



## **Background Briefing**

# **MILITARY AND VETERANS AFFAIRS**

**Jan Wisniewski, Senior Fiscal Analyst**

**January 2011**

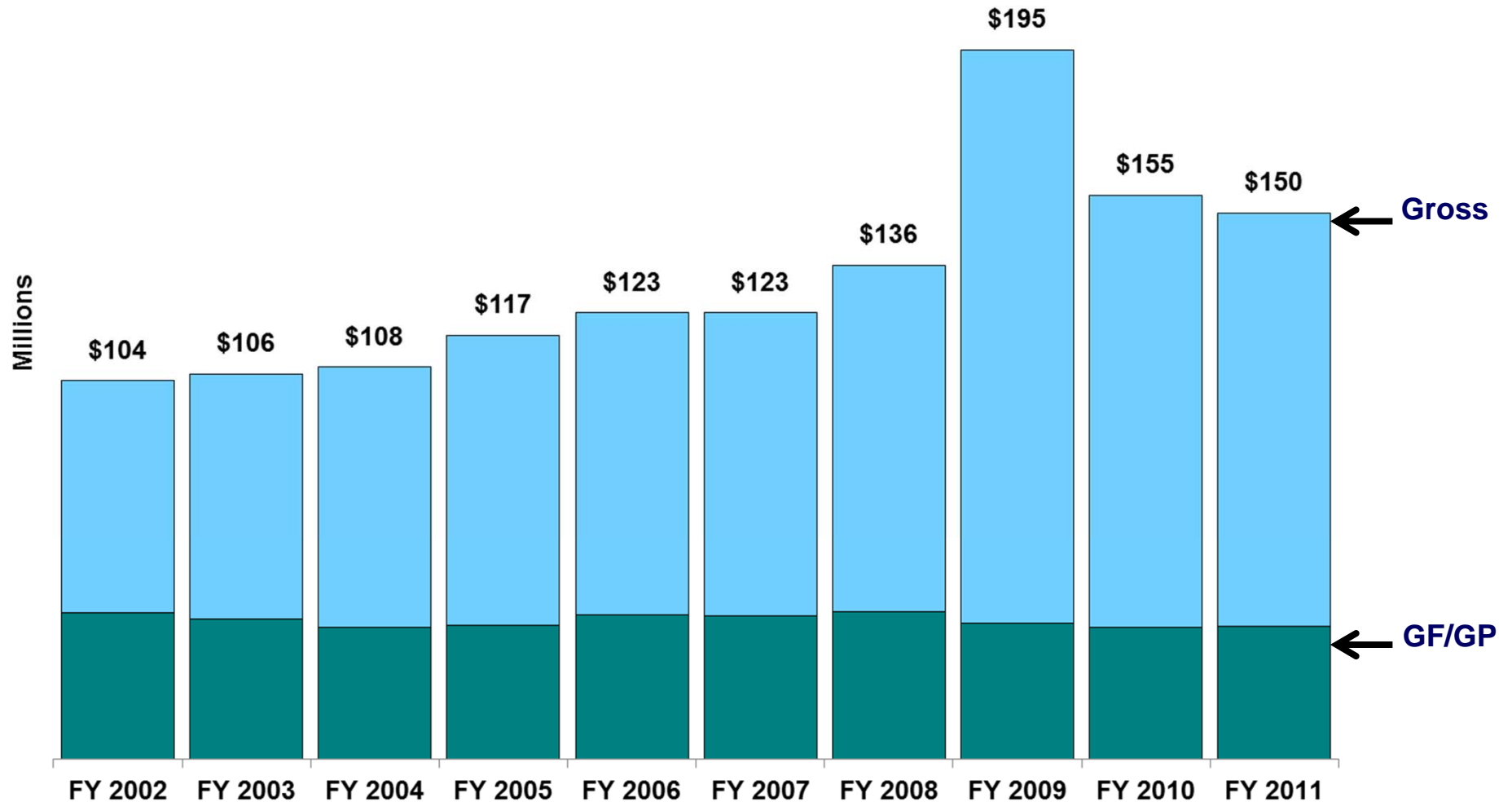
**The fiscal information in this background briefing is based on data through January 1, 2011.**

# Military and Veterans Affairs

- **Department of Military and Veterans Affairs (DMVA) mission includes two primary responsibilities:**
  - **Execute duties mandated by various statutes and the Governor (e.g., disaster response), including administration of state-regulated veterans services**
  - **Military preparedness of Michigan National Guard to assist both state and federal authorities**

