

# FY 2016-17: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

## Summary: As Passed by the Senate Article XIV, Senate Bill 800 (S-1)



Analyst: Kent Dell

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: Senate From FY 2015-16 YTD	
						Amount	%
<b>IDG/IDT</b>	\$99,300	\$101,800	\$101,800	\$101,800		\$2,500	2.5
<b>Federal</b>	90,208,600	91,793,600	91,793,600	91,793,600		1,585,000	1.8
<b>Local</b>	1,497,400	1,522,400	1,522,400	1,732,400		235,000	15.7
<b>Private</b>	739,600	742,800	742,800	742,800		3,200	0.4
<b>Restricted</b>	23,221,500	24,696,000	23,596,000	24,696,000		1,474,500	6.3
<b>GF/GP</b>	53,187,300	57,143,600	51,543,800	57,643,600		4,456,300	8.4
<b>Gross</b>	<b>\$168,953,700</b>	<b>\$176,000,200</b>	<b>\$169,300,400</b>	<b>\$176,710,200</b>		<b>\$7,756,500</b>	<b>4.6</b>
<b>FTEs</b>	897.5	897.5	902.5	907.5		10.0	1.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) House totals do not include \$5.0 million GF/GP appropriated through boilerplate section 702 to the Medicaid certification reserve fund.

### Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

### Budget Structure

The FY 2015-16 budget includes six line items within four appropriation units and incorporates schedules of programs in part 1. Senate retains the schedules of program budget structure.

<b>Major Budget Changes From FY 2015-16 YTD Appropriations</b>		<b>FY 2015-16 Year-to-Date (as of 2/10/16)</b>	<b>FY 2016-17 Senate Change</b>
<b>1. Removal of FY 2015-16 One-Time Appropriations</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
<u>Executive</u> removes the one-time appropriation of \$3.0 million GF/GP for the purpose of Special Maintenance – National Guard as well as \$2.0 million GF/GP for the Flint Declaration of Emergency. <u>Senate</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
<b>2. Grand Rapids Home for Veterans Medicaid Certification Pilot (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$5,000,000</b>
<u>Executive</u> includes one-time appropriation of \$5.0 million GF/GP to renovate the fourth floor of the Grand Rapids Home for Veterans in order to meet Medicaid specifications. <u>Senate</u> concurs.	GF/GP	NA	\$5,000,000
<b>3. Grand Rapids Home for Veterans Revenue Shortfall Offset (Ongoing)</b>	<b>Gross</b>	<b>\$45,854,000</b>	<b>\$0</b>
<u>Executive</u> includes \$2.3 million GF/GP to offset a shortfall in income and assessments restricted revenue, due to declining veterans' home member census. <u>Senate</u> concurs.	Federal	21,773,000	0
	Restricted	8,717,100	(2,300,000)
	GF/GP	\$15,363,900	\$2,300,000
<b>4. D.J. Jacobetti Home for Veterans Medicaid Certification Pilot (Ongoing)</b>	<b>Gross</b>	<b>\$19,531,600</b>	<b>\$1,120,000</b>
<u>Executive</u> includes \$1.1 million GF/GP funding adjustment to improve nursing unit level and renovate the home to meet Medicaid specifications. <u>Senate</u> concurs.	Federal	7,991,200	0
	Restricted	4,881,300	0
	GF/GP	\$6,659,100	\$1,120,000

