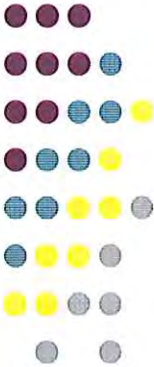




State Programs for Veterans

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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 418,000 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 2009-11 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 1997, 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, 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.

Individuals that served during a war period are generally classified as a veteran if they have served for at least 90 days during a recognized war period. Individuals that were released due to service-connected disabilities or death are also classified as veterans.

In most cases, a veteran must have served under honorable conditions (persons who died or are classified as missing in action may be excluded from this requirement). Individuals that are eligi-

ble for federal veterans' benefits are considered to have served honorably for the purpose of determining state veteran benefit eligibility.

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: (a) the veteran must have been a Wisconsin resident upon entering or reentering military service; or (b) the veteran was a resident of Wisconsin for any consecutive 12-month period after entry or reentry into service and before the date of an application for benefits or death.

Veterans Loan Programs

The Department of Veterans Affairs administers 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.

Eligibility for DVA administered loans is limited to: (a) a veteran; (b) a person that served honorably on active duty for more than six months between February 1, 1955 and August 4, 1964; (c) an unremarried surviving spouse or dependant child of a deceased veteran (as described under (a) and (b)); or (d) a person that served under honorable conditions and has completed six years of continuous service in the National Guard or a reserve component of the U.S. armed forces who lives in

the state.

A person may not receive a veterans loan if any of the following apply: (a) the person would be incurring a debt that is excessive in light of the individual's income; (b) the person has another outstanding loan (unless the loan debt has been assumed by another individual, or the second outstanding loan was for accessibility improvements for a totally disabled individual); (c) the loan exceeds 2.5 times the median price of a Wisconsin home; and (d) the person is delinquent on child support or maintenance obligations as evidenced by a lien issued by the Department of Children and Families or an approved repayment schedule has been established (this clause does not apply for permanently and totally disabled veterans).

An otherwise eligible veteran may receive a loan despite child support delinquency, if an appropriate agreement for repayment has been entered through a county child support agency or the Department of Children and Families.

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 application is also eligible for the program. Under the program, nearly \$2.7 billion has been made available for 55,598 home loans to Wisconsin veterans through June 30, 2010. In 2009-10, DVA made 63 primary mortgage loans totaling \$10,572,400. The average loan was \$167,815.

Funding for the primary mortgage loan program is derived primarily from the proceeds from state general obligation bond issuances as well as from the recycling of prepayments from general obligation bonds, fund equity, and excess insurance reserves.

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 to veterans who apply for a loan within 25 years of the date of their discharge from military service. Until the change in federal law (*Tax Increase Prevention and Reconciliation Act of 2005*) in May, 2006, eligibility for loans from the federally tax exempt debt was limited to veterans whose service started before 1977, and who had applied within 30 years after leaving active service.

Restrictions on the use of tax-exempt debt for veterans home mortgage programs prior to May, 2006, had the effect of requiring DVA to issue both tax exempt and taxable bond issues to fund the PMLP. Although taxable bond issues are more expensive than tax-exempt issues, DVA had previously chosen to offer veterans the same mortgage rate, regardless of the source of the funds, providing a subsidy for taxable bond issues from equity in the program. At this writing, the DVA has discontinued issuances of either taxable or tax-exempt bonds. The Department will continue to evaluate the bond market in comparison to potential veteran home loan demand and may issue additional bonds if it becomes economically advantageous.

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. 45.37(4) of the statutes, the Board of Veterans Affairs sets the interest rate. In 2009-10, the primary mortgage loan interest rate was 5.25% for a 30-year loan. The rate was available through November 2, 2009, when the PMLP was closed to new applications due to the unavailability of funds to lend.

There are additional specific requirements that must be met before a veteran may receive a primary mortgage loan. These requirements include: (a) a down payment on the home of at least 5%; (b) the value of the loan may not exceed 2.5 times the value of the median price of a house

in Wisconsin (as of July 1, 2010, this maximum was \$357,500); (c) the loan must be secured with a first mortgage on the subject property; (d) a veteran receiving a primary mortgage loan must be a resident of the home; and (e) the home must have adequate fire and extended coverage insurance.

For manufactured homes, the loan must be secured by both a first mortgage and a chattel security agreement (writings which evidence both a monetary obligation and a security interest in the home) on the home itself. The loan period may not exceed 12 years for manufactured homes.

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. The applicant must be financially able to purchase the house, including construction and improvements, as well as afford all closing and moving expenses with personal assets and the loan provided by the Department to be eligible for the loan. Work credits, rent credits and other items that may reduce the cost are allowed, but only after the applicant has already shown that they possess the required 5% down payment from their own funds.

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 Children and Families as

delinquent in any child support or maintenance obligations will be denied, unless the veteran can show proof of entering into a repayment agreement.

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 \$357,500, or up to 90% of the home's value, for alterations, repairs or improvements to primary residences. Up to 50% of the value of the improvements can be considered as increased value for the purposes of determining the maximum loan amount. The Department sets interest rates on a quarterly basis.

The rates offered vary based on whether the loan is secured by a mortgage or by a guarantor. Mortgage secured loans also vary based on the percent of the house's value is being loaned. Home Improvement Loans that are less than 80% of the home value (termed the loan-to-value ratio) have lower rates than those loans that are between 80% and 90% (maximum loan value) of the house value. Table 1 shows the available loan periods and the interest rates as of December, 2010.

Table 1: Home Improvement Loan Rates

Term Period	Loan-to-Value Ratio		Guarantor Secured
	Less than 80%*	Between 80% and 90%*	
Three Years	N.A.	N.A.	8.50%
Five Years	5.25%	6.00%	9.50
Seven Years	6.00	6.75	N.A.
10 Years	6.00	6.75	N.A.
15 Years	6.50	7.25	N.A.

*Percent of the Home Improvement Loan compared to the value of house.

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 2009-10, 22 HILP loans were made, totaling \$651,000. The average loan was \$29,591.

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 segregated (SEG) veteran's trust fund, but the Department may borrow from the primary mortgage loan repayment fund or may enter into an agreement with the State of Wisconsin Investment Board to obtain additional moneys for these loans. These amounts (along with agreed upon interest fees) are then repaid to these funds. A total of \$5,000,000 SEG was budgeted for PLP loans in 2009-10 and in 2010-11 under a biennial appropriation. In 2009-10, 209 loans were made, totaling \$3,134,100. The average loan was \$14,995.

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.

The Department may also provide a PLP to the remarried surviving spouse of a deceased veteran or to the parent of a deceased veteran's child, for the education of the deceased veteran's child.

Current DVA rules specify that a PLP loan may range from one to ten years. Educational loans may be deferred for up to five years, though interest accumulates during the deferral. The borrower then has an additional five years to pay off the loan.

A loan will not be issued if it would bring the total applicant's indebtedness to more than 35% of their monthly income, unless the applicant can show he or she has an excellent debt repayment history.

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 established variable interest rates, depending on the securitization of the loan. As of December, 2010, interest rates ranged from 5.25% for five-year loans secured by a mortgage to 9.5% for five-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 Children and Families. 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

Veterans Education Programs

The Department of Veterans Affairs administers two grant programs for veterans: the veterans education grant program; and the retraining grant program. These programs are funded from the segregated veterans trust fund and provide grants to individuals for education and for emergency assistance. In addition, beginning in 2004-05, the University of Wisconsin System (UW System) and the Wisconsin Technical College System (WTCS) are also required to operate tuition remission programs for veteran student's education.

This section will identify two types of tuition aid: (a) *remitted* tuition and fees, the amounts that are not charged to a student but are instead deducted from the amount owed before a payment is made; and (b) *reimbursed* tuition and fees, the amounts repaid to a student, in this case at the end of a semester. In the case of reimbursements, the student must initially pay the tuition and fees actually charged (tuition and fee costs minus any other grants or scholarships or amounts remitted by Wisconsin higher education institutions) and then seek reimbursement upon completing a semester and meeting all qualifications (such as filing required forms with the Department in a timely matter and obtaining at least a 2.0 grade point average).

Veterans Tuition and Fee Remissions. Under the federal Post-9/11 G.I. Bill, veterans who served at least 90 days of active duty (or 30 days in the case of a service-related disability) after September 10, 2001, are eligible for 36 months of federal benefits including the direct payment of tuition and fees by the federal government, a monthly housing allowance, and an annual books and supplies sti-

pend. The 36 months of benefits provided under the Post-9/11 G.I. Bill similarly corresponds to four years of full-time enrollment (four nine-month academic years).

