

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



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	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$2,782,600	\$1,166,500	(\$1,616,100)	(58.1)	\$1,165,800	(\$700)	(0.1)
<b>Federal</b>	89,058,600	99,239,400	10,180,800	11.4	91,692,900	(7,546,500)	(7.6)
<b>Local</b>	765,600	769,200	3,600	0.5	765,600	(3,600)	(0.5)
<b>Private</b>	1,448,000	1,503,700	55,700	3.8	1,499,500	(4,200)	(0.3)
<b>Restricted</b>	28,506,400	30,427,000	1,920,600	6.7	27,291,000	(3,136,000)	(10.3)
<b>GF/GP</b>	33,983,700	34,733,400	749,700	2.2	32,713,100	(2,020,300)	(5.8)
<b>Gross</b>	<b>\$156,544,900</b>	<b>\$167,839,200</b>	<b>\$11,294,300</b>	<b>7.2</b>	<b>\$155,127,900</b>	<b>(\$12,711,300)</b>	<b>(7.6)</b>
<b>FTEs</b>	826.0	826.0	0.0	0.0	826.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated 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 boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**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.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes		
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
<b>1. Capital Outlay - Replace Flint Armory</b>	<b>Gross</b>	<b>\$0</b>	<b>\$12,000,000</b>	<b>(\$12,000,000)</b>	
Includes one-time funding for construction of a new armory in Flint, to replace the existing 87-year-old facility.	Federal	0	9,000,000	(9,000,000)	
	Restricted	0	3,000,000	(3,000,000)	
<b>2. Armory Maintenance</b>	<b>Gross</b>	<b>\$651,200</b>	<b>\$4,800,000</b>	<b>(\$2,400,000)</b>	
Includes an on-going \$2.4 million GF/GP appropriation and a one-time \$2.4 million GF/GP boilerplate appropriation to address the backlog of special maintenance projects at the state's 43 armories.	GF/GP	\$651,200	\$4,800,000	(\$2,400,000)	
	FTE	1.0	(1.0)	0.0	
<b>3. Military Retirement Program</b>	<b>Gross</b>	<b>\$3,831,700</b>	<b>(\$3,831,700)</b>	<b>\$0</b>	
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).	GF/GP	\$3,831,700	(\$3,831,700)	\$0	

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>		
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>	
<b>4. Additional Unclassified Positions</b>		<b>Gross</b>	<b>\$665,000</b>	<b>\$500,000</b>	<b>\$0</b>
Reflects a transfer of \$500,000 GF/GP to Unclassified Military Personnel to fund three new unclassified employees. One employee is proposed for the area of strategic planning, one for Homeland Security, and one to serve as chief of staff for operations. (\$200,000 GF/GP is being 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)		GF/GP	\$665,000	\$500,000	\$0
<b>5. Veterans Affairs Directorate Administration</b>		FTE	2.0	1.0	0.0
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 being transferred from veterans service organizations, \$75,000 GF/GP from the Grand Rapids Veterans' Home, and \$50,000 GF/GP from the D.J. Jacobetti Veterans' Home)		<b>Gross</b>	<b>\$205,300</b>	<b>\$250,000</b>	<b>\$0</b>
		GF/GP	\$205,300	\$250,000	\$0
<b>6. Veterans Service Organization Grants</b>		<b>Gross</b>	<b>\$3,029,600</b>	<b>(\$125,000)</b>	<b>\$0</b>
Reduces grant funding for veterans service organizations by \$125,000 GF/GP and transfers the funding to the Veterans Affairs Directorate Administration. (See #5 above)		GF/GP	\$3,029,600	(\$125,000)	\$0
<b>7. Transfers to Fund Increases</b>		<b>Gross</b>	<b>N/A</b>	<b>(\$625,000)</b>	<b>\$0</b>
Reduces funding for the Grand Rapids Veterans' Home by \$225,000 GF/GP, for the D.J. Jacobetti Veterans' Home by \$200,000 GF/GP, and for Headquarters and Armories by \$200,000 GF/GP and transfers the funding to Unclassified Military Personnel and Veterans Affairs Directorate Administration. (See #4 and #5 above)		GF/GP	N/A	(\$625,000)	\$0
<b>8. Grand Rapids Veterans' Home Restricted Funding</b>		<b>Gross</b>	<b>\$16,176,500</b>	<b>(\$2,000,000)</b>	<b>\$0</b>
Reduces the budget to more accurately reflect the amount of Income and Assessment revenue received at the Grand Rapids Veterans' Home.		Restricted	16,176,500	(2,000,000)	0
<b>9. D. J. Jacobetti Veterans' Home Fund Source Shift</b>		<b>Gross</b>	<b>\$11,450,900</b>	<b>\$0</b>	<b>\$0</b>
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.		Federal	6,137,700	250,000	0
		Restricted	5,313,200	(250,000)	0
<b>10. Federal Revenue Adjustment</b>		<b>Gross</b>	<b>\$24,294,100</b>	<b>\$425,000</b>	<b>\$0</b>
Increases federal funding authorization for the Grand Rapids Veterans' Home by \$225,000 and for the D.J. Jacobetti Veterans' Home by \$200,000 in order to reflect the amount of federal funding actually available.		Federal	24,294,100	425,000	0
<b>11. Savings from Privatization of Staff</b>		<b>Gross</b>	<b>N/A</b>	<b>(\$921,300)</b>	<b>\$0</b>
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.		GF/GP	N/A	(\$921,300)	\$0
<b>12. Economic Adjustments</b>		<b>Gross</b>	<b>N/A</b>	<b>\$2,272,300</b>	<b>\$1,688,700</b>
Includes \$1.6 million Gross and \$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, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$707,900 Gross and \$155,900 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$2.4 million Gross and \$535,600 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.		IDG	N/A	9,400	1,860,300
		Federal	N/A	1,342,500	(407,500)
		Local	N/A	3,600	(3,600)
		Private	N/A	55,700	(4,200)
		Restricted	N/A	158,400	(136,000)
		GF/GP	N/A	\$702,700	\$379,700

