

VETERANS AFFAIRS

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Request		2007-09 Change Over Base Year Doubled		2006-07	Request		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,107,200	\$9,029,600	\$9,166,400	\$13,981,600	331.8%	0.00	65.87	65.87	65.87	N.A.
FED	1,743,600	1,933,900	1,933,900	380,600	10.9	12.50	12.50	12.50	0.00	0.0%
PR	67,666,600	81,935,900	83,137,800	29,740,500	22.0	946.49	1,014.17	1,014.17	67.68	7.2
SEG	<u>60,237,900</u>	<u>53,359,700</u>	<u>52,355,300</u>	<u>- 14,760,800</u>	- 12.3	<u>134.41</u>	<u>62.56</u>	<u>62.56</u>	<u>- 71.85</u>	- 53.5
TOTAL	\$131,755,300	\$146,259,100	\$146,593,400	\$29,341,900	11.1%	1,093.40	1,155.10	1,155.10	61.70	5.6%

Major Request Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Request standard budget adjustments to the base budget totaling -\$142,300 GPR, \$32,100 FED, \$5,119,400 PR, and \$63,500 SEG annually. Adjustments are for: (a) turnover reduction (-\$335,300 PR and -\$160,600 SEG annually); (b) removal of noncontinuing elements from the base (-\$142,300 GPR, -\$393,500 PR, and -\$11,900 SEG annually); (c) full funding of continuing salaries and fringe benefits (\$32,100 FED, \$3,837,800 PR, and \$236,000 SEG annually); (d) overtime (\$956,600 PR annually); (e) night and weekend differential (\$1,053,800 PR annually); and (e) minor offsetting transfers within the same appropriation.

GPR	-\$284,600
FED	64,200
PR	10,238,800
SEG	<u>127,000</u>
Total	\$10,145,400

2. CONVERT FUNDING FOR CENTRAL ADMINISTRATION

Request a total of \$6,269,300 GPR and 63.67 GPR positions and -\$6,269,300 SEG and -63.67 SEG positions to convert the funding source for the programs shown below from the segregated veterans trust fund to the general fund:

	Funding	Positions
GPR	\$12,538,600	63.67
SEG	<u>- 12,538,600</u>	<u>- 63.67</u>
Total	\$0	0.00

Fiscal Year Appropriation	Source	2007-08		2008-09		Total	
		Funding	Positions	Funding	Positions	Funding	Positions
Administration of Veterans Loans, Grants, and Benefits	GPR	\$1,911,800	15.72	\$1,911,800	15.72	\$3,823,600	15.72
	SEG	-1,911,800	-15.72	-1,911,800	-15.72	-3,823,600	-15.72
Operation of the Veterans Museum	GPR	1,550,700	11.45	1,550,700	11.45	3,101,400	11.45
	SEG	-1,550,700	-11.45	-1,550,700	-11.45	-3,101,400	-11.45
Veterans Claims Office	GPR	889,300	15.00	889,300	15.00	1,778,600	15.00
	SEG	-889,300	-15.00	-889,300	-15.00	-1,778,600	-15.00
Veterans Assistance Program	GPR	723,900	4.00	723,900	4.00	1,447,800	4.00
	SEG	-723,900	-4.00	-723,900	-4.00	-1,447,800	-4.00
Cemetery Administration	GPR	644,000	6.00	644,000	6.00	1,288,000	6.00
	SEG	-644,000	-6.00	-644,000	-6.00	-1,288,000	-6.00
Military Funeral Honors	GPR	549,600	11.50	549,600	11.50	1,099,200	11.50
	SEG	<u>-549,600</u>	<u>-11.50</u>	<u>-549,600</u>	<u>-11.50</u>	<u>-1,099,200</u>	<u>-11.50</u>
Total		\$0	0.00	\$0	0.00	\$0	0.00
	GPR	6,269,300	63.67	6,269,300	63.67	12,538,600	63.67
	SEG	-6,269,300	-63.67	-6,269,300	-63.67	-12,538,600	-63.67

The Department's request includes the following related to administration of loans and aids to veterans.