# Military and Veterans Affairs: Gross Appropriations

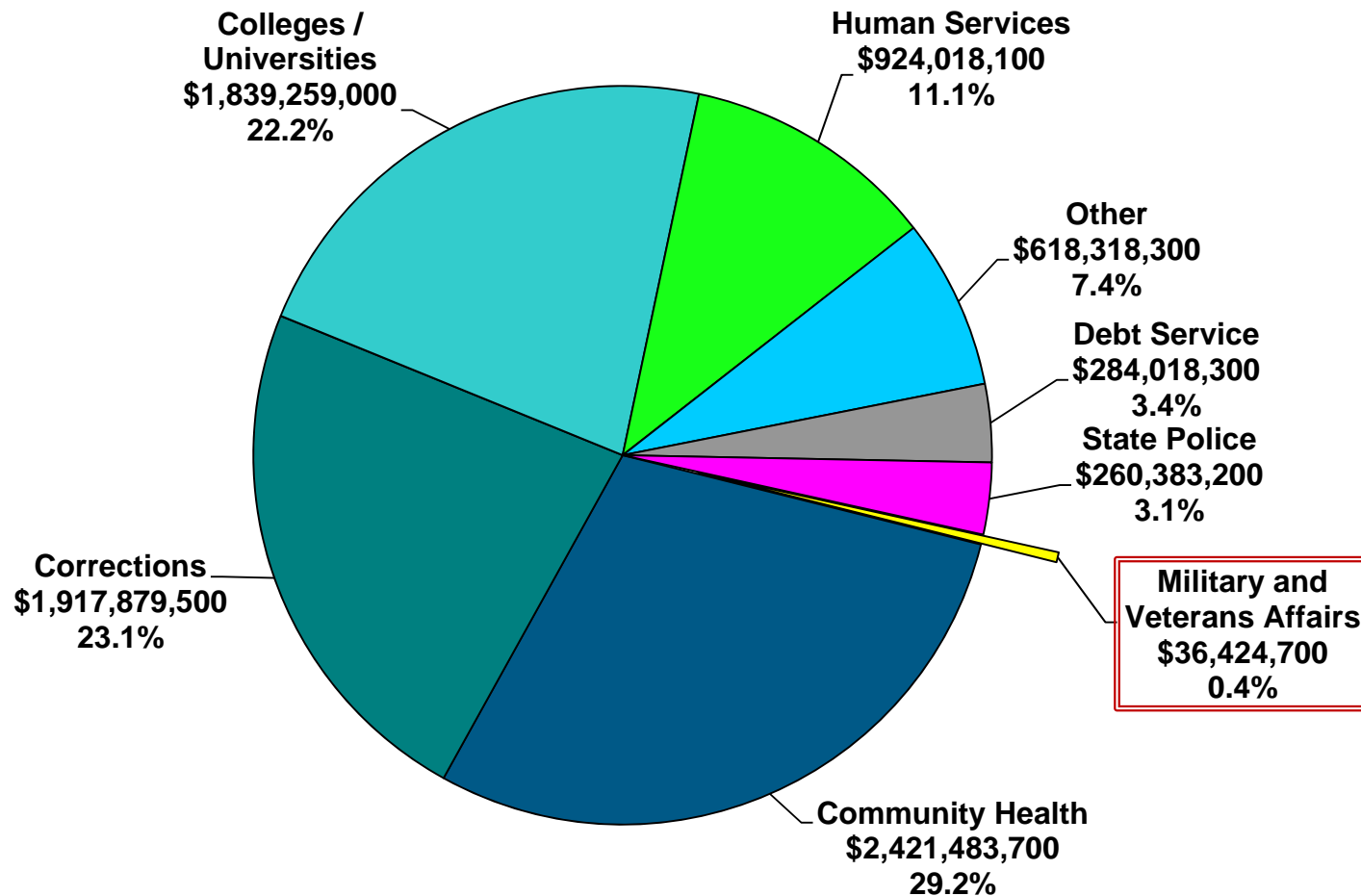
Spending grew by \$100 million from FY 1999-00 to FY 2008-09; significant FY 2008-09 increases in various capital outlay projects included in the DMVA FY 2008-09 appropriation, expected to be completed in 2011.



