



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #802

Implementation Issues Relating to Certain Veterans Programs Affected by the 10-Year Solvency Plan (DVA -- Veterans Trust Fund)

[LFB 2005-07 Budget Summary: Page 511, #2, and Page 513, #4]

CURRENT LAW

Economic Assistance Grants

The Department of Veterans Affairs (DVA) awards Health Care Aid Grants to eligible needy veterans and family members for health care costs that are not covered by programs offered by the U.S. DVA. Payments may be made for dental, vision, and hearing care, as well as treatment for alcoholism and other drug addiction. Current rules limit annual eyeglasses and contact lenses payments to \$250 per eligible person and annual hearing aid payments to \$1,000 per ear per eligible person. Grants are limited to \$5,000 per veteran or dependent per year. A veteran may not have liquid assets of more than \$1,000 without losing grant eligibility. Base level funding for this program is \$1,500,000 SEG annually from the veterans trust fund.

DVA also administers a Subsistence Grants program that provides temporary aid to veterans and eligible dependents in the event of an illness, disability or death that causes a loss of income. Aid may be paid in connection with an alcohol- or drug-related incapacity, and any aid payment under the program is generally limited to three months during any 12-month period. Base level funding for this program is \$681,300 SEG annually from the veterans trust fund.

For the Subsistence Grants program, the Department may request funding supplementations from the Joint Committee on Finance under a 14-day passive review procedure.

Education Grants

DVA currently operates two education grant programs for veterans. A Tuition and Fee Reimbursement Grant program provides reimbursement of up to 100% of the cost of an eligible veteran's undergraduate tuition and fees for 12 credits or more of study per semester, based on the costs of a UW-Madison resident undergraduate. Base funding for the program is \$2,572,100 SEG annually from the veterans trust fund under a biennial appropriation. A Part-Time Study Grant program provides a comparable level of reimbursement for part-time study of 11 credits or less per semester (for students without a bachelor's degree) or eight credits or less (for graduate students engaged in part-time study). Base funding for this program is \$787,000 SEG annually from the veterans trust fund under a biennial appropriation.

Under the Tuition and Fee Reimbursement Grant program, reimbursements may be made for students who have successfully completed 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, provided that coursework began within 10 years of the veteran's separation from active duty. Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 per dependent in excess of two) who have served on active duty for two or more continuous years, 90 days during a war period, 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. All applications for this program must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

Under the Part-Time Study Grant program, veterans may receive reimbursement for course work at proprietary trade and vocational school in addition to the same types of eligible institutions as under the Tuition and Fee Reimbursement Grant program. Reimbursement may also be received for coursework at certain out-of-state schools, if the course is not offered in Wisconsin and is within 50 miles of the participant's home. The unremarried spouses and the dependents of deceased veterans are eligible for reimbursements under this program. Eligibility is also restricted to veterans with incomes of \$50,000 or less (plus \$1,000 per dependent in excess of two).

GOVERNOR

Economic Assistance Grants

Funding Changes. Delete \$850,000 SEG annually for the Health Care Aid Grants program and \$509,300 SEG annually for the Subsistence Grant program. Following these reductions, \$650,000 SEG annually would be provided for the Health Care Aid Grants program

and \$172,000 SEG annually would be provided for the Subsistence Grants program. The funding reductions would be made in connection with the following changes to the programs:

Benefit Changes Applicable to Both Programs. Make the following modifications applicable to both programs: (1) establish a \$5,000 lifetime cumulative grant maximum that any veteran may receive from both programs; (2) terminate the eligibility of a veteran's spouse, widow, or dependents for benefits under either program; and (3) rename the subsistence grants appropriation as the "assistance to needy veterans" appropriation and specify that amounts provided under this appropriation may be used for either Subsistence Aid Grants or Health Care Aid Grants.

Health Care Aid Grants Program Changes. Make the following modifications applicable to the Health Care Aid Grants program: (1) specify that these grants may be used solely for the reimbursement of dental care (including dentures), vision care (including eyeglass frames and lenses), and hearing care (including hearing aids); and (2) establish maximum grants of \$2,500 for dental care, \$500 for vision care, and \$1,500 per ear for hearing care for any consecutive 12-month period.