Central Administration. Request \$1,911,800 GPR and 15.72 GPR positions and -\$1,911,800 SEG and -15.72 SEG positions annually to transfer central administrative costs. Funding would include: (a) \$1,098,100 GPR and 15.72 GPR positions and -\$1,098,100 SEG and -15.72 SEG positions annually for salaries and fringe benefits; (b) \$19,200 GPR and -\$19,200 SEG annually for limited-term employees; (c) \$701,200 GPR and -\$701,200 SEG annually for supplies and services; (d) \$23,300 GPR and -\$23,300 SEG annually for permanent property; and (e) \$70,000 GPR and -\$70,000 SEG annually for unallotted reserves.

Milwaukee Claims Office. Request \$889,300 GPR and 15.0 GPR positions and -\$889,300 SEG and -15.0 SEG positions annually to convert funding for the Department's claims assistance office in Milwaukee from the veterans trust fund to the general fund. Funding would include: (a) \$865,300 GPR and 15.0 GPR positions and -\$865,300 SEG and -15.0 SEG positions annually for salaries and fringe benefits; and (b) \$24,000 GPR and -\$24,000 SEG annually for supplies and services.

Military Funeral Honor Teams. Request \$549,600 GPR and 11.5 GPR positions and -\$549,600 SEG and -11.5 SEG positions annually to convert funding for military funeral honor teams from the veterans trust fund to the general fund. Funding would include: (a) \$499,600 GPR and 11.5 GPR positions and -\$499,600 SEG and -11.5 SEG positions annually for salaries and fringe benefits; and (b) \$50,000 GPR and -\$50,000 SEG annually for supplies and services. 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 currently operates three military funeral honor teams in King, Spooner, and Union Grove.

The Department is also requesting that 100% of current veterans trust fund support for the veterans museum, the veterans assistance program, and the veterans cemetery be replaced with general fund support as follows:

Veterans Museum. Request \$1,550,700 GPR and 11.45 GPR positions and -\$1,550,700 SEG and -11.45 SEG positions annually to convert funding for the Wisconsin Veterans Museum. Funding would include: (a) \$771,800 GPR and 11.45 GPR positions and -\$771,800 SEG and -11.45 SEG positions annually for salaries and fringe benefits; (b) \$60,500 GPR and -\$60,500 SEG annually for limited-term employees; (c) \$697,900 GPR and -\$697,900 SEG annually for supplies and services; (d) \$10,500 GPR and -\$10,500 SEG annually for permanent property; and (e) \$10,000 GPR and -\$10,000 SEG annually for flag restorations. Currently, \$300,000 GPR annually of appropriated for supplies and services at the Wisconsin Veterans Museum.

Veterans Assistance Program. Request \$723,900 GPR and 4.0 GPR positions and -\$723,900 SEG and -4.0 SEG positions annually to convert funding for the veterans assistance program. Funding would include: (a) \$242,300 GPR and 4.0 GPR positions and -\$242,300 SEG and -4.0 SEG positions annually for salaries and fringe benefits; (b) \$13,400 GPR and -\$13,400 SEG annually for supplies and services; and (c) \$468,200 GPR and -\$468,200 SEG annually for aids to individuals or organizations. The veterans assistance program was created by 1993 Wisconsin Act 16 to provide assistance to homeless, incarcerated, and other groups of needy veterans. The purpose of the program is to establish regional centers to provide transitional housing for veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. Services provided include transitional housing, vocational assistance, referrals to service providers, and financial assistance to enable veterans with insufficient income and resources to reside at a veterans home.

Veterans Cemeteries. Request \$644,000 GPR and 6.0 GPR positions and -\$644,000 SEG and -6.0 SEG positions annually to convert funding for state veteran cemeteries. Funding would include: (a) \$359,700 GPR and 6.0 GPR positions and -\$359,700 SEG and -6.0 SEG positions annually for salaries and fringe benefits; (b) \$69,300 GPR and -\$69,300 SEG annually for limited-term employees; (c) \$126,100 GPR and -\$126,100 SEG annually for supplies and services; (d) \$87,300 GPR and -\$87,300 SEG annually for aids to individuals or organizations; and (e) \$1,600 GPR and -\$1,600 SEG annually for special transfers. Currently, three of the state's veteran cemeteries are accepting interments (the cemeteries at Spooner, King and Union Grove). The requested transfer of funding would affectively transfer all veteran cemetery administrative and maintenance costs that are currently supported by the veterans trust fund to GPR. Federal funding to support veterans cemeteries would remain unchanged (current base level funding is estimated at \$297,100 FED under a continuing appropriation).