# Military and Veterans Affairs Share of State GF/GP

Military and Veterans Affairs makes up 0.4% of the total state GF/GP budget

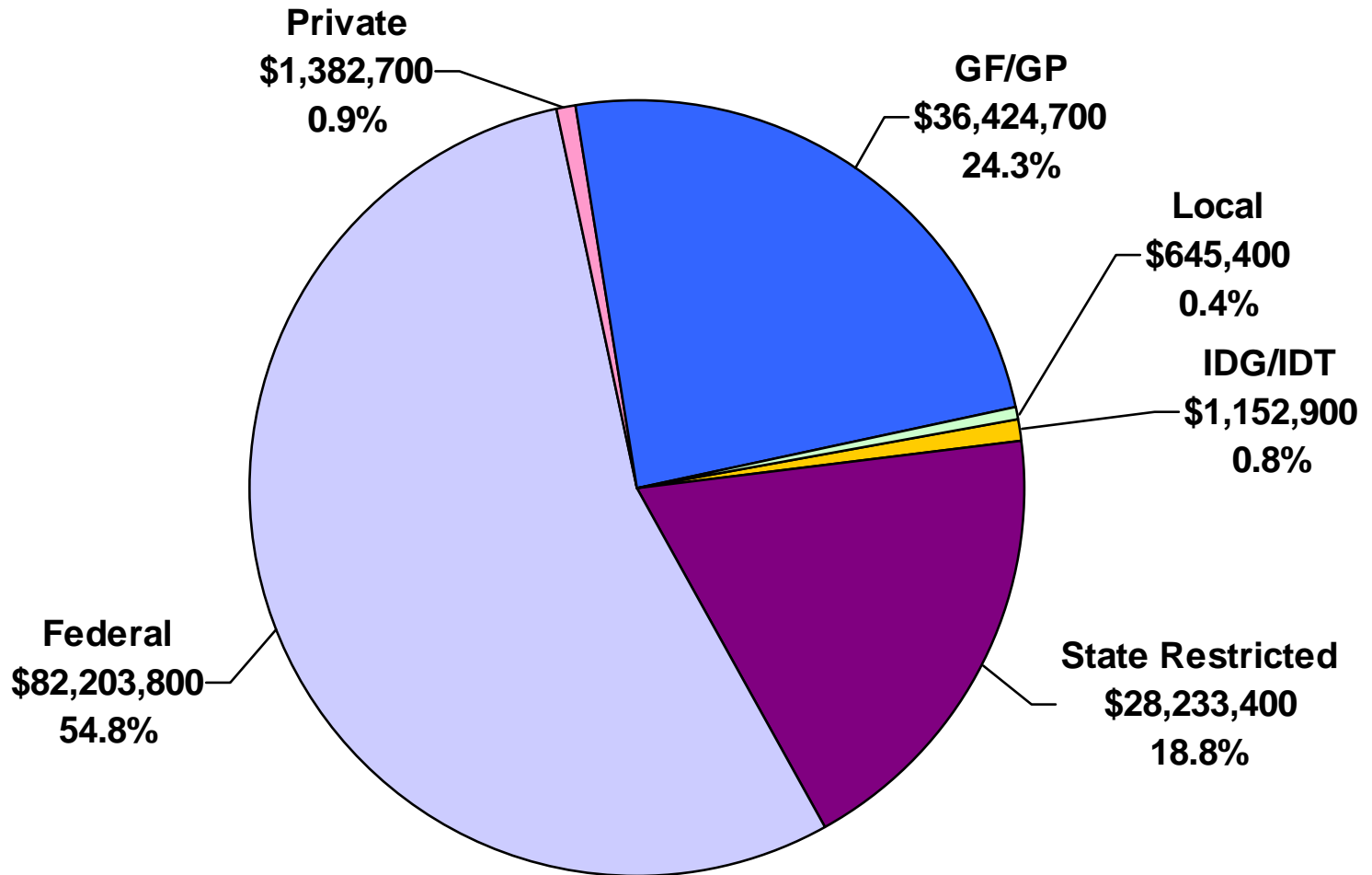
FY 2010-11 GF/GP Total = \$8,301,784,800