Subsistence Grants Program Changes. Specify that the maximum award under the program would be \$2,000 per occurrence for any consecutive 12-month period.

Joint Committee on Finance Supplementations. Authorize DVA to submit a request to the Joint Committee on Finance for additional funds from the veterans trust fund to supplement the assistance to needy veterans appropriation by an amount equaling that which the Department expects to expend. Specify that DVA would not have to make a finding that an emergency exists in order to make the supplementation request.

Education Grants

Funding Changes. Delete \$760,000 SEG annually in connection with consolidating the existing veterans Tuition and Fee Reimbursement Grant program with the Part-Time Study Grant program and revising the payment and eligibility criteria for the consolidated program.

This funding adjustment includes the deletion of \$787,900 SEG annually of base funding for the Part-Time Study Grant program to reflect its repeal as a separate program and the addition of \$27,900 SEG annually to the on-going Tuition and Fee Reimbursement Grant program, which would be designated the Veterans Education Grant program. Under the Governor's recommendation, total base funding for both programs of \$3,360,000 SEG annually would be reduced to \$2,600,000 SEG annually.

Modifications to Program Eligibility Criteria. Modify the following program eligibility criteria: (1) eliminate the current income cap [\$50,000 plus \$1,000 per dependent in excess of two] for program participation and instead index the income eligibility maximum for the new program to the state's median household income; (2) prohibit reimbursements for post-baccalaureate degree coursework; (3) specify that veterans enrolling in a public or private high

school would be eligible for reimbursements; (4) repeal the eligibility of unremarried spouses and dependents of deceased veterans for education grants in connection with part-time study; and (5) stipulate that a veteran who is eligible for or received either a National Guard Tuition Grant under the Department of Military Affairs or off-duty training or education paid by the U.S. Department of Defense under 10 USC 2007 (generally applying to federal payments for educational costs in exchange for agreeing to serve in active service or the reserves) would be ineligible for DVA education grants.

Modifications to Program Benefits. Modify the following program benefits: (1) authorize grants under the Veterans Education Grant program to be used either for full-time or part-time study; (2) eliminate reimbursements for student fees (other than for disabled veterans); (3) authorize DVA to adjust the rates of reimbursement based on the availability of appropriated funds (except for disabled veterans whose rate of reimbursement could not be reduced); (4) establish an overall benefit limitation of 120 credits or eight semesters of reimbursements, whichever comes first; (5) specify that the current law requirement for a veteran to use these educational grants within 10 years of separation from service would not apply with respect to up to 60 credits of part-time study; and (6) link the maximum number of credits for which reimbursement may be received to the number of days served on active duty.

The number of reimbursable credits would be linked to the number of days of active duty, as follows: (1) 30 credits (or two semesters) would be reimbursable for 90 to 180 days of active duty; (2) 60 credits (or four semesters) would be reimbursable for 181 days to 730 days of active duty; and (3) 120 credits (or eight semesters) would be reimbursable for more than 730 days of active duty.

Miscellaneous Provisions. Authorize DVA to promulgate emergency rules relating to changes in the educational grant program. The Department would not be required to provide evidence that the emergency rules were required for the preservation of public peace, health, safety or welfare or to provide a finding of an emergency.

Specify that these provisions first apply to courses completed on and after the general effective date of the biennial budget act.

DISCUSSION POINTS

Economic Assistance Grants

1. Prior to 1997 Wisconsin Act 27, the Subsistence Aid Grants program and the Health Care Aid Grants program were both funded along with the Part-Time Study Grant program and the Retraining Grant program from a single SEG annual appropriation supported by the veterans trust fund. The arrangement provided DVA with considerable flexibility in funding the program needs of any of the programs that were supported from the appropriation since funds could be reallocated within the appropriation to meet any anticipated costs due to increased demand. Act 27 established separate SEG appropriations for the each of these DVA programs.

2. Subsequently, in 1998 because of increased demand for the Subsistence Aid Grants program, DVA requested that the program be converted to a biennial appropriation in order for the agency to have more funding flexibility in managing the program's funding needs. Instead, under 1997 Wisconsin Act 237 (the 1998 budget adjustment act), the Legislature authorized DVA to request any required funding supplements for the program from the Joint Committee on Finance by means of a separately established, statutory 14-day passive review procedure.

