



State Programs for Veterans

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State Programs for Veterans

The Department of Veterans Affairs (DVA) administers several loan and grant programs and operates the Wisconsin Veterans Home at King (Waupaca County) and the Wisconsin Veterans Home at Union Grove (Racine County) for the benefit of Wisconsin veterans. Approximately 478,000 Wisconsin veterans may be eligible for services provided by DVA as a result of having prior service in the armed forces and meeting certain residency and specific program eligibility requirements.

This paper is organized into seven major sections. The first section describes the general military service and state residency eligibility requirements applicable to most veterans programs. The next four sections summarize DVA's loan programs, grant programs to individual veterans, grant programs to veterans organizations, and other programs, respectively. The sixth section describes how DVA's loan and grant programs are funded. The last section discusses DVA-operated care facilities. Appendix I describes major DVA program changes from the 2003-05 biennium.

General Eligibility Requirements for State Veterans Programs

Although most DVA-administered grant and loan programs have a variety of specific eligibility requirements that an applicant must meet, there are two requirements that are uniform for nearly all programs. First, the individual must meet certain military service requirements to qualify as a veteran. Second, since most of DVA's programs are designated for the benefit of Wisconsin veterans, there is a state residency requirement. With only a

few exceptions (identified in the individual program descriptions), the following military service and Wisconsin residency requirements are uniform across all DVA programs.

Military Service

Until recently, the statutes defined eligible military service for veterans benefits purposes as service occurring during certain war and designated conflict periods. 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 II enumerates the statutory war periods, designated conflicts, and peacetime veterans eligibility criteria.

Wisconsin Residency

Most DVA grant and loan programs 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.

Veterans Loan Programs

The Department of Veterans Affairs administers the following three loan programs to improve housing opportunities, provide home improvement assistance, and access multi-purpose low-cost loans for Wisconsin veterans. These programs are the primary mortgage loan program, the home improvement loan program, and the personal loan program.

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 provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U.S. armed forces at the time of making application is also eligible for the program. Under the program, over \$2.5 billion has been made available for 54,545 home loans to Wisconsin veterans through June 30, 2004. In 2003-04, DVA made 541 primary mortgage loans totaling \$77,375,100. The average loan was \$143,000.

Funding for the primary mortgage loan program 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 to veterans who served prior to

January 1, 1977, and who apply for a loan no later than 30 years after leaving active service. This federal law provision has the effect of requiring DVA to issue both tax-exempt and taxable bond issues to fund the PMLP.

The federal restriction on the use of tax-exempt debt for veterans home mortgage programs separates veterans into two groups. The first group consists of those veterans discharged no later than 30 years before the current date and who served prior to January 1, 1977. These veterans are eligible for tax-exempt financing of their mortgage loans. The second group consists of all other veterans. These veterans are eligible for mortgages financed only from taxable bonds and are referred to as "disenfranchised veterans" by DVA.

Although taxable bond issues for the disenfranchised veterans group are more expensive than tax-exempt issues, DVA provides an interest subsidy for the taxable bond issues from retained earnings in the program. The resulting blended rate makes the costs of a PMLP loan the same for both groups of veterans. Under current federal law, this distinction between veterans groups will end after December 31, 2006, when the 30-year time period restriction on applying for a mortgage loan that may be financed with tax-exempt bonds moves past the December 31, 1976, date. At that point there will no longer be any veterans eligible for tax-exempt mortgage loan financing.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate associated with each bond issue. Under s. 45.79 of the statutes, the Board of Veterans Affairs sets the interest rate. Generally, the blended interest rate charges for primary mortgage loans have been approximately 1% higher than the interest cost associated with the issuance of the bonds, but during 2003-04, the interest rates charged were as little as 0.25% above the rate on the underlying bond issue. The primary mortgage interest rate offered during 2003-04

varied from 5.35% to 6.4%.

There are additional specific requirements that must be met before a veteran may 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 median price of a Wisconsin home (as of June 30, 2004, this maximum was \$350,000); (3) the loan must be secured with a first mortgage on the subject property; (4) a veteran receiving a primary mortgage loan must initially occupy the residence as the primary residence; and (5) the home must have adequate fire and extended coverage insurance.

A veteran may receive more than one primary mortgage loan provided the previous loan has been repaid in accordance with the terms and conditions of the mortgage or other agreement executed in connection with the loan.

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 unless the funding source is government-sponsored or is from a program approved by the Department. 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 terms of five, 10, or 15 years. The interest rate is based on the term of the loan. In the third quarter of 2004, the interest rate for an HILP loan with a five-year term was 5%, a 10-year loan was 5.35%, and a 15-year loan was 5.65%. The loan can be used for alterations, repairs, or improvements to primary residences.

All eligible veterans may qualify for these loans. Further, under provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U. S. armed forces at the time of making application is also eligible for the program. The general eligibility requirements for HILP are the same as for the primary mortgage loan program. However, no property security is required for HILP loans under \$3,000; instead a simple guarantor is acceptable. In 2003-04, 40 HILP loans were made, totaling \$728,559. The average loan was \$18,214.

