



Budget Briefing: Military and Veterans Affairs

Michael Clossen, Senior Fiscal Analyst

December 2022

Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs serves the dual purpose of providing an operational military force in support of state and federal homeland security needs and providing a network of services and programs in support of the state's veteran population and their families. The department and its budget is divided into three main sections.

- The **Michigan National Guard** serves to protect the lives and property of Michigan citizens during times of emergency and civil unrest, and to assist the federal government in defending the sovereign interest of the United States.
- The **Michigan Veterans Affairs Agency (MVAA)** has oversight responsibility of delivery of services, programs, and grants to veterans and veteran organizations.
- The **Michigan Veterans' Facility Authority (MVFA)** is a nine-member board that governs the Michigan Veteran Homes, an independent organization that operates the state's three veterans homes, previously administered by the MVAA.

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2022-23 is October 1, 2022 through September 30, 2023.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapse: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

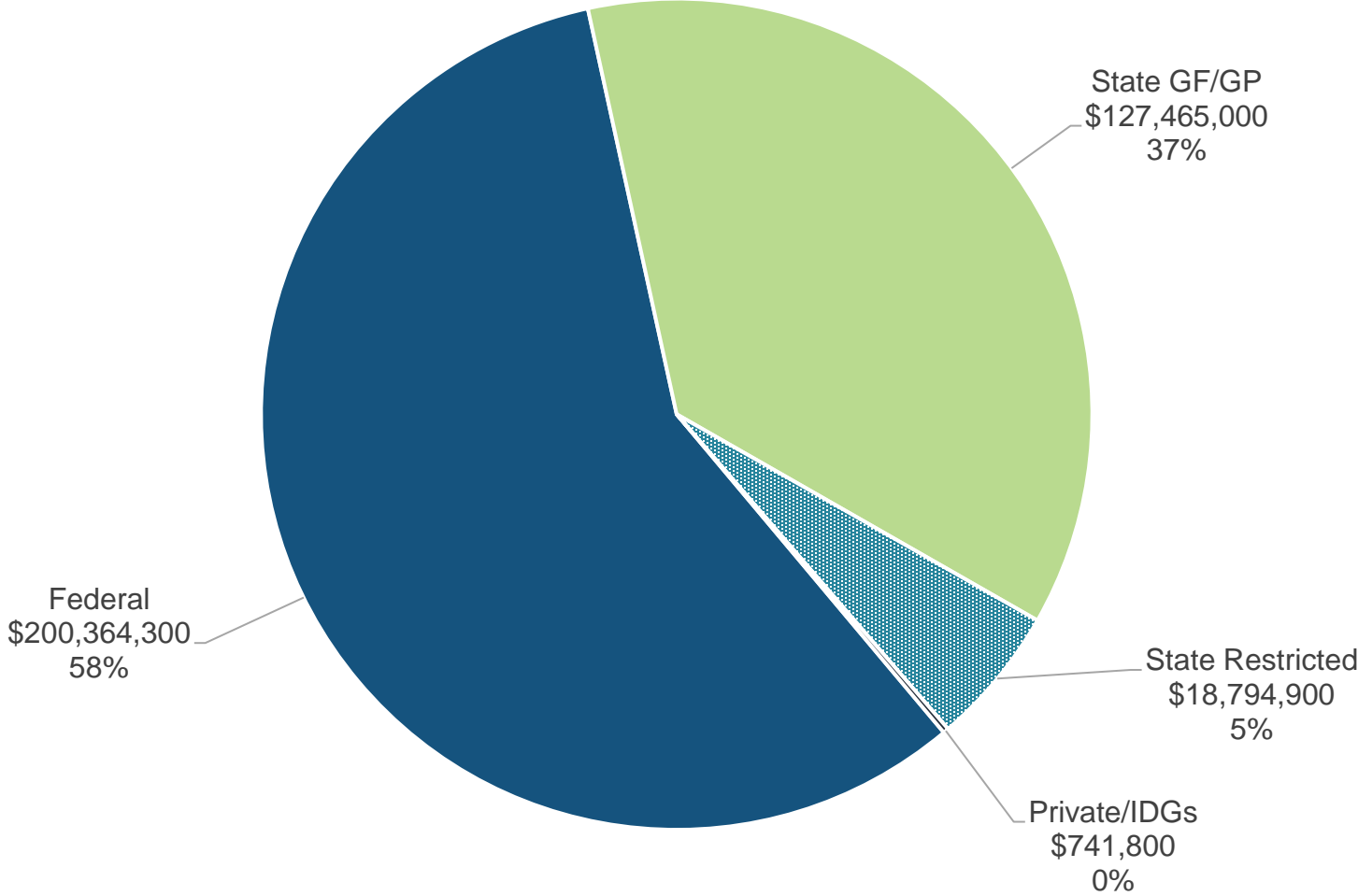
Funding Sources

FY 2022-23 DMVA Budget

Fund Source	Funding	Description
Gross Appropriations	\$347,366,000	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	101,800	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$347,264,200	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	200,364,300	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	640,000	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	18,794,900	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$127,465,000	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

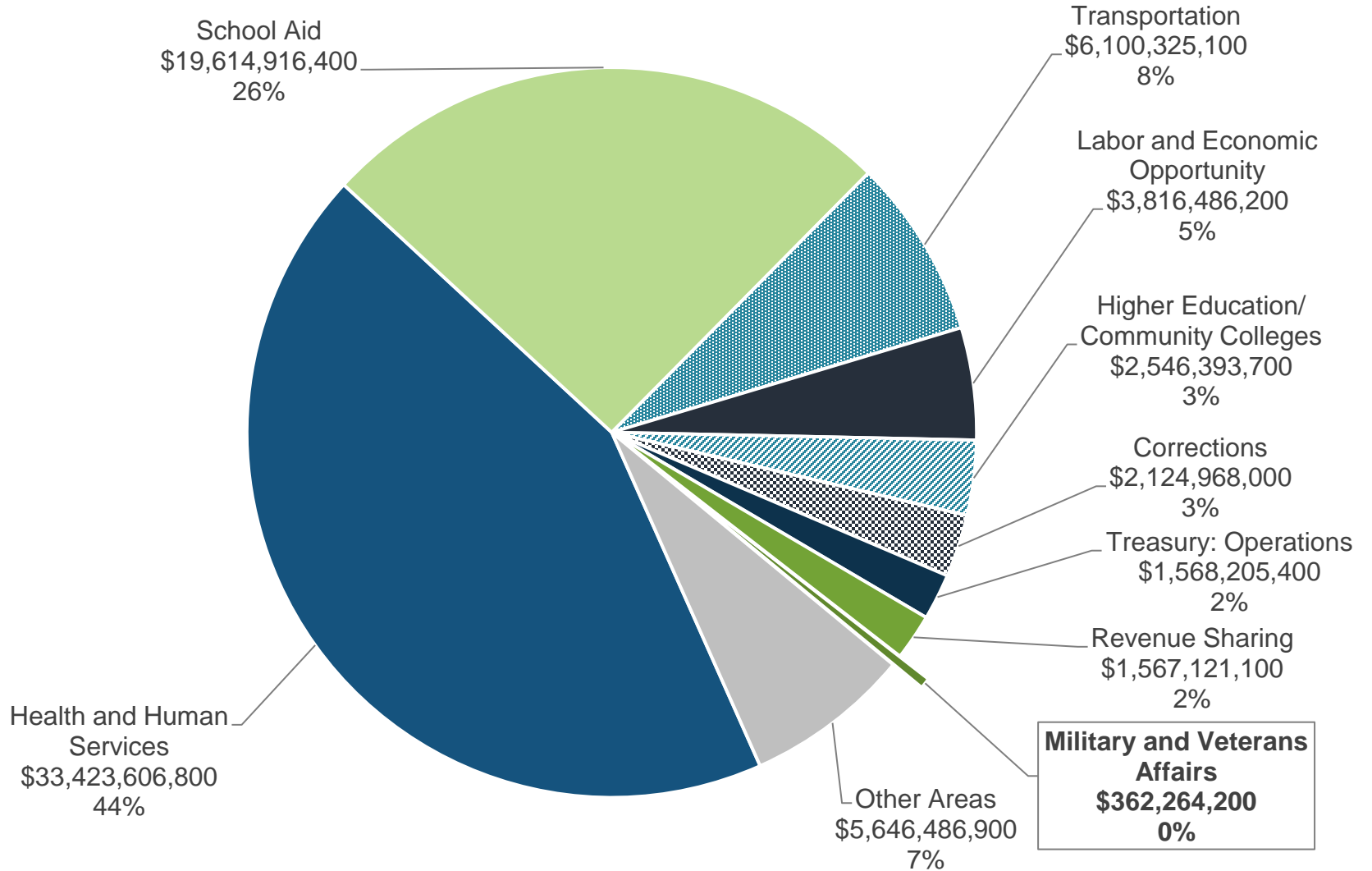
FY 2022-23 Fund Sources

Of the **\$347.4 million** DMVA budget, **58%** is funded with federal revenues, which include matching funds for armory and training site operations and maintenance, the Michigan Youth ChalleNGe Academy, the state veterans' homes, and the Starbase program.