3. REALLOCATION OF POSITIONS

	Funding	Positions
PR	\$1,785,400	9.18
SEG	<u>-1,785,200</u>	<u>-9.18</u>
Total	\$200	0.00

Request \$892,700 PR and 9.18 PR positions and -\$892,600 SEG and -9.18 SEG positions annually for the reallocation of positions at the Wisconsin Veterans Homes at King and Union Grove, administration of loans and aids to veterans, and general program operations of the primary mortgage loan repayment fund as shown in the table below:

Annual Transfer of Positions and Funding Authority

	Positions			
	Source	Classified Positions	Unclassified Positions	Total Positions
Wisconsin Veterans Home at Union Grove	PR	7.35	0.45	7.80
Wisconsin Veterans Home at King	PR	1.32	0.06	1.38
Primary Mortgage Loan Operations	SEG	-16.40	-1.20	-17.60
Administration of Loans and Aids	SEG	<u>7.73</u>	<u>0.69</u>	<u>8.42</u>
Total		0.00	0.00	0.00

	Funding						
	Source	Salary and Fringe Benefits	LTE	Supplies and Services	Permanent Property	Unallotted Reserves	Total
Wisconsin Veterans Home at Union Grove	PR	\$694,000	\$0	\$39,300	\$0	\$0	\$733,300
Wisconsin Veterans Home at King	PR	112,900	0	46,500	0	0	159,400
Primary Mortgage Loan Operations	SEG	-1,650,400	-18,600	-486,400	-20,400	-72,600	-2,248,400
Administration of Loans and Aids	SEG	<u>843,500</u>	<u>18,600</u>	<u>400,700</u>	<u>20,400</u>	<u>72,600</u>	<u>1,355,800</u>
Total		\$0	\$0	\$100	\$0	40	\$100

The Department states that the transfer of position authority would be for the following reasons: (a) increased workload related to the start-up and expansion of the Wisconsin Veterans Home at Union Grove, including an 120-bed skilled nursing facility; (b) shifts in workload related to the expansion of programs funded by the veterans trust fund; and (c) reduced activity of the mortgage loan repayment fund.

4. VETERAN EDUCATION GRANTS

GPR	-\$1,885,600
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Request -\$669,200 in 2007-08 and -\$1,216,400 in 2008-09 to reflect fewer reimbursement requests

for veteran education grants. Base funding for the program is \$3,832,200. Under this request, total funding would be \$3,163,000 in 2007-08 and \$2,615,800 in 2008-09.

Under current law, the UW System Board of Regents and each technical college district board must remit 50% of tuition and fees, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for a student who meets the following qualifications: (a) is a qualified veteran as defined in Chapter 36 of the statutes; (b) is a resident of this state as defined in Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. Beginning in academic year 2007-08 the amounts remitted increase to 100%.

The Department of Veterans Affairs must reimburse veteran students for tuitions and fees not remitted at any eligible institution (eligible institutions include any UW System institution or center, Wisconsin Technical College System (WTCS) institution, private school approved by the Educational Approval Board, private or public high school or similar institution with a tuition reciprocity agreement with Wisconsin). If the veteran student is also eligible for DVA's veterans education grant program, the student could be reimbursed for the amounts not remitted by the UWS 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. If a veteran is eligible for the veterans education grant program, attends an institution outside of the UW-System or WTCS, or qualifies for the Department's education grant program but not remittance from the UW-System or WTCS, then DVA must pay all tuition and fees up to 100% of the UW-Madison's rate for resident undergraduate students.

5. BONDING AUTHORITY INCREASE FOR THE PRIMARY MORTGAGE LOAN PROGRAM

BR	\$180,000,000
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Request an increase in bonding authority for the primary mortgage loan program of \$180,000,000. The total bonding authority for the program would increase from \$2,120,840,000 to \$2,300,840,000 under this request. Bond proceeds are used to issue primary mortgage loans to Wisconsin veterans.