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 for any purpose. The PLP replaced both the veteran's consumer loan and economic assistance loan programs. The PLP is funded from the veteran's trust fund. A total of \$15,000,000 SEG was budgeted for PLP loans in 2003-04 and in 2004-05 under a biennial appropriation. In 2003-04, 934 loans were made, totaling \$11,808,600. The average loan was \$12,643.

The statutes authorize veterans to borrow up to \$25,000, or such lesser amounts as the Department establishes, by rule, for a term of up to 10 years. A

borrower may have more than one PLP loan outstanding, provided the current ceiling is not exceeded. PLP loan interest rates are also set by administrative rule and may be adjusted by DVA based on the term of the loan, the type of security offered, method of payment, or any other relevant factor.

Most PLP loans must be evidenced by a promissory note and secured by a Wisconsin mortgage. However, where the loan is less than \$5,000 and is made to an individual with total PLP indebtedness of less than \$5,000, the loan may be evidenced simply by a promissory note secured by a guarantor. (The loan may also be secured by a Wisconsin mortgage.) DVA is required to establish, by rule, the minimum allowable equity for mortgages that may be used to secure a personal loan.

The Department has recently reduced the PLP loan maximum to \$5,000 and has established variable interest rates, depending on the securitization of the loan. In the third quarter of 2004, interest rates ranged from 5% for 5-year loans secured by a mortgage to 8% for ten-year loans secured by a guarantor.

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 \$25,000 for a mortgage-secured loan, or \$5,000 for a guarantor-secured loan.

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.

Veterans Grant Programs

The Department of Veterans Affairs administers a number of grant programs for veterans. These programs, funded from the segregated veterans trust fund, provide grants to individuals for education and for emergency assistance.

Education Grant Programs

The Department operates three education grant programs: 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 100% of the cost of an eligible veteran's undergraduate tuition and fees, minus any other grants or scholarships received by the veteran, based on the costs of a UW-Madison resident undergraduate. These grants cannot be used for part-time study (less than 12 credits per semester). As a result of provisions of 2003 Wisconsin Act 185, veterans who qualify for state veterans benefits but are not deemed eligible for in-state tuition under UW System residency rules may pay tuition (and receive reimbursement under this program) at the same rate the UW charges for state residents.

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, private school approved by the Educational Approval Board or similar institution with a tuition reciprocity agreement with Wisconsin. No veteran may receive reimbursement under the program in any semester in which the person also receives a grant under the part-time study grant program or the National Guard tuition grant program administered by the

Department of Military Affairs. Veterans are eligible for reimbursement for up to 120 credits or eight semesters of study and may receive reimbursement only for credits begun prior to the 10-year anniversary of their separation from active duty. Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two).

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 2003-04, 1,590 veteran's tuition and fee reimbursement grants were awarded, totaling \$3,074,700. The average grant amount was \$1,934. Since the program's inception, 13,786 reimbursement grants have been awarded, totaling \$12,582,700.

Part-time Study Grants. A part-time correspondence school and textbook grant program was originally established by Chapter 29, Laws of 1941. The current grant program provides reimbursement of up to 100% 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.

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. There is no time limit on when a veteran must use benefits under this program.

Eligibility is restricted to veterans with annual household incomes of \$50,000 or less (plus \$1,000 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. No grants will be made for coursework beyond a Masters degree.

In 2003-04, 1,298 part-time study grants were awarded, totaling \$1,045,300. The average grant amount was \$805. Since the program's inception, 244,341 reimbursement grants have been awarded totaling \$28,344,400.

Retraining Grant Program. This program was established by 1989 Wisconsin Act 31. The 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 in a state technical college or an in-state proprietary school that is approved by the education approval board, other than a proprietary school offering a four-year degree or a four-year program, or is engaged in a structured on-the-job training program that meets program requirements promulgated by DVA; (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 2003-04, 108 retraining grants were awarded, totaling \$264,600. The average grant amount was \$2,450. Since the program's inception, 1,260 retraining grants have been awarded, totaling \$3,366,800.

Emergency Assistance Grants

In addition to education grants, DVA administers 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 12-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.

DVA may issue a certificate of entitlement stating that a veteran is eligible for a health care aid grant. The Department may not grant health care aid before the period identified in the certificate of entitlement, except for emergency care, provided the veteran applies for aid within 90 days after the emergency care ends.

In 2003-04, 555 health care aid grants were awarded, totaling \$1,035,500. The average grant was \$1,866. Since the program's inception, 24,065 grants have been awarded, totaling \$17,344,900.

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.

In 2003-04, 343 subsistence aid grants were awarded, totaling \$260,800. The average grant was \$760. Since the program's inception, 31,306 subsistence aid grants have been awarded, totaling \$8,865,200.

Assistance to Veterans Organizations

In addition to grant programs that provide benefits directly to individual veterans, the Department administers three grant programs that provide monies to organizations or entities that assist Wisconsin veterans: the county veterans service office grants program; the grants to veterans organizations program; and a transportation services grant program.

County Veterans Service Office Grant Program. Under this program, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Under s. 45.43 of the statutes, each county must have a county veterans service officer (CVSO) and must provide the CVSO with office space and clerical assistance.

