

FY 2012-13: MILITARY AND VETERANS AFFAIRS
Summary: As Reported by House Subcommittee
House Bill 5381 (H-1) Draft 2



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| | FY 2011-12 YTD as of 2/9/12 | FY 2012-13 Revised Executive | FY 2012-13 House | FY 2012-13 Senate | FY 2012-13 Enacted | Difference: House From FY 2011-12 YTD | |
|-------------------|--------------------------------|------------------------------------|----------------------|----------------------|-----------------------|--|-------------|
| | | | | | | Amount | % |
| IDG/IDT | \$3,963,300 | \$1,166,500 | \$11,166,500 | | | \$7,203,200 | 181.7 |
| Federal | 87,877,900 | 99,239,400 | 99,239,400 | | | 11,361,500 | 12.9 |
| Local | 765,600 | 769,200 | 769,200 | | | 3,600 | 0.5 |
| Private | 1,448,000 | 1,503,700 | 1,503,700 | | | 55,700 | 3.8 |
| Restricted | 28,506,400 | 30,427,000 | 30,427,000 | | | 1,920,600 | 6.7 |
| GF/GP | 33,983,700 | 34,733,400 | 34,411,600 | | | 427,900 | 1.3 |
| Gross | \$156,544,900 | \$167,839,200 | \$177,517,400 | | | \$20,972,500 | 13.4 |
| FTEs | 826.0 | 826.0 | 826.0 | | | 0.0 | 0.0 |

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.
(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time.

Overview

The Department of Military and Veterans Affairs has three primary missions: to execute duties as specified in various state statutes and by the Governor, to administer state regulated services, and to ensure preparedness of the Michigan National Guard to assist both state and federal authorities. The Michigan National Guard serves to protect the lives and property of Michigan citizens during times of natural disaster and civil unrest, to preserve peace, order, and public safety at the direction of the Governor, and to assist the federal government in defending sovereign interests of the United States when they are threatened or violated. The department also oversees state programs for veterans, the state's veterans' homes in Grand Rapids and Marquette, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Capital Outlay - Replace Flint Armory

Executive includes one-time funding for construction of a new armory in Flint, to replace the existing 87-year-old facility. House concurs.

| | FY 2011-12 Year-to-Date (as of 2/9/12) | FY 2012-13 House Change |
|--------------|--|-------------------------------|
| Gross | \$0 | \$12,000,000 |
| Federal | 0 | 9,000,000 |
| Restricted | 0 | 3,000,000 |

2. Armory Maintenance

Executive includes an additional on-going appropriation of \$2.4 million GF/GP to address the backlog of special maintenance projects at the state's 43 armories. House includes an additional on-going appropriation of \$2.0 million GF/GP. The difference between the Executive and House is \$446,800. Of that, \$321,800 is reduced from the Executive recommendation in order to meet House GF/GP targets and \$125,000 is reduced in order to hold the veterans service organization grants harmless and fund the Veterans Certification Officer proposed by the Executive. (See #5 and #6 below)

| | | |
|--------------|------------------|--------------------|
| Gross | \$651,200 | \$1,953,200 |
| GF/GP | \$651,200 | \$1,953,200 |

3. Military Retirement Program

Executive includes an additional \$150,000 GF/GP to cover full-year costs of mandatory retirement payments required pursuant to 1967 PA 150, the Michigan Military Act, and then transfers all costs associated with the Military Retirement program to the Office of Retirement Services within the Department of Technology, Management, and Budget (\$3,981,700 GF/GP). House concurs.

| | | |
|--------------|--------------------|----------------------|
| FTE | 1.0 | (1.0) |
| Gross | \$3,831,700 | (\$3,831,700) |
| GF/GP | \$3,831,700 | (\$3,831,700) |

