



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

April 30, 2013

Joint Committee on Finance

Paper #692

Grants to Organizations that Serve Veterans (Veterans Affairs -- Departmentwide, Veterans Programs, and Museums)

[LFB 2013-15 Budget Summary: Page 489, #4]

CURRENT LAW

The Department of Veterans Affairs (DVA) provides grants to state and national veterans organizations that maintain a claims service office at the United States Department of Veterans Affairs (USDVA) regional office in Milwaukee for the purpose of assisting Wisconsin veterans with obtaining federal veterans benefits. To qualify for the state grant, the veterans organization must have maintained the office for at least five out of the 10 years preceding the date of application for the grant.

The statutes require that grant amounts be based on the total amount of salaries and travel expenses incurred by a qualifying service organization as follows: (a) for organizations with costs ranging from \$1 to \$2,499, DVA reimburses the entire amount; (b) for organizations with costs ranging from \$2,500 to \$9,999, DVA reimburses \$2,500; (c) for organizations with costs ranging from \$10,000 to \$119,999, DVA reimburses 25% of the costs; and (d) for organizations with costs of at least \$120,000, DVA reimburses \$30,000. In 2011-12, DVA provided grants totaling \$102,000 to four organizations -- the American Legion, Disabled American Veterans, the Military Order of the Purple Heart, and Veterans of Foreign Wars.

In addition, DVA is also required to provide a payment of \$100,000 annually to the Wisconsin Department of Disabled American Veterans (DAV) to develop, maintain, and expand transportation services for veterans.

Funding for the two types of grants is budgeted in two appropriations supported by the veterans trust fund. Base funding for grants to the organizations that assist veterans with obtaining federal benefits is \$110,000 SEG annually. Funding to support the transportation grant to DDAV is budgeted as part of an appropriation that also supports grants DVA provides to

counties that are not served by the transportation network developed by the DAV. Base funding for the appropriation that supports transportation services is \$200,000 SEG annually, of which \$100,000 is budgeted for the DAV grant and \$100,000 is budgeted to support grants to counties.

Finally, DVA is budgeted \$10,000 SEG annually in an appropriation that supports "the repair and improvement of facilities and for insurance premiums for the facilities operated by bona fide veterans organizations as homes for the retreat or asylum of needy veterans." DVA provides this funding to Camp American Legion, which is located on Big Carr Lake near the City of Tomahawk. The camp provides rest, relaxation, recuperation and rehabilitation to Wisconsin veterans of all ages, active duty military service members and their families. The camp serves Wisconsin veterans and active duty service members with physician documented physical or psychological illnesses, injuries or disabilities, as well as active duty military who have recently returned from a deployment, and families who have recently lost service members.

GOVERNOR

Provide \$238,000 SEG annually to increase support for organizations that serve veterans, and modify statutory provisions relating to these grants as follows.

Grants to Federally-Recognized Veterans Services Organizations. Modify the formula DVA uses in awarding grants to federally-recognized veterans service organizations by creating two categories of grantees: (a) those with paid salary and travel expenses of up to \$119,999 in the previous year, which would receive annual grants equaling 50% of the amounts paid; and (b) those with salary and expenses of \$120,000 or more in the previous year, which would receive annual grants of \$70,000. Require these organizations to maintain records, as required by DVA, concerning the organizations' expenditures of the payments, and provide DVA access to those records, upon request of DVA, to permit DVA to audit those records. Specify that these changes would first apply to an application for payment that DVA receives from state veterans services organizations on the bill's general effective date.

Grant to the Wisconsin Department of Disabled American Veterans (DAV). Increase, from \$100,000 to \$120,000, the amount DVA is required to provide to the DAV for the provision of transportation services to veterans. Require DAV to maintain records, as required by DVA, concerning its expenditure of the state grant, and to give DVA access to those records upon request of DVA, permitting DVA to audit the records to ensure that DAV is using the grant funds to provide transportation services to veterans.

Grants for the Operation of Camp American Legion. Authorize DVA to annually grant up to \$50,000 to the Wisconsin Department of the American Legion for the operation of Camp American Legion. Modify the current DVA grants appropriation to authorize these payments.