3. Similar program growth occurred during this period in the Health Care Aid Grants program. Under the 1999-01 biennial budget act, the Legislature directed the Department to review the operation of the program and examine modifications that could restrain expenditure growth in the program. Changes were proposed for the program as part of the Governor's budget recommendations under the 2001-03 biennial budget bill, as introduced. These changes related to limiting Health Care Aid Grants only to hearing aids, dental care (dentures), and eyewear. Following public testimony on these proposed changes, the Committee deleted the Governor's recommendations from the budget bill.

4. Table 1 summarizes the recent grant activity under the Subsistence Aid Grants program over the last five complete fiscal years.

TABLE 1

**Subsistence Aid Grants Utilization
(1999-00 through 2003-04)**

	<u>Grants Approved</u>	<u>Expenditures</u>
1999-00	488	\$372,800
2000-01	564	460,600
2001-02	598	539,100
2002-03	496	382,600
2003-04	343	260,800

5. For the 2004-05 fiscal year, a total of 191 grants have been approved through late March, 2005, at a cost of \$102,200 SEG. Funding for the program in 2004-05 is \$681,300 SEG annually and would be decreased to \$172,000 SEG annually under the 10-year solvency plan as proposed by the Department and recommended by the Governor.

6. Table 2 summarizes the recent grant activity under the Health Care Aid Grants program over the last five complete fiscal years.

TABLE 2

**Health Care Aid Grants Utilization
(1999-00 through 2003-04)**

	<u>Grants Approved</u>	<u>Expenditures</u>
1999-00	586	\$1,390,300
2000-01	541	1,011,400
2001-02	677	1,220,900
2002-03	789	1,427,900
2003-04	555	1,075,000

7. For the 2004-05 fiscal year, a total of 307 grants have been approved through late March, 2005, at a cost of \$545,500 SEG. Funding for the program in 2004-05 is \$1,500,000 SEG annually and would be decreased to \$650,000 SEG annually under the 10-year solvency plan as proposed by the Department and recommended by the Governor.

8. DVA has estimated that the proposed statutory changes (as well as some additional modifications that the agency would seek through administrative rules changes) would further decrease the funding needs for the two programs. For example, the Department has estimated that applying a combined \$5,000 lifetime grant limit under both grant programs would produce estimated savings of \$106,000 annually. Further, the targeted use of the Health Care Aid Grants program to specific dental, vision and hearing procedures would produce annual savings to that program of approximately \$260,000 annually. DVA also estimates that making the Subsistence Aid Grants program available only to those veterans meeting the agency's low-income criteria would save \$76,200 annually. A comparable change to the Health Care Aid Grants program would save \$56,900 annually.

9. Currently, the combined base funding for both programs is \$2,181,300 SEG annually. Under the Department's 10-year solvency plan, as recommended by the Governor, the total funding for the two programs would be reduced to \$822,000 SEG annually. Based on current year expenditure patterns for both programs through late March, it is anticipated that the Subsistence Aid Grants program and the Health Care Aid Grants program will together expend \$893,400 SEG in 2004-05. These expenditure levels represent grant payments under the current program benefit structure.

10. Since the Department has identified at least \$499,100 in estimated savings as a result of program modifications made under the 10-year solvency plan, it would appear that the overall funding levels recommended for both programs for 2005-06 and for 2006-07 are likely to be adequate to meet current demand. Consequently, the Committee may wish to approve the recommended funding levels for the grant programs.

11. However, in the recent past, these programs have been subject to much higher expenditure activity. In 2002-03, for example, a total of \$1,427,900 SEG was paid under the Health Care Aid Grants program for 789 grants. In 2001-02 under the Subsistence Aid Grants program, a total of \$539,100 was paid for 598 grants. Levels of increased grant activity under these programs appears to be linked primarily to two factors: (a) expansions to the pool of eligible veterans who make take advantage of the programs; and (b) periods of economic slowdown.

12. While it is impossible to predict whether future changes in these factors might again cause grant activity to increase under these programs, the Committee could provide the Department with additional flexibility in managing changes in demand under either program by budgeting both programs under a single appropriation. Under this approach, separate appropriation numerics could still be assigned to both programs so that the Legislature could continue to monitor expenditures under both programs; however, because both numerics would be under the same general appropriation, the Department would have the ability to shift funding between programs, if changes in program demand warranted such action.