# **SOURCES OF FUNDING**

# Military and Veterans Affairs Budget

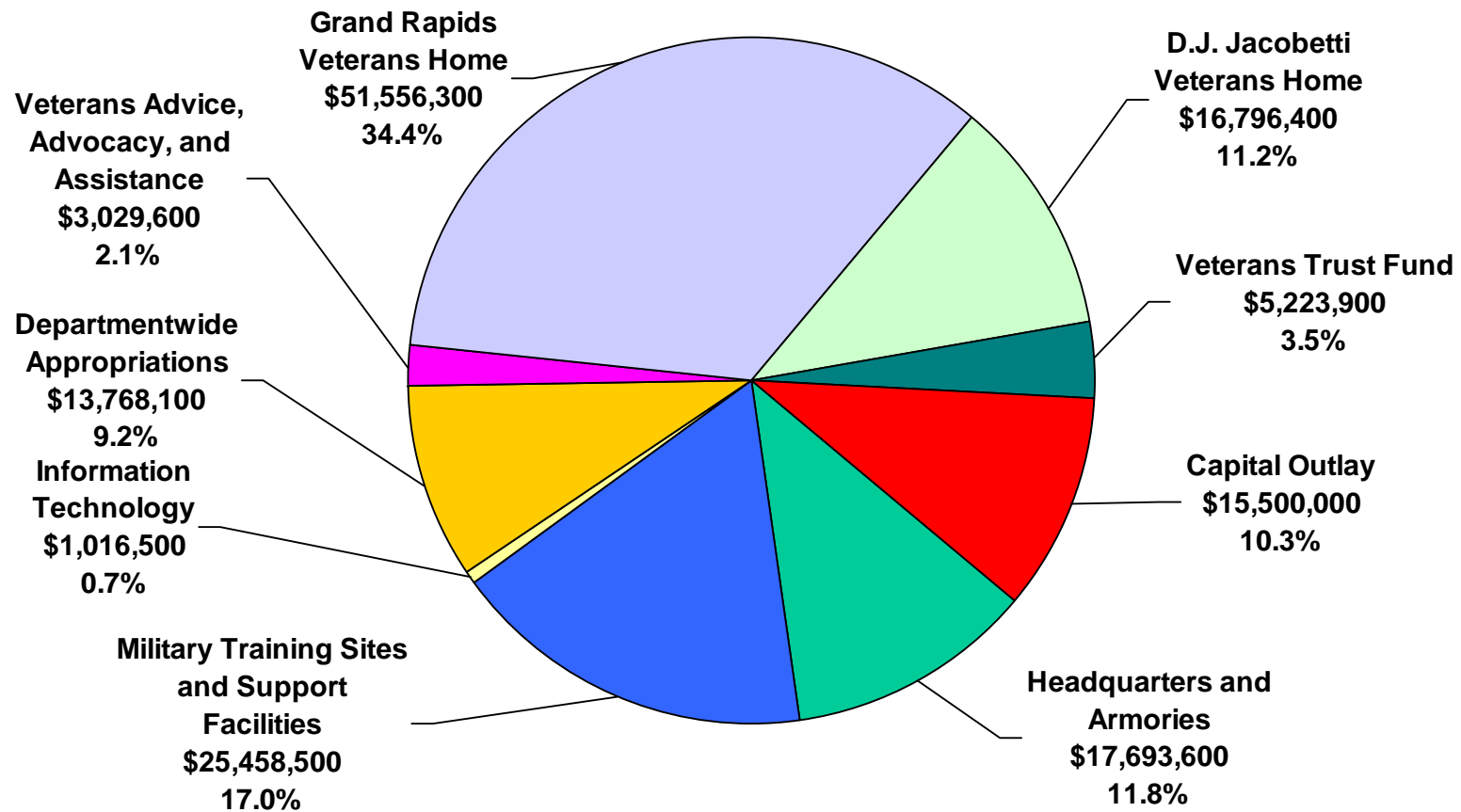
FY 2010-11 Total = \$150,042,900



# **DEPARTMENT APPROPRIATIONS**

# Military and Veterans Affairs Appropriations

FY 2010-11 Total = \$150,042,900





# **MAJOR BUDGET ISSUES**

# Military and Veterans Affairs Appropriations

- **Spending can be classified into two broad categories:**
  - **Military Affairs: administer and maintain Army and Air National Guard facilities, and the Challenge Program**
  - **Veterans Affairs: grants to veterans service organizations, two state veterans homes, and the Veterans Trust Fund**
- **Of federal funding for National Guard activities in Michigan, much is expended directly by federal government and does not pass through state budget (example: airport/bridge security following September 11)**
- **Veterans spending accounts for 51% of Department's budget**

# National Guard Facilities

- **Administration and maintenance at state National Guard headquarters and 53 armories funded primarily with state GF/GP**
- **Capital outlay projects in FY 2008-2009 appropriation for special maintenance, remodeling, and additions; land acquisitions and statewide appraisals; and military operations on urban training course construction at Camp Grayling, expected to be completed in 2011.**
- **Administration and maintenance at National Guard training sites and support facilities funded primarily with federal revenue**
- **Five major training sites:**
  - **Camp Grayling**
  - **Fort Custer**
  - **Battle Creek Air National Guard Base**
  - **Selfridge Air National Guard Base**
  - **Alpena Combat Readiness Training Center**

# Challenge Program

- **Voluntary, National Guard-run boot camp-style program for high school dropouts (created FY 1999-2000).**
- **Based at U.S. Department of Veterans Affairs facility in Battle Creek.**
- **22-week residential program is followed by 12-month post-residential mentoring phase.**
- **Funding 75% federal, 25% state. Local funding via School Aid Fund revenue replaced GF/GP in FY 2006-07.**
- **Due to funding constraints, classes beginning in January 2010 will be about half the size of usual classes.**

# Challenge Program Graduates

<u>Graduation Date</u>	<u>June 2006</u>	<u>Dec 2006</u>	<u>June 2007</u>	<u>Dec 2007</u> No Class Held	<u>June 2008</u>	<u>Dec 2008</u>	<u>June 2009</u>	<u>Dec 2009</u>	<u>June 2010</u>	<u>Dec 2010</u>
Graduates	74	89	97		128	107	163	121	78	89
Entrants	121	110	118		158	141	156	129	108	115
Graduation Rate	61.2%	80.9%	82.2%		81.0%	75.9%	95.7%	93.8%	72.2%	77.4%

# Other Military Affairs Appropriations

- Departmentwide costs include worker's compensation, rent, travel, equipment, training
- Federal and GF/GP appropriations for special maintenance costs at headquarters, training sites, and armories
- State statute requires \$600 annual payments to eligible National Guard retirees and \$500 payments to spouses of eligible deceased retirees
- Starbase program, a hands-on math and science program for at-risk youth, is located at Selfridge Air Base and Fort Custer and funded entirely with federal revenue
- National Guard Education Assistance Program eliminated in FY 2009-2010 due to budget constraints. More federal education assistance programs are available for National Guard members, which they can apply for to continue their educational pursuits