The Post-9/11 G.I. Bill can be viewed as a replacement for the older, Montgomery G.I. Bill. The Montgomery G.I. Bill provides a monthly stipend to veterans who are enrolled as students. This stipend can be used for tuition, books and supplies, and living expenses. Prior to the enactment of the Post-9/11 G.I. Bill, many veterans received monthly stipends under the Montgomery G.I. Bill while also receiving state remissions. In this way, many veterans simultaneously drew down their state and federal education benefits.

The UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill and certain federal programs providing for the education of officers and disabled veterans. Qualified veterans are eligible for up to 128 credits or eight semesters, whichever is longer. To qualify as a veteran for this remission, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having been a resident of this state at the time of entry into the armed services; and (c) having qualifying military service.

Qualifying military service includes the following: (a) service of at least one term under honorable conditions during a war period or in a crisis period; (b) service on active duty under honorable conditions for the full period of the initial service obligation; (c) service qualifying for certain service-related medals; (d) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (e) service ending in release under honorable conditions due to a reduction in the armed forces. For students who qualify for this remission but do not qualify for resident tuition as determined by the UW System or the technical college district boards, the nonresident portion of tuition is also remitted.

In 2009-10, the UW System provided tuition and fee remissions totaling \$12.6 million to 3,051 veterans. Of this amount, \$2.5 million was remitted to veterans enrolled as graduate and professional students. The Wisconsin technical colleges provided remissions totaling \$4.2 million to 2,833 veterans.

Beginning in the spring, 2010, semester, veterans who are eligible for benefits under the newly-enacted federal Post-9/11 G.I. Bill must use those benefits before accessing state tuition and fee remissions. This applies even if the student is eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed for the difference in these benefits. In 2009-10, the UW System provided reimbursement payments totaling \$0.6 million to 517 veterans and the Wisconsin technical colleges provided \$0.5 million to 456 veterans.

An appropriation under the Higher Educational Aids Board (HEAB) has been provided to reimburse, in whole or in part, the UW Board of Regents and the Wisconsin technical college district boards for remissions provided to veterans, for remissions provided to the children and spouses of certain veterans, and for reimbursement payments made to veterans, children, and spouses. (For more information on tuition and fee remissions for children and spouses of certain veterans, please see the Legislative Fiscal Bureau's Informational Paper "Student Financial Aid.") Unlike the appropriation for DVA's veterans tuition and fee reimbursement program, discussed below, which is funded through the veterans trust fund, the HEAB appropriation for the reimbursement of the

UW Board of Regents and the Wisconsin technical college district boards is funded with state, general purpose revenues (GPR). In 2009-10, the appropriation was set at \$6,496,700 and the UW Board of Regents received a reimbursement payment of \$4.8 million while the Wisconsin technical college district boards received reimbursements totaling \$1.7 million. This amount fully funded all reimbursement payments made directly to veterans (identified above) and reimbursed the institutions for approximately 22% of remissions provided to veterans, children, and spouses. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin technical college district boards' budgets or funded through other revenues such as tuition charged to other students.

Veterans Tuition and Fee Reimbursements. Eligible veterans who attend qualifying institutions other than the UWS and WTCS or did not enter service from Wisconsin cannot have tuition or fees remitted. However, these veterans are still eligible for tuition and fee reimbursement from DVA.

The Department is also responsible for reimbursing veteran students for tuitions and fees that are not remitted at by a UW System or WTCS institution. If the veteran student was also eligible for DVA's veterans education grant program, the student could be reimbursed for the amounts not remitted by the UW System or WTCS institution, up to 100% of the cost of undergraduate tuition and fees, minus any other grants or scholarships received by the veteran, with a maximum reimbursement based on the costs of a UW-Madison resident undergraduate. The statutes specify that veterans that are eligible for National Guard tuition reimbursement or tuition assistance from the U.S. Department of Defense [10 US Code 2007] may not receive DVA veterans education grants.

Under the DVA education grant program, tuition and fees 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, private or public high school, or similar institution with a tuition reciprocity agreement with Wisconsin.

Tuition reimbursement credit limitations are based on the length of active duty service for the veteran. Veterans who were on active duty for at least 90 days but no more than 180 days may be reimbursed for up to 30 credits or two semesters. Veterans with at least 181 days of active duty service but no more than 730 days are eligible for reimbursement of up to 60 credits or four semesters. And veterans with more than 730 days of active duty service may be reimbursed for up to 120 credits or eight semesters of study.

Veterans may receive tuition and fee reimbursement only for credits begun prior to the 10-year anniversary of their separation from active duty. However, up to 60 credits may be reimbursed with no time limitations. Prior to 2009 Wisconsin Act 297, only part-time students could receive reimbursement for credits taken after the 10-year delimiting date. For all semesters started after May 27, 2010, eligible veterans may be reimbursed for up to 11 credits per semester regardless of whether the student is full- or part-time, for up to 60 credits past the delimiting date. All applications for the veteran education grant program must be received by DVA within 60 days following the end of the semester for which reimbursement is sought. A veteran may not be reimbursed by the Department if they have an undergraduate degree.

Part-time students may be reimbursed by DVA for courses taken at out-of-state institutions, if the course is not offered within 50 miles of the veteran's residence, and the course is taught at an institution within 50 miles of the state boundary, or a correspondence course is not offered in this state.

Eligibility for DVA reimbursement is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two). The

veteran may not be reimbursed in any semester in which the veteran failed to achieve at least a 2.0 grade point average, or a "C" average.

No grants can be made to any otherwise eligible and qualified person if the Department of Children and Families certifies that the veteran is delinquent in the payment of child support or maintenance obligations, unless the veteran has entered into an accepted agreement to repay owed child support and has been current on payments for the six months preceding the reimbursement request.

Spouses, unremarried spouses, widows and dependents are not eligible for tuition and fee reimbursement, unless they also qualify as veterans.

In 2009-10, 838 veterans education grants were awarded, totaling \$1,726,300 SEG. The average grant amount was \$2,060.

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 in any 12-month period. Lifetime grants may not exceed \$6,000.

A retraining grant may be made if the veteran: (a) 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; (b) meets financial assistance criteria established by DVA; (c) has become unemployed, underemployed or received a notice of termination of employment in the year prior to submitting the grant application; (d) proposes to participate in a retraining program that could enable the veteran to find gainful employment; and (e) has not received a DVA tuition reimbursement grant for the same period.

In 2009-10, 93 retraining grants were awarded, totaling \$198,100 SEG. The average grant amount

was \$2,278. Since the program's inception, 1,667 retraining grants have been awarded, totaling \$4,214,700.

Emergency Assistance Grants

In addition to education grants, DVA administers a grant program that provides limited emergency financial assistance to eligible veterans called assistance to needy veterans (ANV). This program includes both the health care aid grant and the subsistence aid grant programs that operated prior to 2005 Wisconsin Act 25.

Under 2007 Wisconsin Act 20, the lifetime maximum for ANV grants was increased from \$5,000 to \$7,500. Under current DVA rules, an applicant must earn less than 130% of the federal poverty level to be eligible for these grants.

Unremarried spouses and dependants of veterans who died while on active duty (including training) are also eligible to receive either of these grants if they meet the income requirements.

The ANV program still provides two distinct types of service: (a) assistance for health care costs; and (b) subsistence aid.

The health care component can only be used to cover costs related to dental care, hearing aids and eyeglass costs. Under 2007 Wisconsin Act 20, the yearly cap for dental, hearing, and eye care was eliminated. The veteran's household may not have liquid assets in excess of \$1,000 without losing eligibility for this program. In calculating liquid assets, DVA may not include the first \$50,000 of cash surrender value of any life insurance policy.

The Department may not provide health care aid unless the health care provider agrees to accept the following as payment in full: (a) the amount of the DVA grant payment; (b) any available insurance payment; and (c) a payment by the veteran in the amount the Department determines the veteran is able to pay.

Under administrative rules [VA 2.01], dental care assistance cannot exceed \$500 for any 12-month period unless dentures are required. The grant may not exceed \$1,875 for an upper or lower denture or \$3,750 for both in any 48-month period.

Hearing care may not exceed \$200 in any 120-month period, unless a hearing aid is needed. A grant for a hearing aid may not exceed \$1,875 for any 48-month period, unless documentation is provided by a licensed audiological health care professional provides evidence of a compelling medical need for additional assistance.

A grant for vision care may not exceed \$400 in any 12-month period, except in the following circumstances: (a) there is a significant change to the refraction error of eyes [the rules specify the necessary refraction changes for additional aid]; or (b) an ophthalmologist or optometrist documents the medical necessity of additional assistance, or for an additional set of eyewear.

The subsistence aid portion of the program provides temporary emergency aid to veterans in the event of an illness, injury or natural disaster that causes a loss of income. The Department may grant subsistence aid to veterans whose loss of income is the result of abuse of alcohol or other drugs if the veteran is participating in an alcohol and other drug abuse treatment program approved by DVA.