A CVSO must be a Wisconsin resident who qualifies as a veteran. The CVSO 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. The primary duties of a CVSO are to advise veterans of any benefits to which they may be entitled, including veterans home loans, and to assist them in applying for such benefits or services.

A county's grant to support these activities is based on whether the CVSO is full-time or part-time and on the county's population. For counties with full-time CVSOs, the statutory grant amounts are as follows:

- \$8,500 for a county with a population under 20,000 (Ashland, Bayfield, Buffalo, Burnett, Crawford, Forest, Green Lake, Iron, Jackson, Lafayette, Menominee, Pepin, Price, Richland, Rusk, Sawyer, Taylor, and Washburn);
- \$10,000 for a county with a population from 20,000 to 45,499 (Adams, Calumet, Clark, Door, Douglas, Dunn, Iowa, Juneau, Kewaunee, Langlade, Lincoln, Marinette, Monroe, Oconto, Oneida, Pierce, Polk, Shawano, Trempealeau, Vernon, and Vilas);
- \$11,500 for a county with a population from 45,500 to 74,999 (Barron, Chippewa, Columbia, Grant, Portage, St. Croix, Sauk, and Waupaca); and
- \$13,000 for a county with a population of 75,000 or more (Brown, Dane, Dodge, Eau Claire, Fond du Lac, Jefferson, Kenosha, La Crosse, Manitowoc, Marathon, Milwaukee, Outagamie, Ozaukee, Racine, Rock, Sheboygan, Walworth, Washington, Waukesha, Winnebago, and Wood).

Counties with a part-time CVSO are eligible for a grant of \$500 annually. Currently, only four counties have part-time CVSOs (Florence, Green, Marquette, and Waushara).

The CVSO grant program is funded 40% from the veterans trust fund and 60% from the primary mortgage loan program. In 2003-04, \$741,500 was awarded in grants to counties (\$297,500 from the

veterans trust fund and \$444,000 from the veterans mortgage loan program).

Grants to Veterans Organizations. This program provides grants to any state or national veterans organization that has maintained a claims service office at the USDVA regional office in Milwaukee. This type of office assists Wisconsin veterans with obtaining benefits from the USDVA. 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.

Grants under the program equal 25% of the salary and travel expenses paid by the organization to employees engaged in operating the claims service office, subject to an overall grant maximum of \$30,000. In 2003-04, a total of \$94,600 was granted under the program to the following four organizations: Veterans of Foreign Wars, American Legion, Disabled American Veterans, and AmVets.

Transportation Services Grant Program. Provisions of 2001 Wisconsin Act 16 established a program to provide grants to counties and to veterans service organizations for the transportation of veterans to medical facilities. A total of \$200,000 SEG is appropriated annually from the veterans trust fund for the program.

DVA provides \$100,000 annually to the Wisconsin Chapter of the Disabled American Veterans to provide free transportation for veterans to community-based outpatient clinics and medical centers. An additional \$100,000 annually is available for grants to counties that are not served by the transportation network developed by the Wisconsin Chapter of the Disabled American Veterans. Counties may use these grant funds to develop, maintain, and expand transportation services to veterans, including the development of multi-county cooperative transportation services.

Counties may not allocate any portion of a transportation services grant for use by another county department or reduce funding to a county veterans service office as a result of receiving a transportation services grant.

Other Programs

In addition to loan and grant programs for veterans and veterans organizations, DVA administers 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 DVA or 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 may not provide services to the veteran's spouses (unless the spouse is a veteran) or to his or her 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, five centers have

been established in Wisconsin at the following locations: Milwaukee; Fort McCoy; Tomah; King; and Union Grove. The first site opened in Milwaukee in May, 1994. This facility can house 72 residents. In November, 1994, a second center opened at Fort McCoy, making it the only military installation with a facility designed specifically to help homeless veterans. The veterans at the Fort McCoy facility received job training and other services through the nearby USDVA Medical Center in Tomah. In 1997, the Fort McCoy facility was actually shifted to Tomah to move most of the veterans closer to the USDVA facility. This relocated Tomah center 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. The fifth assistance center was reestablished at Fort McCoy in 2003. This site can house 14 residents.

Through the 2003-04 fiscal year, a total of 5,023 veterans had received transitional housing services under the program since its inception. Of those served, 49% left the program with a job and housing, 14% were referred for long-term treatment, and 37% left the program without a job or housing.

In 2003-04, \$259,100 from the veteran's trust fund was expended for the veterans assistance program.

Veterans Memorial Grant Program

From time-to-time, the Department has provided assistance for the support of veterans memorials. As part of 1987 Wisconsin Act 399, \$600,000 SEG from the transportation fund was appropriated 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, and DVA released \$2 in state funds for every \$1

raised from the public in cash contributions or in-kind donations. 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 general purpose revenue (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. Through 2003-04, a total of \$136,200 GPR had been released for construction of the World War I and II memorials.

Provisions of 1995 Wisconsin Act 254 provided 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. This memorial is located at the site of the Vietnam Veterans Memorial Wall and was dedicated in November, 1993.