6. DOCUMENT IMAGING OF VETERAN'S BASEFILES

SEG	\$690,000
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Request one-time funding of \$390,000 in 2007-08 and \$300,000 in 2008-09 for electronic document images of veteran basefiles. Request that the funding would be provided by the veterans trust fund (\$156,000 in 2007-08 and \$120,000 in 2008-09) and from the mortgage loan repayment fund (\$234,000 in 2007-08 and \$180,000 in 2008-09). The Department estimates that there are approximately 288,000 basefiles that hold approximately 5.8 million paper documents. The Department is requesting funding to purchase hardware and software, and to hire staff to do the document imaging. Basefiles may include reports of separation from the military, residency affidavits, grant applications (including any supporting documents required), proof of mortgage loan eligibility, denial letters, appeal letters, and marriage and death certificates.

7. PROGRAM CHANGES FOR ASSISTANCE TO NEEDY VETERANS PROGRAM

Request the following changes to the statutory language affecting the assistance to needy veterans program: (a) delete the current dental care maximum reimbursement (\$2,500 for any 12-month period); (b) eliminate the requirement that a veteran must suffer a loss of income in order to qualify for assistance due to a natural disaster; and (c) recreate the statutory section related to assistance to needy veterans for unremarried spouses and dependant children of deceased veterans or the spouse or dependant children of National Guard members that are activated. No funding estimate was provided for these requested changes.

Under current law, an unremarried spouse or dependant of a veteran that died while on active duty is eligible for assistance to needy veterans. Also, the spouse or dependant children of an active member of the U.S. armed forces or the Wisconsin National Guard (whom is activated or deployed) is eligible for assistance to needy veterans 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 established under administrative rule by the Department [no more than 130% of the federal poverty level] apply for spouses or dependant children.

The Department is requesting the creation of a separate program for both of these groups. Under this request, veterans would continue to be funded under the current assistance to needy veterans appropriation, while spouses and dependants would be funded under a new, segregated continuing "assistance to needy dependants" appropriation funded from gifts and grants made for the purpose of providing aid to the spouses and dependants of deceased veterans or activated National Guard members. The Department requests that assistance be limited to \$2,500 for any 12-month period. Under the request, DVA would promulgate rules for the distribution of the aid including: (a) income limits based on household size; (b) application procedures; (c) uniform need determination procedures; and (d) any other rules necessary to insure uniform administration of the program.

8. FEDERAL PER DIEM GRANTS FOR HOMELESS VETERANS

FED	\$291,400
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Request \$145,700 annually for homeless per diem grants provided by the federal government to the Northern Wisconsin Center at Chippewa Falls. The Department is requesting federal authority to operate 30 beds at the Northern Wisconsin Center at a rate of \$29.31 per day. If approved by the federal government and if all beds were filled during each day of the fiscal year then federal per diem payments would total \$320,900 annually. The Legislature approved expenditure authority of \$167,700 in 2005-06 and \$175,200 in 2006-07 under 2005 Wisconsin Act 25 to relocate beds from the Fort McCoy to the Northern Wisconsin Center and increase the number of beds from 14 to 30. This funding was placed in unallotted reserve pending federal approval of the expansion.

9. RESTORING TURNOVER REDUCTION

SEG	\$321,600
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Request \$160,600 annually to restore the turnover reduction identified under standard budget reductions under the two following appropriations: (a) \$92,800 annually for program operations of the mortgage loan repayment fund; and (b) \$67,800 annually for administration of loans and aids for the veterans trust fund.

Under Department of Administration budget instructions, agencies that have more than 50 full-time employees (FTE) under a single appropriation are required to anticipate that 3% of those FTE positions will be vacant, on average. Agencies are directed to submit turnover reductions equal to 3% of salaries and fringe benefits under these appropriations. Under separate items, DVA has requested the transfer of funding and positions from program operations of the mortgage loan repayment fund and administration of loans and aids for the veterans trust fund to GPR. If these items are transferred to GPR there would be fewer than 50 FTE positions remaining under the two SEG appropriations. The DVA states that the turnover reductions should not, therefore, apply.

10. FEASIBILITY STUDIES FOR VETERANS HOME AND CEMETERY

SEG	\$375,000
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Request \$375,000 of one-time funding in 2007-08 for the following: (a) \$35,000 for a feasibility study for a new state veterans cemetery in the Fox Valley region; (b) \$65,000 for a feasibility study for a veterans home in Superior; (c) \$75,000 for development of a master plan for future DVA capital construction projects; and (d) \$200,000 for seed funding to initiate design planning of a veterans home in Chippewa Falls.