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>Executive Changes</u>		
		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>13. Remove One-Time Capital Outlay Funding</b>	<b>Gross</b>	<b>\$1,700,000</b>	<b>(\$1,700,000)</b>	<b>\$0</b>
Removes one-time Capital Outlay funding appropriated in the FY 2011-12 budget for construction of a light demolition range at Camp Grayling.	Federal	1,700,000	(1,700,000)	0
<b>14. Capital Outlay - Land Acquisitions and Appraisals</b>	<b>Gross</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>
Includes authorization for the department to spend up to \$250,000 on land acquisitions and appraisals should land become available.	Restricted	0	250,000	0

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**GENERAL SECTIONS OF BOILERPLATE**

***Executive Boilerplate Deletions***

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. These particular deleted sections are listed below:

- Sec. 209. Purchase of Foreign Goods*
- Sec. 210. Businesses in Deprived and Depressed Communities*
- Sec. 211. Information Technology Work Project Account*
- Sec. 212. Receipt and Retention of Required Reports*
- Sec. 213. Out-of-State Travel Restrictions*
- Sec. 214. Information Technology Services*
- Sec. 215. Disciplinary Action Against State Employees*

***Sec. 204. IDG Funding – DELETED***

Lists specific amounts and sources of interdepartmental grant funding received by the department.

***Sec. 217. Budgetary Efficiency – DELETED***

Requires the department to improve its budgetary efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained via elimination of programs.

***Sec. 218. GF/GP Savings – 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 positive year-end balance of department incentive pool balance shall be allocated.

***Sec. 219. Meetings to Report on Achieving Requirements – DELETED***

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.

***Sec. 223. Intention to Sell Department Property – DELETED***

Requires the department to provide a 60-day notice of its intent to sell property.

***Sec. 224. Armory Closure or Consolidation – DELETED***

Requires the department to consult with appropriations subcommittees on the projected closings or consolidations of National Guard armories.

***Sec. 226. Partnerships With U.S. Armed Forces Reserve Units – DELETED***

Requires the department to seek partnerships with U.S. armed forces reserve units for colocation of activities and cost sharing for facilities.

***Sec. 227. Bid Process – DELETED***

Prohibits exclusion of public employee unions from the bid process.

**MILITARY**

***Sec. 301. Administrative Support for Department Operations – DELETED***

Requires the department to provide proper levels of administrative support, staffing and resources, and fiscal controls for department expenditures.

## **Major Boilerplate Changes From FY 2011-12**

### **Sec. 302. National Guard Armories – REVISED**

Requires the department to properly operate and maintain armories in the state.

### **Sec. 303. Army National Guard Forces for State and Local Emergencies – REVISED**

Requires the department to provide Army National Guard forces for emergencies and to properly train and equip military forces.

### **Sec. 305. Air National Guard for State and Local Emergencies – REVISED**

Requires the department to provide Air National Guard forces for emergencies and to properly train and equip military forces.

### **Sec. 306. Air National Guard Training Facilities – REVISED**

Requires the department to properly operate and maintain Selfridge and Battle Creek Air National Guard bases and the Alpena Combat Readiness Training Center.

## **VETERANS AND COMMUNITY OUTREACH**

### **Sec. 405. Michigan Youth Challenge Academy – REVISED**

Requires the department to maintain proper levels of staffing and resources for operating the Michigan Youth Challenge Academy; lists specific operating requirements; authorizes unexpended funding to be carried forward.

## **HOMES**

### **Sec. 501. Veterans' Homes – REVISED**

Requires the department to provide proper levels of staffing and resources for operating the two veterans' homes; authorizes appropriations for the Boards of Managers to be expended for facility improvements; specifies requirements for competency evaluated nursing assistants employed at the homes.

## **FY 2012-13 ONE-TIME ONLY APPROPRIATIONS**

### **Sec. 13-701. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #2 and #12 under Major Budget Changes for details).

## **FY 2012-13 ANTICIPATED APPROPRIATIONS**

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

Expresses that it is the intent of the Legislature to provide the same appropriations for fiscal year 2012-13 as provided in fiscal year 2011-12, except for where adjustments are made for caseload and related costs, federal fund match rates, economic factors, and available revenue.