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Senate Change
<b>Major Budget Changes From FY 2015-16 YTD Appropriations</b>			
<b>5. Adjustments Based upon Anticipated Federal Revenue – Veterans Homes</b>			
<u>Executive</u> includes appropriation increases to utilize available federal revenues of \$214,000 for the D.J. Jacobetti Home for Veterans. Federal Medicare authorization decreased to better align with anticipated federal revenue for the Grand Rapids (\$1.1 million) and D.J. Jacobetti (\$100,000) Homes for Veterans. <u>Senate</u> concurs.	<b>Gross</b>	<b>\$65,385,600</b>	<b>(\$986,000)</b>
	Federal	29,764,200	(986,000)
	Restricted	13,598,400	0
	GF/GP	\$22,023,000	\$0
<b>6. National Guard Tuition Assistance Fund</b>			
<u>Executive</u> includes \$1.1 million GF/GP for the National Guard Tuition Assistance Fund. <u>Senate</u> appropriates \$762,700 GF/GP to the Tuition Assistance Fund.	<b>Gross</b>	<b>\$0</b>	<b>\$762,700</b>
	Restricted	0	0
	GF/GP	\$0	\$762,700
<b>7. National Guard Tuition Assistance Program</b>			
<u>Executive</u> includes total of \$3.5 million restricted from the National Guard Tuition Assistance Fund (\$1.1 million GF/GP and \$2.4 million expected to be remaining at the end of FY 2015-16). <u>Senate</u> concurs.	<b>Gross</b>	<b>\$3,741,600</b>	<b>(\$236,600)</b>
	Restricted	0	3,505,000
	GF/GP	\$3,741,600	(\$3,741,600)
<b>8. National Guard Armory Infrastructure Upgrades (One-Time)</b>			
<u>Executive</u> includes one-time appropriation of \$2.5 million GF/GP to upgrade communication network connections at Army National Guard armories. <u>Senate</u> concurs.	<b>Gross</b>	<b>NA</b>	<b>\$2,500,000</b>
	GF/GP	NA	\$2,500,000
<b>9. Adjustments Based upon Anticipated Federal Revenue – Armory Operations</b>			
<u>Executive</u> includes authorization increases to utilize available federal revenues of \$1.5 million for armory operations. <u>Senate</u> concurs.	<b>Gross</b>	<b>\$15,558,800</b>	<b>\$1,500,000</b>
	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
<b>10. Michigan Youth Challenge Academy</b>			
<u>Senate</u> includes \$710,000 (\$500,000 GF/GP) and 10.0 FTEs to increase staffing levels at the academy in order to address concerns raised by the Auditor General report.	FTE	40.0	10.0
	<b>Gross</b>	<b>\$4,541,300</b>	<b>\$710,000</b>
	Federal	2,844,300	0
	Local	1,497,400	210,000
	Private	199,600	0
	GF/GP	\$0	\$500,000
<b>11. Camp Grayling Housing Construction</b>			
<u>Senate</u> includes \$300,000 GF/GP for housing construction at Camp Grayling.	<b>Gross</b>	<b>\$15,000,000</b>	<b>\$300,000</b>
	Federal	15,000,000	0
	GF/GP	\$0	\$300,000
<b>12. Veterans Service Grants Economic Adjustment</b>			
<u>Senate</u> includes a 1% economic adjustment for veterans service grants.	<b>Gross</b>	<b>\$3,733,500</b>	<b>\$37,300</b>
	GF/GP	\$3,733,500	\$37,300
<b>13. Early Out Deferred Sick Leave Payments</b>			
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>Senate</u> concurs.	<b>Gross</b>	<b>NA</b>	<b>(\$125,800)</b>
	Federal	NA	(46,100)
	Restricted	NA	(34,100)
	GF/GP	NA	(\$45,600)
<b>14. Economic Adjustments</b>			
<u>Executive</u> reflects increased costs of \$2.2 million gross (\$723,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments. <u>Senate</u> concurs.	<b>Gross</b>	<b>NA</b>	<b>\$2,175,000</b>
	IDG	NA	2,500
	Federal	NA	1,112,200
	Local	NA	25,000
	Private	NA	3,200
	Restricted	NA	308,600
	GF/GP	NA	\$723,500

### Major Boilerplate Changes From FY 2015-16

#### Sec. 215. Disciplinary Action Against State Employees – RETAINED

Protects department employees from disciplinary action due to communications with the Legislature. Executive deleted. Senate retains.

#### Sec. 233. Intention to Sell Department Property – RETAINED

Requires the department to notify the legislature sixty days prior to publicly announcing the intent to sell department owned property. Executive deleted. Senate retains.

## **Major Boilerplate Changes From FY 2015-16**

### **Sec. 234. One-Time Special Maintenance Appropriations Carry Forward – RETAINED**

Authorizes the carry forward of one-time appropriations from the previous fiscal year. Executive deleted. Senate retains.

### **Sec. 240. New Program Metrics – RETAINED**

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000. Executive deleted. Senate retains.

### **Sec. 300. Unclassified Positions – REVISED**

Lists the authorized unclassified positions within the department. Executive revised to remove the Director – Public Safety Group unclassified FTE and replaces it with the new Chief Executive Officer for the Veteran Health System position. Senate concurs.