The second grant was for the Women in Military Service for America Memorial to honor women who served from the American Revolution to the present, as well as to those who will serve in the future. This memorial is located at the grand entrance of the Arlington National Cemetery in

Arlington, Virginia, and was dedicated in October, 1997.

Provisions of 1999 Wisconsin Act 2 appropriated \$166,100 GPR in a continuing appropriation to support the construction of a World War II Memorial in Washington, D. C. This memorial was dedicated on May 29, 2004.

Additionally, provisions of 2001 Wisconsin Act 16 appropriated one-time funding of \$3,000 GPR under a continuing appropriation for additional flags at the Wisconsin Veterans Tribute Memorial in Chippewa County. Act 16 also provided one-time funding of \$50,000 GPR in 2001-02 for the restoration of the Civil War-related Victorious Charge Monument in Milwaukee.

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. Interments began there 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 the Southern Wisconsin Cemetery performed its first interment. All three of the state veteran's cemeteries provide burials for veterans, spouses and dependent children.

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 (except service on active

duty for training purposes) 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. Further, a Wisconsin resident who was a member of the National Guard or a reserve component of the U. S. armed forces at the time of that service or who was a resident of the state for at least 12 consecutive months immediately preceding death, is eligible for burial at a Wisconsin veterans cemetery, provided the individual is also eligible for burial in a national 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.

The total number of interments through the 2003-04 fiscal year at each state cemetery is as follows: the Southern Wisconsin Veterans Cemetery (4,079); the Northern Wisconsin Veterans Memorial Cemetery (412); and the King Cemetery (5,048).

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 Department provides these

services either by performing the honors with DVA's Military Funeral Honors Teams or by coordinating the performance of such honors by members of veterans groups and the military services. The Department has also created a funeral honors training program to certify veterans organizations and their members for the performance of these duties. DVA must provide reimbursement of up to \$50 to the local veterans groups that provide such services.

Since the inception of this program through the 2003-04 fiscal year, DVA has coordinated 8,273 funerals, has staffed 2,805 of those funerals with the agency's Military Funeral Honors Teams, and has paid 12,588 reimbursement grants to local organizations, totaling \$627,100. In 2003-04 alone, DVA coordinated 3,849 funerals, staffed 932 of these funerals with Military Funeral Honors Teams and paid 4,723 reimbursement grants, totaling \$236,600.

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 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 was funded with 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. Then, under 2003 Wisconsin Act 33, all GPR and PR support for the museum was deleted, thereby returning all funding support for museum operations to the veterans trust fund.

In 2004-05, a total of \$1,748,900 SEG has been appropriated for museum operations, including 12.15 staff positions.

Funding for the Loan and Grant Programs

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 the debt service on the bonds.

Since the primary home mortgage loan and home improvement loan programs (HILP) 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. Historically, 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 institutions, 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 what are termed

"disenfranchised" veterans (those veterans who entered active duty after December 31, 1976, or those who apply for a loan more than 30 years after leaving active service). The Department has begun issuing taxable bonds to provide mortgage loans to disenfranchised veterans. However, 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 \$790,575,000 in general obligation bonds for home loans for veterans. Of this amount, \$456,005,000 was issued as taxable bonds.

Appendix III summarizes 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 2003-05 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 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. Provisions of 2003 Wisconsin Act 83 newly authorize the Department to borrow from the veterans trust fund to support the mortgage loan repayment fund.

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

Bond Issue	Amount
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
September, 2002*	13,000,000
January, 2003*	15,000,000
July, 2003*	6,500,000
September, 2003*	13,500,000
February, 2004*	17,000,000
April, 2004*	7,000,000
May, 2004*	<u>20,000,000</u>
TOTAL Bond Issues (1994-2004)	\$790,575,000

* Taxable bonds.

Veterans Trust Fund

Background. The veterans trust fund was created in 1961 through the consolidation of 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 principal revenue source for the veterans trust fund prior to 1991 was

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>5,627,200*</u>
Subtotal--Other	\$52,451,000
TOTAL REVENUES	\$140,815,100

*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 veterans trust fund and the repayments may be used to support fund programs.

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 loans, economic assistance loans, and investment earnings on the cash and investment balances of the fund. In recent years, the annual expenditures from the fund have typically exceeded annual revenues. Declining interest rates have also affected the ability of the fund to generate additional revenues on loan repayments. Periodically, 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 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 the 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, 2004.

Current Status of the Veterans Trust Fund. The financial condition of the veterans trust fund, as of June 30, 2004, is presented in Table 3.

Table 3: Veterans Trust Fund Balance Sheet –As of June 30, 2004

Assets	Amount
Cash and Investments	\$29,356,300
Economic Assistance Loans	252,900
Consumer Loans	196,200
Second Mortgage Loans	313,100
Disenfranchised Loans	9,861,100
Personal Loans	46,678,300
Acquired Revenue Bond Loans	54,700
HILP Loans	943,800
Revenue Bond Loans Receivable	815,400
Other Accounts Receivable	339,500
Prepaid Insurance	56,300
Property and Equipment*	<u>8,385,500</u>
TOTAL	\$97,253,100
Liabilities and Retained Earnings	
Liabilities	\$1,645,300
Bonds Payable	939,200
Retained Earnings	(63,624,600)
Contributed Capital	<u>158,293,200</u>
TOTAL	\$97,253,100

*Depreciated value.