13. The Department has also identified additional modifications to these programs to implement the 10-year solvency plan. With respect to the Subsistence Aid Grants program, the Department has proposed clarifying that aid payments would be made only to those veterans who have suffered a loss of income due to illness, injury, or natural disaster. Further, no Subsistence Aid Grants payments would be authorized if the veteran had other assets or income sufficient to meet basic subsistence needs or was eligible for aid from other sources to meet such needs.

14. The Department has also proposed modifying the Health Care Aid Grants program by authorizing the agency to promulgate rules establishing household income limits, above which the veteran would not qualify for benefits. Since this rule-making authority would appear appropriate for both programs, the Committee may wish to authorize such rules for the Subsistence Aid Grants program in addition to the Health Care Aid Grants program. The Department has also requested the authority to promulgate these rules as emergency rules without having to meet the requirements that the rules are necessary for the preservation of public peace, health, safety or welfare, or that an emergency exists. The foregoing changes would appear reasonable, and the Committee could include these proposed modifications.

15. The Governor has also recommended that DVA be authorized to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes for a supplementation to the Subsistence Aid Grants appropriation. The Department would not have to show that an emergency exists, as required under current law; however, the Committee would be required to meet to consider the agency's request.

16. Under current law, DVA may seek a supplementation to the Subsistence Aid Grants appropriation by submitting its request under a 14-day passive review process. The Department is required under current law to demonstrate that a funding emergency exists under the appropriation. This procedure was authorized by 1997 Wisconsin Act 237, and has been used twice since that time by the Department: once in the spring of 2000 and again in early 2001. This process allows for

more expeditious action in providing a supplement since the Committee need not meet formally on the agency's request. However, the Committee is still accorded the opportunity for review, if it wishes. The Department would still have to show that an emergency exists in order for the supplementation request to be made, which appears to be appropriate for any supplementation request. The Committee may wish to retain the current law supplementation process instead of the procedure recommended by the Governor. Further, if the Committee chooses to fund the two grant programs under one appropriation, both programs would then become subject to this supplementation passive review process.

Education Grants

17. The Department's Part-Time Study Grant program was established by Chapter 29, Laws of 1941, to pay for courses taken by Wisconsin citizens that were serving in the Army, Navy, or Marine Corps for courses taken from the UW Extension Division. No more than one correspondence course could be taken at any one time under this provision. The grant program has since become available to any veteran that attends a 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.

18. The companion Tuition and Fee Reimbursement Grant program was established by 1993 Wisconsin Act 254, and funding for the program was first provided under the 1995-97 biennial budget (1995 Wisconsin Act 27). Initially, under Act 254, the reimbursement rate for the program was set at 25%. This reimbursement rate was subsequently increased by Act 27 to 35%.

19. The Tuition and Fee Reimbursement Grant program reimbursement rate was again increased to 50% by 1995 Wisconsin Act 255. Provisions of 1997 Wisconsin Act 27 established a maximum reimbursement equivalent to 50% of the undergraduate resident tuition and fees charged at UW-Madison.

20. At the time the Tuition and Fee Reimbursement Grant program was created in 1994, the Part-Time Study Grant program reimbursement rate was set at a maximum of \$300 per course or \$1,100 per year. Provisions of 1997 Wisconsin Act 27 made the reimbursement rate uniform for both programs at the lesser of 50% of actual tuition and fees or 50% of resident undergraduate tuition and fees at the UW-Madison. Successive biennial budgets made the following changes to these two programs:

- 1999 Wisconsin Act 9 increased the maximum reimbursement rate for both programs from 50% to 65% of the resident undergraduate tuition and fees at the UW-Madison.
- 2001 Wisconsin Act 16 increased the maximum reimbursement rate for both programs from 65% to 85% of the resident undergraduate tuition and fees at the UW-Madison.
- 2003 Wisconsin Act 33 increased the maximum reimbursement rate for both programs from 85% to 100% of the resident undergraduate tuition and fees at the UW-Madison.