| Major Budget Changes From FY 2011-12 YTD Appropriations | | FY 2011-12 Year-to-Date (as of 2/9/12) | FY 2012-13 House Change |
|---|-----------------------|---|--|
| 4. Additional Unclassified Positions | Gross | \$665,000 | \$500,000 |
| <u>Executive</u> reflects a transfer of \$500,000 GF/GP to Unclassified Military Personnel to fully fund current unclassified positions. (\$200,000 GF/GP is transferred from Headquarters and Armories, \$150,000 GF/GP from the Grand Rapids Veterans' Home, and \$150,000 GF/GP from the D.J. Jacobetti Veterans' Home) <u>House</u> concurs. | GF/GP | \$665,000 | \$500,000 |
| 5. Veterans Affairs Directorate Administration | FTE | 2.0 | 1.0 |
| <u>Executive</u> reflects a transfer of \$125,000 GF/GP to fund a Veterans Affairs Certification Officer and \$125,000 GF/GP to cover a funding shortfall. (\$125,000 GF/GP is transferred from veterans service organization grants, \$75,000 GF/GP from the Grand Rapids Veterans' Home, and \$50,000 GF/GP from the D.J. Jacobetti Veterans' Home) <u>House</u> concurs, but transfers the \$125,000 GF/GP for the Veterans Affairs Certification Officer from the Special Maintenance - State line item instead of from the veterans service organization grants. | Gross GF/GP | \$205,300 \$205,300 | \$250,000 \$250,000 |
| 6. Veterans Service Organization Grants | Gross | \$3,029,600 | \$0 |
| <u>Executive</u> reduces grant funding for veterans service organizations by \$125,000 GF/GP and transfers the funding to the Veterans Affairs Directorate Administration. <u>House</u> does not reduce grant funding for veterans service organizations. (See #5 above) | GF/GP | \$3,029,600 | \$0 |
| 7. Transfers to Fund Increases | Gross | N/A | (\$625,000) |
| <u>Executive</u> reduces funding by \$225,000 GF/GP for the Grand Rapids Veterans' Home, by \$200,000 GF/GP for the D.J. Jacobetti Veterans' Home, and by \$200,000 GF/GP for Headquarters and Armories and transfers the funding to Unclassified Military Personnel and Veterans Affairs Directorate Administration. <u>House</u> concurs. (See #4 and #5 above) | GF/GP | N/A | (\$625,000) |
| 8. Grand Rapids Veterans' Home Restricted Funding | Gross | \$16,176,500 | (\$2,000,000) |
| <u>Executive</u> reduces the budget to more accurately reflect the amount of Income and Assessment revenue received at the Grand Rapids Veterans' Home. <u>House</u> concurs. | Restricted | 16,176,500 | (2,000,000) |
| 9. D. J. Jacobetti Veterans' Home Fund Source Shift | Gross | \$11,450,900 | \$0 |
| <u>Executive</u> increases the federal Veterans Health Administration fund source and reduces the Income and Assessments fund source at the D.J. Jacobetti Veterans' Home to more accurately reflect the amount of revenue received at the home. <u>House</u> concurs. | Federal | 6,137,700 | 250,000 |
| | Restricted | 5,313,200 | (250,000) |
| 10. Federal Revenue Adjustment | Gross | \$24,294,100 | \$425,000 |
| <u>Executive</u> increases federal funding authorization by \$225,000 for the Grand Rapids Veterans' Home and by \$200,000 and for the D.J. Jacobetti Veterans' Home in order to reflect the amount of federal funding being made available. <u>House</u> concurs. | Federal | 24,294,100 | 425,000 |
| 11. Savings from Privatization of Staff | Gross | N/A | (\$921,300) |
| <u>Executive</u> reflects a reduction of \$921,300 GF/GP in anticipation of additional savings resulting from privatizing resident care aide positions at the Grand Rapids Veterans' Home. <u>House</u> concurs. | GF/GP | N/A | (\$921,300) |
| 12. Economic Adjustments | Gross | N/A | \$1,564,400 |
| <u>Executive</u> includes \$1.6 million Gross (\$546,800 GF/GP) for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, workers' compensation costs, and food and fuel costs. <u>House</u> concurs. | IDG | N/A | 8,700 |
| | Federal | N/A | 935,000 |
| | Private | N/A | 51,500 |
| | Restricted | N/A | 22,400 |
| | GF/GP | N/A | \$546,800 |
| 13. Remove One-Time Capital Outlay Funding | Gross | \$1,700,000 | (\$1,700,000) |
| <u>Executive</u> removes one-time Capital Outlay funding appropriated in the FY 2011-12 budget for construction of a light demolition range at Camp Grayling. <u>House</u> concurs. | Federal | 1,700,000 | (1,700,000) |