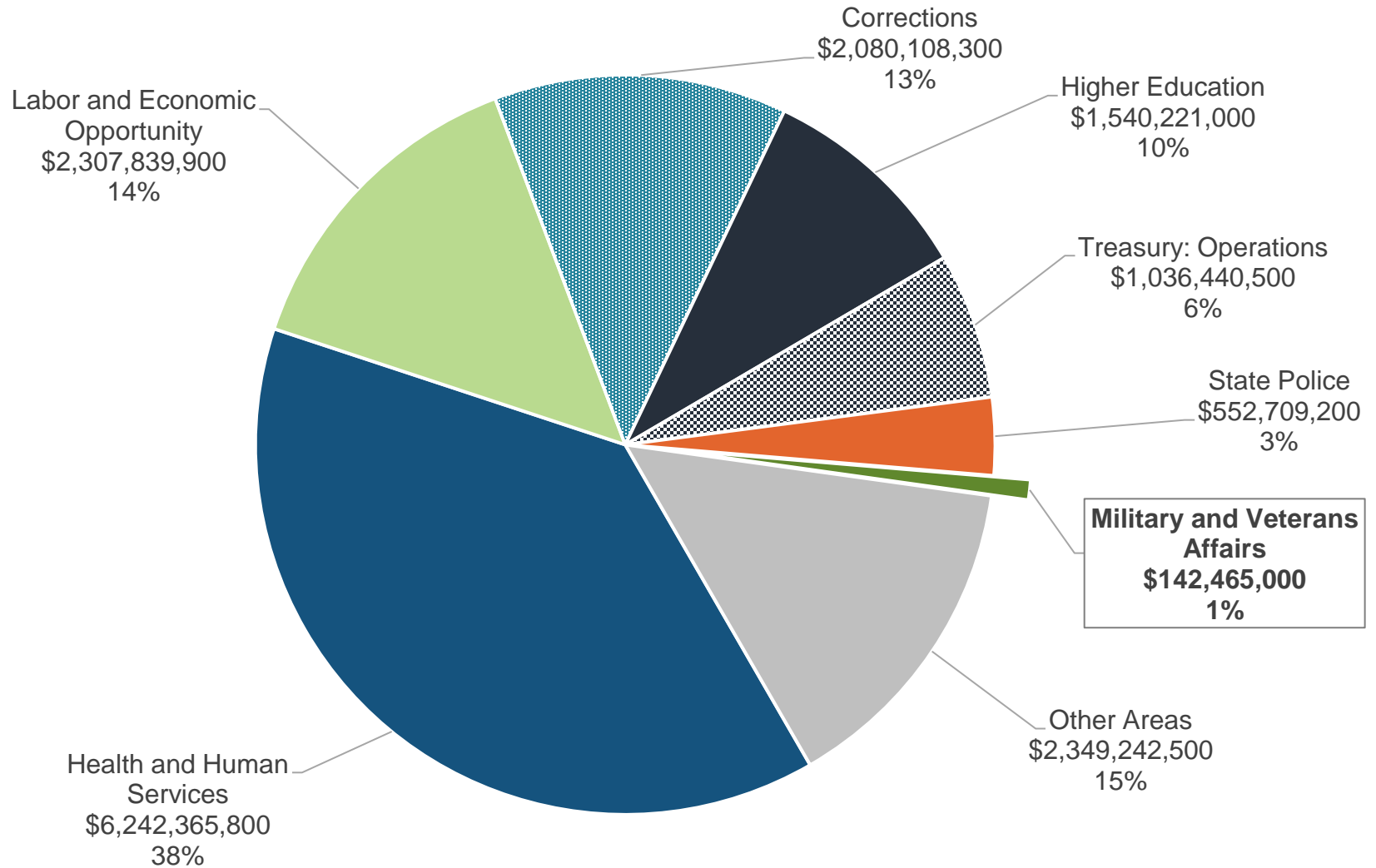
DMVA Share of Total State Budget

The DMVA budget represents less than 1% of the **\$76.8 billion** state budget (adjusted gross) for FY 2022-23.



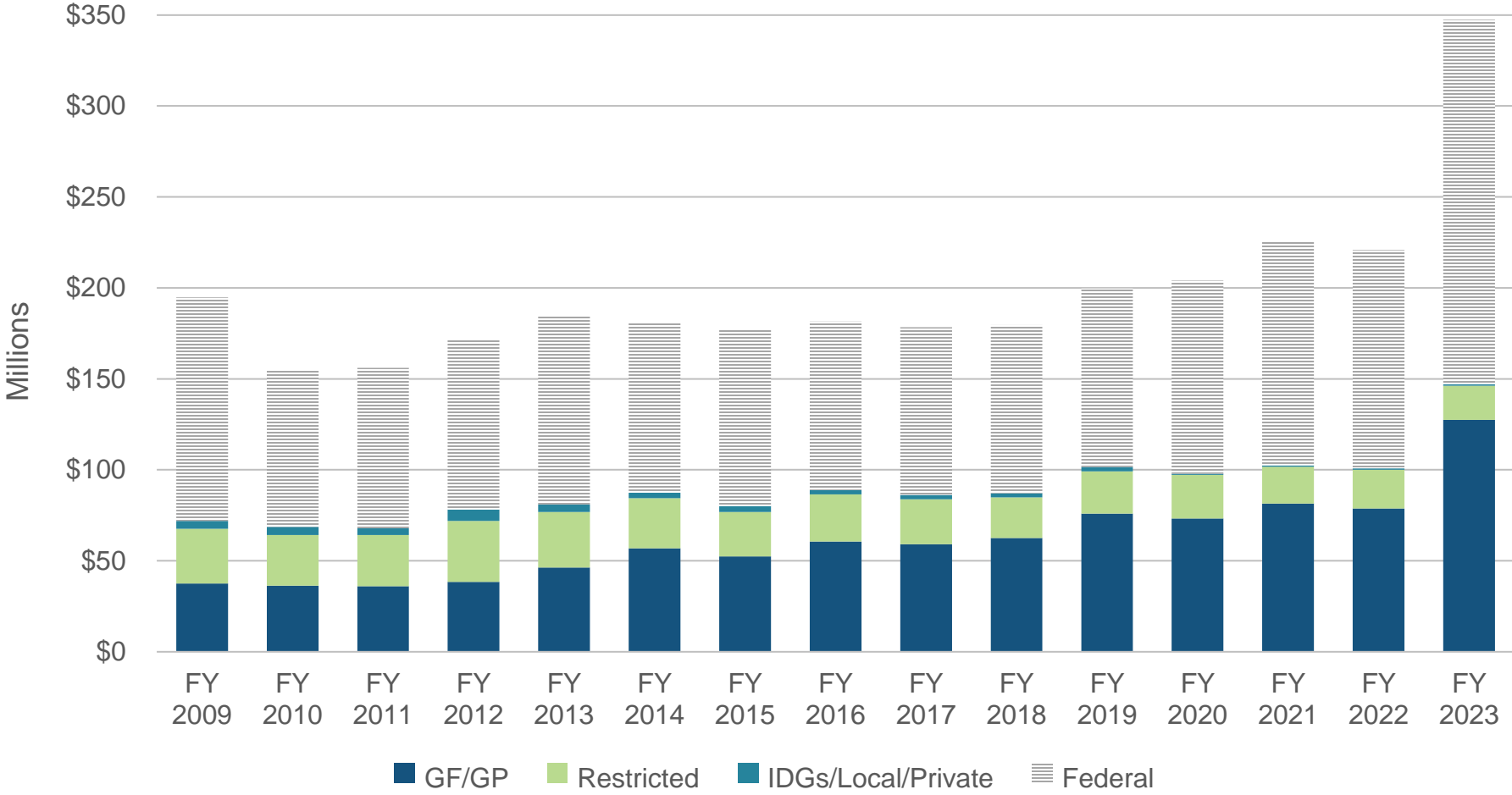
DMVA Share of Total GF/GP Budget

The DMVA budget represents 1% of the state's \$16.3 billion GF/GP budget for FY 2022-23.



DMVA Funding History

FY 2022-23 appropriations increased **78%** from the prior year. The increase is almost entirely from one-time appropriations of GF/GP and federal revenues totaling **\$132.1 million** with \$100.0 million to be used to update armories statewide.



Appropriation Areas

DMVA Appropriation Areas

Military: Unclassified positions, the state's National Guard armories and training facilities, the MYCA and Starbase program, and other National Guard operations.

MVAA: Administration of various support services to veterans and their families including Michigan Veteran Resource Center, military discharge document retrieval, and oversight of the Michigan Veterans' Facility Authority; administration and costs of Veteran Service Organization (VSO) grants and County Veteran Service Fund grants to counties.

MVFA: Administration of the state's three veterans homes – Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans in Marquette, and Chesterfield Township Home for Veterans, as well as the veterans cemetery in Grand Rapids.

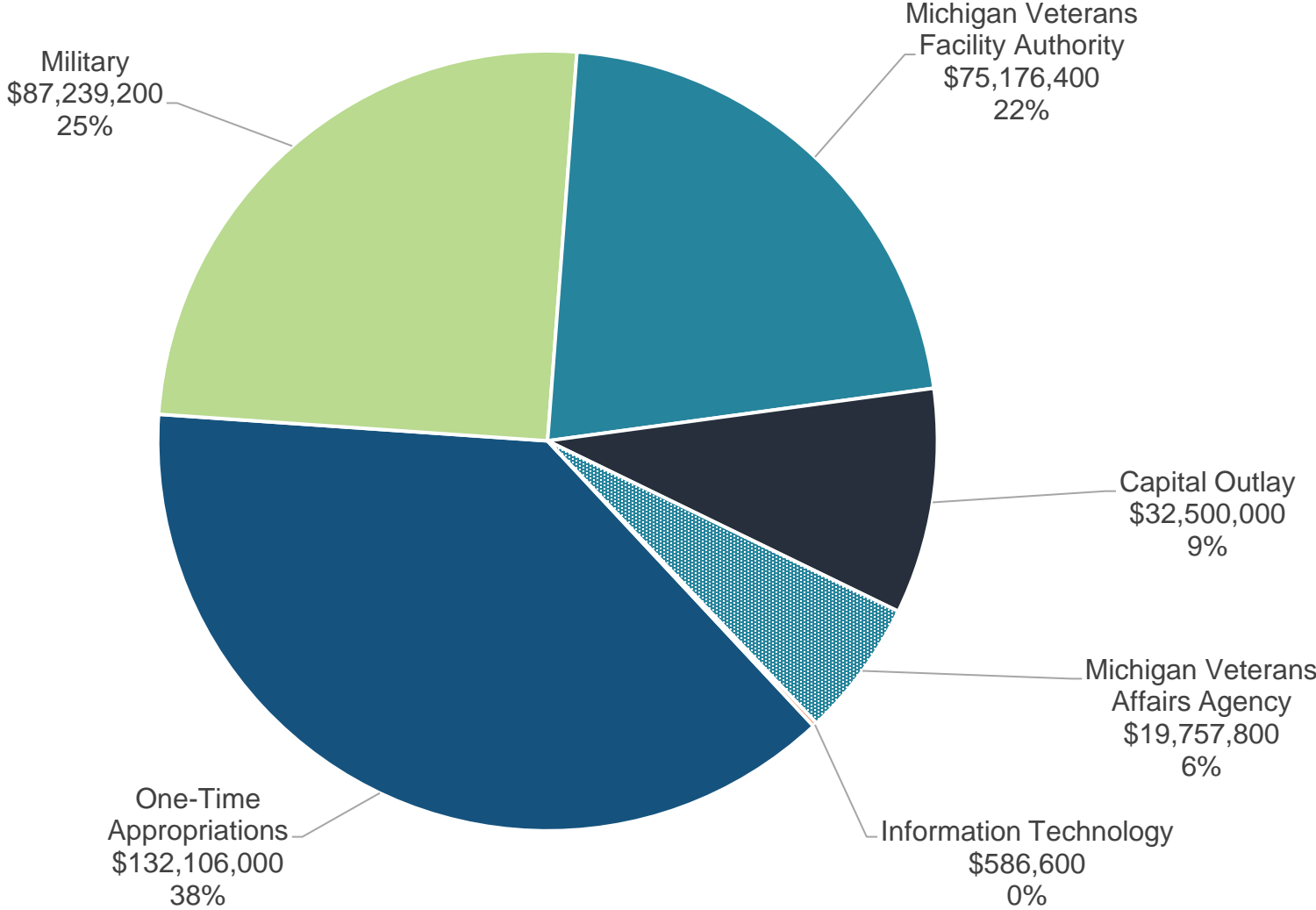
Capital Outlay: Special maintenance projects at National Guard headquarters, armories, and state veterans homes.