# Veterans Advice, Advocacy, and Assistance

- **Veterans Service Organizations (VSOs) no longer receive annual grants directly; grant program established in budget bill boilerplate only (no permanent governing statute).**
- **Boilerplate specifies that grant funds be expended for salary and other costs associated with veteran service advocacy officers and necessary support/managerial staff.**
- **Service officers assist veterans in obtaining federal veterans benefits**
- **Executive Order 2009-22 decreased VSO funding by \$1.0 million GF/GP, resulting in a 25% reduction for all VSOs. FY 2009-10 and FY 2010-11 DMVA budget continues this \$1.0 million reduction.**
- **FY 2009-10 DMVA budget also changed the grant funding structure, under which VSOs received their normal monthly grant payments for the first six months of the fiscal year. Instead, the grant funds were distributed as two large, two small, and one specialized grant for the second six months of the fiscal year. VSOs are encouraged to share services and create efficiencies where possible. For FY 2010-11, the five grant funds will be distributed in the same manner.**
- **New FY 2009-10 boilerplate added that provides more oversight by the Department for services provided by the VSOs and requires VSOs to report more comprehensive information concerning services provided to veterans. This language continues in the FY 2010-11 budget.**

# Veterans Service Organizations Grant Funding Appropriation Change from FY 2009 to FY 2010

<u>Organization</u>	Fiscal Year			
	<u>FY 2009 Original Approp.</u>	<u>EO 2009-22 25% Reduction</u>	<u>FY 2010 Grants First Six Months</u>	<u>FY 2010 Remaining Grants</u>
Veterans of Foreign Wars	\$912,600	\$686,100	\$339,800	See next
American Legion	912,600	686,200	339,800	three slides
Disabled American Veterans	754,400	567,200	280,800	for the
American Vets. of WWII and Korea	478,700	360,000	178,100	explanation
Marine Corps League	346,400	260,400	129,000	
Mich. Paralyzed Vets. of America	170,700	128,200	63,500	
Purple Heart	162,600	122,200	60,500	
Vietnam Veterans of America	164,300	123,500	61,100	
Jewish Veterans of America	42,400	31,900	15,800	
Polish Legion of American Veterans	42,400	31,900	15,800	
Catholic War Veterans	42,400	31,900	15,800	
Veterans of World War I	100	100	0	
<b>TOTAL</b>	<b>\$4,029,600</b>	<b>\$3,029,600</b>	<b>\$1,500,000</b>	



# Veterans Advice, Advocacy and Assistance New Grant Distribution

- Beginning in April 2010, the Department distributed five grants; two large, two small, and one specialized grant
  - Grant 1A valued at \$500,000 to provide specialized services to veterans throughout Michigan with special emphasis for the Upper Peninsula and the D.J. Jacobetti Veterans' Home in Marquette.
  - Grant 1B valued at \$500,000 to provide specialized services to veterans throughout Michigan with special emphasis for the Grand Rapids Veterans' Home.
  - Grant 2A valued at \$250,000 to provide services to veterans in the western lower peninsula along the US Highway 131 corridor from Emmet County to the Indiana/Ohio border.
  - Grant 2B valued at \$200,000 to provide services to veterans in the southeastern quarter of the lower peninsula.
  - Grant 3A valued at \$79,000 for specialized advocacy for paralyzed veterans throughout Michigan.

# Veterans Advice, Advocacy, and Assistance Grants to VSOs

## Grants 1A, 1B, 2A, and 2B

- The American Legion, Disabled American Veterans, Marine Corps League, Military Order of the Purple Heart, and Veterans of Foreign Wars made a consolidated grant application for Grants 1A, 1B, 2A, and 2B with an agreement to distribute grant funds utilizing the following formula: American Legion – 33%, Veterans of Foreign Wars – 33%, Disabled American Veterans – 22.2%, Marine Corps League – 8.1%, Military Order of the Purple Heart – 3.7%. These VSOs were awarded grants 1A, 1B, and 2A.
- The American Veterans of World War II and Korea applied for grants 2A and 2B and were awarded Grant 2B.
- The Vietnam Veterans of America applied for grants 1A, 1B, 2A, and 2B but were not awarded any of the grants. The Department stated that the Vietnam Veterans of America's grant applications were incomplete.

## Grant 3A

- The Michigan Paralyzed Veterans of America were awarded Grant 3A.

# VSO Grant Distribution for the Second Half of FY 2010

The American Legion - \$412,000

American Veterans of World War II and Korea - \$200,000

Catholic War Veterans (Did not apply for any grants) - \$0

Disabled American Veterans - \$281,250

Jewish War Veterans (Did not apply for any grants) - \$0

Marine Corps League - \$101,250

Military Order of the Purple Heart - \$46,250

Paralyzed Veterans of America - \$79,000

Polish Legion of American Veterans (Did not apply for any grants) - \$0

Veterans of Foreign Wars - \$412,000

Vietnam Veterans of America - \$0

For FY 2011, the Department will distribute the five grants with the entire \$3,029,600 appropriated for the Veterans Advice, Advocacy, and Assistance Grants. Notification of grant awards to the VSOs will take place in early 2011.