DISCUSSION POINTS

1. Attachment 1 identifies the funding that was provided to each of the grantees in

2011-12 and the administration's estimates of the annual amount each grantee would receive under the bill, beginning in 2013-14. The table shows that the total annual funding that would be available to support these grants in the bill (\$558,000 SEG) would be sufficient to provide the maximum annual grant amount to each of the four veterans service organizations that currently receive grants and to provide a grant to one organization that has not received a grant in the past, the Paralyzed Veterans of America. The administration estimates that if that agency applied for grant funding, it would receive a grant of approximately \$8,000 annually, which equals 50% of DVA's estimates of that agency's spending for eligible salaries and travel costs (\$16,000).

2. In total, the bill would increase annual funding budgeted for these grants by 74%, although grant increases would vary by type of grant and grantee, as shown in the attachment. Under the bill, the additional funding that would be provided to each veterans service organization would depend upon the grantees' eligible expenses, while funding increases to DAV and Camp American Legion would be provided through statutory allocations.

3. The veterans service organizations range in size from the American Legion, which had total revenues of approximately \$2,841,000 in calendar year 2010, to the Military Order of the Purple Heart, which had revenues of approximately \$171,000 from May 1, 2010, to April 30, 2011.

4. The following table shows the number of applications veterans service organizations have submitted on behalf of veterans for the past three grant years. Information was not available for the 2009-10 grant year for the Veterans of Foreign Wars or for the 2010-11 and 2011-12 grant years for the Disabled American Veterans. Only the American Legion saw growth in the number of applications it submitted in each of the three grant years. Although applications submitted by the Military Order of the Purple Heart (MOPH) decreased from 2009-10 to 2010-11, applications increased from 2010-11 to 2011-12, and MOPH's number of total clients served increased from 427 in 2009-10 to 582 in 2010-11 and to 598 in 2011-12.

**Veterans Service Organizations
Applications Submitted**

<u>Organization</u>	<u>April 2009 to March 2010</u>	<u>April 2010 to March 2011</u>	<u>April 2011 to March 2012</u>
American Legion	36,171	38,745	45,226
Disabled American Veterans	4,914	Not Available	Not Available
Military Order of the Purple Heart	470	317	389
Veterans of Foreign Wars	Not Available	7,233	5,819

5. The proposed funding increase for the operation of Camp American Legion and DAV are intended to increase the funding available for the direct services these two organizations provide to veterans. Camp American Legion provides free rest, relaxation, recuperation and rehabilitation services to military members suffering from physical and psychological conditions. In 2012, DAV provided transportation to more than 29,623 veterans, totaling 911,550 miles.

6. If the Committee wishes to approve the Governor's recommendations (Alternative

1), the following changes should be made to the bill: (a) transferring the funding increase for grants provided to DAV from the appropriation that supports grants to the veterans service organizations [20.485(2)(vw)] to the appropriation that supports transportation grants [20.485(2)(s)]; (b) repealing the current appropriation that supports the \$10,000 grant to Camp American Legion [20.485(2)(w)] and transferring base funding from that appropriation to the appropriation under s. 20.485(2)(vw) that would be amended for this purpose; and (c) correcting the placement of the initial applicability section as it relates to grants provided to veterans service organizations so that it references the Department of Veterans Affairs, rather than the Department of Military Affairs.

7. Alternatively, the Committee could separately decide on the funding increases, if any, that could be provided for each type of grant (Alternative 2 A through D). The Committee could decide to provide a more modest increase in funding for these grants, or delete one or more of the funding increases entirely. In addition, the Committee may wish to increase funding budgeted for grants to counties to provide transportation services in areas not served by DAV.

8. Finally, in light of the structural deficit in the veterans trust fund, as described in LFB Paper #690, the Committee may wish to delete all of the Governor's recommended funding and statutory changes relating to these grants (Alternative 3).

ALTERNATIVES

1. Approve the Governor's recommendations, with the changes described in Discussion Point 6.

2. Approve one option under A through D below, and make any statutory changes or funding transfers to the bill, as described in Discussion Point 6, consistent with these decisions.

A. Grants to Veterans Service Organizations

1. Adopt the Governor's recommendations.

2. Modify the Governor's recommendation by providing a maximum grant of \$50,000, rather than \$70,000 for organizations that spend at least \$120,000 on salaries and travel expenses. Reduce funding by \$80,000 SEG annually.