Information Technology: Provides for the department's IT services and projects.

One-time Appropriations: Appropriations intended by the legislature to be one-time allocations not to be reauthorized in future years.

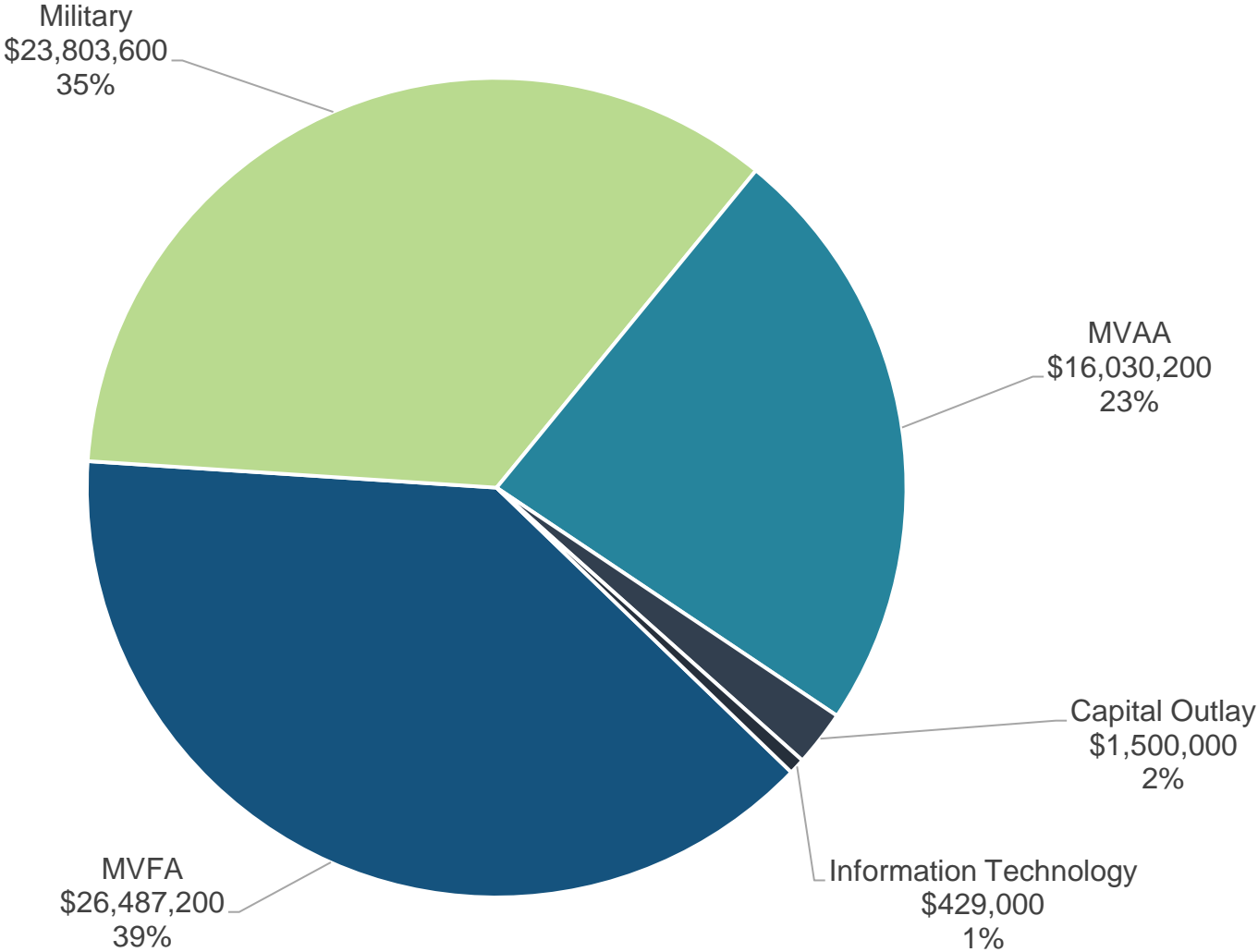
FY 2022-23 Gross Appropriations

Of the **\$347.4 million** DMVA budget One-Time appropriations is the largest component in FY 2022-23 making up **38%**. Of the \$215.3 million ongoing budget, **44%** directly supports veterans services and related administrative costs.



FY 2022-23 GF/GP Appropriations

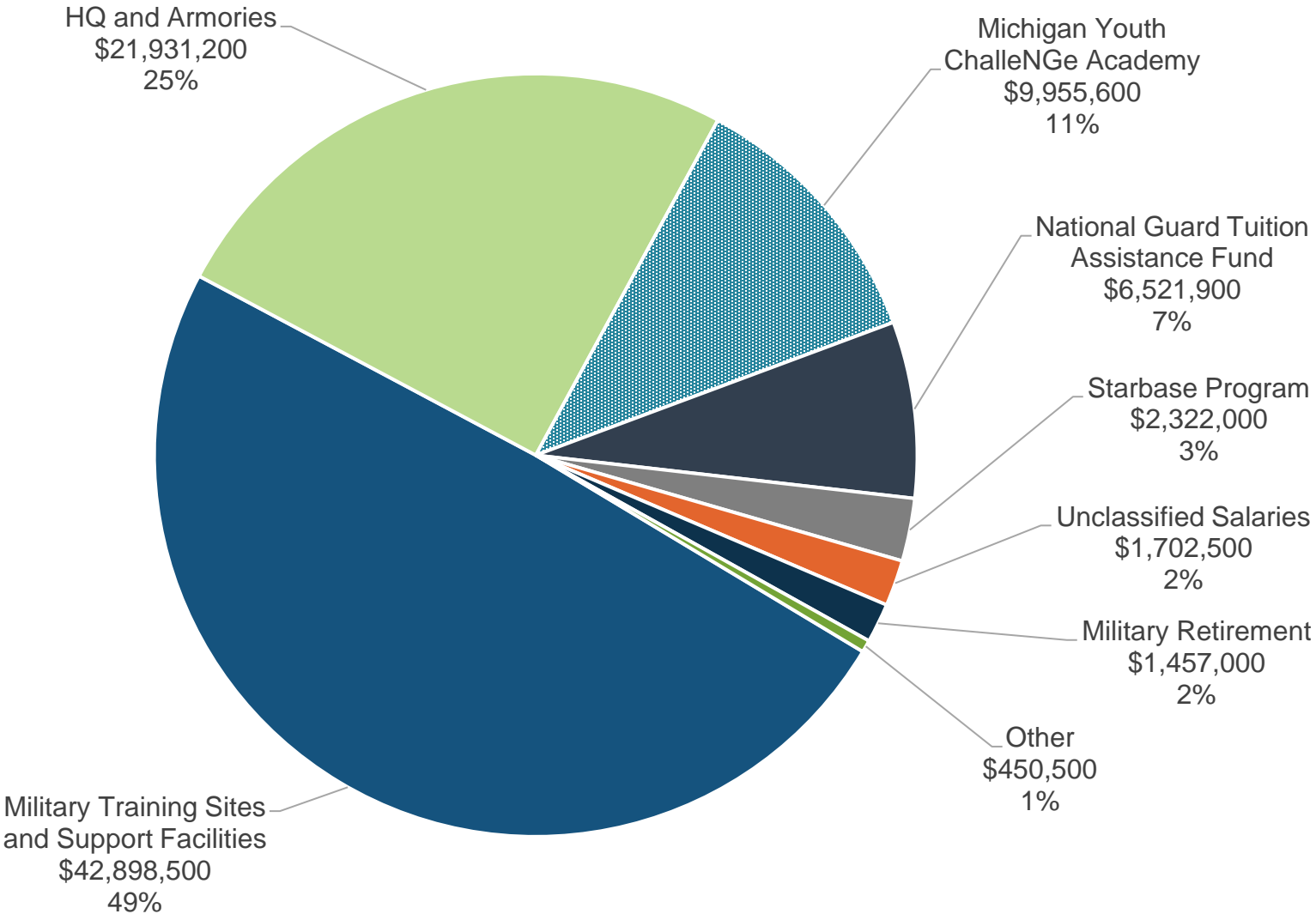
Ongoing GF/GP funds totaling **\$68.3 million** are more heavily concentrated in veterans homes and related services – with the Grand Rapids Home for Veterans receiving the most.