Homes and Facilities for Veterans

1. VETERANS HOME AT KING -- DIRECT CARE STAFF

	Funding	Positions
PR	\$4,681,200	48.50

Request \$2,340,600 annually and 48.50 positions, beginning in 2007-08, to increase the number of direct care staff available to serve residents of the Veterans Home at King. The positions include 7.0 licensed professional nurses (LPNs), 5.0 nurse clinicians, and 36.5 certified nursing assistants (CNAs). DVA indicates that increasing direct care staffing levels by this amount would enable King to fill all assigned posts and to meet required minimum hours of care per patient day levels without requiring regularly scheduled overtime.

2. VETERANS HOME AT KING -- SUPPLIES AND SERVICES

PR	\$4,064,200
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Request \$1,798,600 in 2007-08 and \$2,265,600 in 2008-09 to support food, insurance, pharmacy, and other supplies and services at the Veterans Home at King.

3. VETERANS HOME AT KING -- LIMITED-TERM EMPLOYEES

PR	\$2,252,600
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Request \$1,104,200 in 2007-08 and \$1,148,400 in 2008-09 to increase funding for the costs of funding limited-term employees (LTEs) at the Veterans Home at King. Base funding for LTE staffing at King is \$1,031,300 annually.

4. VETERANS HOME AT KING - CONVERSION OF PART-TIME POSITIONS

	Funding	Positions
PR	\$340,000	4.00

Request \$170,000 annually to convert 8.0 half-time positions to full-time positions, beginning in 2007-08. The 8.0 half-time positions include: (a) 1.0 half-time minimum data set coordinator; (b) 4.0 half-time therapy assistants; (c) 2.0 half-time social workers; and (d) 1.0 half-time security officer.

5. ENERGY COSTS

PR	\$3,885,000
SEG	62,900
Total	\$3,947,900

Request \$1,633,000 (\$1,604,100 PR and \$28,900 SEG) in 2007-08 and \$2,314,900 (\$2,280,900 PR and \$34,000 SEG) in 2008-09 to fund projected increases in energy costs at facilities operated by DVA. This item includes funding to support energy costs at: (a) Northern and Southern Wisconsin Veterans Memorial cemeteries (\$28,900 SEG in 2007-08 and \$34,000 SEG in 2008-09); (b) the Veterans Home at King (\$1,574,200 PR in 2007-08 and \$2,126,800 PR in 2008-09); and (c) the Veterans Home at Union Grove (\$29,900 PR in 2007-08 and \$154,100 PR in 2008-09).

The program revenue component of the request is supported primarily by Veteran Home member contributions, medical assistance payments, and USVDA per diem payments. The remaining portion of the request would be funded from veterans trust fund.

6. OVERTIME PAY

PR	\$1,473,500
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Request \$712,100 in 2007-08 and \$761,400 in 2008-09 to fund projected increases in the cost of holiday and regular overtime pay for staff at the Veterans Home at Union Grove (\$23,100 in 2007-08 and \$47,900 in 2008-09) and the Veteran's Home at King (\$689,000 in 2007-08 and \$713,500 in 2008-09).

7. NIGHT AND WEEKEND DIFFERENTIAL

PR	\$360,200
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Request \$168,900 in 2007-08 and \$191,300 in 2008-09 to fund projected increases in the cost of paying higher wages for night and weekend shifts worked by nursing staff than the wages DVA pays these staff to work other shifts, based on provisions included in union contracts.

8. STATE SUBSIDIES FOR THE CARE OF INDIGENT VETERANS AT ASSISTED LIVING FACILITIES

GPR	\$730,400
SEG	- 417,400
Total	\$313,000

Request a reduction of \$208,700 SEG annually from the veterans trust fund (VTF) and request \$313,000 GPR in 2007-08 and \$417,400 GPR in 2008-09 to: (a) transfer base funding DVA uses to subsidize the costs of caring for indigent veterans at assisted living facilities at Union Grove from the VTF to GPR (\$208,700 GPR and -\$208,700 SEG annually); and (b) provide an additional \$104,300 GPR in 2007-08 and \$208,700 GPR in 2008-09 to increase funding for subsidies.

The base funding for this request was provided under 2005 Act 25 to support veterans applying to reside at the Veterans Home at Union Grove's assisted living facility who may lack other financial resources due to homelessness, incarceration, or other circumstances that DVA designates by rule. Currently, an eligible veteran or dependent may be admitted or reside in the assisted living facilities at Union Grove only if the individual has sufficient income and resources to do so, and applies those resources to fully reimburse DVA for the cost of providing care.