### **Sec. 309. Starbase Grant – REVISED**

Establishes the Starbase program. Executive revised to remove fourth graders as a target group for the program, specifying students in the fifth grade as the intended program targets. Senate concurs.

### **Sec. 310. National Guard Tuition Assistance Program – REVISED**

Establishes the National Guard Tuition Assistance Program. Executive revised to include language to ensure that all funds remaining in the National Guard Tuition Assistance Program lapse into the National Guard Tuition Assistance Fund at the end of a fiscal year. Senate concurs.

### **Sec. 311. Information Technology Services and Projects – RETAINED**

Requires the department to utilize an IDG to the Department of Technology, Management, and Budget for information technology services and projects. Executive deleted. Senate retains.

### **Sec. 406. Grants to Veterans Service Organizations – RETAINED**

Requires the department to disburse grants to Veterans Service Organizations in order to achieve agency veterans service goals. Executive revised to remove language requiring a fixed number of service hours within each geographic region of state and adds language that bases the number of service hours on current appropriations for the Veteran Service Organization grant program and fixed hourly service rate. Senate retains original language.

### **Sec. 407. Veterans Trust Fund Administration – REVISED**

Requires the department and the Michigan Veterans Trust Fund Board to provide emergency funds to veterans through the Michigan Veterans Trust Fund. Executive revised to remove legislative intent language regarding the expenditure of appropriated funds. Senate concurs.

### **Sec. 501. Veterans' Homes Service and Care Requirements – REVISED**

Requires the department to administer the state's two veterans homes and specifies service and care requirements. Executive revised to combine with Sec. 503. in order to create a set of boilerplate language concerning veterans homes services and care requirements; remove language specifying federal requirements and replaces with language that requires providing the results of federal U.S. Department of Veterans Affairs certification as proof of compliance; remove language regarding contractor provided competency evaluated nursing assistants; change compliance reporting requirements from quarterly to annual; and include language requiring the department to report quarterly regarding the status of Medicaid certification efforts. Senate concurs, but retains original language regarding competency evaluated nursing assistants, minimum skilled nursing and domiciliary bed requirements, and adds additional reporting requirements.

### **Sec. 502. Medicaid Certification Pilot – NEW**

Requires the department to pursue compliance with current Medicaid and Medicare services certification standards for the veterans' homes in order to increase federal revenue and provide better services. Executive included. Senate concurs.

### **Sec. 502a. Quality of Care Standards – NEW**

Senate includes reporting requirements regarding the quality of care improvements made by implementing the Medicaid certification upgrades.

### **Sec. 503. Board of Managers (Grand Rapids) – DELETED**

Executive deleted to combine with Sec. 504. Senate concurs.

### **Sec. 503. D.J. Jacobetti Home for Veterans Service and Care Requirements – DELETED**

Executive deleted and combined with Sec. 501. Senate concurs.

### **Sec. 504. Board of Managers (Veterans Homes) – REVISED**

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Executive revised and combined with Sec. 503. Senate concurs.

### **Sec. 604. Land and Acquisitions – RETAINED**

Authorizes the department to provide for the acquisition and disposition of National Guard armories as well as department-owned land. Executive revised to remove language requiring the department to provide a listing of property sales. Senate retains original language.

## **Major Boilerplate Changes From FY 2015-16**

### ***Sec. 701. One-Time Appropriations – REVISED***

Specifies one-time appropriations and their purposes. Executive revised to remove FY 2015-16 language regarding one-time appropriations, which is replaced with language requiring the use of FY 2016-17 one-time appropriations for communications network upgrades on Army National Guard armories. Senate concurs.

### ***Sec. 1201. Anticipated Appropriations – RETAINED***

Specifies estimated expected revenue and revenue adjustments based upon the January 2016 Consensus Revenue Estimating Conference. Executive deleted. Senate retains.

### ***Sec. 1202. Michigan Veterans Affairs Agency Outreach – RETAINED***

Requires the Michigan Veterans Affairs Agency to report the percentage of Michigan veterans contacted in quarterly subcommittee hearings. Executive deleted. Senate retains.

### ***Sec. 1203. Michigan Veterans Affairs Agency Service Claims – RETAINED***

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed claims, as determined by the USDVA. Executive deleted. Senate retains.