The fund's assets include cash on hand, investments, outstanding loans, pre-paid insurance and the depreciated value of its physical plant equipment holdings. The fund's liabilities include any outstanding purchase orders. The bonds payable category refers to funds reserved for the next debt service payment on outstanding bonds, while retained earnings generally refer to cumulative annual revenues minus annual expenditures. Revenues that are generated from outside the fund but are credited to it (such as the 1997 transfer of funding from the veterans mortgage loan repayment fund for the personal loan program) are depicted as contributed capital.

Table 4 summarizes the fund's revenues and expenditures and opening and closing balances for the 2003-04 fiscal year. As detailed in the table, total annual revenues to the veterans trust fund (\$20,745,300) consisted primarily of loan repayment amounts (\$16,249,100), interest payments on those outstanding loans (\$4,060,200), and minor other income and revenue (\$436,000).

Total annual fund disbursements in 2003-04 (\$25,044,300) consisted of agency administrative expenses (\$5,953,500), new loans and related expenses (\$12,114,600), new grants to veterans (\$5,916,700), and new grants to veterans organization, counties, and others (\$1,059,500). For the 2003-04 fiscal year, expenditures from the veterans trust fund exceeded revenues by \$4,299,000. This structural imbalance resulted in a drawdown of the fund's July 1, 2003, opening balance of \$33,835,300 to \$29,536,300 by June 30, 2004.

In recent years, the condition of the fund has been affected by declining interest rates, the continuing expansion of existing programs, and the creation of new programs. Falling interest rates have decreased the amount of earnings that the fund may derive from that source, while various program expansions have increased the draw on the fund. Among the program expansions in the last two years are the following: (1) increasing

**Table 4: Veterans Trust Fund Cash Flow
As of June 30, 2004**

OPENING CASH BALANCE, JULY 1	\$33,835,300
REVENUES	
Interest Earnings	
Second Mortgage Loans	15,400
Personal Loans	2,816,200
Economic Assistance Loans	34,600
Consumer Loans	44,600
HILP Interest	87,900
Investments and Misc. Interest	315,000
Revenue Bond Interest	7,200
PML Portfolio	739,300
Loan Repayments	
Personal Loans	8,715,700
Second Mortgage Loans	151,600
Economic Assistance Loans	187,900
Consumer Loans	980,800
Primary Mortgage Loans	5,611,400
HILP	597,900
Principal Repayments	7,100
Unallocated Cash	-3,300
Other Income and Miscellaneous Revenue	
VA Per Diem and Program Fees	173,900
Other Income and Cemetery Fees	59,700
Museum Hall Sales	127,800
Loan Service Fees	<u>74,600</u>
Total Revenues	\$20,745,300
EXPENDITURES	
Administration	\$2,923,600
Museum Expenses	1,696,600
Cemetery Operations	604,100
Military Funeral Honors Administration	484,700
Agency Debt Service	137,800
Operating Transfers Out	106,700
Loans	
New Personal Loans	11,808,600
Loan Expenses	259,600
SWIB Payments	46,400
Aids to Individuals	
Tuition and Fee Reimbursement	3,116,800
Part-Time Education Grants	1,036,400
Health Care Aid	1,244,900
Subsistence Aid Grants	234,000
Retraining Grants	284,600
Other Programs	
Rehabilitation Program	363,100
County Veterans Service Officers	394,500
VA Per Diem and Program Fees	161,900
Transportation Grants	100,000
Grants to Veterans Service Organizations	<u>40,000</u>
Total Expenditures	\$25,044,300
CHANGE IN CASH BALANCE	-\$4,299,000
CLOSING CASH BALANCE, JUNE 30	\$29,536,300

educational grant reimbursements from 85% to 100% of the UW-Madison resident undergraduate tuition and fees; and (2) funding all museum operations from the veterans trust fund rather than from a mix of the general fund, tribal gaming revenues, and trust fund revenues; (3) partially supporting the Veterans Home Nurses Education Stipend Program from the fund; and (4) increasing the maximum amount of a personal loan program loan from \$15,000 to \$25,000.

The Department projects that the current cash balance in the veterans trust fund will be depleted during the 2006-07 fiscal year. The agency is currently developing proposals to improve revenue flows to the fund and to decrease outlays from the fund. The Department anticipates advancing these proposals in the 2005 Legislature.

Wisconsin Veterans Home and Care Facilities

History and Description

Since 1887, the Wisconsin Veterans Home at King has provided residential care, nursing and medical services, food services, and social and counseling opportunities to its resident veterans and dependents. The campus, operated by DVA, currently 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 containing 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.