Major Budget Topics

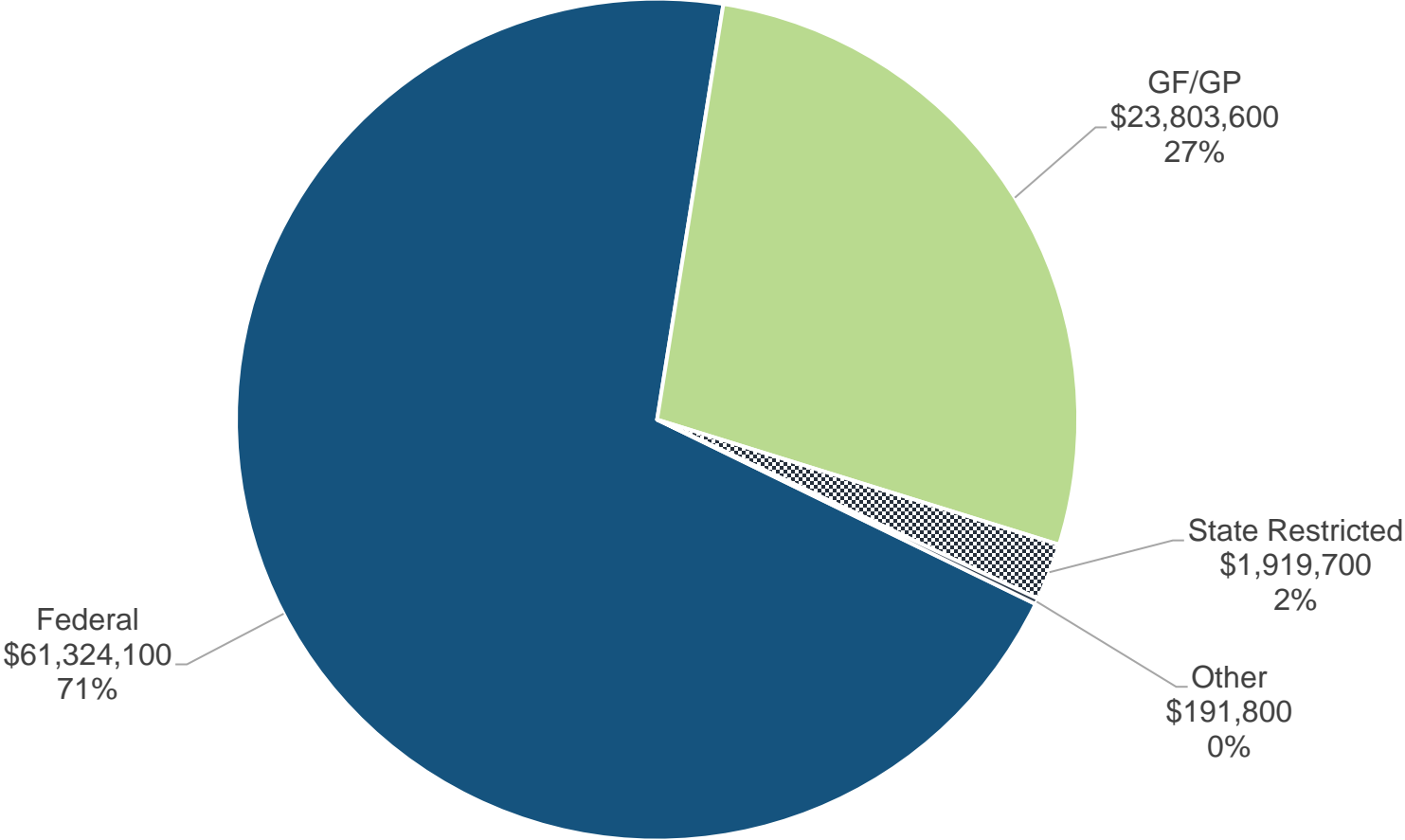
FY 2022-23 Military Appropriations

Funding for Military Training Sites and Support Facilities is **49%** of the total appropriation (**\$87.2 million**) for the Military appropriation unit.



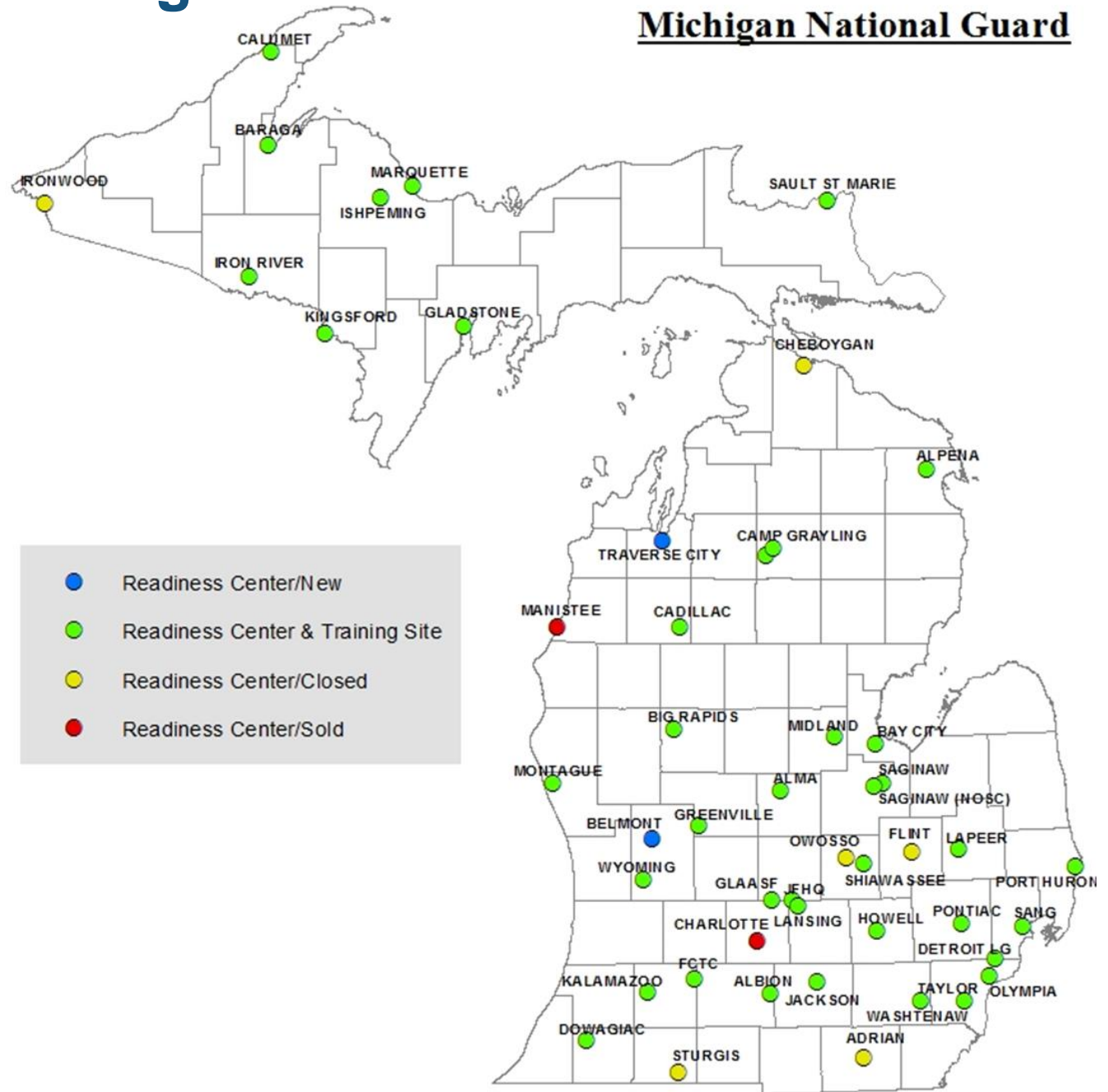
FY 2022-23 Military Fund Sources

Federal revenues comprise 71% of total fund sources for the Military appropriations unit.



Armories and Training Centers

Michigan National Guard



Army National Guard Training Sites

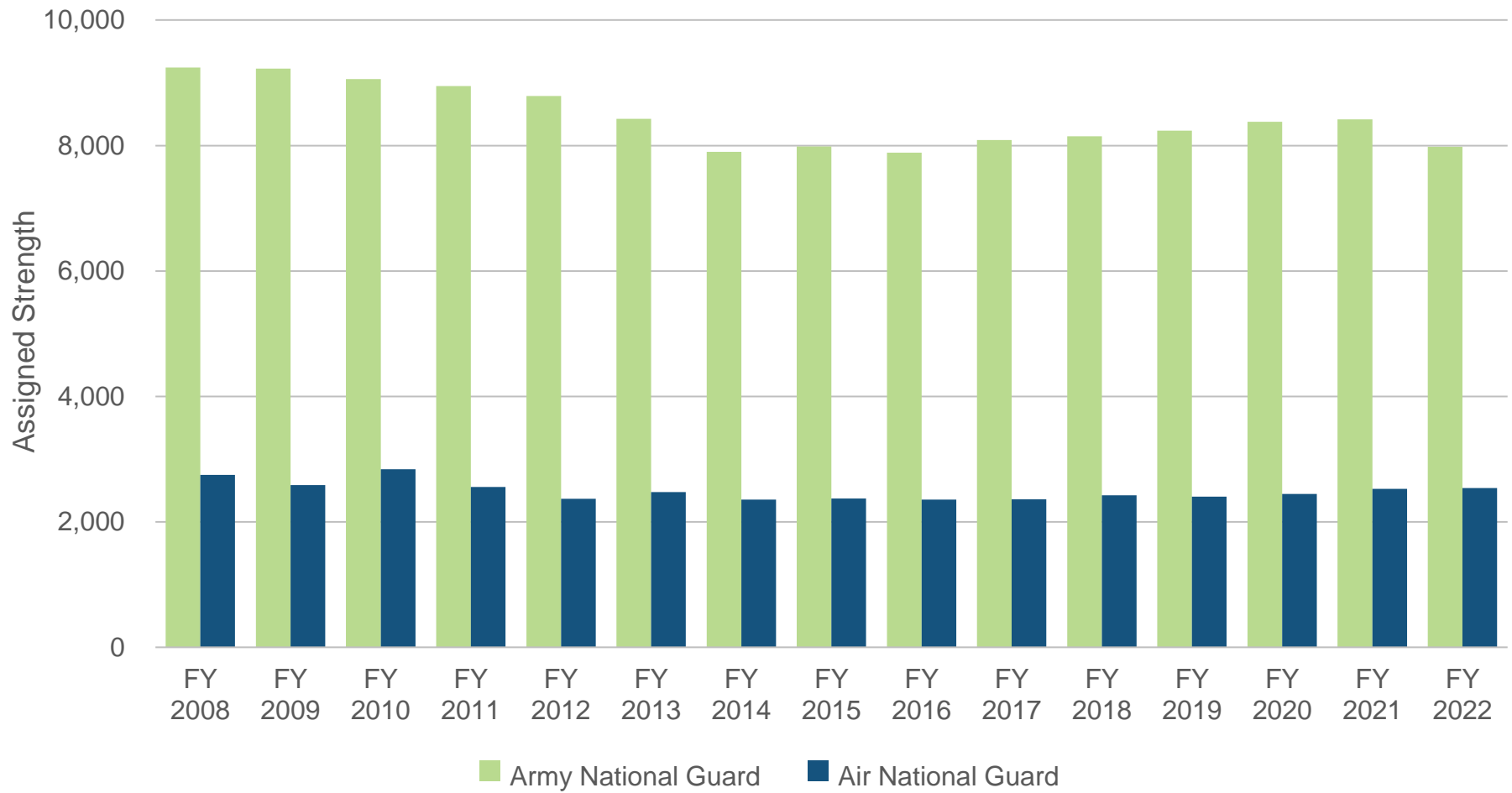
- Camp Grayling
- Fort Custer Training Center

Air National Guard Training Sites

- Alpena Combat Readiness Training Center
- Battle Creek Air Base
- Selfridge Air Base