- 2003 Wisconsin Act 83 modified the definition of veteran to include individuals who had served 90 or more days of active duty. This change expanded the number of individuals eligible for DVA's two education grant reimbursement programs. Act 83 also made the following modifications: (a) reimbursements must be offset by the amount of any grants and scholarships received by a veteran; (b) veterans may not simultaneously receive a separate National Guard Tuition Grant and a DVA education grants for the same semester's coursework; and (c) the income eligibility threshold was increased from \$47,500 (plus \$500 for each dependent in excess of two) to \$50,000 (plus \$1,000 per dependent in excess of two).

21. Under the consolidated Veterans Education Grant program, total base funding for the two existing programs of \$3,360,000 SEG annually would be reduced to \$2,600,000 SEG annually. These amounts are appropriated under a biennial appropriation, meaning that the total appropriated in both fiscal years of the biennium are available for expenditure at any time during the biennium. Consequently, for the 2005-07 biennium the consolidated education grant program would have \$5,200,000 SEG available.

22. The Department estimates that the recommended modifications to its education grant programs under the 10-year solvency plan, as recommended by the Governor, could reduce reimbursement claims by an estimated \$2,159,000 SEG annually.

23. The modifications and the estimated annual savings are as follows: (a) elimination of fee reimbursements (\$358,700); (b) elimination of reimbursements for graduate students (\$53,300) [affects current Part-Time Study Grant program participants only]; (c) elimination of reimbursements to surviving dependents and unremarried spouses (\$8,200) [affects current Part-Time Study Grant program participants only]; (d) reduction to the income eligibility maximum (\$813,500); (e) linking the number of credits or semesters for which reimbursement may be claimed to length of service (\$271,900); (f) establish a 10-year limitation after separation from active duty during which the student is eligible for reimbursement (\$245,400) [affects current Part-Time Study Grant program participants only]; (g) elimination of eligibility of National Guard members who are eligible for or received a National Guard Tuition Grant (\$408,000).

24. There are two items of note that affect these estimates. First, the Department proposed (but the Governor did not recommend) language that would require students to maintain a minimum grade point average of 2.0 ("C" average) in order to qualify for a tuition reimbursement. This language is parallel to a similar requirement under the National Guard Tuition Grant program. The Department estimated that this modification would result in cost savings under the consolidated Veterans Education Grant program of \$168,800 SEG annually. The Committee could conclude that it would be desirable to make the benefits under the DVA education grant program and DMA's National Guard Tuition Grant program consistent with one another, in which case the Committee may wish to include the Department's original request relating to requiring a minimum 2.0 grade point average or a "C" average in order the qualify for an education grant reimbursement.

25. Second, the Department has estimated savings of \$813,500 SEG annually as a result of lowering the income eligibility threshold for reimbursement grants. The Department originally

intended to utilize an income threshold figure of \$43,800 annually; however, the language in the bill references a state median household annual income figure. This reference would have the effect of increasing the threshold to \$60,800, rather than decreasing it as the Department had intended. The Department has now advised that the income threshold should be set at \$45,000 annually (plus \$1,000 per dependent in excess of two).

26. Since a significant portion of the identified savings to the education grant program relates to this particular modification, the Committee may wish to delete the language in the bill referencing the state's family median household income, as determined by the U. S. Department of Housing and Urban Development, and instead reference a limit of \$45,000 annually (plus \$1,000 per dependent in excess of two).

27. Total funding available to the Tuition and Fee Reimbursement Grant program and the Part-Time Study Grant program in 2004-05 is \$6,349,300 SEG and is comprised of unobligated 2003-04 funds (\$43,900), appropriated amounts for 2004-05 (\$3,360,000), and a funding supplement provided by Joint Finance on January 4, 2005 (\$2,945,300). It is assumed that all of these available funds will be expended for reimbursement grants in 2004-05 under the current eligibility and benefit provisions of the two programs. Consequently, the \$6,349,300 SEG available to the Department's educational grant programs during the 2004-05 would appear to represent a reasonable approximation of current program demand.

28. Applying the Department's estimated cost reductions cited above (\$2,159,000) and allowing for the inclusion of the cost reduction element relating to requiring a 2.0 grade point average (\$168,800), total annual savings of \$2,327,800 SEG annually are indicated. Applying these estimated savings to the current program demand in 2004-05 (\$6,349,300), a total of \$4,021,400 SEG annually would appear to be required to address the likely funding needs of the revised Veterans Education Grant program.

