed forces, navy or marine corps expeditionary medal or the Vietnam Service medal, qualifies a person for veteran status. Persons who were honorably discharged for service-connected disability or for disabilities subsequently adjudicated to have been service connected or who died in service during any of these periods also qualify as veterans.

<sup>b</sup>Persons whose only period of service was during the pre-Vietnam era (February 1, 1955 to August 4, 1964) must have served at least six months to qualify as veterans under s. 45.71 (16) which entitles them to benefits under the veterans housing loan program., although they may also qualify as peacetime veterans.

<sup>c</sup>Extended to July 15, 1903, if engaged in Moro Province hostilities.

<sup>d</sup>Extended to April 1, 1920, if service was in Russia.

<sup>e</sup>Extended to January 1, 1977, for veterans applying for primary mortgage and home improvement loans.

<sup>f</sup>An ending date to the Persian Gulf War (Operation Desert Storm or Operation Desert Shield) has not been set by the Department.

<sup>g</sup>Active duty service in these statutorily-designated conflicts areas during the defined conflict time period under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces, except service on active duty for training purposes, qualifies a person for veteran status

<sup>h</sup>Service in a Middle East Crisis is defined in s. 45.34 as active duty in the U.S. armed forces or forces incorporated as a part of U.S. armed forces for which any of the following apply: (1) award of the humanitarian service medal for participating in the attempted rescue of American hostages in Iran; (2) award of the valor ribbon bar by the U.S. State Department for having been a hostage in Iran in 1980 and 1981; (3) participation in the April 14, 1986, military action against Libya.; (4) service on the U.S.S. Stark on May 17, 1987; (5) service in support of Operation Desert Shield or Operation Desert Storm under an active duty order, a unit assignment order or an involuntary extension of an active duty order or in the Middle East or in territorial or international waters adjacent to the Middle East, under honorable conditions, between August 1, 1990, and the ending date of Operation Desert Shield or Operation Desert Storm, as established by DVA by rule; and (6) the person served for 90 days or more in support of Operation Enduring Freedom or an operation that is a successor to Operation Enduring Freedom or served in the Operation Enduring Freedom theater of operation under an active duty order, a unit assignment order, or an involuntary extension of an active duty order, under honorable conditions, between September 11, 2001, and the ending date of Operation Enduring Freedom or an operation that is a successor to Operation Enduring Freedom, as established by the department by rule.

<sup>i</sup>Service in Somalia or in territorial waters adjacent to Somalia under honorable conditions between December 9, 1992, and the end of Operation Restore Hope, as established by the Department.

<sup>j</sup>Active duty service in Bosnia is defined in s. 45.34(5) as service for 90 days or more in support of Operation Balkan Endeavor or service for 90 days or more in Austria, Bosnia, and Herzegovina, Czech Republic, Croatia, Hungary, Macedonia, Montenegro, Serbia including the autonomous provinces of Kosovo and Vojvodina, Slovakia or Slovenia, or in territorial waters adjacent to any of those countries, between December 1, 1995 and the ending date of Operation Balkan Endeavor or a successor operation, as established by the Department.

## APPENDIX II

### Primary Mortgage Loan Program Activity--Through June 30, 2002

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
<b>WHFA Issues</b>			
October, 1974	\$37,615,000	8.43%	1,324
May, 1975	<u>24,330,000</u>	<u>7.85</u>	<u>749</u>
Subtotal	\$61,945,000	---	2,073
<b>General Obligation Issues</b>			
August, 1975	\$50,000,000	7.00%	1,836
November, 1975	50,000,000	6.75	1,830
February, 1976	100,000,000	7.00	3,543
June, 1976	100,000,000	7.00	3,655
October, 1976	40,000,000	6.35	1,411
January, 1977	40,000,000	6.23	1,386
March, 1977	110,000,000	6.11	3,692
August, 1977	36,000,000	6.03	1,161
October, 1977	100,000,000	6.44	3,174
May, 1978	80,000,000	6.58	2,367
September, 1978	49,000,000	6.25	1,378
November, 1978	75,000,000	6.88	2,021
April, 1979	70,000,000	6.70	1,906
August, 1979	70,000,000	6.91	1,824
December, 1979	30,000,000	7.31	758
August, 1982	30,000,000	10.20	758
April, 1983	20,000,000	9.20	496
July, 1983	30,000,000	9.90	721
March, 1984	50,000,000	10.30	1,232
April, 1985 (refunded May, 1986)	67,867,000	10.60/8.55	1,315
July, 1988	15,000,000	8.55	320
January, 1989	20,000,000	8.55/7.85	422
July, 1989	20,000,000	7.85	404
April, 1990	20,000,000	8.25	200
September, 1990	20,003,400	8.25	383
April, 1991	30,000,000	8.10/7.4	576
June, 1992	30,000,000	7.40	181
November, 1993	20,000,000	5.25	327
December, 1993	135,255,000		
June, 1994	103,830,000	6.00	350
August, 1994 (refunding issue)	10,400,000	0.00	0
August, 1994	45,000,000	7.25	499
February, 1995	45,000,000	7.45	494
October, 1995	42,850,000	6.55	432
May, 1996	45,000,000	7.00	433
October 1996	30,000,000	6.90	284
March, 1997	45,000,000	6.90	445
September, 1997	45,000,000	6.40	141
September, 1997	45,000,000	6.40	204
May, 1998	30,565,000	6.65	206
May, 1998	34,005,000	6.65	381
October, 1998	6,155,000	6.50	187