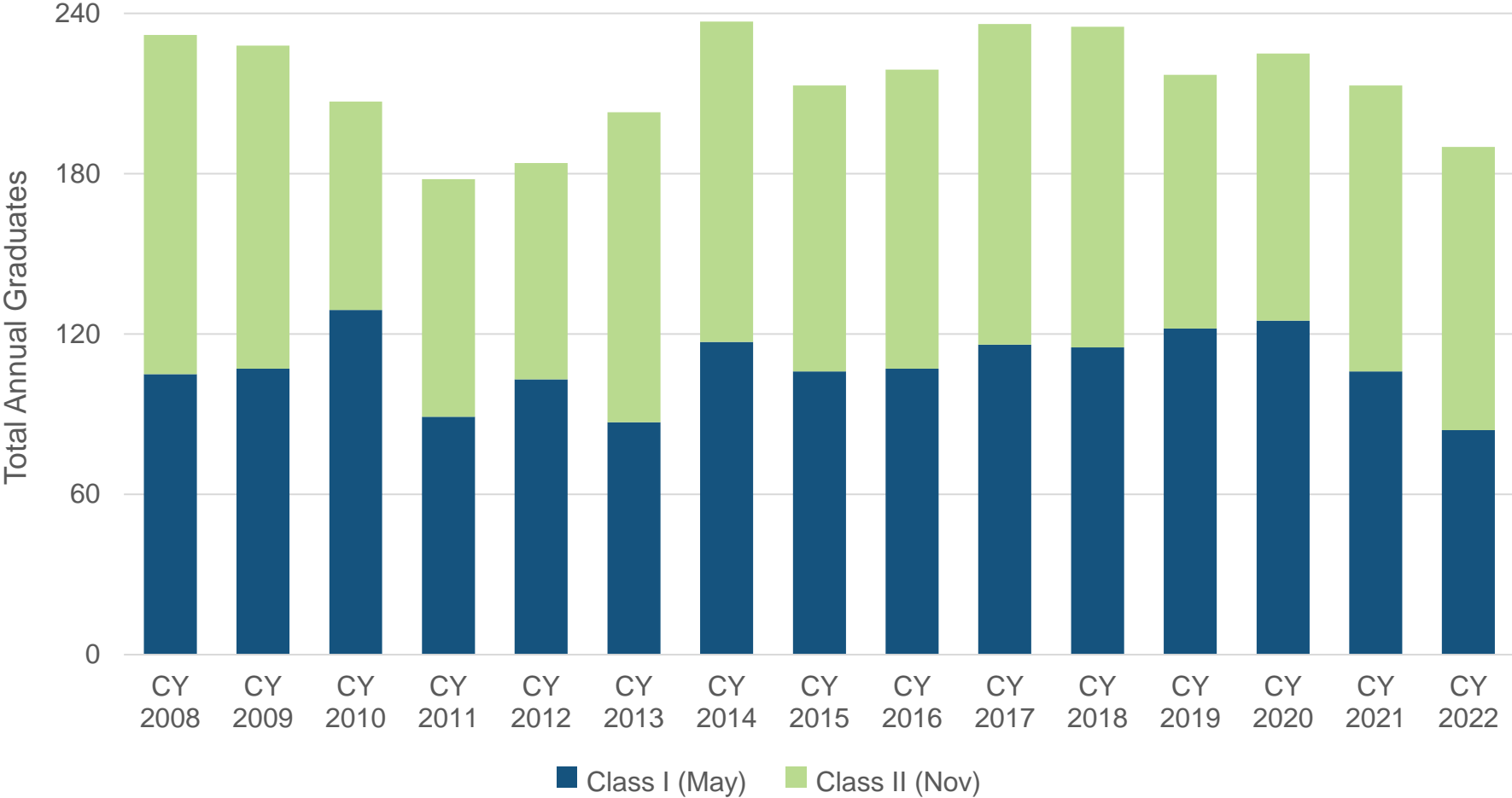
Michigan National Guard – Assigned Strength

Total assigned strength in the Michigan National Guard decreased 4% due to a decrease of 433 soldiers in the Army National Guard.



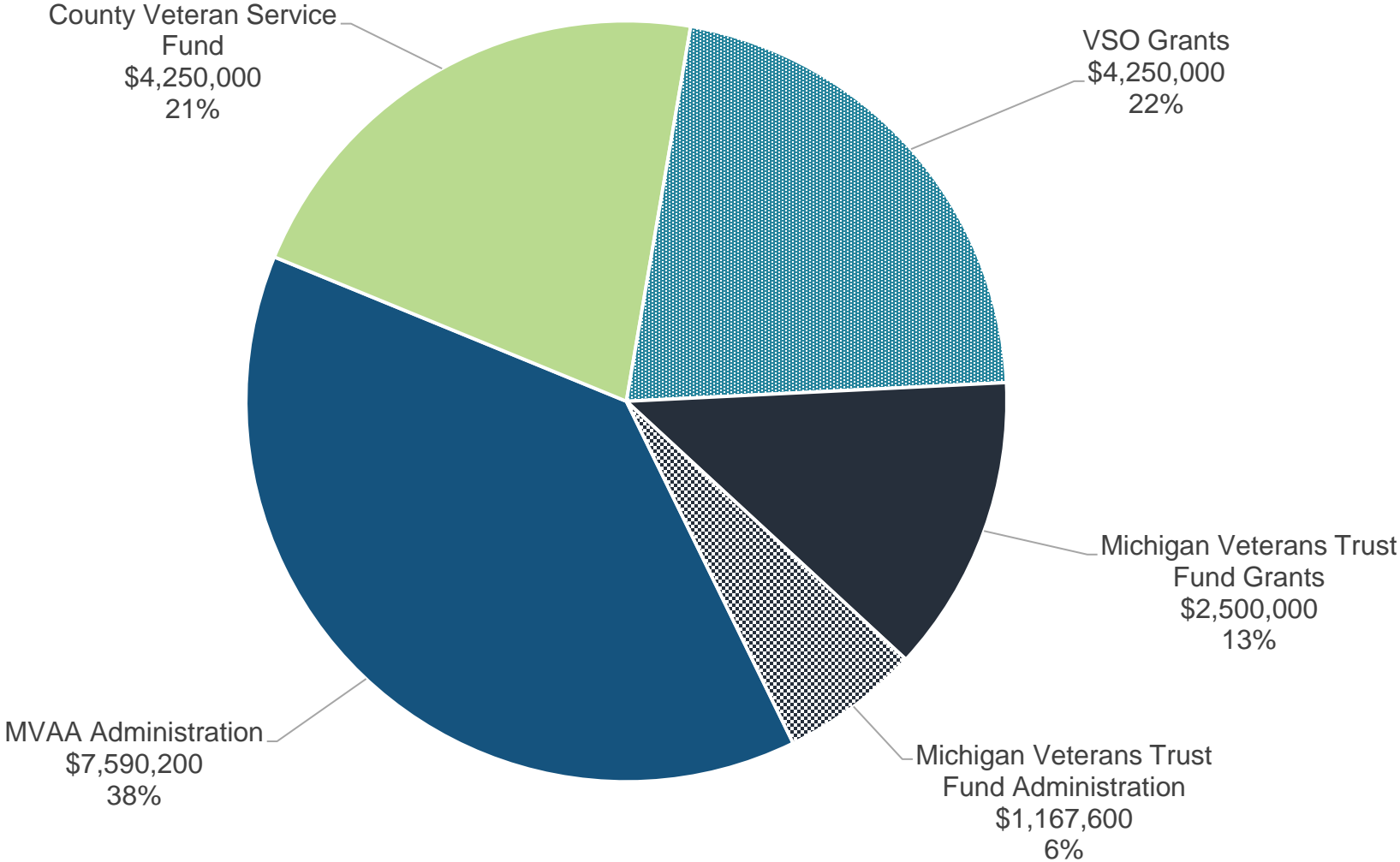
Michigan Youth ChalleNGe Academy

Voluntary basic training-style program for at-risk youth administered by the department. Program includes two 22-week residential programs (Ft. Custer) per calendar year, followed by a 12-month post-residential mentoring phase for graduates. Academic, vocational, and fiduciary services are under contract with Marshall Public Schools.



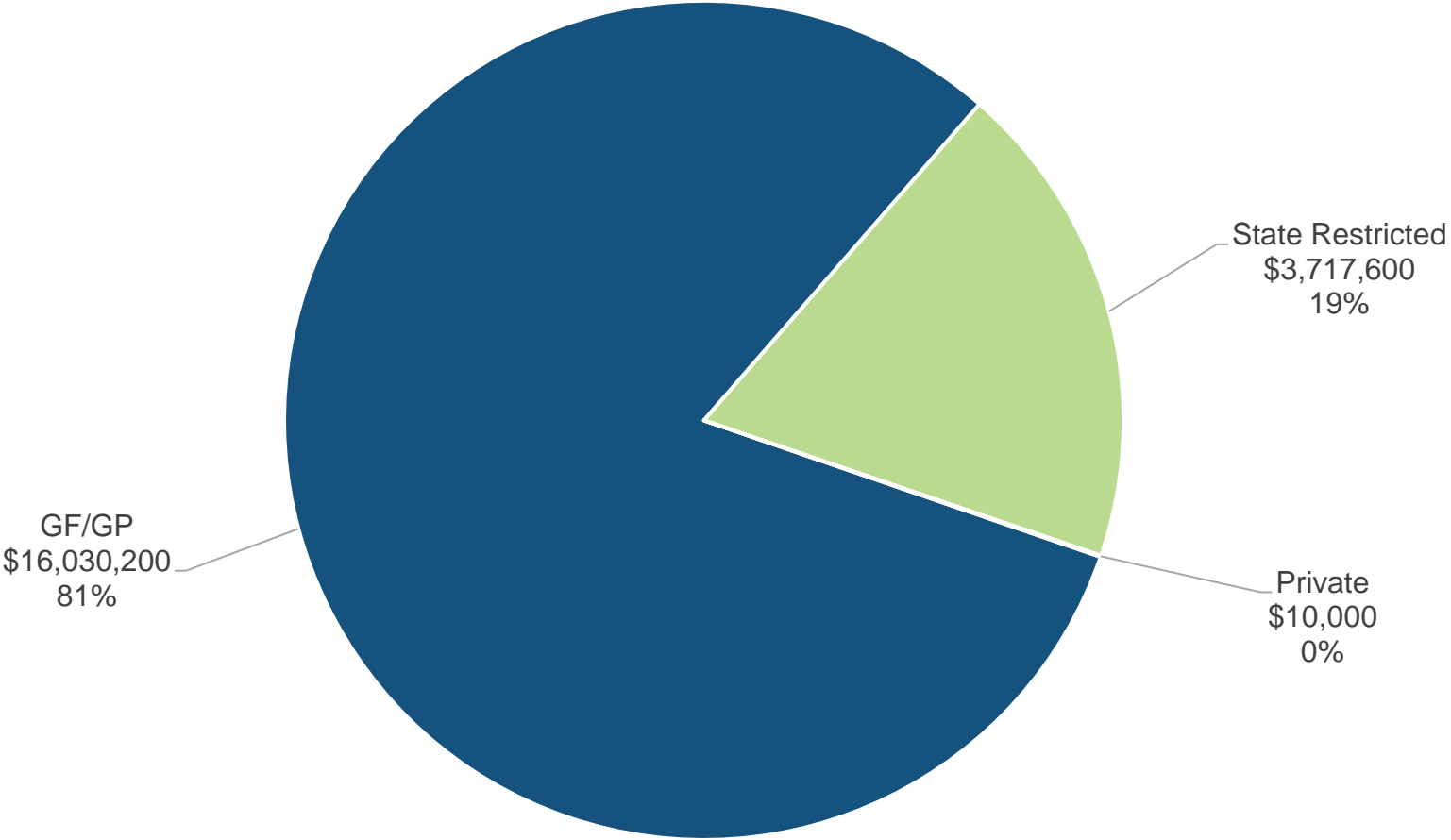
FY 2022-23 MVAA Appropriations

Of MVAA appropriations **\$11.0 million**, or **56%**, go directly to veteran service grants. Funding was increased for both County Veteran Service Fund and VSO grant programs.