# Veterans Homes

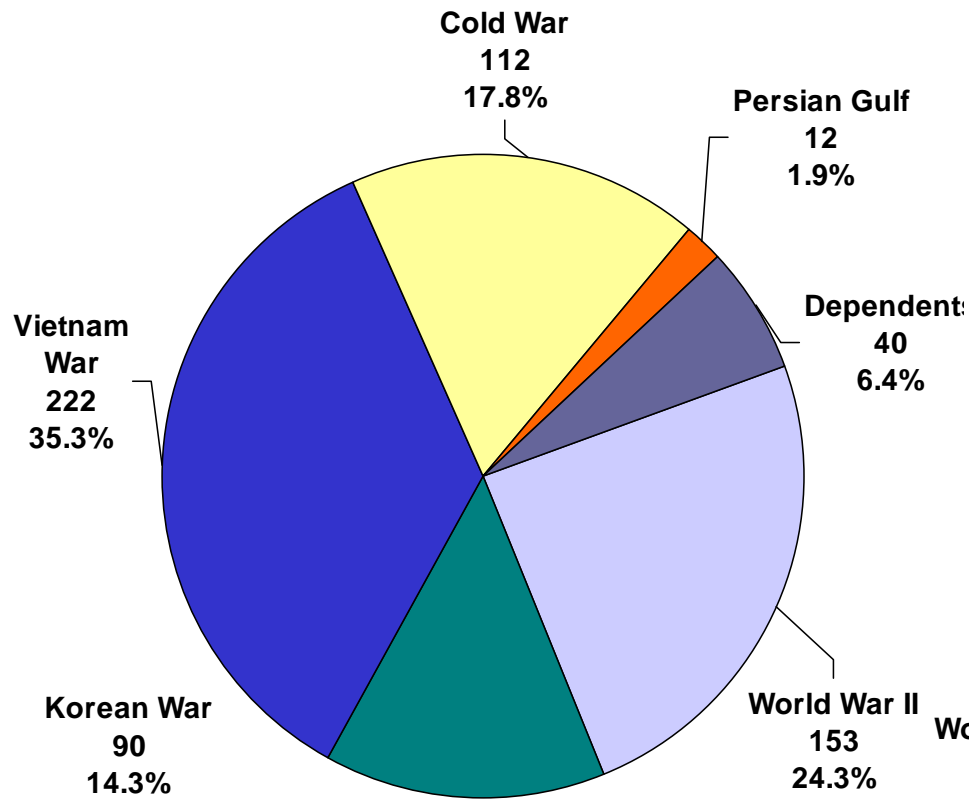
- **Grand Rapids Veterans Home opened in 1886**
- **D.J. Jacobetti Veterans Home in Marquette opened in 1981**
- **Homes governed by seven-member board appointed by governor**
- **Residence open to wartime and disabled veterans; parents, widows, and spouses of eligible veterans may also be admitted**
- **755 beds at Grand Rapids home; 240 beds at Jacobetti home**
- **80% of bed space devoted to residents requiring nursing care, including Alzheimer's/special needs units**

# Veterans Home Revenue Sources

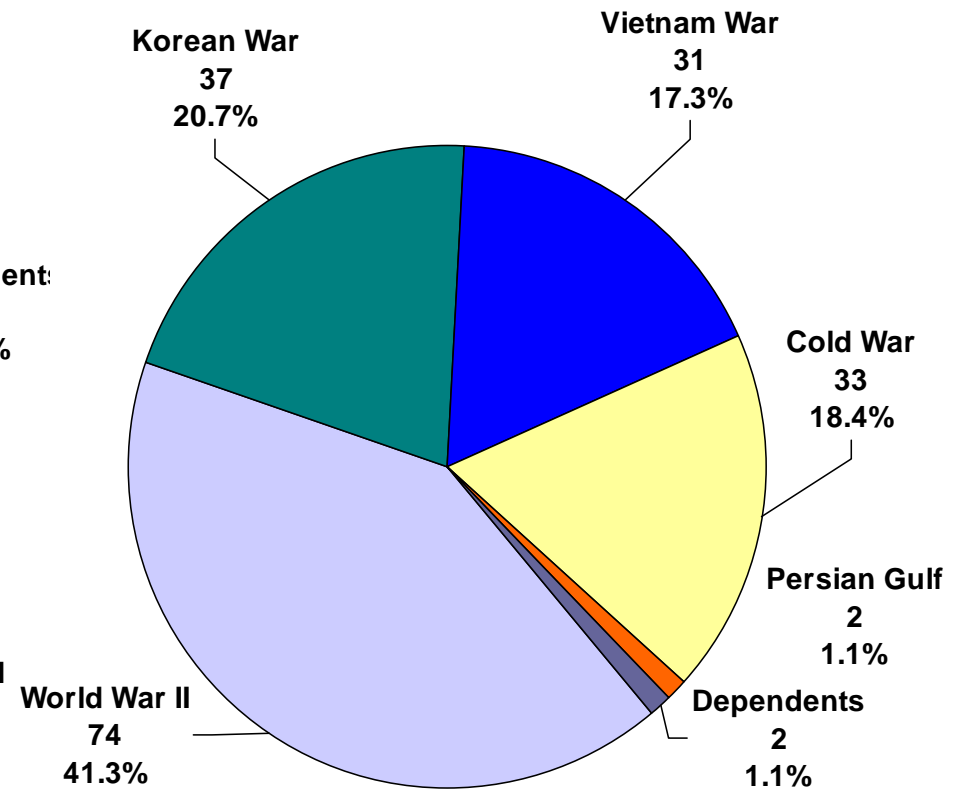
<u>Revenue Source</u>	<u>Grand Rapids</u>		<u>Jacobetti</u>	
	<u>FY 2010-11 Appropriation</u>	<u>% of Total</u>	<u>FY 2010-11 Appropriation</u>	<u>% of Total</u>
General Fund/General Purpose	\$14,854,400	28.8	\$4,868,400	29.0
Income and Assessments	15,689,300	30.4	5,128,600	30.5
U.S. Dept. of Veterans Affairs	17,609,600	34.2	5,924,400	35.3
Medicare	2,561,500	5.0	589,200	3.5
Medicaid	164,300	0.3	10,800	0.1
Military Family Relief Fund	250,000	0.5	150,000	0.9
Lease Revenue	12,200	0.0	0	0.0
Veterans' Home Post and Posthumous Funds	<u>415,000</u>	<u>0.8</u>	<u>125,000</u>	<u>0.7</u>
<b>TOTAL</b>	<b>\$51,556,300</b>	<b>100.0</b>	<b>\$16,796,400</b>	<b>100.0</b>