29. Further, based on estimated UW-Madison tuition increases under the Governor's funding recommendations and faculty and academic staff pay plan proposals before the Joint Committee on Employment Relations, it is now estimated that tuition will increase by approximately 6.2% in 2005-06 and by 7.1% in 2006-07. If tuition is increased by these rates, it is estimated that the Veterans Education Grant program will require \$4,270,700 SEG in 2005-06 and \$4,573,900 in 2006-07 to fully fund program demand.

30. Under the 10-year solvency plan, as proposed by the Department and recommended by the Governor, \$2,600,000 SEG annually would be provided to fund these educational grants, suggesting funding shortfalls of \$1,670,700 SEG in 2005-06 and \$1,973,900 SRG in 2006-07.

31. The Department requested and the Governor has recommended the authority to prorate grant reimbursements if the amounts appropriated are insufficient, except that no reduction could be made to a grant for a disabled veteran. Under current law, the Department may not prorate grant payments, but may deny their payment in the event of a funding insufficiency. In such a case, grants are currently authorized to be paid in full based on the dates on which the applications are

received.

32. The Department requested the ability to prorate the available funding partly because of the unknown interaction effects of all the various programmatic changes occurring at one time. The Department also advises that there is also a need to control overall veterans trust fund costs under the 10-year solvency plan. Consequently, capping the maximum annual exposure of the veterans trust fund for education grant reimbursements is viewed as an important step in ensuring the solvency of the fund. In the event that the program's funding needs exceed available funding, the Department believes that prorating the grants would represent an equitable way to reimburse veterans.

33. While a proration option may represent the fairest way to distribute available monies if there are insufficient amounts to fully fund all grant requests, the procedure is cumbersome to administer in that no funds may be paid out until all program participants have submitted reimbursement requests, and the amount of available funding can then be allocated proportionately to all eligible applicants. Further, it may be noted when the Department of Military Affairs' National Guard Tuition Grant program was established, language was specifically included prohibiting that agency from prorating grants. Instead, Military Affairs was directed to fully fund each grant on a first-received, first-paid basis. The agency was authorized to deny a grant in the event of insufficient funding. That authority is comparable to that currently followed by DVA in administering its education grant programs.

34. In light of the Committee's recent action to provide funding for the National Guard Tuition Grant program on a sum sufficient basis, the Committee may conclude that it does not wish to authorize prorated grant payments under the consolidated Veterans Education Grant program but instead appropriate funding for the DVA program on a comparable sum sufficient basis. Under such an approach, it is estimated that the total expenditures of \$4,270,700 SEG in 2005-06 and \$4,573,900 in 2006-07 would be incurred under the revised program. These expenditures would represent additional costs of \$1,670,700 SEG in 2005-06 and \$1,973,900 SRG in 2006-07, compared to the amounts in the bill.

35. While such a modification would make the funding mechanism for the DVA education programs comparable to that for the National Guard Tuition Grant program, the change would increase the funding pressure on the veterans trust fund. Further, it could be argued that the Department has requested and the Governor has recommended program eligibility and benefit payment changes in an attempt to control total expenditures from the veterans trust fund in order to extend the availability of these funds by several more fiscal years. Consequently, creating a maximum biennial payment would help insure that programs could continue to be funded, though at a lower level, in future biennia.

36. Finally, the tracking of program costs could be improved if the Committee adopted a modification to the Veterans Education Grant program directing DVA to establish by rule a requirement that an eligible applicant declare his or her intent to the Department to seek reimbursement under the program upon completing coursework. Currently, the Department does

not know the number of participants who will actually apply for reimbursement in advance of when the agency actually receives an application for program benefits at the end of each academic term. Further, if the Committee ultimately approves the Governor's recommendation to permit the proration of grant amounts, requiring a type of preregistration procedure could assist the Department in determining whether or not grant payments are likely to be prorated

37. Under such a provision, the Department would be directed to establish by rule the number of days after the commencement of an academic term in which the following data would have to be provided to the agency: (a) the participant's name; (b) the institution attended; (c) whether the participant is enrolled full-time or part-time; and (d) the estimated amount of tuition reimbursement that will be claimed at the end of an academic term. The Committee adopted a similar provision for the National Guard Tuition Grant program.