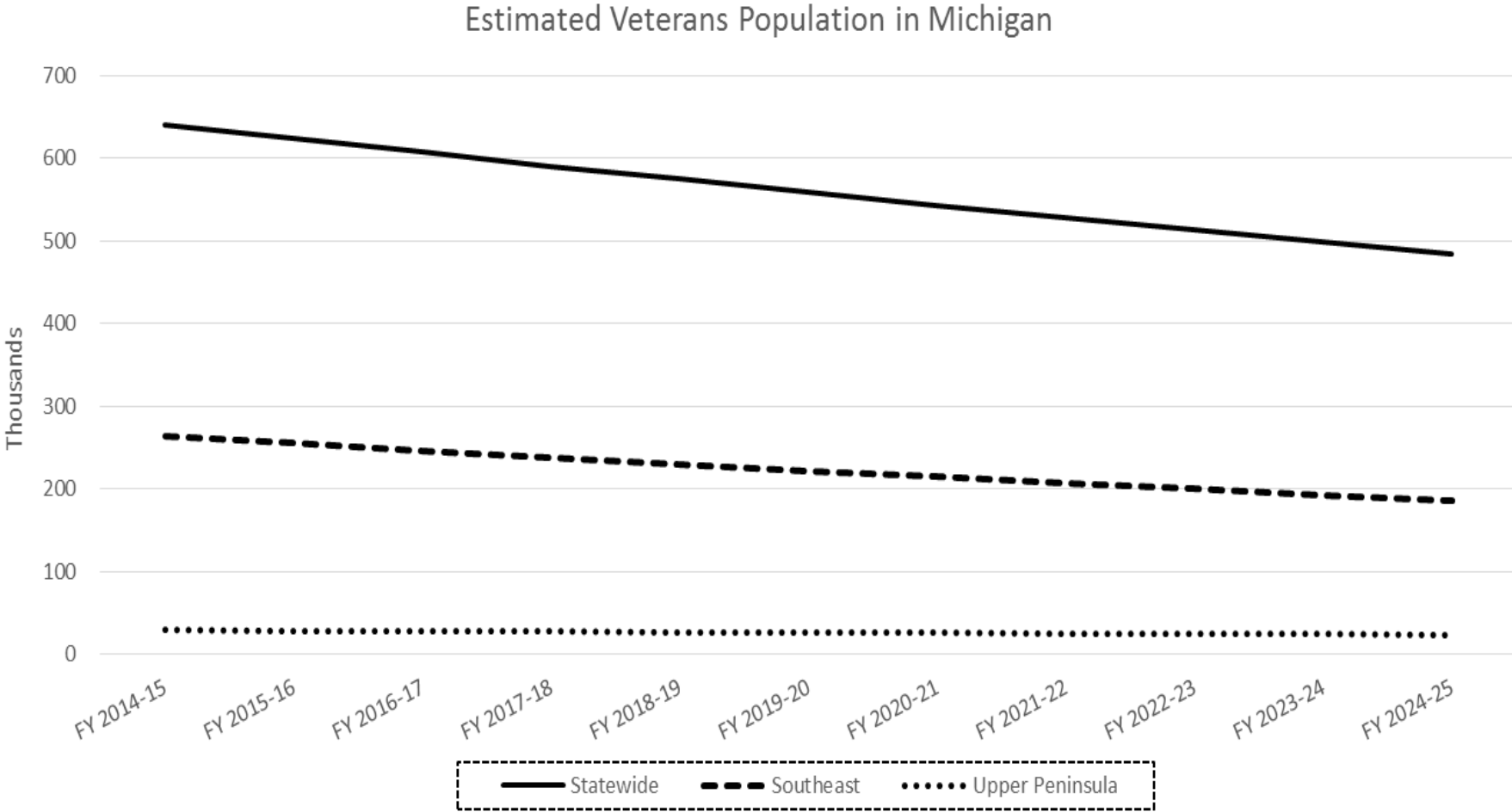
FY 2022-23 MVAA Fund Sources

GF/GP appropriations comprise **81%** of total fund sources for the Michigan Veterans Affairs Agency. Authorization of private donations is new in the FY 2022-23 budget.



Michigan Veterans Population

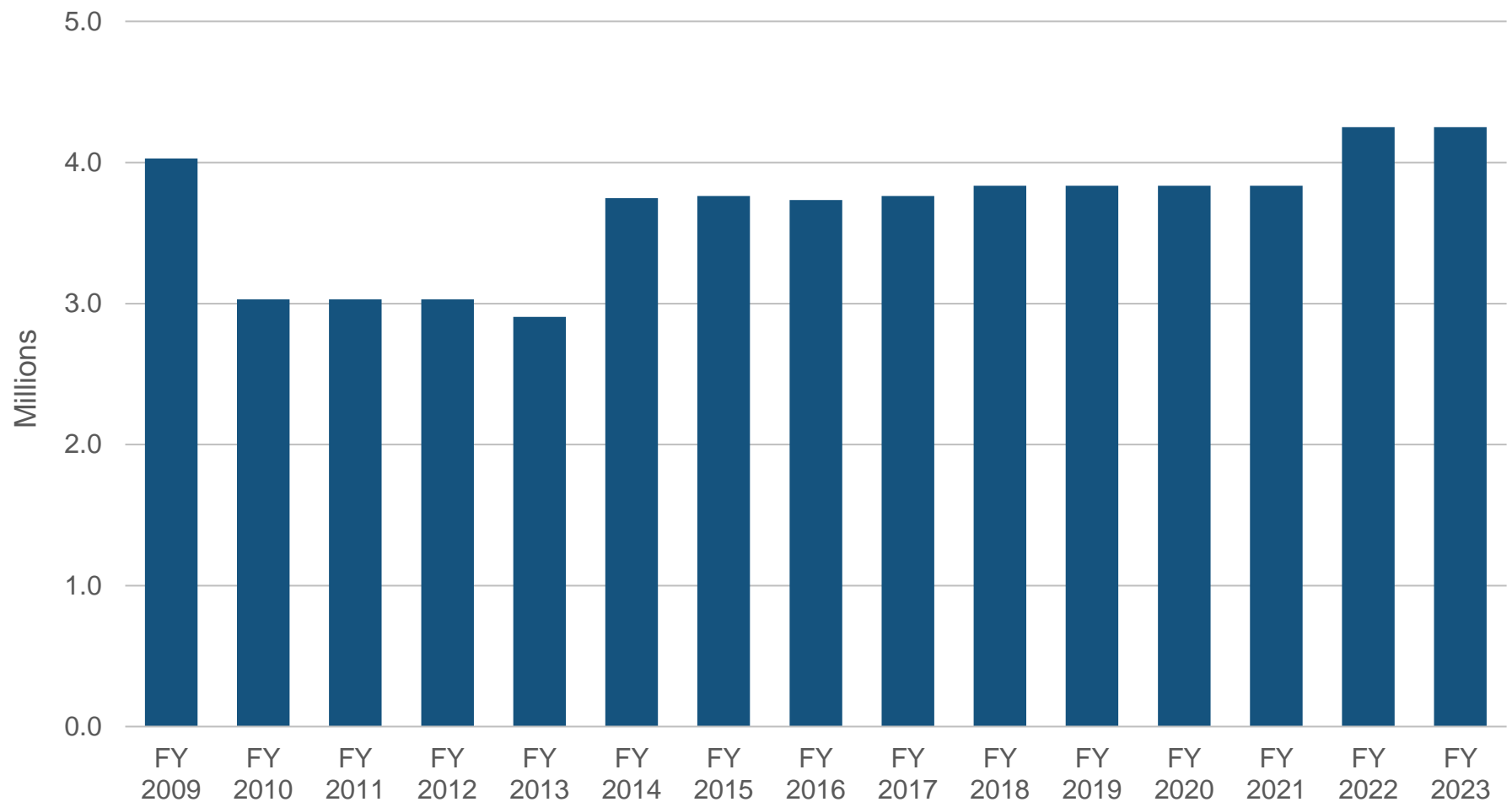
The total estimated statewide veteran population was approximately 568,000 in FY 2019-20, the most recent veteran population survey. Wayne County is home to the largest proportion of veterans with an approximate population of 84,100, followed by Oakland and Macomb Counties with approximately 54,300 and 45,100 veterans.



Note: Population projections modeled from the USDVA VetPop2018 survey.