# Veterans Home Census by War Era

As of January 1, 2011



**Grand Rapids Census = 629**



**Jacobetti Census = 179**

# Veterans Trust Fund

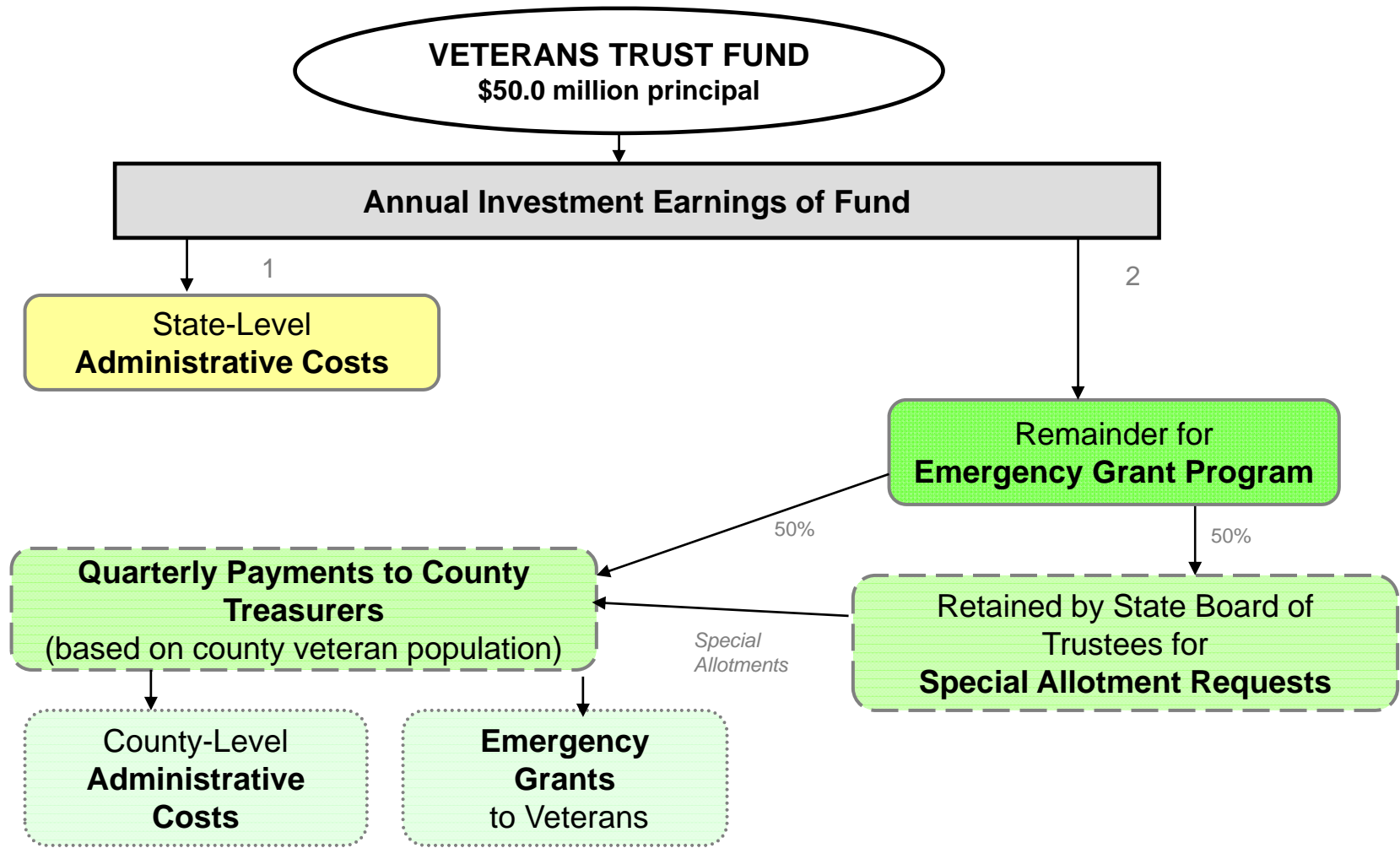
- **Established in 1946 with \$50 million principal to provide emergency financial assistance to veterans**
- **Beginning 1968, portion of fund earnings used for tuition program for children of deceased and disabled veterans. Public Acts 248 and 250 of 2005 moved the Children of Veterans Survivor Tuition Program to the Higher Education budget for funding and to the Department of Treasury for administration to relieve payment obligations from the Veterans Trust Fund with the goal to reestablish the corpus at \$50 million.**
- **Constitutional amendment approved 1996 grants seven-member trust fund board sole authority to approve expenditures or transfers from fund**