ALTERNATIVES

A. Economic Assistance Grants

1. Approve the Governor's recommendation to delete \$850,000 SEG annually for the Health Care Aid Grants program and \$509,300 SEG annually for the Subsistence Grants program, make benefit and eligibility changes to both programs in connection with the 10-year solvency plan for the veterans trust fund, and authorize DVA to request supplemental funding under s. 13.10 of the statutes from the Joint Committee on Finance for the Subsistence Grants program without having to make a finding that an emergency exists in order to make the supplementation request.

In addition to Alternative A1, adopt any of Alternatives A2, A3, or A4:

2. Appropriate the total funding for the Health Care Aid Grants program (\$650,000 SEG annually) and for the Subsistence Grants program (\$172,000 SEG annually) under a single SEG annual Health and Assistance Grants to Needy Veterans appropriation, but retain separate appropriation numerics for expenditure tracking purposes, and modify the appropriation purpose to reflect this combined funding.

3. Modify the grant programs as follows: (a) for the Subsistence Aid Grants program, specify that aid payments would be made only to those veterans who have suffered a loss of income due to illness, injury, or natural disaster; (b) for the Subsistence Aid Grants program, specify that no payments would be authorized if the veteran had other assets or income sufficient to meet basic subsistence needs or was eligible for aid from other sources to meet such needs; (c) for both programs, authorize DVA to promulgate rules establishing household income limits, above which the veteran would not qualify for benefits; and (d) for both programs, authorize the Department to promulgate these rules as emergency rules without having to meet the requirements that the rules are necessary for the preservation of public peace, health, safety or welfare, or that an emergency exists.

4. Delete the Governor's recommendation authorizing DVA to request supplemental

funding under s. 13.10 of the statutes from the Joint Committee on Finance for the Subsistence Grants program without having to make a finding that an emergency exists in order to make the supplementation request and instead authorize DVA to make a supplemental funding request under a 14-day passive review procedure.

5. Delete the Governor's recommendation.

Alternative A5	SEG
2005-07 FUNDING (Change to Bill)	\$2,718,600

B. Education Grants

1. Approve the Governor's recommendation to delete \$760,000 SEG annually in connection with the consolidating the existing veterans Tuition and Fee Reimbursement Grant program with the Part-Time Study Grant program into the Veterans Education Grant program and revise the payment and eligibility criteria for the consolidated program.

In addition to Alternative B1, adopt any of Alternatives B2, B3, or B4 relating to eligibility for program benefits and program operations:

2. Specify that grants under the consolidated education grant program may be paid only to individuals that earned at least a 2.0 grade point average or an average grade of "C" in the semester for which reimbursement is requested.

3. Delete the Governor's recommendation establishing the state's family median household income, as determined by the U. S. Department of Housing and Urban Development, as the income eligibility maximum for participation in the consolidated education grant program and specify instead that the threshold would be set at \$45,000 annually (plus \$1,000 per dependent in excess of two).

4. Direct DVA to establish by rule the number of days after the commencement of an academic term in which the following data would have to be provided to the agency: (a) the participant's name; (b) the institution attended; (c) whether the participant is enrolled full-time or part-time; and (d) the estimated amount of tuition reimbursement that will be claimed at the end of an academic term.

5. Convert the veterans tuition reimbursement program appropriation from a biennial to a sum sufficient basis and provide an additional \$1,670,700 SEG in 2005-06 and \$1,973,900 SEG in 2006-07 (for total funding of \$4,270,700 SEG in 2005-06 and \$4,573,900 SEG in 2006-07) to reflect likely expenditure demand.

<u>Alternative B5</u>	<u>SEG</u>
2005-07 FUNDING (Change to Bill)	\$3,644,600

6. Delete the Governor's recommendation to combine the Tuition and Fee Reimbursement Program and the Part-Time Study Grants and to modify the funding levels and program eligibility.

<u>Alternative B6</u>	<u>SEG</u>
2005-07 FUNDING (Change to Bill)	\$1,520,000

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