The subsistence aid is provided on a 30-day for a maximum of 90 days. Payments cannot exceed \$3,000 over any consecutive 12-month period. Subsistence aid is limited to the difference between the amount of income earned before the loss of income and the amount of income earned after the loss of income.

The spouse and dependant children of an active member of the U.S. armed forces or the Wisconsin National Guard (whom is activated or deployed) are eligible for ANV if they meet the following qualifications: (a) they are a Wisconsin resident; (b)

they have suffered a loss of income due to the activation or deployment; and (c) they experience an economic emergency during the period of the activation or deployment. Income eligibility standards [no more than 130% of the federal poverty level] apply for spouses or dependant children.

In 2009-10, a total of 258 assistance to needy veterans grants were awarded, totaling \$392,800. The average grant was \$1,523 in 2009-10.

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. 45.80 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 and served under honorable conditions. The CVSO is appointed for an initial two-year term by the county board. If reelected, the CVSO serves until removed.

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: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department.

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, Lafayette, Marquette, Menominee, Pepin, Price, Richland, Rusk, Sawyer, and Washburn);

- \$10,000 for a county with a population from 20,000 to 45,499 (Adams, Clark, Door, Douglas, Dunn, Green, Jackson, Juneau, Kewaunee, Langlade, Lincoln, Marinette, Monroe, Oconto, Oneida, Pierce, Shawano, Taylor, Trempealeau, Vernon, Vilas and Waushara);

- \$11,500 for a county with a population from 45,500 to 74,999 (Barron, Calumet, Chippewa, Columbia, Grant, Polk, Portage, 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, St. Croix, Sheboygan, Walworth, Washington, Waukesha, Winnebago, and Wood).

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

The CVSO grant program is funded 45% from the veterans trust fund, 45% from the primary mortgage loan program, and 10% from Veterans Homes operations. In 2009-10, \$758,000 was awarded in grants to counties (\$341,100 from the veterans trust fund, \$341,100 from the veterans mortgage loan program, and \$75,800 from the Veterans Homes operations).

The Department also provides \$8,500 grants to federally recognized Indian tribes and bands that appoint a tribal veterans service officer. The service officer must be a veteran and must serve as a full-time employee. The tribal veterans service officer is responsible for the same duties as a CVSO, but at the tribe or band level. Before the grants are provided, a tribe or band must agree to meet minimum budget and operating standards established by the Department. Funding for the tribal service officers comes from tribal gaming revenues. In 2009-10, eight tribal grants totaling \$68,000 were awarded to the Bad River Band, Ho-Chunk, Lac Courte Oreilles, Lac du Flambeau, Oneida, Red Cliff, Sokoagon (Mole Lake), and Stockbridge tribes.

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 for the purpose of assisting Wisconsin veterans with obtaining federal veteran's benefits. To qualify for the state grant, the veterans organization must have maintained the office for at least five out of the 10 years preceding the date of application for the grant.

Grant amounts are based in the total amount of salaries and travel expenses incurred by a qualifying service organization as follows: (a) for organizations with costs ranging from \$1 to \$2,499, DVA reimburses the entire amount; (b) for organizations with costs ranging from \$2,500 to \$9,999, DVA reimburses \$2,500; (c) for organizations with costs ranging from \$10,000 to \$119,999, DVA reimburses 25% of the costs; and (d) for organizations with

costs of at least \$120,000, DVA reimburses \$30,000.

In 2009-10, a total of \$99,600 was granted under the program to the following four organizations: American Legion, Disabled American Veterans, Military Order of the Purple Heart, and Veterans of Foreign Wars.

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 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.

In most cases, the grant is divided among the eligible counties based upon the total number of miles that eligible veterans were transported in that particular county compared to the total number of eligible miles that were driven in all counties. Counties that are starting a new transportation program, or are expecting to significantly increase the number of miles that veterans will be trans-

ported may submit an application based on estimated costs.

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; Mission Welcome Home; 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, as designated by DVA. The current DVA rules additionally specify that VAP eligibility extends to veterans with the following status: (a) unemployment or underemployment that limits the veteran's ability to be self-supporting; (b) an affliction with acute or chronic physical or mental health problems that limits the veteran's ability to be self-supporting; and (c) insufficient monthly income and resources to pay for the cost of care provided at an assisted living facility operated at a Veterans Home.

The Department uses regional centers to provide transitional housing to veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. Services provided include: (a) providing transitional housing; (b) referrals to service providers; (c) financial assistance to veterans who are eligible for residency at a veterans home but lack financial resources; (d) assistance in seeking vocational opportunities; and, as of 2009 Wisconsin Act 28; and (e) providing single occupancy rooms.

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 a veteran's spouse (unless the spouse is a veteran) or to his or her children. However, the VAP administrators will help the veteran's family obtain adequate housing while the veteran is in the program.

Since 1993 Wisconsin Act 16, veterans rehabilitation and assistance centers have operated through DVA support and independently. Some rehabilitation and assistance centers have been viable without supplemental funding from the veterans trust fund (mainly through federal grants and per diems).

Six centers have been established in Wisconsin at the following locations: Milwaukee; Fort McCoy; Tomah; King; Union Grove; and Chippewa Falls. The facilities are operated in three different ways: (a) independent operation; (b) facilities that are owned by the Department but contracted to private vendors; and (c) facilities that are owned and operated by the Department.

The facility in Milwaukee is independently operated by the Center for Veterans Issues and the facility in Tomah is independently operated by the Veterans Assistance Foundation. The Department does not oversee these programs nor does it provide any financial assistance.

The Department has entered into contracts with the Center for Veterans Issues to operate facilities at King and Union Grove. The facility at King, currently, does not receive supplements from the veterans trust fund.

Finally, DVA owns and operates facilities at Fort McCoy and Chippewa Falls. The facility at Fort McCoy currently does not receive supplements from the veterans trust fund.

In November, 1994, the center at Fort McCoy

opened, 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 VAP facility was moved to Tomah, but in 2003, a new facility was again opened at Fort McCoy, which can house 14 residents.

In 1995 the VAP facility on the campus of the Wisconsin Veterans Home at King was opened. This assistance center can house 26 residents. In 1998 a VAP facility was opened at the Southern Wisconsin Center in Union Grove and can house 30 residents. Finally, in December, 2007, a VAP site opened in Chippewa Falls and the first residents were admitted in January, 2008. This site can house 30 residents.

Through the 2009-10 fiscal year, a total of 6,055 veterans had received transitional housing services under the program since its inception. Of those served, 63% left the program with a job and housing or were referred for long-term treatment, and 37% left the program without a job or housing.

The Veterans Assistance Program is supported from federal per diems, veterans trust fund revenues, and resident fees. In 2009-10, \$1,133,900 was provided from federal per diems, \$669,400 from the veterans trust fund, and \$96,500 (\$36,700 was paid for DVA services and \$59,800 by Center for Veterans Issues services) was paid by veterans who received VAP services through user fees.

User fees may be assessed for services rendered, according to federal code, in cases where the veteran is gainfully employed. Under 2009 Wisconsin Act 28, single room occupancy accommodations were added to the list of services that could be provided and in which fees could be assessed.

The Department collaborated with the University of Wisconsin System and the U.S. DVA to pro-

vide mental health services for veterans at University of Wisconsin facilities. The Department has established an outreach facility at UW-Platteville, which provides services through the Veterans Medical Center in Madison. Pending negotiations with the U.S. Department of Veterans Affairs, the Department would open facilities at Whitewater, Parkside and Oshkosh. The Department provides outreach and counseling services at the Chippewa Falls VAP site through the Veterans Medical Center in Minneapolis. Finally, DVA has provided a grant to the Center for Veterans Issues to provide post-traumatic Stress Disorder (PTSD) outreach services to homeless veterans in Milwaukee.

The Department also provides services to veterans who are incarcerated in Wisconsin or are under community supervision by the Department of Corrections. The Department is responsible for assisting veterans at the assessment and evaluation centers at the Dodge, and Taycheedah Correctional Institutions and at the Milwaukee Secured Detention Facility. The Department will also visit veterans at the Dodge facility on a monthly basis and at other correctional facilities on request.

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 honors state veterans who served in the Vietnam conflict and the other honors 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. The Department 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 2007 Wisconsin Act 20, the Legislature provided a one-time grant of \$165,000 in 2007-08 for the refurbishment of the Korean War Memorial.