A second veterans care facility, the Wisconsin Veterans Home at Union Grove, opened in 2001. The campus includes a 42-bed residential care apartment complex (Gates Hall) and two community-based residential facilities that provide a total of 86 beds (Shemanske and Fairchild Halls). A 120-bed skilled nursing facility is anticipated to open in late 2005 or early 2006. These facilities are part of the Southern Wisconsin Center campus that includes a USDVA Community-Based Outpatient Clinic, a state veterans cemetery, a Veterans Assistance Center for homeless veterans, the Southern Wisconsin Center for the Developmentally Disabled, the Southern Oaks Girls School, and the Robert E. Ellsworth minimum security correctional facility.

Under 2003 Wisconsin Act 33 (the 2003-05 biennial budget act), funding and positions were provided to staff the new skilled nursing facility beginning in 2004-05. The Department's 2005-07 budget proposal includes a request for approximately \$9.1 million and 85.0 additional full-time employees to staff the new 120-bed skilled nursing facility.

2003 Wisconsin Act 102 also authorized DVA to develop and operate residential, treatment and nursing care facilities and programs on the campus of the Northern Wisconsin Center for the Developmentally Disabled in Chippewa Falls, that could include an assisted living facility, a skilled nursing facility, a medical clinic, an adult day health care center, an activities center, and a veterans assistance program. As a first step in developing a veterans campus on the Northern Wisconsin Center grounds, DVA is requesting budget authority of \$342,900 FED in 2005-07 to support the transfer of the Fort McCoy Veterans Assistance Center to Chippewa Falls and the expansion of the Center from 14 to 30 beds.

Eligibility

Any individual who wishes to be admitted as a member of either veterans home must meet all of the service and residency criteria that he or she would be required to meet to receive other DVA benefits. In addition, an applicant must demonstrate that he or she: (a) is permanently incapacitated due to disability or age; (b) has not been convicted of a felony or other crime involving moral turpitude; (c) has not been diagnosed with certain chronic ailments unless the facility is able to provide care for the individual; (d) provides a financial statement for evaluation purposes; and (e) 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. The order of priority for admissions to the facilities is as follows: (a) veterans; (b) spouses of eligible veterans; (c) surviving spouses of eligible veterans; and (d) parents of eligible veterans. Exceptions to these priorities may be made to avoid the separation of husbands and wives.

As of June 30, 2004, the membership at Wisconsin Veterans Home at King totaled 732, including 613 veterans and 119 dependents (primarily spouses). The veteran members as of that date included 375 World War II veterans, 134 Korean War veterans, 69 Vietnam-era veterans and 35 other qualifying veterans.

The membership at the Wisconsin Veterans Home at Union Grove totaled 66 individuals, including 63 veterans and three dependents. There were 41 World War II veterans, 14 Korean War veterans, three Vietnam-era veterans, and five other qualifying veterans. DVA anticipates that 240 veterans and spouses will live at the Wisconsin Veterans Home at Union Grove upon completion of the skilled nursing facility, about half of whom will be eligible for medical assistance.

Funding

The Department's residential care facilities are

supported from three primary sources: (1) member contributions; (2) MA payments; and (3) USDVA per diem payments. A brief explanation of these revenue sources is provided below.

Member Contributions. Member contributions include VA pension amounts that are paid directly to the member, as well as other individual sources of revenue. Each member is billed monthly for the cost of his or her care. 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 cost of care, revenues derived from the other funding sources may be used to cover the member's cost of care.

USDVA Per Diem Payments. The Department receives USDVA per diem payments for its member veterans, which vary depending on the level of care provided. As of October 1, 2004, USDVA paid \$27.44 per day for each member who received domiciliary care and \$59.21 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 58% federal/42% state cost-sharing basis. The Veterans Home at King is able to claim all allowable MA costs under the 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 2003-04, approximately \$516,600 lapsed to the general fund as a result of

Example of Payment Sources to Support Care at Veterans Home at Union Grove -- Assisted Living Facility

Monthly Cost (June 30, 2004)	\$2,485.00
VA Per Diem Payments*	842.00
Aid and Attendance Benefit**	<u>1,375.00</u>
Subtotal	\$2,217.00
Remaining Costs of Care (Paid by the Member's Own Funds)	\$268.00

*The VA per diem payment for domiciliary care is \$27.44 per day in 2004. In this example, the monthly total has been adjusted to reflect payment for one hour per week of skilled nursing care at the rate of \$59.21 per day.

**In calendar year 2004, the maximum annual pension for a veteran with no income, no dependents and who qualified for aid and attendance benefits was \$16,509 per year (approximately \$1,376 per month).

MA reimbursement for interest and depreciation costs related to the Veterans Home at King.

The average cost of residency in an assisted living facility at Union Grove for an individual requiring less than one hour per week of skilled nursing facility care was \$2,485 per month, as of June 30, 2004. The costs of care to the individual is reduced by any VA per diem payments and aid and attendance benefits for those members who qualify. If an individual resides in a Union Grove

facility for the entire month, requires one hour per week of skilled nursing facility care, and is eligible for the maximum aid and attendance benefit, the cost of residency would decrease to approximately \$268 per month. The example in the preceding column illustrates this calculation.

