

FY 2017-18: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary: As Reported by the House Subcommittee
House Bill 4228 (H-1) Draft 1



Analyst: Kent Dell

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	Difference: House From FY 2016-17 YTD	
				Amount	%
IDG/IDT	\$101,800	\$101,800	\$101,800	\$0	0.0
Federal	91,793,600	92,334,100	92,334,100	540,500	0.6
Local	1,522,400	1,528,400	1,528,400	6,000	0.4
Private	742,800	640,000	640,000	(102,800)	(13.8)
Restricted	24,696,000	22,332,600	22,332,600	(2,363,400)	(9.6)
GF/GP	58,243,600	63,067,500	62,067,500	3,823,900	6.6
Gross	\$177,100,200	\$180,004,400	\$179,004,400	\$1,904,200	1.1
FTEs	907.5	913.5	913.5	6.0	0.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	House Change from YTD
1. Removal of FY 2016-17 One-Time Appropriations and Placeholders	Gross	\$4,100,100	(\$4,100,100)
<u>Executive</u> removes all FY 2016-17 one-time appropriations as well as a \$100 GF/GP place holder for veterans' homes planning and \$300,000 GF/GP for housing construction at Camp Grayling. <u>House</u> concurs.	GF/GP	\$4,100,100	(\$4,100,100)
2. National Guard Armory Maintenance (One-Time)	Gross	N/A	\$2,500,000
<u>Executive</u> includes a one-time appropriation of \$2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau. <u>House</u> concurs.	GF/GP	N/A	\$2,500,000
3. National Guard Tuition Assistance Fund	Gross	\$60,000	\$3,447,000
<u>Executive</u> includes \$3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support of the National Guard Tuition Assistance Program. <u>House</u> includes \$3.4 million ongoing GF/GP.	GF/GP	\$60,000	\$3,447,000
4. National Guard Tuition Assistance Program – Program Restructure	FTE	1.0	(1.0)
<u>Executive</u> includes a technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program. <u>House</u> concurs.	Gross	\$3,505,000	(\$3,505,000)
	Restricted	3,505,000	(3,505,000)
	GF/GP	\$0	\$0
5. Armory and Land Sales	Gross	\$1,000,000	\$1,000,000
<u>Executive</u> increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund. <u>House</u> concurs.	Restricted	1,000,000	1,000,000
	GF/GP	\$0	\$0
6. National Guard Operations – State Active Duty	Gross	\$338,200	\$30,000
<u>Executive</u> includes \$30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk. <u>House</u> concurs.	IDG	101,800	0
	Federal	100,000	0
	Restricted	70,000	30,000
	GF/GP	\$66,400	\$0

**FY 2016-17 YTD
(as of 2/8/17)** **House Change
from YTD**

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

7. Grand Rapids Home for Veterans – Staff and Training **Gross** **\$49,229,000** **\$820,000**
Executive includes \$820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of \$2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards. House concurs.

	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$820,000

8. Grand Rapids Home for Veterans – Accounting Service Staff **FTE** 355.0 (8.0)
Executive transfers the accounting service staff FTEs to the Department of Technology, Management and Budget. House concurs.

	Gross	\$49,229,000	\$0
	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$0

9. D.J. Jacobetti Home for Veterans – Staffing Increase **FTE** 164.5 15.0
Executive includes 15.0 FTEs and \$800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements. House concurs.

	Gross	\$21,250,600	\$800,000
	Federal	8,305,600	0
	Restricted	5,000,400	0
	GF/GP	\$7,944,600	\$800,000

10. Michigan Veterans' Facility Authority **Gross** **\$1,000,000** **\$0**
Executive includes \$500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans' Facility Authority. House removes.

	GF/GP	\$1,000,000	\$0
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11. Michigan Veterans Affairs Agency – Veterans License Plate Fund **Gross** **\$7,057,300** **\$50,000**
Executive includes \$50,000 from the recently established Veterans License Plate Fund to support the ongoing operations of the Michigan Veterans Affairs Agency. House concurs.

	Restricted	0	50,000
	GF/GP	\$7,057,300	\$0

12. Technical Adjustments **FTE** N/A 0.0
Executive aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including:

- Reduction in private revenue authorization for the Michigan Youth ChalleNGe Academy.
- Reduction in rental fee revenue authorization for Headquarters and Armories.
- Removes authorizations associated with IT payroll and accounting services center personnel across the budget.
- Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring.
- Net zero adjustments in authorizations and FTEs between line items.

House concurs.

	Gross	N/A	(\$212,600)
	Federal	N/A	(4,900)
	Private	N/A	(102,800)
	Restricted	N/A	(101,800)
	GF/GP	N/A	(\$3,100)

13. Economic Adjustments **Gross** **N/A** **\$1,074,900**
Executive includes economic adjustments, which reflect increased costs of \$1.1 million Gross (\$360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs.

	Federal	N/A	545,400
	Local	N/A	6,000
	Restricted	N/A	163,400
	GF/GP	N/A	\$360,100

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED
Provides for total state spending from state resources as well as total spending to local units of government. Executive updated to reflect FY 2017-18 appropriations. House concurs.

Sec. 214. Legacy Costs – REVISED
Provides for estimated retirement costs. Executive updated to reflect FY 2017-18 costs. House concurs.

Sec. 215. Disciplinary Action Against State Employees – RETAINED
Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 217. Department Core Services – REVISED

States the core services, support services, and work projects of the department. House revises to include the Michigan Veterans' Facility Authority.

Sec. 219. Intention to Sell Department Property – RETAINED

Requires the department to notify the Legislature sixty days prior to publicly announcing the intention to sell department property. Executive deleted. House retains.

Sec. 234. One-Time Special Maintenance Carry Forward – DELETED

Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year. Executive deleted. House concurs.

Sec. 301. Unclassified Positions – RETAINED

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission. Executive deleted. House retains.

Sec. 303. Michigan Youth ChalleNGe Academy – REVISED

Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth ChalleNGe Academy. Executive revised to allow unexpended private donations to be carried forward into the subsequent fiscal year. House concurs.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Executive revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of \$4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program. House concurs, but establishes the participation goal of 1,100 members by the end of the fourth year, and removes the appropriation cap.

Sec. 311. Information Technology Services and Projects – DELETED

Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget. Executive deleted. House concurs.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Executive revised to include the Michigan Veterans' Facility Authority. House concurs.

Sec. 402. Veterans' Homes Service and Care Requirements – REVISED

Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Executive revised to include the Michigan Veterans' Facility Authority. House concurs.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Executive revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18. House revised to state that the purpose is to obtain CMS certification by January 1st of fiscal year 2017-18.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Executive revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates. House concurs and establishes the MVAA paid fixed hourly service rate at \$34 per hour.

Sec. 501. Land and Acquisitions – RETAINED

Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Executive revised to remove sale and acquisition reporting requirements. House retains original language.

Sec. 605. Veterans' Homes Planning – DELETED

Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans' homes. Executive deleted. House concurs.

Sec. 1201. Anticipated Appropriations – RETAINED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains.

Sec. 1202. MVAA Outreach – RETAINED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees. Executive deleted. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 1203. MVAA Claims Services – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs. Executive deleted. House retains.