| Major Budget Changes From FY 2011-12 YTD Appropriations | | FY 2011-12 Year-to-Date (as of 2/9/12) | FY 2012-13 House Change |
|--|--------------|---|--|
| 14. Capital Outlay - Land Acquisitions and Appraisals | Gross | \$0 | \$250,000 |
| <u>Executive</u> includes authorization for the department to spend up to \$250,000 on land acquisitions and appraisals should land become available. <u>House</u> concurs. | Restricted | 0 | 250,000 |
| 15. One-Time Appropriations - Employee Lump Sum Payments | Gross | NA | \$707,900 |
| <u>Executive</u> includes a one-time appropriation, in boilerplate section 13-701, of \$707,900 Gross (\$155,900 GF/GP) for the negotiated one-time lump sum payments to state employees. <u>House</u> concurs, but appropriates the funding in a line item. | IDG | NA | 700 |
| | Federal | NA | 407,500 |
| | Local | NA | 3,600 |
| | Private | NA | 4,200 |
| | Restricted | NA | 136,000 |
| | GF/GP | NA | \$155,900 |
| 16. One-Time Appropriations - Special Maintenance State | Gross | \$0 | \$2,724,800 |
| <u>Executive</u> includes a one-time appropriation, in boilerplate section 13-701, of \$2.4 million GF/GP to begin addressing the backlog of special maintenance projects at the state's 43 armories. <u>House</u> concurs with the \$2.4 million GF/GP, includes an additional \$324,800 in IDG funding being made available from the Department of Human Services, and appropriates the funding in a line item. | IDG | 0 | 324,800 |
| | GF/GP | \$0 | \$2,400,000 |
| 17. One-Time Appropriations - Special Maintenance Grand Rapids Veterans' Home | Gross | \$0 | \$4,440,000 |
| <u>House</u> includes a one-time line item appropriation of \$4.4 million for special maintenance projects at the Grand Rapids Veterans' Home to be funded with IDG funding being made available from the Department of Human Services. | IDG | 0 | 4,440,000 |
| 18. One-Time Appropriations - Special Maintenance D.J. Jacobetti Veterans' Home | Gross | \$0 | \$1,560,000 |
| <u>House</u> includes a one-time line item appropriation of \$1.6 million for special maintenance projects at the D. J. Jacobetti Veterans' Home to be funded with IDG funding being made available from the Department of Human Services. | IDG | 0 | 1,560,000 |
| 19. One-Time Appropriations - Veterans Advice, Advocacy and Assistance Grants | Gross | \$0 | \$2,000,000 |
| <u>House</u> includes a one-time line item appropriation of \$2.0 million for veterans service organization grants to be funded with IDG funding being made available from the Department of Human Services. | IDG | 0 | 2,000,000 |
| 20. One-Time Appropriations - Michigan Veterans Coalition Initiatives | Gross | \$0 | \$1,675,000 |
| <u>House</u> includes a one-time line item appropriation of \$1.7 million for Michigan Veterans Coalition initiatives to be funded with IDG funding being made available from the Department of Human Services. Proposed initiatives include: establishing and implementing a college campus program to assist veterans on campus with enrolling in the veterans affairs health care system and with filing claims for disabilities; and implementing an Internet-based data system, in collaboration with the Michigan Association of County Veterans Counselors, to ensure that Michigan's veterans and their families receive professional assistance, advocacy, and counseling to obtain and receive benefits. | IDG | 0 | 1,675,000 |
| 21. One-Time Appropriations - Pilot Grant Program for Counties | Gross | \$0 | \$100 |
| <u>House</u> includes a placeholder for a pilot grant program for counties to fund additional accredited veterans service officers. The intent is for grants to be made available to Kent County, Wayne County, and other underserved counties based on need of veterans services. | IDG | 0 | 100 |
| 22. One-Time Appropriations - Data Upgrades and Digitization | Gross | \$0 | \$100 |
| <u>House</u> includes a placeholder for department data upgrades and digitization of all medical records and military discharge documents. | IDG | 0 | 100 |
| 23. Anticipated FY 2013-14 Budget Changes | | | |
| <u>House</u> includes an anticipated increase in funding from the FY 2012-13 levels of \$2.4 million Gross (\$535,600 GF/GP) for economic adjustments in FY 2013-14. (Boilerplate intent language only; would not be binding appropriations.) | | | |

Major Boilerplate Changes From FY 2011-12

GENERAL SECTIONS OF BOILERPLATE

Sec. 213. *Out-of-State Travel Restrictions* – DELETED

Limits out-of-state travel; authorizes the State Budget Director to grant exceptions to allow travel; requires a monthly report on the number of exceptions granted. Executive deletes. House deletes this section, but includes a different section on out-of-state travel (see new Sec. 218.).