ALT 2A2	Change to Bill Funding
SEG	- \$160,000

3. Modify the Governor's recommendation by providing a maximum grant of \$40,000, rather than \$70,000 for organizations that spend at least \$120,000 on salaries and travel expenses. Reduce funding by \$120,000 SEG annually.

ALT 2A3	Change to Bill
	Funding
SEG	- \$240,000

4. Delete the funding increase that would be budgeted to support grants to veterans service organizations. Reduce funding in the bill by \$178,000 SEG annually.

ALT 2A4	Change to Bill
	Funding
SEG	- \$356,000

B. Grants for Transportation Services -- Allocation for the Department of Disabled American Veterans

1. Adopt the Governor's recommendations.
2. Modify the Governor's recommendation by providing \$110,000 annually for the Wisconsin department of Disabled American Veterans, rather than \$120,000 annually, as provided in the bill.

ALT 2B2	Change to Bill
	Funding
SEG	- \$20,000

3. Delete the funding increase for grants for transportation services in the bill (-\$20,000 SEG annually).

ALT 2B3	Change to Bill
	Funding
SEG	- \$40,000

C. Grants for Transportation Services -- Allocation for County Departments

1. Adopt the Governor's recommendations to maintain base funding for transportation services counties provide to disabled veterans (\$100,000 SEG annually)
2. Increase funding for transportation services counties provide to disabled veterans by \$10,000 annually so that \$110,000 SEG would be budgeted annually for this purpose.

ALT 2C2	Change to Bill
	Funding
SEG	\$20,000

D. Grant to Camp American Legion

1. Adopt the Governor's recommendations to increase funding for Camp American Legion by \$40,000 per year so that a total of \$50,000 would be available for this purpose annually (the base of \$10,000 plus the annual increase of \$40,000).

2. Modify the Governor's recommendation by increasing funding for Camp American Legion by \$20,000 per year so that a total of \$30,000 would be available for this purpose annually (the base of \$10,000 plus the annual increase of \$20,000). Reduce funding in the bill by \$20,000 SEG annually.

ALT 2D2	Change to Bill
	Funding
SEG	- \$40,000

3. Delete the funding increase that would be provided in the bill for Camp American Legion (-\$40,000 SEG annually).

ALT 2D3	Change to Bill
	Funding
SEG	- \$80,000

3. Delete all of the Governor's provisions relating to these grants to organizations that serve veterans. Reduce funding in the bill by \$238,000 SEG annually.

ALT 3	Change to Bill
	Funding
SEG	- \$476,000

Prepared by: Grant Cummings
Attachment

ATTACHMENT

Summary of Funding for Selected Grants to Veterans Organizations

<u>Summary of Grant Funding</u>	<u>Organization's 2011-12 Salary and Travel Spending</u>	<u>2011-12 State Grant</u>	<u>Basis of Grant Amount</u>	<u>Estimated Annual Grant Under the Bill</u>	<u>Estimated Annual Change from 2011-12 Amount</u>	<u>Percent</u>
Grants to Veterans Service Organizations						
American Legion	\$176,769	\$30,000	Eligible Expenses	\$70,000	\$40,000	133%
Disabled American Veterans	At least \$120,000	30,000	Eligible Expenses	70,000	40,000	133
Veterans of Foreign Wars	\$106,168	26,542	Eligible Expenses	70,000	43,458	164
Military Order of the Purple Heart	\$61,796	15,449	Eligible Expenses	70,000	54,551	353
Paralyzed Veterans of America	Did not Apply	<u>0</u>	Eligible Expenses	<u>8,000</u>	<u>8,000</u>	Not Applicable
Subtotal		\$101,991		\$288,000	\$186,009	182%
Grants for Transportation of Disabled Veterans						
Disabled American Veterans (Wi)		\$100,000	Sum Certain Amount	\$120,000	\$20,000	20%
Counties		<u>100,000</u>	Sum Certain Amount	<u>100,000</u>	<u>0</u>	<u>0</u>
Subtotal		\$200,000		\$220,000	\$20,000	10%
Grant to Camp American Legion		<u>\$10,000</u>	Sum Certain Amount	<u>\$50,000</u>	<u>\$40,000</u>	400%
Total		\$311,991		\$558,000	\$246,009	79%
Change to Base (\$320,000 Annually)					\$238,000	74%