**APPENDIX II (continued)**

**Primary Mortgage Loan Program Activity--Through June 30, 2002**

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
<b>General Obligation Issues (continued)</b>			
October, 1998	55,000,000	6.50	518
May, 1999	40,000,00	7.90	478
November, 1999	65,000,000	7.80	639
July, 2000	35,000,000	7.50	268
February, 2001	15,000,000	6.80	146
June, 2001	20,000,000	7.00	158
October, 2001	20,000,000	6.80	155
April, 2002	15,000,000	6.50	112
June, 2002	<u>20,000,000</u>	6.50	<u>81*</u>
Subtotal	\$2,372,475,400	---	47,961
Lending of Prepayments from Prior General Obligation Issues			
March, 1980; April, 1980	-0-	6.60/7.31%	1,535
Lending of Undisbursed Proceeds from Prior General Obligation Issues			
May, 1985; July 1986; August, 1988	-0-	10.60/8.55%	78
Lending of Funds from Prepayments for HILP and disenfranchised home loans			
	-0-	7.85/8.25/ 8.10/7.4 5.25/6.00	856
State of Wisconsin Revenue Bond Issues			
May, 1980	\$80,000,000	9.83%	1,700
August, 1981	10,055,000	12.31	268
Subtotal	<u>\$90,055,000</u>	---	<u>4,437</u>
<b>TOTAL</b>	<b>\$2,462,530,400</b>	<b>---</b>	<b>52,398</b>

NA = Not available.

\* = funds not exhausted from bonds issued in June, 2002.

## APPENDIX III

### DVA Program Changes in 2001-03

**Residency Requirements for Veterans.** 2001 Wisconsin Act 16 modified the Wisconsin residency requirement for veteran's eligibility to receive benefits under most state veteran programs by redefining the residency requirement for persons who were not residents at the time of their enlistment or induction into military service. In the past, these veterans were required to have been a resident for any consecutive five-year period after entry or reentry into the service and before application for a veterans benefit. Act 16 changed the residency requirement from a five-year consecutive period to a 12-month consecutive period.

**Education Grants.** Act 16 increased the grant reimbursement rate for qualifying veterans under

the tuition and fee reimbursement grant program and the part-time study grant program from 65% to 85% of the cost of tuition and fees for a UW-Madison resident undergraduate.

**Transportation Services Grant for Veterans.** Act 16 provided \$200,000 SEG annually from the Veterans Trust Fund to support: (1) \$100,000 annually for a grant to the Wisconsin Chapter of the Disabled American Veterans (DAV) for transportation grants in the areas they serve; and (2) \$100,000 annually for grants to counties in areas not served by DAV. Grants were to be used for providing free transportation to veterans to community-based outpatient clinics and medical centers in Wisconsin.

## APPENDIX IV

### Summary of State Grants and Loans to Veterans

	2001-02 <u>Loans</u>	2001-02 Total Loan <u>Amount</u>	2001-02 Average <u>Amount</u>	Total Loans <u>thru 2001-02</u>	Total Loan Amount <u>thru 2001-02</u>
<b>DVA Loan Programs</b>					
Primary Mortgage Loan Program	513	\$66,369,619	\$129,375	47,961	\$2,372,455,400
Home Improvement Loan Program	101	1,630,100	16,140	1,959	24,023,256
Economic Assistance Loan Program*	0	0	0	94,154	161,229,828
Personal Loan Program	914	7,603,628	8,319	5,982	50,809,825
Consumer Loan Program**	0	0	0	2,634	35,478,640

	2001-02 <u>Grants</u>	2001-02 Total Grant <u>Amount</u>	2001-02 Average <u>Amount</u>	Total Grants <u>thru 2001-02</u>	Total Grant Amount <u>thru 2001-02</u>
<b>DVA Grant Programs</b>					
Tuition Fee and Reimbursement Grants	1,257	\$1,772,165	\$1,410	\$10,861	\$7,406,090
Part-Time Study Grants	1,028	535,267	521	246,517	26,622,713
Retraining Grants	97	229,094	2,362	1,013	2,717,108
Health Care Aid Grants	552	1,169,198	2,118	23,733	14,508,007
Subsistence Aid Grants	614	563,332	917	30,673	8,317,385

\*Funding for this program was depleted in 1997-98.

\*\*Funding for this program was depleted in 1994-95.