Sec. 216. *Schedule of Programs Disclaimer* – DELETED

Specifies that a schedule of programs is a list of programs which may be, but is not required to be, funded; specifies that the schedule of revenue sources may or may not be received from the entities listed; specifies that funding required by statute is not subject to funding flexibility. Executive retains. House deletes.

Sec. 218. *GF/GP Savings from Department Incentive Pool* – DELETED

Requires unused GF/GP obtained as a result of efficiencies to be designated as the department incentive pool balance; requires funds associated with GF/GP supplemental requests to be debited against the department incentive pool balance if supplemental requests do not meet specified criteria; specifies how the positive year-end balance of the department incentive pool balance shall be allocated. Executive deletes. House deletes.

Sec. 218. *Out-of-State Travel* – NEW

Requires the department to report on out-of-state travel expenses, listing all travel by all employees outside of this state that is funded in whole or in part with funds appropriated to the department. Executive does not include. House includes.

Sec. 219. *DTMB Space Consolidation Plan* – NEW

Specifies intent of the Legislature that the department cooperate with the development and implementation of the DTMB statewide office space consolidation plan. Executive does not include. House includes.

Sec. 220. *Meetings to Report on Achieving Requirements* – REVISED

Requires the department to be available to meet quarterly with the appropriate subcommittees to provide information as evidence of validating that all requirements in the bill have been achieved. Executive deletes. House retains and revises meeting requirement to biannually, by April 1 and September 30.

VETERANS AND COMMUNITY OUTREACH

Sec. 406. *Michigan Veterans' Facility Ombudsman* – NEW

References funding in the General Government budget to the Legislative Council for establishing a Michigan Veterans' Facility Ombudsman; specifies duties and responsibilities of the Ombudsman. The Ombudsman's purpose will be to conduct investigations concerning actions or omission of actions or conditions at the veterans' homes which are alleged to be contrary to law or policy or that pose a significant health or safety issue. Executive does not include. House includes.

HOMES

Sec. 501. (2) *Veterans' Homes* – REVISED

Requires the department to provide resources necessary to provide adequate nursing care services to a licensed maximum capacity of 618 skilled nursing and 140 domiciliary beds at the Grand Rapids Veterans' Home and 182 skilled nursing and 59 domiciliary beds at the D.J. Jacobetti Veterans' Home. Executive deletes. House retains and revises by deleting the specified numbers of beds.

ONE-TIME APPROPRIATIONS

Sec. 701. *Special Maintenance at the Veterans' Homes* – NEW

Requires appropriations to be used for maintenance and information technology needs at the homes; specifies that maintenance includes improvements to the mechanical, electrical, plumbing, and security systems, roof repairs and replacements, energy conservation measures, lighting upgrades, repair and replacement of floors, pipe insulation, windows, boilers, new and upgraded fire detection and suppression systems, and other repairs, upgrades, and renovation projects as approved by the subcommittees; requires the homes to report on their plans for expending the one-time appropriations. Executive does not include. House includes.

Sec. 702. *Michigan Veterans Coalition Initiatives* – NEW

Requires appropriation to be used to establish and implement a college campus program, in collaboration with the United States Department of Veterans Affairs vocational rehabilitation program, to assist veterans on campus with enrolling in the veterans affairs health care system and with filing claims for disabilities; requires appropriation to be used to implement an Internet-based data system, in collaboration with the Michigan Association of County Veterans Counselors, to ensure Michigan's veterans and their families receive professional assistance, advocacy, and counseling in obtaining and receiving benefits. Executive does not include. House includes.

Sec. 703. *Pilot Grant Program for Counties* – NEW

Requires the department to develop an application and grant process to fund accredited veterans service officers; requires grants to be made available to Kent County, Wayne County, and other underserved counties, based on need of veterans services.

Major Boilerplate Changes From FY 2011-12

Sec. 704. Data Upgrades and Digitization – NEW

Requires the department to digitize all medical records and military discharge documents which are currently on paper and microfilm.

ANTICIPATED APPROPRIATIONS

Sec. 1201. Anticipated FY 2013-14 Appropriations – NEW

States legislative intent to provide appropriations for FY 2013-14, adjusting FY 2012-13 amounts based on economic and other factors. (See item #21 under Major Budget Changes for specific anticipated appropriation adjustments.)