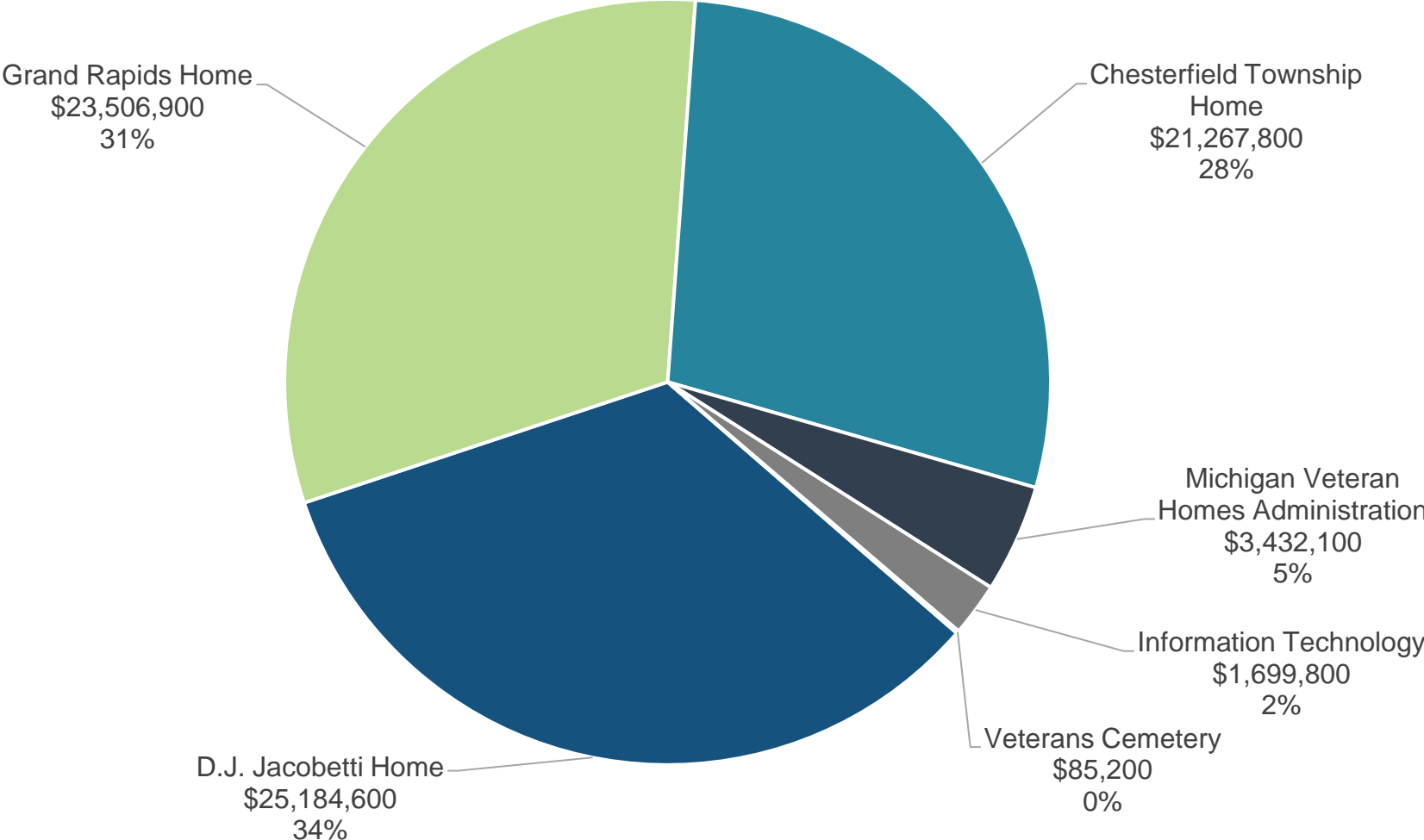
Veterans Service Organization Grants

Grant payments to VSOs have remained steady from FY 2008-09 to FY 2022-23 except for a decrease in funding between FY 2009-10 and FY 2012-13. Reduced funding was due, in large part, to Great Recession era budget cuts. Beginning in FY 2021-22, funding parity with County Veteran Service Grants was attained.



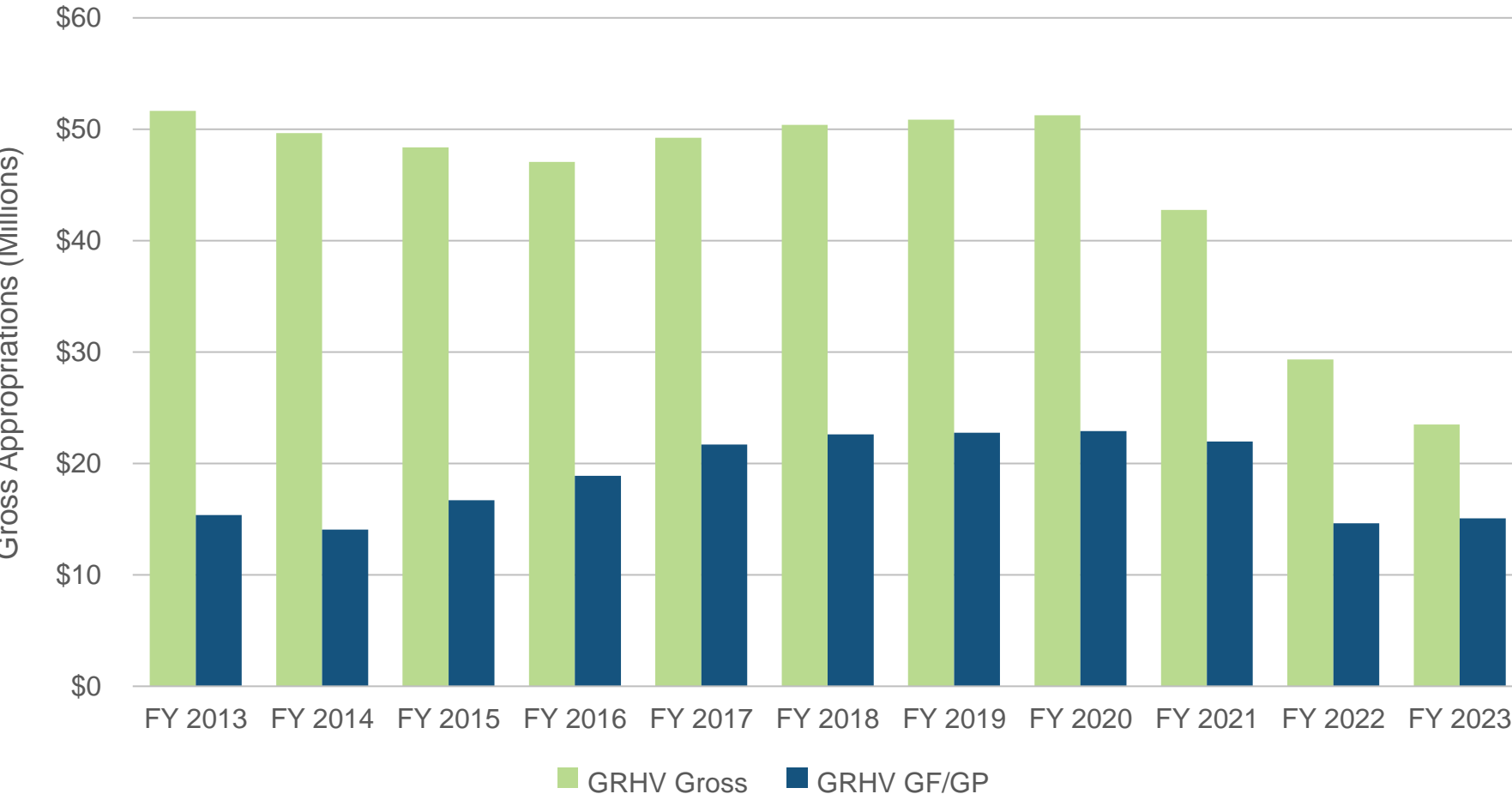
Michigan Veterans' Facility Authority

Established by 2016 PA 560, Michigan Veterans' Facility Authority (MVFA) oversees construction and administration of state veterans homes. MVFA was budgeted as a new unit in FY 2020-21 and includes line items for the homes, for Michigan Veteran Homes Administration, and for the Veterans Cemetery.



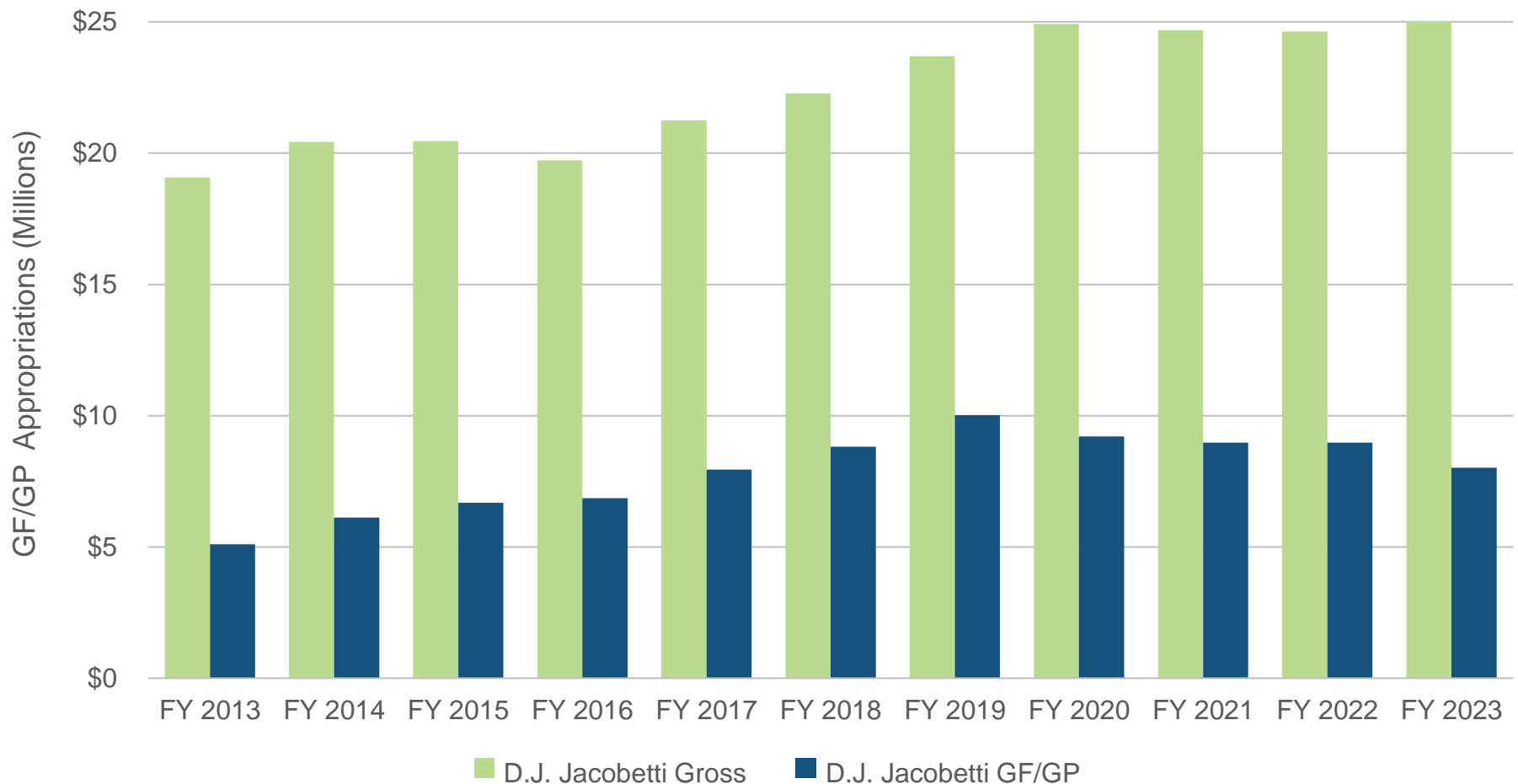
Grand Rapids Home Gross and GF/GP Funding

Between FY 2019-20 and FY 2022-23, Gross appropriations for the Grand Rapids Home decreased by approximately **54%** while GF/GP appropriations decreased by only **2%** over the same period. Declining appropriations during this time reflect reduced membership at the home in the new smaller facility. Declining revenues to offset GF/GP are due to reduced member census and the inability of some veterans to pay assessment fees.