Under 1991 Wisconsin Act 44, \$190,000 GPR was provided in a continuing appropriation for construction of World War I, World War II and Persian Gulf War memorials at the Highground site. The World War I memorial was dedicated on September 19, 1992, and the World War II memorial was dedicated on September 18, 1993. Through 2009-10, a total of \$136,200 GPR had been released for construction of the World War I and II memorials. Construction has not started on the Persian Gulf War memorial. The Highground Board of Directors has requested and received artist proposals for Persian Gulf Memorial. The Board anticipates making a final selection in January, 2011.

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.

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.

Mission Welcome Home

Provisions of 2005 Wisconsin Act 25, provided one-time funding of \$25,000 GPR in each year of the 2005-07 biennium for grants to individuals that administer a program to identify, train, and place community volunteers who assist National Guard members, members of the U.S. armed forces, and members incorporated in the U.S. armed forces and their spouses and dependants who return to Wisconsin after serving on active duty. The Department's outreach staff attends demobilizations and integration meetings of Wisconsin National Guard units to inform members of the availability of state and federal benefits. Outreach members also attend campus open houses and assist in veterans "supermarkets" (described in next section).

The appropriation for Mission Welcome Home was extended for 2007-08 and 2008-09, under 2007 Act 20 and \$17,000 GPR annually was provided for that purpose. Under 2009 Wisconsin Act 28, the program was extended for an additional two years. Funding was shifted to the veterans trust fund and a staffing position was added for a total appropriation of \$105,400 SEG in 2010-11.

Other Outreach Programs

The Department conducts an outreach program entitled "I Owe You" in an attempt to inform and assist veterans in receiving state and federal veterans' benefits. As part of this effort, DVA has sponsored, through 2010, 44 veterans "supermarkets." These supermarkets feature local, state and federal veterans' benefits specialists offering information to state veterans. The Department estimates that 58,000 veterans have attended the supermarkets since their inception in 2000 through the end of 2010. In 2010, DVA sponsored supermarkets in Milwaukee (twice), Cleveland, Rice Lake, King, and Fort McCoy.

The Department's outreach staff also coordinates and attends re-integrations, demobilizations, and other veteran events. The Recently Separated Veterans Program provides approximately 500 monthly informational mailings to veterans recently discharged from active duty and returning to Wisconsin.

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 Central Wisconsin Veterans Memorial 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 Spooner 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. Each of the ceme-

teries provide casket and cremation internments.

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) or died while on active duty. In addition, the veteran must meet one of the following residency and service release requirements: (a) military service was entered from Wisconsin and the person was discharged or released under conditions other than dishonorable; (b) service was entered from another state but the veteran was a Wisconsin resident at the time of death and the person was discharged or released under conditions other than dishonorable; or (c) military service was entered from another state but was a Wisconsin resident for at least 12 months preceding his or her death and the person was discharged or released under honorable conditions.

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.

Under 2007 Wisconsin Act 20 an exception was created for residency rules, which allows non-resident service members that were killed in the line of duty to be buried in a state veteran's cemetery. For nonresident burials, interment costs that are not covered by the federal government must be covered by either the estate of the decedent or the family member that requests the burial.

The Department has established rules setting the fee charged for burials at the veterans cemeteries. Currently, there is no fee charged for the state interment of an eligible veteran, guard or reserve member. The Department may also waive the fees for any veteran's spouse or unremarried surviving

spouse who resides at a Wisconsin Veterans Home at the time of death. The Department basis the fee waiver on the spouse's or unremarried surviving spouse's ability to pay. The Department assesses a fee of \$550 for the interment of a dependent child or a veteran's spouse who either has the ability to pay or who does not reside at a Wisconsin Veterans Home at the time of death.

The Department also charges a \$650 fee for veterans, spouses, and dependant children who chose to purchase their own vault from a funeral director rather than using the preplaced liner provided by the cemetery. This fee applies at the Southern Wisconsin Veterans Memorial Cemetery and the Northern Wisconsin Veterans Cemetery. The Department also charges \$550 for the disinterment of cremated remains and \$900 for the disinterment of a casket.

The total number of interments through the 2009-10 fiscal year at each state cemetery is as follows: the Southern Wisconsin Veterans Memorial Cemetery, 9,185; the Northern Wisconsin Veterans Memorial Cemetery, 1,440; and the Central Wisconsin Veterans Memorial Cemetery, 5,837. The internments during 2009-10 are as follows: the Southern Wisconsin Veterans Memorial Cemetery, 1,056; the Northern Wisconsin Veterans Memorial Cemetery, 206; and the Central Wisconsin Veterans Memorial Cemetery, 150.

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. Under 2005 Wisconsin Act 25, the source of these stipends changed from the veterans trust fund to the general fund.

Since the inception of this program through the 2009-10 fiscal year, DVA has coordinated 50,972 funerals, has staffed 9,713 of those funerals with the agency's Military Funeral Honors Teams, and has paid 37,811 reimbursement grants to local organizations, totaling \$1,772,600. In 2009-10, DVA coordinated 6,279 funerals, staffed 1,317 of these funerals with Military Funeral Honors Teams and paid 4,940 reimbursement grants, totaling \$240,900. In 2009-10, the Wisconsin National Guard paid an additional \$5,000 in stipends for an additional 100 burials. In early 2010, the Wisconsin National Guard program ended.

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 Iraq 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, many noted historians and public figures, along with the staff at the museum, present programs to the public on military history, world events and the experiences of Wisconsin veterans.

Over the last decade funding for the museum

has shifted between the veterans trust fund (SEG) and the general fund (GPR). 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. 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. Under 2005 Wisconsin Act 25 a portion of the museum costs were again shifted to GPR, while the remaining costs continue to be supported by the veterans trust fund.

A total of \$276,900 GPR and \$1,645,700 SEG annually was appropriated in the 2009-11 biennium for museum operations, including 11.45 SEG staff positions.

The Veterans Museum Foundation also provided \$179,800 in 2009-10 for museum operations. The Foundation has provided over \$2.6 million to the Museum since its incorporation in 1994.

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 and may also recycle prepayments from those bonds or use fund equity or excess insurance reserves to make such loans.

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 and issuance costs,

as well as the administrative costs of the home loan program.

When it is determined by DVA that loan issuances are economically feasible, the state, through the State of Wisconsin Building Commission and the Capital Finance Office in the Department of Administration, issues general obligation bonds 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 DVA 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 disbursed by DVA for veteran home loans.

To obtain a primary mortgage 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 lending institution originates the loan with funds supplied by DVA. Throughout the life of the loan, the lending institution acts as the collection agent and loan servicer for DVA. Veterans receiving primary mortgage loans make payments to the lending institution, which in turn deposits the funds into the state treasury to the credit of the veterans mortgage loan repayment fund. The Department makes payments from the veteran mortgage loan repayment fund to pay administrative expenses and to the bond securities and redemptions fund to pay debt service on the bonds.

The home improvement loan program (HILP) is also required to be self-supporting, so 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. Recycled prepayments, fund equity or excess insurance reserves are also used to fund additional loans.

Home improvement loans are originated through either county veterans service offices or directly from the Department via on-line applications. The home improvement loans are serviced in-house by the Department.

The federal Tax Reform Act of 1986 eliminated the use of federally tax-exempt general obligation bonds, called qualified veterans mortgage bonds, for home loans for veterans that entered active duty after December 31, 1976, or applied for a loan more than 30 years after leaving active service (referred to as "disenfranchised" veterans). In 2006, federal tax law was amended to expand eligibility for qualified veterans mortgage bonds used to fund mortgage loans by removing the requirement that active duty military service must have begun prior to 1977. Qualified veterans are eligible for loans funded from tax-exempt bonds, regardless of when they entered service. However, the new law specifies that the use of tax-exempt bonds is limited to veterans that are within 25 years of their date of separation from active duty.

The federal government has established maximum bonding levels for the tax-exempt bonds. The State of Wisconsin is currently authorized to bond for up to \$100 million annually.

The Department may issue taxable bonds for disenfranchised veterans. However, investors in taxable bonds generally require a higher yield, resulting in increased financing costs of loans to the state, and subsequently higher mortgage rates to veterans. Because a majority of veteran home buyers are currently eligible for home loans from tax-exempt bonds, coupled with the cost increased financing rate of issuing taxable bonds, the Department has discontinued the issuance of taxable bonds for disenfranchised veterans, except when economically feasible.

Table 2 shows the date and amount of bonds issued for the most recent ten-year period. In the last decade, the state has issued \$314,555,000 in general obligation bonds for home loans for

Table 2: Recent Bond Issues for the Mortgage Loan Program (2000-2010)

Bond Issue	Amount
July, 2000*	\$35,000,000
February, 2001*	15,000,000
June, 2001*	20,000,000
October, 2001*	20,000,000
March, 2002*	15,000,000
June, 2002*	20,000,000
September, 2002*	13,000,000
December, 2002*	15,000,000
July, 2003*	30,000,000
August, 2004*	20,000,000
April, 2005*	5,000,000
August, 2006	61,685,000
October, 2007	20,570,000
May, 2008*	4,445,000
June, 2008	<u>19,855,000</u>
Total Bond Issues (2000-2010)	\$314,555,000

* Taxable bonds.

veterans. Of this amount, \$212,445,000 was issued as taxable bonds. It must be noted that during this period the use of taxable bonds created situations where the programs interest rate exceeded the existing market rate.

