

**Summary: Executive Budget Recommendation  
for Fiscal Year 2016-17  
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



**Analyst: Kent Dell**

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$99,300	\$101,800	\$2,500	2.5
Federal	90,208,600	91,793,600	1,585,000	1.8
Local	1,497,400	1,522,400	25,000	1.7
Private	739,600	742,800	3,200	0.4
Restricted	23,221,500	24,696,000	1,474,500	6.3
GF/GP	53,187,300	57,143,600	3,956,300	7.4
<b>Gross</b>	<b>\$168,953,700</b>	<b>\$176,000,200</b>	<b>\$7,046,500</b>	<b>4.2</b>
FTEs	897.5	897.5	0.0	0.0

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."

**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.

<b>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</b>		<b>FY 2015-16 YTD (as of 2/10/16)</b>	<b>Executive Change from YTD</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>
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.	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>
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.	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>
Appropriates \$2.3 million GF/GP to offset a shortfall in income and assessments restricted revenue, due to declining veterans' home member census.	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>NA</b>	<b>\$1,120,000</b>
Includes \$1.1 million GF/GP funding adjustment to improve nursing unit level and renovate the home to meet Medicaid specifications.	GF/GP	NA	\$1,120,000
<b>5. Adjustments Based upon Anticipated Federal Revenue – Veterans Homes</b>	<b>Gross</b>	<b>\$65,385,600</b>	<b>(\$986,000)</b>
Includes authorization 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.	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>	<b>Gross</b>	<b>\$0</b>	<b>\$1,100,000</b>
Seeds the National Guard Tuition Assistance Fund with \$1.1 million GF/GP.	GF/GP	\$0	\$1,100,000
<b>7. National Guard Tuition Assistance Program</b>	<b>Gross</b>	<b>\$3,741,600</b>	<b>(\$241,600)</b>
Re-appropriates \$1.1 million deposited into the National Guard Tuition Assistance Fund into the National Guard Tuition Assistance Program along with an expected remainder of \$2.4 million from FY 2015-16 (\$3.5 million Gross).	Restricted	0	3,500,000
	GF/GP	\$3,741,600	(\$3,741,600)

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
<b>8. National Guard Armory Infrastructure Upgrades (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,500,000</b>
Includes one-time appropriation of \$2.5 million GF/GP to upgrade communication network connections at Army National Guard armories.	GF/GP	NA	\$2,500,000
<b>9. Adjustments Based upon Anticipated Federal Revenue – Armory Operations</b>	<b>Gross</b>	<b>\$15,558,800</b>	<b>\$1,500,000</b>
Includes authorization increases to utilize available federal revenues of \$1.5 million for armory operations.	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
<b>10. Early Out Deferred Sick Leave Payments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$125,800)</b>
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years.	Federal	NA	(46,100)
	Restricted	NA	(34,100)
	GF/GP	NA	(\$45,600)
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,175,000</b>
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.	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 – DELETED**

Protects department employees from disciplinary action due to communications with the Legislature.

**Sec. 231. Retirement Costs – REVISED**

Updated to reflect a decrease in legacy costs.

**Sec. 233. Intention to Sell Department Property – DELETED**

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

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

Authorizes the carry forward of one-time appropriations from the previous fiscal year.

**Sec. 240. New Program Metrics – DELETED**

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.

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

Lists the authorized unclassified positions within the department. 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.

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

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

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

Establishes the National Guard Tuition Assistance Program. 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.

**Sec. 311. Information Technology Services and Projects – DELETED**

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

**Sec. 406. Grants to Veterans Service Organizations – REVISED**

Requires the department to disburse grants to Veterans Service Organizations in order to achieve agency veterans service goals. 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.

**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. Revised to remove legislative intent language regarding the expenditure of appropriated funds.

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

**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. 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; include language requiring the department to report quarterly regarding the status of Medicaid certification efforts.

**Sec. 501a. 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.

**Sec. 502. Board of Managers (Grand Rapids and D.J. Jacobetti) – REVISED**

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Revised to combine with Sec. 504.

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

Combined with Sec. 501.

**Sec. 504. Board of Managers (D.J. Jacobetti) – DELETED**

Combined with Sec. 502.

**Sec. 604. Land and Acquisitions – REVISED**

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

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

Specifies one-time appropriations and their purposes. 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.

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

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

**Sec. 1202. Michigan Veterans Affairs Agency Outreach – DELETED**

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

**Sec. 1203. Michigan Veterans Affairs Agency Service Claims – DELETED**

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

<b><u>Supplemental Recommendations for FY 2015-16 Appropriations</u></b>	<b><u>FY 2015-16 Recommendation</u></b>
<p><b>1. National Guard Tuition Assistance Fund</b>                      Appropriates \$2.0 million GF/GP to the National Guard Tuition Assistance Fund and ensures that all funds appropriated from the fund to the National Guard Tuition Assistance Program (including the remainder of the FY 2015-16 appropriation of \$3.7 million GF/GP) do not lapse into the General Fund at the end of a fiscal year.</p>	<p><b>Gross</b>            <b>\$2,000,000</b>                      GF/GP            \$2,000,000</p>
<p><b>2. Grand Rapids Home for Veterans</b>                      Provides \$2.3 million GF/GP to offset a projected shortfall in income and assessments restricted revenue supporting the Grand Rapids Home for Veterans, due to declining veteran homes member census and the inability of veterans to pay the maximum assessment.</p>	<p><b>Gross</b>            <b>\$2,300,000</b>                      GF/GP            \$2,300,000</p>
<p><b>3. Veterans Homes Medicaid Certification</b>                      Provides \$1.2 million GF/GP to support the state homes for veterans Medicaid consultant contract and \$200,000 GF/GP to support staffing adjustments for compliance with Medicaid certification at the D.J. Jacobetti Home for Veterans.</p>	<p><b>Gross</b>            <b>\$1,400,000</b>                      GF/GP            \$1,400,000</p>