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 Wisconsin Veterans Home at Union Grove in 2003-04 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. A portion of the revenues generated by the Veterans Home at King is used to support expenditures at the Veterans Home at Union Grove. Approximately 41.7% of the funding comes from medical assistance payments, 33.6% from member contributions and VA pensions, and 24.7% from VA per diem payments and other revenue sources.

Table 5: Revenues and Expenditures for DVA's Institutional Operations -- Fiscal Year 2003-04

	King	Union Grove	Total
Revenues			
Medical Assistance			
2003-04 Claims	\$12,154,200	\$0	\$12,154,200
2001-02 and 2002-03 Claims	<u>9,852,200</u>	<u>0</u>	<u>9,852,200</u>
Subtotal	\$22,006,400	\$0	\$22,006,400
Member Contributions	\$16,511,300	\$1,201,800	\$17,713,100
USDVA Per Diem Payments	\$12,190,200	\$554,000	\$12,744,200
Miscellaneous Revenue	\$263,800	\$34,900	\$298,700
Revenue Transfers			
to Fuel and Utilities Appropriation	-\$1,080,000	-\$4,300	-\$1,084,300
Lapse to General Fund (MA reimbursement of Interest and Depreciation Costs)	<u>-516,600</u>	<u>0</u>	<u>-516,600</u>
	-\$1,596,600	-\$4,300	-\$1,600,900
Total	\$49,375,100	\$1,786,400	\$51,161,500
Expenditures	\$47,819,400	\$3,694,500	\$51,513,900

*A portion of the revenues generated by King are used to support expenditures at Union Grove.

APPENDIX I

DVA Program Changes in 2003-05

Veterans Status. Provisions of 2003 Wisconsin Act 83 added the Iraq War as a "war period" for purposes of defining an individual's status as a veteran [a person is considered a veteran if he or she has served under honorable conditions for at least 90 days during a war period, or served fewer than 90 days and was honorably discharged due to service-connected disability]. Act 83 defined the Iraq War as the period between March 19, 2003, and the ending of Operation Iraqi Freedom, as established by Department rule.

Education Grants. Under 2003 Wisconsin Act 33, maximum grants under the tuition and fee reimbursement program and the part-time study grant program increased from 85% of the cost of tuition and fees at UW-Madison for a resident undergraduate to 100% of the cost of tuition and fees for a UW-Madison resident undergraduate.

Subsequently, 2003 Wisconsin Act 83 modified the definition of "veteran" under the tuition and fee reimbursement grant program. Formerly, an individual was required to complete his or her initial service obligation, or two years, whichever was less. Act 83 instead utilized the general definition of "veteran" under chapter 45 of the statutes. The effect of this change is to open the program to veterans who have had as little as 90 days of active service.

Act 83 also specified that tuition reimbursements would be reduced by the amount of other grants and scholarships received by a veteran. Further, Act 83 prohibited a member of the Wisconsin National Guard, who was receiving a National Guard tuition grant, from simultaneously receiving a tuition and fee reimbursement grant. Similarly, a veteran receiving reimbursement under the tuition and fee reimbursement grant program was prohibited from also receiving a

National Guard tuition grant.

Act 83 increased the income eligibility ceiling under both education grant programs from \$47,500 plus \$500 per dependent in excess of two dependents to \$50,000 plus \$1,000 per dependent in excess of two dependents.

Burials in Veterans Cemeteries. Under 2003 Wisconsin Act 58, as of October 31, 2003, a National Guard or Reserve member of the U.S. armed forces, who was a resident of the state at the time of his or her death and served at least 12 consecutive months immediately preceding death, is eligible for burial at a Wisconsin veterans cemetery. Prior to Act 58, members of the resident National Guard or Reserves were eligible for burial in the state veteran cemeteries after 20 years of credible military service (or would have qualified for retirement pay except death occurred before age 60).

Provisions of 2003 Wisconsin Act 70, specified that non-religious cemetery authorities may not prohibit the burial of a veteran at the cemetery if the cemetery authority is paid its customary charges for the burial.

"Taps" Performances at Veterans Funerals. Under 2003 Wisconsin Act 42, the University of Wisconsin System and the Wisconsin Technical College System must provide tuition remission vouchers of \$25 whenever a student (grades six through 12) performs taps on a bugle, trumpet, or cornet during a military honors funeral, as verified by a funeral director.

Personal Loan Program. Provisions of 2003 Wisconsin Act 83 increased the maximum loan available under the personal loan program from \$15,000 to \$25,000. DVA may establish this

maximum based on financial market conditions, available funds, needs of the veterans trust fund, or other factors considered relevant by the agency. Specific statutory purposes for which the loans may be used (mobile homes, businesses, business properties, educational expenses, medical or funeral expenses, or the consolidation of debt) were deleted. The Department was authorized to periodically adjust the interest rates on these loans based on the term of the loan, the type of security offered, method of payment, or any other factor determined relevant.

Act 83 also specified the type of security that must be provided by an applicant of a personal loan. Most loans must be evidenced by a promissory note and secured by a Wisconsin mortgage. Where the loan is less than \$5,000 and is made to an individual with total veterans personal loan program indebtedness of less than \$5,000, the loan may be evidenced by a promissory note secured by a guarantor or by a Wisconsin mortgage. The Department is required to establish by rule the minimum allowable equity for mortgages that are used to secure these personal loans.