Requests Affecting Other Agencies

1. EXPAND THE INDIVIDUAL INCOME TAX CREDIT FOR PROPERTY TAXES PAID BY CERTAIN VETERANS AND SPOUSES

Request an expansion of the refundable income tax credit for certain veterans, eligible spouses, and unremarried surviving spouses of deceased veterans through modifications to current requirements related to residency and service-connected disability rating. In addition, eliminate the current age requirements.

Current law provides, effective for taxable years beginning on or after January 1, 2005, a refundable credit against the individual income tax for property taxes paid by certain veterans and unremarried surviving spouses of veterans. The tax credit is equal to real and personal property taxes paid on a principal dwelling by the following persons:

a. The unremarried surviving spouse of a person who died while on active duty in the U.S. armed forces and who was a resident of this state at the time of entry into service and at the time of death.

b. The unremarried surviving spouse of a person who: (1) served on active duty in the U.S. armed forces; (2) was a resident of this state at the time of entry into active service; (3) was a resident of this state at the time of death; (4) was at least 65 years of age at the time of death (or would have been 65 at the close of the year in which the death occurred); and (5) had a service-connected disability of 100%, based on related federal provisions.

c. The unremarried surviving spouse of a person who served in the National Guard or Reserves, who was a resident of this state at the time of entry and at the time of death, and who died in the line of duty while on active or inactive duty.

d. A person who served on active duty in the U.S. armed forces and: (1) was a resident of this state at the time of entry into that service; (2) is a resident of the state for purposes of receiving veterans benefits under Chapter 45 of the Wisconsin statutes; (3) is at least 65 years old; and (4) has a service-connected disability of 100% based on related federal provisions. For married-joint filers, an eligible veteran may claim the credit for the entire property tax imposed on the veteran's principal dwelling, rather than for the share of property taxes that reflects the veteran's ownership interest in the dwelling (which is 50% for property owned as marital property). For a married couple filing separate returns, an eligible veteran and an eligible spouse are each permitted to claim the veterans property tax credit based on their respective ownership interest in the veteran's principal dwelling.

If an individual (or the individual's spouse) claims the veterans property tax credit, neither the individual (nor the individual's spouse) may claim the property tax/rent credit, the farmland tax relief credit, the farmland preservation credit, or the homestead credit.

The request would modify the residency requirements described above to specify that, to be eligible for the credit, a qualified veteran (or, in the case of an unremarried surviving spouse, the deceased veteran) would have to have been a resident of this state at the time of entry into active service or to have been a resident of this state for any consecutive ten-year period after entry into that service. Under current law, the veteran has to have been a resident of this state at the time of entry into active service to be eligible for the credit.

In addition, the current requirements under "b" and "d" related to a service-connected disability rating of 100% would be modified to require a service-connected disability rating of at least 30%. Finally, the 65 years or older age requirements under "b" and "d" would be eliminated.

No fiscal estimate is included in the Department's request.

2. PURCHASE OF CREDITABLE SERVICE FOR RETIREMENT BENEFITS

Request that a Wisconsin Retirement System (WRS) participating employee would be authorized to purchase creditable service for active service in the U.S. armed forces, if: (a) the military service for which the creditable service is being purchased has not been the basis to receive creditable service under the current law military service benefit; (b) the active service in the U.S. armed forces is not used for the purpose of establishing entitlement to, or the amount of, any federal retirement benefit, other than certain disability benefits; and (c) the veteran's discharge from military service was under conditions other than dishonorable. At the time of application, the participating employee must furnish evidence of active service in the U.S. armed forces that is acceptable to the Department of Employee Trust Funds (ETF).

In addition, under the request, the participating employee must have at least three continuous years of creditable service under the WRS at the time of application to purchase the creditable service. The number of years of creditable service that may be purchased under the new military service benefit may not exceed four years, and may not exceed the participant's accumulated current creditable service at the time of making the application. Further, the participating employee may apply to receive part or all of the creditable service that he or she is eligible to receive under these provisions.