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 one of the largest revenue-supported bonding programs run by the state. The program is limited by the amount of bonding authorized by the Legislature. Through the 2009-11 biennium, the Legislature had authorized \$2,400,840,000 in state borrowing for this purpose. Additional loans have been issued from proceeds from prepayments of prior loans as well as equity or excess insurance reserves.

In addition to making veteran home loans and home improvement loans, 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. Further, Appendix IV shows the amounts of refunded bond issues (bonds that are issued at lower rates to refund higher interest bonds) since 1985.

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 authorized the Department to borrow from the veterans trust fund to support the mortgage loan repayment fund.

Veterans Trust Fund

The veterans trust fund finances the personal loan program and most of the grant and other programs operated by DVA.

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 1947 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 1974, the veterans trust fund was the only segregated fund for receipt of loan repayments and the disbursement of grants, loans and administrative expenses. Table 3 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 3, the principal revenue source for the veterans trust fund prior to 1991 was the general fund, which provided \$25.9 million in general tax collection receipts, \$25.2 million in direct appropriations, and \$37.3 million in loans. The loans to the trust fund, totaling \$18.8 million from the general fund and \$18.5 million from the Investment Board have subsequently been fully repaid.

By the early 1990's, ongoing revenue sources for the trust fund were interest payments by veterans on outstanding second mortgage 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

Table 3: 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	5,627,200 *
2007 Veterans Homes	1,131,200
2009 Veterans Homes	<u>7,000,000</u>
Subtotal--Other	\$60,582,200
Total revenues	\$148,946,300

*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.

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.

There have also been two recent transfers from the Veterans Homes operating revenues to the veterans trust fund, \$1,131,150 in 2006-07 and \$7,000,000 in 2008-09.

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 provide 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 V provides a summary of the total

amounts of loans and grants made, including programs paid from the veterans trust fund.

Current Status of the Veterans Trust Fund. The financial condition of the veterans trust fund, as of June 30, 2010, is presented in Table 4.

Table 4: Veterans Trust Fund Balance Sheet -- As of June 30, 2010

Assets	Amounts
Cash and Investments	\$24,235,800
<i>Trust Fund Loans Receivable</i>	
Personal Loans	16,161,800
Revenue Bond Loans Receivable	11,000
Economic Assistance Loans	5,000
Consumer Loans	<u>500</u>
Subtotal	\$16,178,300
<i>Mortgage Loans Receivable</i>	
Disenfranchised Loans	1,903,500
Second Mortgage Loans	47,700
Home Improvement Loans	<u>37,500</u>
Subtotal	\$1,988,700
Other Accounts Receivable	436,800
Prepaid Insurance	86,000
Property and Equipment*	11,596,200
Total Assets	\$54,725,100
Liabilities	
Accounts Payable and Accrued Liabilities	\$3,356,600
Bonds Payable	607,100
Notes Payable	<u>500</u>
Total Liabilities	\$3,964,200
Fund Equity	
Fund Equity Invested in Capital Assets**	\$10,988,600
Unrestricted Capital	<u>39,772,300</u>
Total Fund Equity	\$50,760,900
Total Liabilities and Fund Equity	\$54,725,100

*Depreciated value.

**Net of related debt.

Table 5: Veterans Trust Fund Cash Flow --As of June 30, 2010

	2007-08	2008-09	2009-10
Beginning Cash Balance, July 1	\$27,231,600	\$23,793,500	\$28,288,900
Revenues			
<i>Receipts from Customers</i>			
General Sales	\$130,200	\$166,800	\$191,300
Other Receipts from Customers	<u>2,000</u>	<u>1,000</u>	<u>800</u>
Subtotal	\$132,200	\$167,800	\$192,100
<i>Interest Income</i>			
Loan Interest	\$2,090,400	\$1,709,100	\$1,306,100
Investment and Interest on Cash	<u>1,016,000</u>	<u>321,700</u>	<u>67,000</u>
Subtotal	\$3,106,400	\$2,030,800	\$1,373,100
<i>Loan Repayments</i>			
Economic Assistance Loans	12,000	8,000	9,600
Consumer Loans	4,600	2,400	900
Second Mortgage Loans	32,100	23,700	15,900
Acquired Revenue Bonds	2,700	15,800	0
HILP Loans	109,000	77,300	57,400
Mortgage Loans	906,300	1,164,800	819,800
Personal Loans	9,273,400	8,256,300	6,992,900
Revenues from SWIB Portfolio	<u>71,700</u>	<u>97,300</u>	<u>64,600</u>
Subtotal	\$10,411,800	\$9,645,600	\$7,961,100
<i>Other Income</i>			
Federal Grants	\$800,300	\$973,000	\$1,189,500
Federal Payments for Building Construction	590,600	1,075,300	0
Refund of Prior Year Expenditures	1,200	15,300	9,700
Transfers In	0	7,000,000	363,700
Tax-Check-Off Donations	102,500	102,700	126,000
Veterans License Plates	120,900	17,700	16,100
Other Gifts and Donations	26,400	36,900	23,800
Miscellaneous Revenues	<u>136,200</u>	<u>152,800</u>	<u>112,100</u>
Subtotal	\$1,778,100	\$9,373,700	\$1,840,900
Total Revenues	\$15,428,500	\$21,217,900	\$11,367,200
Expenses			
<i>Operating Activities</i>			
Employee Payments	\$5,283,700	\$5,629,700	\$5,919,500
Cash Payments to Suppliers	3,564,300	3,246,900	2,980,300
Capital Assets	680,000	1,471,800	56,800
Repayment of Long-Term Debt	60,700	63,400	57,200
Building Fund Transfers and Municipal Services	<u>49,200</u>	<u>14,700</u>	<u>15,500</u>
Subtotal	\$9,637,900	\$10,426,500	\$9,029,300
<i>Grants Disbursed</i>			
Education Grants	\$2,276,500	\$1,694,300	\$1,726,300
Retraining Grants	89,200	116,100	198,100
Health Care Aid Grants	908,900	866,500	356,600
Subsistence Aid Grants	119,800	95,000	69,900
Transportation Grants	200,000	200,000	200,000
County Veterans Service Officers	315,900	302,600	341,100
Grants to Veterans Service Organizations	99,900	116,600	99,600
Aid to Indigent Veterans	87,700	94,800	0
Home for Needy Veterans	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Subtotal	\$4,107,900	\$3,495,900	\$3,001,600
<i>Loan Activity</i>			
Personal Loan Program Originations	\$4,993,900	\$2,534,900	\$2,844,400
Other Operating Expenses	89,000	230,600	309,700
Interest Payments	<u>37,900</u>	<u>34,600</u>	<u>32,000</u>
Subtotal	\$5,120,800	\$2,800,100	\$3,186,100
Lapse to General Fund	0	0	203,300
Total Expenses	\$18,866,600	\$16,722,500	\$15,420,300
Net Change	-\$3,438,100	\$4,495,400	-\$4,053,100
Closing Cash Balance, June 30	\$23,793,500	\$28,288,900	\$24,235,800

The fund's assets include cash on hand, investments, outstanding loans, pre-paid insurance and the depreciated value of its capital assets. The fund's liabilities include outstanding vouchers payable, debt service payable, and employee payroll deductions and payroll taxes payable. The bonds payable represents the principle balance of outstanding bonds. Fund equity is the difference between total assets and total liabilities, and is categorized as amounts that are invested and capital assets net of related debt and unrestricted capital (includes cash balances from Table 5, as well as remaining principal from veterans trust fund loan programs for which there are no restrictions placed on fund use).

Table 5 summarizes the fund's revenues and expenditures and opening and closing cash balances for the 2009-10 fiscal year. As detailed in the table, total annual cash receipts to the veterans trust fund (\$11,367,200) consisted primarily of loan repayment amounts (\$7,961,100), interest payments on outstanding loans and cash balances (\$1,373,100), and federal grants (\$1,189,500).

Total annual fund disbursements in 2009-10 (\$15,420,300) consisted of agency operating activities (\$9,029,300), grants and aids to veterans (\$3,001,600), and new loans and related expenses (\$3,186,100).