Nurse Education Stipend Program. Provisions of 2003 Wisconsin Act 33 provided \$105,000 PR

(\$43,700 SEG from the Veterans Trust Fund and \$61,300 FED) annually to support a nurses education stipend program. Under the program, DVA provides stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Recipients are required to work for DVA for one year for each year they receive a stipend.

Veterans Home at Union Grove. Under 2003 Wisconsin Act 33, \$1,728,200 (\$191,800 GPR, \$269,000 FED, and \$1,267,400 PR) and 44.5 positions in 2004-05 were provided to support the new skilled nursing facility beginning in 2004-05.

Veterans Northwestern Facilities. Provisions of 2003 Wisconsin Act 102 authorized DVA to develop, construct or renovate, and operate residential, treatment, and nursing care facilities and programs for veterans on the grounds of the Northern Wisconsin Center for the Developmentally Disabled in Chippewa Falls. The programs and facilities may include an assisted living facility, a skilled nursing facility, a medical clinic, an adult day health care center, an activities center, and a veterans' assistance program.

APPENDIX II

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^{ab}

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^c
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^d
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^e
10. Persian Gulf War: 8/1/90 to present^f
11. Iraq War: 3/19/03 to present^k

Other Eligible Conflicts^g

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 ^h below.
5. Somalia: See ⁱ below.
6. Bosnia: See ^j below.

^aActive 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.

^bPersons 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.

^cExtended to July 15, 1903, if engaged in Moro Province hostilities.

^dExtended to April 1, 1920, if service was in Russia.

^eExtended to January 1, 1977, for veterans applying for primary mortgage and home improvement loans.

^fAn ending date to the Persian Gulf War (Operation Desert Storm or Operation Desert Shield) has not been set by the Department.

^gActive 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

^hService 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.

ⁱService 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.

^jActive 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.

^kAn ending date to the Iraq War (Operation Iraqi Freedom) has not been set by the Department.

APPENDIX III

Primary Mortgage Loan Program Activity (as of June 30, 2004)

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
WHFA Issues			
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
General Obligation Issues			
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 (refunding issue)	135,255,000	---	---
June, 1994	103,830,000	6.00	350
August, 1994 (refunding issue)	10,400,000	---	---
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 III (continued)

**Primary Mortgage Loan Program Activity
(as of June 30, 2004)**

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
General Obligation Issues (continued)			
October, 1998	\$55,000,000	6.50	518
May, 1999	40,000,000	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	20,000,000	6.50	156
September, 2002	13,000,000	5.65	115
January, 2003	15,000,000	5.75	104
July, 2003	33,000,000	5.35	129
September, 2003	13,500,000	5.75	144
February, 2004	17,000,000	5.30	112
April, 2004	7,000,000	5.30	44
May, 2004	<u>20,000,000</u>	5.75	<u>92*</u>
Subtotal	\$2,439,430,400	---	50,108
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>
TOTAL	\$2,568,086,000	---	54,545

NA = Not available.

* = Funds not exhausted from bonds issued in May, 2004.

APPENDIX IV

Summary of State Grants and Loans to Veterans

	2003-04 Loans ¹	2003-04 Total Loan Amount ¹	2003-04 Average Amount	Total Loans thru 2003-04	Total Loan Amount thru 2003-04
DVA Loan Programs					
Primary Mortgage Loan Program	541	\$77,375,100	\$143,022	54,545	\$2,439,430,400
Home Improvement Loan Program	40	728,600	18,214	2,070	26,180,900
Economic Assistance Loan Program ²	0	0	0	94,154	161,229,800
Personal Loan Program	934	11,808,600	12,643	8,559	82,094,200
Consumer Loan Program ³	0	0	0	2,634	35,478,600

	2003-04 Grants ⁴	2003-04 Total Grant Amount ⁵	2003-04 Average Amount	Total Grants thru 2003-04	Total Grant Amount thru 2003-04
DVA Grant Programs					
Tuition Fee and Reimbursement Grants	1,590	\$3,074,700	\$1,934	13,786	\$12,582,700
Part-Time Study Grants	1,298	1,045,300	805	244,341	28,344,400
Retraining Grants	108	264,600	2,450	1,260	3,366,800
Health Care Aid Grants ⁶	555	1,035,500	1,866	24,065	17,344,900
Subsistence Aid Grants	343	260,800	760	31,306	8,865,200
Military Funeral Honors	4,732	236,600	50	12,588	627,100
Nurse's Stipend	18	61,900	3,438	18	61,900

¹Number and amount of loans based on loans disbursed.

²Funding for this program was depleted in 1997-98.

³Funding for this program was depleted in 1994-95.

⁴Number may include multiple grants to individuals.

⁵Grant expenditures represent grants approvals in fiscal year 2003-2004. The disbursement of the funds may occur in subsequent fiscal years.

⁶This amount does not reflect \$439,562 of estimated approvals waiting final documentation and \$126,158 of grants that were approved in FY 2002-2003 and paid in FY 2003-2004.