Request that the participant electing to purchase military service credits under the new benefit would be required to pay out-of-pocket to the WRS an amount equal to the statutory contribution rate for general category employees (currently 5%) on earnings for each year of service to be purchased. The total required payment for the new military service benefit would be the product of the general category employee rate times his or her final average earnings amount (the average of the three years of highest earnings), times the number of years of military service benefits being sought. The participant's final average earnings amount would be determined as if the individual had retired on the first day of the annual earnings period during which ETF receives the application.

No WRS employer would be authorized to pay any amount towards the cost of the new military service benefit on behalf of a participating employee. The amount payable by the participant would generally be required to be paid in a lump sum upon application, unless ETF provides for an alternative payment of 10% of the amount due with the remaining balance received from a transfer from a tax-sheltered annuity plan no later than 90 days after receipt of the application.

Upon receipt of the total required payment, the creditable service meeting the conditions and requirements of these provisions would be credited to the account of the participating employee. The creditable service granted under the proposal would be as if the participant were a general classification employee (that is, for purposes of calculating a formula-based annuity for the participant, the general classification employee formula factor [1.6%] would be used). Finally, unless otherwise provided by ETF by rule, a participating employee would not be allowed to purchase creditable service under the new benefit more than two times in any calendar year.

Under current law, additional years of WRS creditable service for retirement benefit calculation purposes may be granted for active military service, other than non-federally-activated service in the military reserves or the National Guard. Military service credits are added to an eligible participant's total earned service credits upon retirement under two types of procedures:

The first procedure is applied to WRS participants with veteran's status who served in the military prior to entering WRS covered employment, provided all of the following conditions are satisfied: (a) previous military service credits have not been granted; (b) the military service was performed prior to 1974; (c) the military service time is not being used for federal retirement benefit purposes; and (d) discharge from military service was under conditions other than dishonorable. For WRS participants who meet all of these conditions, for every five year increment of creditable service under the WRS, one year of military service credits will be granted (up to a maximum of four years of military service credits).

The second procedure is applied to WRS participants who left WRS covered employment at any time for military service and then returned to the same employer within 180 days of discharge from the military service. For this category of employee, military service credits of up to four years (longer if the military service was involuntarily extended) may be granted. To qualify for this second type of military service credit, the employee must have been discharged from military service under conditions other than dishonorable. Further, this type of military service that resulted in a break in continuous WRS covered employment may also be used towards a federal benefit.

A WRS participant who qualifies for either type of military service credit is not required to make an out-of-pocket payment for the additional creditable service granted.

Under the Department's request, a qualifying individual could purchase creditable service under both the current law provisions and the provisions being proposed, except that each year of military service being used as the basis for purchasing creditable service under one method could not be used to purchase creditable service under the other method.

Under the request, the proposed military service provisions would establish a new WRS benefit that would apply retroactively to current WRS participants. Further, the amount actually paid by the participant would not represent the full actuarial cost of the increased benefit. As a result, an unfunded liability for state and local WRS employers would be created for the costs of the increased benefits granted for service rendered before the effective date of the proposal. An estimate of the fiscal effect of the request is indeterminate because it is not known at this time how many WRS participating employees have military service, the extent of such military service, and the amount of military service that might be purchased by each eligible participating employee.

3. CORPORATE INCOME AND FRANCHISE TAX EXCLUSION FOR VETERANS SERVICE ORGANIZATIONS

Request that a corporate income and franchise tax exclusion be created for the income of congressionally-chartered veterans service organizations. No fiscal estimate is included in the Department's request. Currently, there are 45 congressionally-chartered veterans service organizations, which includes the American Red Cross, the American Legion, the American Veterans (AMVETS), the Disabled American Veterans, and the Veterans of Foreign Wars of the United States (VFW).

4. SALES TAX EXEMPTION FOR VETERANS HOME EXCHANGES

Request a sales and use tax exemption for the sale of tangible personal property and taxable services by a home exchange service that is owned by DVA. No fiscal estimate is included in the Department's request.

5. PROPERTY TAX EXEMPTION FOR CONGRESSIONALLY-CHARTERED VETERANS SERVICE ORGANIZATIONS

Request to create a property tax exemption for property owned by congressionally-chartered veterans service organizations that is necessary for the location and convenience of buildings. At the state level, the request would reduce forestry tax collections (SEG) deposited in the conservation fund by an unknown amount. At the local level, the exemption would shift local property taxes from property that becomes exempt to property that remains taxable by an unknown amount.