For the 2009-10 fiscal year, expenditures from the veterans trust fund exceeded revenues by \$4,053,100. This structural imbalance resulted in a drawdown of the fund's July 1, 2009, opening cash balance of \$28,288,900 to \$24,235,800 by June 30, 2010.

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. Low investment returns have reduced the annual earnings of the fund at the same time various program expansions increased the draw on the fund. Among the program expansions in the 2003-05 biennium were: (a) increasing educational grant reimbursements

from 85% to 100% of the UW-Madison resident undergraduate tuition and fees; (b) 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; (c) partially supporting the Veterans Home Nurses Education Stipend Program from the fund; and (d) increasing the maximum amount of a personal loan program loan from \$15,000 to \$25,000.

The Department proposed a number of initiatives during the 2005-07, biennial budget [2005 Wisconsin Act 25] deliberations in an attempt to reduce the amount of outlays and increase the amount of revenues for the veterans trust fund. Most of the major program changes relating to reducing costs were previously discussed in this paper under the sections entitled *veterans education programs, emergency assistance grants, and other programs*.

In addition, the Legislature also approved initiatives aimed at increasing revenues for the trust fund. Two of the initiatives were approved under 2005 Wisconsin Act 25, and included: (a) a veterans trust fund check-off for individual and corporate income tax and franchise tax forms, which allows individuals to make donations to the trust fund when filing their taxes; and (b) shifting the revenues generated by the issuance and reissuance of veteran and military special group license plates from the transportation fund to the veterans trust fund.

Under 2005 Wisconsin Act 468, DVA was authorized to transfer up to \$16 million in 2006-07 from the agency's PR appropriation that supports the institutional operations of the Veterans Home at King and Union Grove to the veteran's trust fund, provided that the PR balance in the appropriation account is in excess of the amount needed to fund the operations of the veterans homes and the nurse stipend payments during the 2006-07 fiscal year. Under this provision, Department transferred a total of \$1,131,150 from the Veterans Homes account to the veterans trust fund in 2006-07.

Under 2007 Wisconsin Act 20 the Legislature authorized DVA to transfer an additional \$7 million during the 2007-09 biennium from the veterans homes to the veterans trust fund, pending passive review by the Joint Committee on Finance. On January 26, 2009, a transfer of the full \$7 million allotment was approved.

The 2005 tax forms where the first year in which the check-off box was included. In 2009-10, the Department received \$126,000 from tax check-offs. The Department received \$16,100 in 2009-10 from license plate sales.

In the 2007-09 biennium there were several statutory changes that effect the trust fund status. Beginning with the 2007-08 school year, UW System and Wisconsin Technical College System institutions are required to remit 100% of tuition and fees for veterans that entered service from Wisconsin for up to 128 credits. These changes were approved under 2005 Wisconsin Acts 25 and 468, but had initially been established at 50% remittance. This change has the effect of reducing veterans education reimbursements through DVA.

Under 2007 Wisconsin Act 20, the Legislature provided one-time funding for the Wisconsin Veterans Museum from general purpose revenues, but on-going costs continued to be supported from the veterans trust fund. Additionally, under Act 20 the Legislature increased lifetime maximums and ended some yearly restrictions for the assistance to needy veterans program, which will increase costs to the fund.

In September 2010, revised administrative rules [VA 2.01, described under "Emergency Assistance Grants" section] for Health Care Aid Grants became effective, which limit the amount of assistance that can be provided for dental, eye, and hearing care, which could mitigate some of the annual costs resulting from higher lifetime aid allotments.

More information about each of these changes

can be found in the program descriptions.

Wisconsin Veterans Homes 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, includes four separately licensed nursing homes, with a total of 721 licensed skilled nursing care beds, a chapel, and an activity center containing a post office, theater, bowling alley, museum and library.

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 81 beds (Shemanske and Fairchild Halls), and a 120-bed skilled nursing facility (Boland Hall). 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.

Both the Wisconsin Veterans Home at King, as well as Boland Hall on the Union Grove campus are licensed and regulated by the Department of Health Services (DHS) and the United States Department of Veterans Affairs (USDVA) as skilled nursing facilities and, as such, are 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.

Under 2003 Wisconsin Act 102, DVA was authorized 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. In September, 2010, the USDVA notified DVA that its 72-bed skilled nursing facility project was conditionally approved for funding under the USDVA's state home construction grant program. Total construction costs of the project are currently estimated to be \$20,356,000, which will be funded 65% with federal funds (\$13,231,400) and 35% with \$7,124,600 in program revenue-supported borrowing. DVA expects this facility to open in November, 2012.

Nurse Education Stipend 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 Veterans Home at Union Grove. Recipients are required to work for DVA for one year for each year they receive a stipend. From the program's origination in 2003-04 through fiscal year 2009-10, 95 grants have been awarded for a total of \$305,235.

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 July 1, 2010, the membership at Wisconsin Veterans Home at King totaled 679, including 545 veterans and 134 dependents (primarily spouses). The veteran members as of that date included 260 World War II veterans, 133 Korean War veterans, 93 Vietnam-era veterans and 59 other qualifying veterans.

The membership at the Wisconsin Veterans Home at Union Grove totaled 200 individuals, including 181 veterans and 19 dependents. There were 110 World War II veterans, 39 Korean War veterans, 19 Vietnam-era veterans, and 13 other qualifying veterans.

Funding

The Department's residential care facilities are supported from five primary sources: (a) member contributions; (b) Medical Assistance (MA) payments; (c) USDVA per diem payments; (d) Medicare payments; and (e) USDVA service connected disability payments. Table 6 shows the number and percentage of residents by primary funding source as of December, 2009. A brief explanation of these revenue sources is provided below.

Table 6: Primary Funding Sources for Nursing Home Care (as of December, 2009)

	King		Union Grove	
	Residents	%	Residents	%
Medical Assistance	587	86.3%	71	61.2%
Payments by Residents				
at Private Pay Rates	66	9.7	29	25.0
Federal Service-Connected				
Disability Program	27	4.0	7	6.0
Medicare	<u>0</u>	<u>0.0</u>	<u>9</u>	<u>7.8</u>
Total	680	100.0%	116	100.0%

Since January, 2009, private pay rates for nursing home care at King and Union Grove have

been based on each facility's average cost per resident, by level of care. These costs are calculated in two parts: direct and non-direct care costs. The Department of Health Services maintains projected direct care costs for individuals in each nursing level of care. The average direct care cost per patient day for Veterans Home residents is calculated by taking the weighted average of these cost projections. Average non-direct costs are calculated by taking the total projected non-direct costs and dividing them by the projected number of residents. The sum of the average direct care costs and average non-direct care costs is the private pay rate. In January, 2010, DVA began using this same methodology to establish rates for the assisted living facilities at Union Grove.

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 may be 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. Table 7 shows the private pay rates for residents and King and Union Grove from January 2005 through January 2010.

Table 7: Daily Private Pay Rates for Skilled Nursing Care Provided to Veterans

Date	King	Union Grove
January 2005	\$148.24	N/A
January 2006	165.60	N/A
January 2007	163.29	\$225.00
March 2007	163.29	163.29
January 2008	176.58	176.58
January 2009	185.58	217.00
January 2010	207.47	257.47

USDVA Per Diem Payments. The Department receives USDVA per diem payments for its member veterans, which vary depending on the level of care provided. In October, 2010, USDVA paid \$38.90 per day for each assisted living member and \$94.59 per day for each member who received nursing care. In the 2009-10 federal fiscal year, USDVA paid DVA \$35.84 per day for each assisted living member and \$77.53 per day for each member who received nursing care.

Medicare. Veterans may be eligible for both USDVA veterans benefits and Medicare. Medicare eligible veterans can receive treatment both from VA facilities through VA benefits and non-VA facilities through Medicare benefits. In most cases, veterans benefits will not pay for a service that Medicare has covered, or vice versa. In some cases, where veterans receive VA-authorized services from a non-VA provider, Medicare may cover costs not covered by veterans benefits and/or pay copayments USDVA charges veterans. Medicare may also cover some prescriptions not covered by veterans benefits.

USDVA Service Connected Disability Payments. USDVA provides monthly cash benefits to veterans that have a service-connected disability and were discharged under other than dishonorable conditions. To be eligible for disability compensation a veteran must have: (1) a medical diagnosis of the impairment; (2) evidence the condition occurred or worsened in-service; (3) medical proof of a connection between the in-service injury or illness and the current disability.

Medical Assistance Payments. DVA's nursing homes are certified to participate in the MA program and receive MA reimbursement for the costs of services they provides to MA-eligible residents. Most MA benefits costs, including payments to nursing homes for the care they provide to MA recipients, are funded on an approximately 60% federal/40% state cost-sharing basis. (During the 2009-11 biennium, the federal share of these costs was somewhat greater than 60% due to a one-time

increase in the MA federal matching rate authorized in the American Recovery and Reinvestment Act.) 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 a portion of debt service costs are funded by a GPR appropriation, MA reimbursement of interest costs are required to lapse to the general fund at the end of each fiscal year. At the end of 2009-10, approximately \$387,500 lapsed to the general fund as a result of MA reimbursement for interest costs related to the Veterans Home at King and Union Grove.