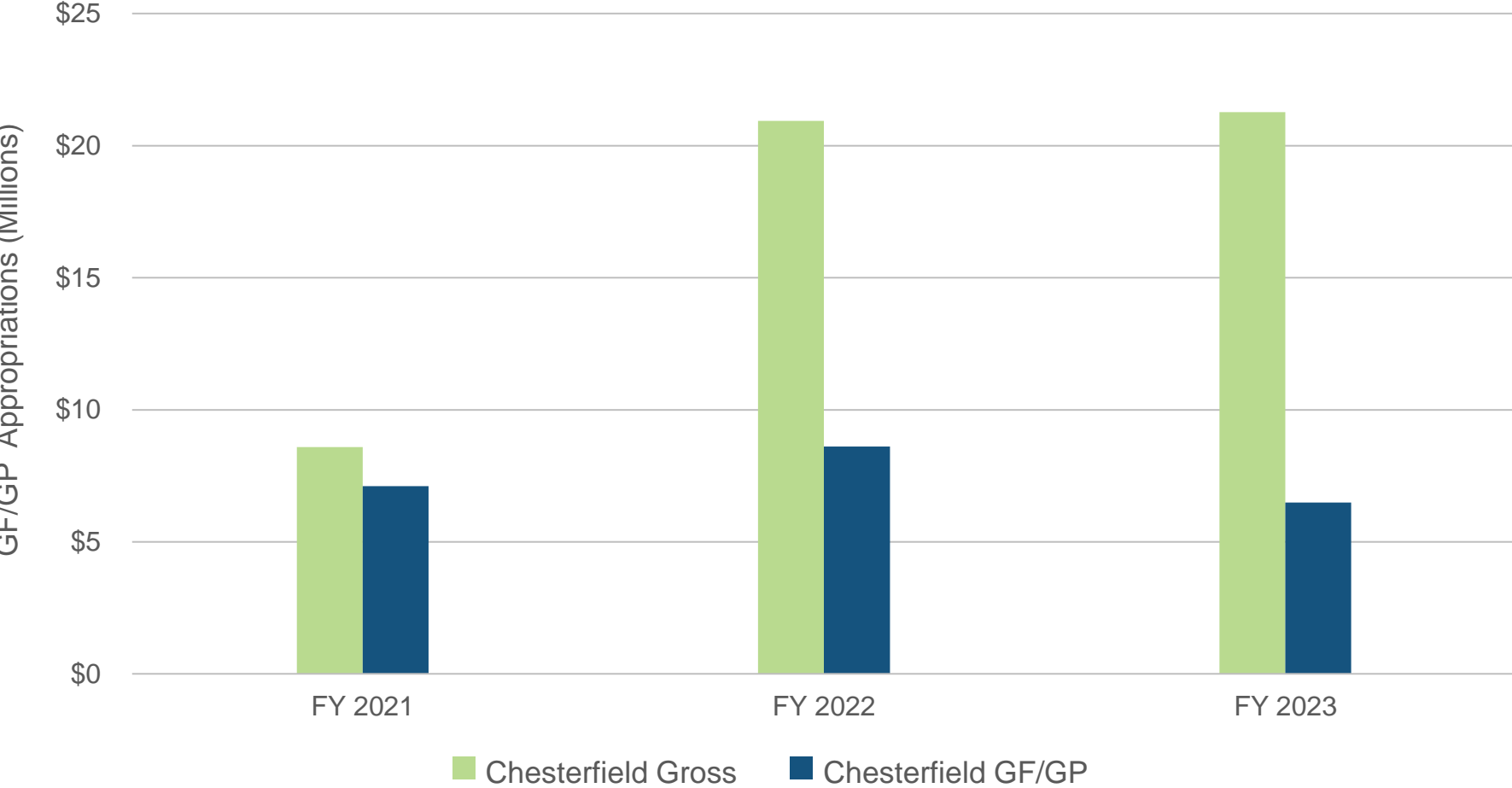
Jacobetti Gross and GF/GP Funding

Between FY 2012-13 and FY 2022-23, Gross appropriations for the Jacobetti Home increased by approximately **32%** and GF/GP increased by **57%**. Increasing GF/GP appropriations are due, in large part, to the need to offset restricted fund revenue shortfalls. The decrease in the last four fiscal years is due to the home receiving CMS certification and corresponding federal funding.



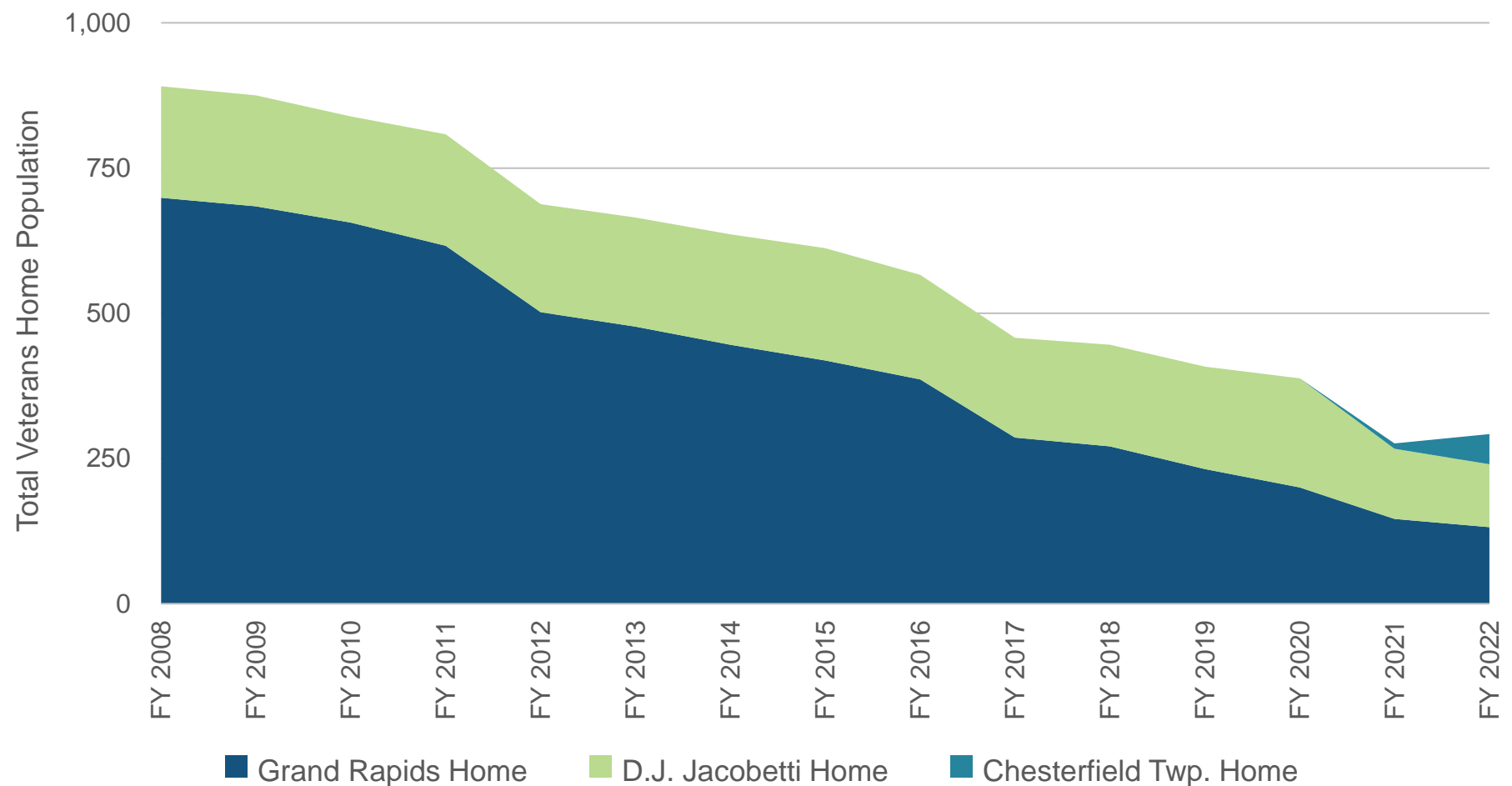
Chesterfield Gross and GF/GP Funding

Funding in FY 2020-21 was appropriated for the first time for the opening of Chesterfield Township Home for Veterans in Macomb County. Funding more than doubled between FY 2021-22 and 2022-23 which reflects the home’s first full year in operation, as well as receipt of federal revenue from CMS reimbursements and restricted revenue from resident assessments.



Veterans Homes Population

Total veteran membership at the Grand Rapids Home decreased by approximately **81%** between FY 2007-08 and FY 2021-22, while veteran membership at the D.J. Jacobetti Home in Marquette decreased by approximately **43%** since FY 2019-20. The Chesterfield Township Home increased **478%** in its first full year of operation.



Michigan National Guard Tuition Assistance Program (MINGTAP)

The Michigan National Guard Tuition Assistance Act, 2014 PA 259, created MINGTAP along with the state restricted Tuition Assistance Fund to support tuition assistance payments to Michigan National Guard soldiers and airmen and support administration of the program.

Tuition Assistance Fund Appropriations, Expenditures, Balances, and Participation

	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Appropriation	\$3,542,100	\$3,741,600	\$3,505,000	\$6,507,000	\$9,006,700	\$6,509,900	\$6,516,600	\$6,521,900
<u>Expenditures</u>								
Tuition/Fees	\$1,568,239	\$3,241,446	\$5,649,560	\$5,771,804	\$6,329,999	\$5,288,110	\$4,509,544	\$5,082,858
Administrative	\$230,666	\$436,024	\$589,612	\$594,428	\$520,634	\$472,874	\$459,808	\$615,437
Total	\$1,798,905	\$3,677,470	\$6,239,172	\$6,366,233	\$6,850,633	\$5,760,984	\$4,969,352	\$5,698,295
Fund Balance	NA	NA	NA	\$463,990	\$2,620,057	\$3,434,383	\$4,991,465	N/A
<u>Participation*</u>								
Air Guard	134	174	183	350	402	477	367	322
Army Guard	388	503	922	1,301	1,268	1,244	1,091	945
Total	522	677	1,105	1,651	1,670	1,721	1,458	1,267
Est. Avg. Per Student	\$3,446	\$5,432	\$5,646	\$3,856	\$3,981	\$3,379	\$3,408	\$4,497

*Note: Participation numbers represent total applications received and include applications that were rejected or did not receive payment due to eligibility requirements.

For more information about the Military and Veterans Affairs budget:

HFA Resources

<http://www.house.mi.gov/hfa/Militaryandvetaffairs.asp>

Contact Information

Michael Cnossen

Fiscal Analyst

mcnossen@house.mi.gov

(517) 373-8080