# Veterans Trust Fund

- **Constitutional amendment approved August 2002 and associated legislation allows investment of trust fund assets in non-government-backed securities**
- **Emergency grants distributed by county committees**
- **State board hears appeals and authorizes grants larger than \$1,500**
- **Trust fund balance is at \$51.9 million value as of September 30, 2010**

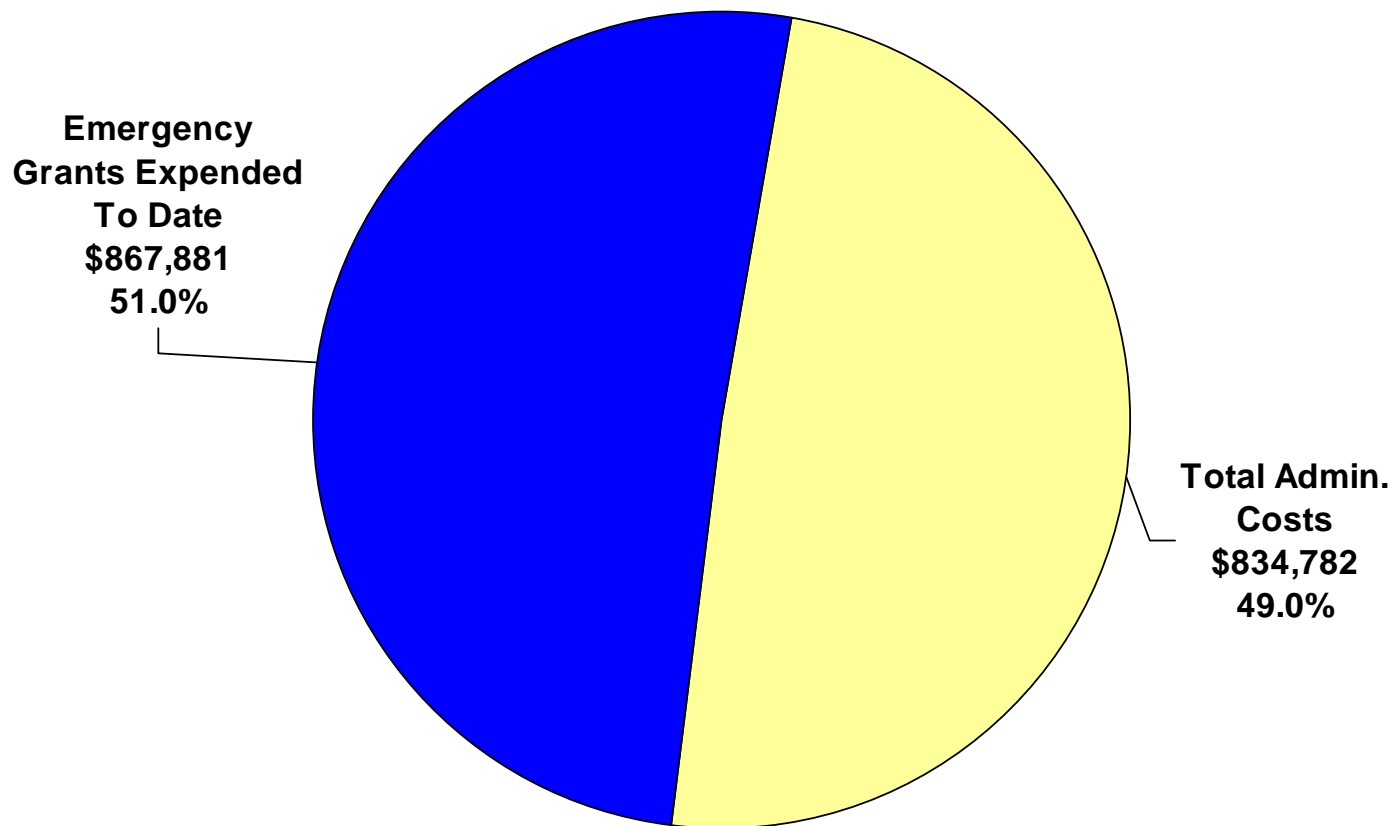


# Veterans Trust Fund Distribution



# Veterans Trust Fund Expenditures

FY 2010-11 Total = \$1,702,663



**For more information about the  
Military and Veterans Affairs  
budget, contact:**

**Jan Wisniewski**

**[jwisniewski@house.mi.gov](mailto:jwisniewski@house.mi.gov)**

**(517) 373-8080**