An example of the payment sources used to support care at an assisted living facility at the Veterans Home at Union Grove is shown in Table 8. The average cost of residency in an assisted living facility at Union Grove for an individual not requiring memory care was \$4,500 per month, as of June 30, 2010. The costs of care to the individual are reduced by any VA per diem payments and aid

Table 8: Example of Payment Sources to Support Care at Veterans Home at Union Grove -- Assisted Living Facility

Monthly Cost (June 30, 2010)	\$4,500
VA Per Diem Payments*	\$1,075
Aid and Attendance Benefit**	<u>1,644</u>
Subtotal	\$2,719
Remaining Costs of Care (Paid by the Member's Own Funds)	\$1,781

*The VA per diem payment for domiciliary care is \$35.84 per day in federal fiscal year 2009-10.

**In calendar year 2010, the maximum annual pension for a veteran with no income, no dependents and who qualified for aid and attendance benefits was \$19,736 per year (approximately \$1,644 per month).

and attendance benefits for those members who qualify (in this case, \$1,075 and \$1,644, respectively). If an individual resides in a Union Grove facility for the entire month and is eligible for the maximum aid and attendance benefit, the cost of residency would decrease to approximately \$1,781 per month.

Table 9 indicates the amount of revenue the Department received from each of the revenue sources for the combined operation of the Veterans

Table 9: Combined Operating Revenues and Expenditures (Fiscal Years 2004-05 through 2009-10)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues						
Medical Assistance	\$23,142,900	\$46,359,300	\$28,544,000	\$33,483,300	\$34,729,100	\$35,441,700
Payments by Residents	18,941,000	20,229,500	21,420,500	23,318,800	24,412,800	24,441,700
Federal per Diem Payments for Veterans	12,087,200	14,240,100	15,711,800	17,624,600	18,604,200	15,720,100
Medicare	0	127,300	1,716,600	2,207,900	2,893,600	2,260,800
Federal Service-Connected Disability Program	0	0	0	0	354,300	7,869,900
Aid to Indigent Veterans	1,300	89,100	174,900	191,900	303,600	370,400
Other	125,500	157,400	159,100	184,300	188,100	182,900
Revenue Transfers	<u>-744,400</u>	<u>-936,400</u>	<u>-1,164,500</u>	<u>-1,388,100</u>	<u>-1,407,800</u>	<u>-1,447,800</u>
Total	\$53,553,500	\$80,266,300	\$66,562,400	\$75,622,700	\$80,077,900	\$84,839,800
Expenditures						
Salaries	\$29,170,000	\$31,859,300	\$37,495,000	\$40,885,300	\$42,973,500	\$43,528,900
Fringe Benefits	13,715,300	14,655,700	17,006,200	19,957,900	22,686,900	25,259,000
Supplies and Services	6,068,900	6,753,900	7,722,200	8,168,500	9,394,400	9,739,400
Transfers	973,800	153,000	1,462,300	422,100	7,050,800	2,229,700
Utilities	1,954,200	2,530,800	2,386,800	2,782,600	2,809,100	2,425,400
Administration	1,906,500	1,460,700	1,677,900	1,858,900	1,761,700	1,207,400
Other	<u>849,700</u>	<u>1,520,900</u>	<u>2,041,600</u>	<u>2,400,400</u>	<u>3,033,300</u>	<u>2,826,900</u>
Total	\$54,638,400	\$58,934,300	\$69,792,000	\$76,475,700	\$89,709,700	\$87,216,700
Surplus (Deficit)	-\$1,084,900	\$21,332,000	-\$3,229,600	-\$853,000	-\$9,631,800	-\$2,376,900

Home at King and the Wisconsin Veterans Home at Union Grove from 2004-05 to 2009-10. Expenditures for these facilities is also shown. Although expenditures have exceeded revenues for four of the past five fiscal years, the Veterans

Home at King and the Veterans Home at Union Grove have been able to maintain a positive operating account balance due to carry-over funds from a one-time Medical Assistance payment in 2005-06.

APPENDIX I

Changes to DVA Programs in 2009-11

Veterans Education Grant Delimiting Date. Under 2009 Wisconsin Act 297, veterans who attend an eligible higher education institution after more than 10 years separation from military service who are taking more than 11 credits (full-time students) can be reimbursed for up to 11 credits. Veterans could not be reimbursed for more than 60 credits after the delimiting date. Previously, full-time veteran students could not be reimbursed for any credits taken after the 10-year delimiting date.

Privileged Information. Under 2009 Wisconsin Act 210, a person who is a statutorily recognized "veteran mentor" can refuse to disclose most confidential communications between the veteran or member and the veteran mentor. The privilege does not exist if the veteran or member has agreed, in writing, to disclose the information, or the communication indicates that the veteran or member plans or threatens to commit a serious crime or serious harm to himself or herself.

The veteran mentoring program is a program approved by a circuit court judge to provide assistance and advice to a veteran or an active member of the U.S. armed forces, forces incorporated in the U.S. armed forces, in a reserve unit of the U.S. armed forces, or in the National Guard.

The veteran mentor must have served in the U.S. armed forces, forces incorporated in the U.S. armed forces, in a reserve unit of the U.S. armed forces, or in the National Guard. A veteran mentor must also complete a judicial approval process.

Eligibility for Veterans Assistance Program. Under 2009 Wisconsin Act 37, when determining financial eligibility for health care aid or subsistence aid grants, DVA may not include the first \$50,000 of cash surrender value of any life insurance policy of the veteran's household.

Veterans Trust Fund Foundation. Under 2009

Wisconsin Act 28 the Legislature authorized DVA to hire a consultant to assess options under the federal tax code for establishing a veterans trust fund foundation and assess fund raising potential for such a foundation. Funding (\$150,000 SEG) was set aside under the Joint Committee on Finance for potential release for establishing such a foundation, pending results of the study.

Membership of the Council on Veterans Programs. Under 2009 Wisconsin Act 298, a representative of the Blinded Veterans Association of Wisconsin was added to the Council on Veterans Programs.

The Council also includes representatives from the following: (a) American Legion; (b) Disabled American Veterans; (c) Veterans of Foreign Wars; (d) Marine Corps League; (e) the Navy Club of the U.S.A.; (f) Veterans of World War II (AMVETS); (g) American Ex-prisoners of War; (h) Vietnam Veterans Against the War, Inc.; (i) the Vietnam Veterans of America, Inc.; (j) the Catholic War Veterans of the U.S.A.; (k) Jewish War Veterans of the U.S.A.; (l) the Polish Legion of American Veterans; (m) National Association for Black Veterans, Inc.; (n) Army and Navy Union of the United States of America; (o) Wisconsin Association of Concerned Veteran Organizations; (p) United Women Veterans, Inc.; (q) U.S. Submarine Veterans of World War II; (r) Wisconsin Vietnam Veterans, Inc.; (s) the Military Order of the Purple Heart; (t) American Red Cross; (u) Wisconsin county veterans service officers; (v) Wisconsin chapter of the Paralyzed Veterans of America; (w) Wisconsin Council of the Military Officers Association of America; (x) Retired Enlisted Association; and (y) Wisconsin American GI Forum.

Mortgage Loan Servicing. Under 2009 Wisconsin Act 28, the Legislature authorized the Department to evaluate the viability of in-house servicing of primary mortgage loans.

APPENDIX II

Military Service Requirements for Eligibility for State Veterans Programs

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 ^a		Other Eligible Conflicts ^g	
1. Indian War:	1860-1898	1. Lebanon ^h :	8/1/82 to 8/1/84
2. Spanish American War:	4/21/1898 to 4/11/1899	2. Grenada ^h :	10/23/83 to 11/21/83
3. Philippine Insurrection:	4/12/1899 to 7/4/1902 ^b	3. Panama:	12/20/89 to 1/31/90
4. Boxer Rebellion:	6/16/1900 to 5/12/1901	4. Middle East Crisis (Includes Iraq and Afghanistan conflicts):	See ⁱ below.
5. Mexican Border Service:	6/19/16 to 4/5/17	5. Somalia:	See ^j below.
6. World War I:	4/6/17 to 11/11/18 ^c	6. Bosnia:	See ^k below.
7. World War II:	8/27/40 to 7/25/47		
8. Korean Conflict:	6/27/50 to 1/31/55		
9. Vietnam War:	8/5/64 to 1/1/77		
10. Persian Gulf War:	8/1/90 to present ^d		
11. Afghanistan War:	9/11/01 to present ^e		
12. Iraq War:	3/19/03 to present ^f		
12. Other periods designated by DVA rule			

^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 for 90 days or more during one or more of these war periods, or is 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. A person that was released from active duty, under honorable conditions, due to a reduction in the U.S. armed forces, is also classified as a veteran.

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

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

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

^eBetween September 11, 2001, and the ending date of Operation Enduring Freedom, or successor operation as set by DOA rule.

^fAn ending date to the Iraq War (Operation Iraqi Freedom) 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 Lebanon or Grenada is also defined by: (1) receipt of an armed forces expeditionary medal; (2) a marine corps or navy expeditionary medal; or (3) have not received a medal but submit other satisfactory proof of service to the Department.

ⁱService in a Middle East Crisis is defined in s. 45.01(11)(b) 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.

^jService 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.

^kActive duty service in Bosnia is defined in s. 45.01(11)(e) 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, under honorable conditions.

APPENDIX III

Primary Mortgage Loan Program Activity (as of June 30, 2008) -- Loans Committed

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
Wisconsin Housing Finance Authority Issues			
September, 1974	\$37,615,000	8.43%	1,324
May, 1975	<u>24,330,000</u>	7.85	<u>748</u>
Subtotal	\$61,945,000		2,072
State of Wisconsin Revenue Bond Issues			
May, 1980	\$80,000,000	9.83%	1,700
August, 1981	<u>10,055,000</u>	12.31	<u>268</u>
Subtotal	\$90,055,000		1,968
General Obligation Issues			
August, 1975	\$50,000,000	7.00%	1,844
December, 1975	50,000,000	6.75	1,833
March, 1976	100,000,000	7.00	3,543
July, 1976	100,000,000	7.00	3,655
November, 1976	40,000,000	6.35	1,413
February, 1977	40,000,000	6.23	1,384
May, 1977	110,000,000	6.11	3,698
October, 1977	36,000,000	6.03	1,161
February, 1978	100,000,000	6.44	3,171
June, 1978	80,000,000	6.58	2,367
November, 1978	49,000,000	6.25	1,378
February, 1979	75,000,000	6.88	2,021
May, 1979	70,000,000	6.70	1,908
October, 1979	70,000,000	6.91	1,824
January, 1980	30,000,000	7.31	758
September, 1982	30,000,000	10.20	758
May, 1983	20,000,000	9.20	496
December, 1983	30,000,000	9.90	721
April, 1984	50,000,000	10.30/10.60/8.55	1,310
April, 1985	18,551,000	10.60	472
May, 1986	38,185,500	8.55	843
July, 1988	15,000,000	8.55	319
January, 1989	20,000,000	8.55/7.85	420
August, 1989	20,000,000	7.85	404
March, 1990	20,000,000	8.25	383
October, 1990	20,000,000	8.25	382
April, 1991	30,000,000	8.10/7.40	575
June, 1992	30,000,000	7.40	181
October, 1993	20,000,000	5.25	328
September, 1994	45,000,000	7.25	499
February, 1995	29,625,000	7.45	313
October, 1995	42,850,000	6.55	440
May, 1996	45,000,000	7.00	447
October 1996	30,000,000	6.90	286
March, 1997	21,360,000	6.90	207
March, 1997	23,640,000	6.90	244
September, 1997	45,000,000	6.40	410
September, 1997	45,000,000	6.40	523
May, 1998	30,565,000	6.65/6.50	394
May, 1998	34,005,000	6.65	381
October, 1998	6,155,000	6.50	57

APPENDIX III (continued)

**Primary Mortgage Loan Program Activity
(as of June 30, 2010) -- Loans Committed**

Date of Bond Issue	Amount of Bonds Issued	Mortgage Rate	Number of Loans
General Obligation Issues (continued)			
October, 1998	\$55,000,000	6.50/6.85	649
May, 1999	40,000,000	6.85	478
November, 1999	65,000,000	7.80	638
July, 2000	35,000,000	7.90	311
February, 2001	15,000,000	6.80	171
June, 2001	20,000,000	7.00	190
October, 2001	20,000,000	6.80	177
March, 2002	15,000,000	6.50	130
June, 2002	20,000,000	6.50	156
September, 2002	13,000,000	5.65	96
December, 2002	15,000,000	5.75	104
July, 2003	30,000,000	5.35/5.75/5.30	209
August, 2004	20,000,000	6.15	45
April, 2005	5,000,000	5.99	30
August, 2006	61,685,000	6.00	364
October, 2007	20,570,000	6.00/5.65	124
May, 2008	4,445,000	6.00	26
June, 2008	<u>19,855,000</u>	5.75	<u>117</u>
Subtotal	\$2,234,491,500		47,766
Lending of Prepayments from Prior General Obligation Issues March, 1980; April, 1980; June, 2008; September, 2009-November, 2009	-0-	6.60/7.31/6.00% 5.875/4.85/5.55 5.25	1,668
Lending of Prepayments for Disenfranchised Veterans Loans August, 1989; July, 1990; July 1991; June, 1992; November, 1993; June, 1994 July, 1995; October, 1995; and July, 1996	-0-	7.85/8.25/8.10% 7.40/5.25/6.00 7.45/6.55/7.00	1,134
Lending of Prepayments from Refunded General Obligation Bonds June, 1994; April, 1993; October, 2003 December, 2003; March, 2004	-0-	6.00/5.75/5.30% 5.30/5.75	659
Lending of Equity or Insurance Reserve Funds for Veterans Loans December, 2002; March, 2003; May, 2004; July, 2004; March 2005 -- May 2006; October, 2007 -- January, 2008; September, 2008-November, 2009	-0-	5.65/5.75/5.70% 6.40/5.99 to 7.50 6.00/4.85/5.55 5.25	331
Total	\$2,386,491,500		55,598

Note: The total amount lent by DVA (\$2,675,529,800 through June 30, 2010) is higher than the amount shown in this appendix because of the issuance of loans from profits, prepayments, refunded bonds, and insurance reserves, which are categorized on the bottom of this appendix.

APPENDIX IV

Primary Mortgage Loan Refund Bonds (1985 to Present)

<u>Date of Bond Issue</u>	<u>Amount of Bonds Issued*</u>
April, 1985	\$223,088,000
May, 1986	38,185,000
October, 1993	20,000,000
December, 1993	133,660,000
April, 1994	103,830,000
October, 1994	10,400,000
March, 1995	15,735,000
October, 1995	42,850,000
April, 1997	23,640,000
April, 1998	6,155,000
June, 1999	15,790,000
April, 2003	7,000,000
April, 2003	13,740,000
November, 2003	9,555,000
December, 2003	58,335,000
October, 2007	20,570,000
June, 2008	<u>19,855,000</u>
Total	\$762,388,000

*Face value of bond issue.

APPENDIX V

Summary of State Grants and Loans to Individual Veterans

	2009-10 Loans ¹	2009-10 Total Loan Amount ¹	2009-10 Average Amount	Total Loans thru 2009-10	Total Loan Amount thru 2009-10
DVA Loan Programs					
Primary Mortgage Loan Program	63	\$10,572,400	\$167,815	55,598	\$2,675,529,800
Home Improvement Loan Program	22	651,000	29,591	2,379	32,520,500
Economic Assistance Loan Program ²	0	0	0	94,154	161,229,800
Personal Loan Program	209	3,134,100	14,995	9,676	98,884,200
Consumer Loan Program ³	0	0	0	2,634	35,478,600

	2009-10 Grants ⁴	2009-10 Total Grant Amount	2009-10 Average Amount	Total Grants thru 2009-10	Total Grant Amount thru 2009-10
DVA Grant Programs					
Tuition and Fee and Reimbursement Grants ⁶	NA	NA	NA	15,555	\$16,488,200
Part-Time Study Grants ⁵	NA	NA	NA	246,100	29,953,400
Veterans Education Grants ⁵	838	\$1,726,300	\$2,060	9,099	13,035,500
Retraining Grants	93	198,100	2,130	1,667	4,214,700
Health Care Aid Grants ⁶	NA	NA	NA	25,087	18,567,800
Subsistence Aid Grants ⁶	NA	NA	NA	31,569	9,108,300
Assistance to Needy Veterans ⁶	258	392,800	1,523	1,686	3,411,400
Military Funeral Honors	4,940	240,900	49	37,811	1,772,600
Nurse's Stipend	14	31,900	2,277	95	305,200

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.

⁵The Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs were combined in 2005-06, under the Veterans Education Grant program.

⁶The Health Care Aid Grant and Subsistence Aid Grant programs were combined in 2005-06, under the Assistance to Needy Veterans program.