

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



**Analyst: Michael Cossen**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	123,626,100	120,015,300	(3,610,800)	(2.9)
Local	0	0	0	--
Private	630,000	640,000	10,000	1.6
Restricted	20,313,400	21,336,700	1,023,300	5.0
GF/GP	81,421,200	75,594,300	(5,826,900)	(7.2)
<b>Gross</b>	<b>\$226,092,500</b>	<b>\$217,688,100</b>	<b>(\$8,404,400)</b>	<b>(3.7)</b>
FTEs	1,061.5	1,063.5	2.0	0.2

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (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, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the Michigan Veterans Facility Authority, which manages and operates the three state veterans homes.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Chesterfield Township Home for Veterans</b>	<b>Gross \$8,590,000</b>	<b>\$12,394,700</b>
Provides \$12.4 million Gross (\$1.5 million GF/GP) to align with increased expenses for the facility's first fiscal year being fully operational.	Federal 1,100,000	8,525,000
	Restricted 375,000	2,340,000
	GF/GP \$7,115,000	\$1,529,700
<b>2. Grand Rapids Home for Veterans</b>	<b>Gross \$42,753,700</b>	<b>(\$13,375,400)</b>
Reduces \$13.4 million Gross (\$7.3 million GF/GP) to reflect decreased expenses of operating the home at the new smaller facility in its first fully operational fiscal year. \$4.1 million GF/GP of one-time funding from FY 2020-21 for the home remains in FY 2021-22 to continue offering services to 29 residents living in the existing facility as they await moving to new living arrangements outside the home.	Federal 14,865,000	(3,409,000)
	Restricted 5,915,000	(2,640,000)
	GF/GP \$21,973,700	(\$7,326,400)
<b>3. National Guard Special Maintenance</b>	<b>Gross \$20,000,000</b>	<b>\$10,000,000</b>
Authorizes \$10.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$30.0 million federal in FY 2021-22.	Federal 20,000,000	10,000,000
	GF/GP \$0	\$0
<b>4. Michigan Veterans Trust Fund</b>	FTE 6.0	2.0
Provides \$1.2 million in state restricted funds from the Michigan Veterans Trust Fund and authorizes 2.0 FTE positions for the administration and awarding of more emergency relief grants to veterans in anticipation of greater needs as a result of the COVID-19 pandemic and to support planned partnerships with outside veteran support programs. From the \$1.2 million increase, \$1.0 million is recommended for grants and \$227,200 is recommended for administration.	<b>Gross \$2,400,000</b>	<b>\$1,247,200</b>
	Restricted 2,400,000	1,247,200
	GF/GP \$0	\$0

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>5. Military Retirement</b>	<b>Gross</b>	<b>\$658,000</b>	<b>\$217,000</b>
Provides \$217,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.	GF/GP	\$658,000	\$217,000
<b>6. Morale, Welfare, and Recreation Restricted Fund</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
Authorizes \$100,000 state restricted from a new Morale, Welfare, and Recreation (MWR) Fund created in boilerplate to receive fees for use of recreation equipment at Camp Grayling and to support a new MWR program that will provide recreational activities for National Guard members and their families.	Restricted	0	100,000
	GF/GP	\$0	\$0
<b>7. Equipment Testing Project Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
Authorizes the department to expend \$100,000 in state restricted funds collected from private companies that pay to test equipment at state military facilities. Funds will support maintenance costs of the training ranges. Funding for Test Project Fees was previously \$50,000 in FY 2019-20 and \$0 in FY 2020-21.	Restricted	0	100,000
	GF/GP	\$0	\$0
<b>8. Commander's Cottage Rental Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$25,000</b>
Authorizes \$25,000 state restricted for the department to expend funds collected from rental fees for the new Commander's Cottage, paid by the Commander to live there, for maintenance of the building.	Restricted	0	25,000
	GF/GP	\$0	\$0
<b>9. Authorization for Private MVAA Donations</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000</b>
Authorizes \$10,000 of private funding for the MVAA to receive private donations without the need for legislative contingency fund transfer approval.	Private	0	10,000
	GF/GP	\$0	\$0
<b>10. Michigan Veterans Homes Information Technology Transfer</b>	<b>Gross</b>	<b>\$1,409,400</b>	<b>\$0</b>
Transfers \$1.4 million Gross (\$105,000 GF/GP) from the department to the independent Michigan Veterans Facility Authority to support IT needs of the Michigan Veterans Homes and to align with the budget structure established in FY 2020-21.	Federal	560,300	0
	Restricted	744,100	0
	GF/GP	\$105,000	\$0
<b>11. Billeting Fund Reductions</b>	<b>Gross</b>	<b>\$1,460,400</b>	<b>(\$84,000)</b>
Reduces \$84,000 state restricted from the Billeting Fund to align with revenue and expenditure projections. Revenue in the fund is collected by fees and surcharges paid by military and civilian personnel utilizing Michigan National Guard transient quarters and used to support operations of transient quarters facilities.	Restricted	1,460,400	(84,000)
	GF/GP	\$0	\$0
<b>12. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$19,155,000</b>	<b>(\$19,155,000)</b>
Eliminates \$19.2 million Gross (\$250,000 GF/GP) of one-time funding items appropriated in FY 2020-21:	Federal	18,905,000	(18,905,000)
• \$18.9 million federal – Camp Grayling National Guard Readiness Training Center	GF/GP	\$250,000	(\$250,000)
• \$250,000 GF/GP – Veterans benefits eligibility study			
<b>13. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$116,100</b>
Reflects increased costs of \$116,100 Gross (\$2,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	178,200
	Restricted	NA	(64,900)
	GF/GP	NA	\$2,800

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 206. Disciplinary Action Against State Employees – DELETED***

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law.

### ***Sec. 210. Contingency Funding – REVISED***

Appropriates up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds.

### ***Sec. 216. FTE Vacancies and Remote Work Report – DELETED***

Requires departments and agencies to provide quarterly reports that provide FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work in 2020, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work.

### ***Sec. 217. Work Project Expenditures – DELETED***

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures.

### ***Sec. 218. State Administrative Board Transfers – DELETED***

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds.

### ***Sec. 219. Receipt and Retention of Required Reports – DELETED***

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

### ***Sec. 220. Reporting Requirement on Policy Changes – DELETED***

Requires departments to report on policy changes made in order to implement enacted legislation.

### ***Sec. 225. Court Settlements Report – DELETED***

Requires department to report tentative plans for required payment of any court judgment against department and details regarding timing and budget impact the payment will have on department.

### ***Sec. 309. Test Project Fees – NEW***

Creates the test project fees revolving account to be under the control of the department to collect fees generated by the test project program; requires funds appropriated from the account to support operations of the test project program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year.

### ***Sec. 310. Morale, Welfare, and Recreation Fund – NEW***

Creates the Morale, Welfare, and Recreation (MWR) Fund to receive money generated from operation of the MWR program; requires the department to be administrator of the fund for auditing purposes; requires funds appropriated from the fund to support operations of the MWR program; authorizes money in the fund to carry forward and not lapse at the close of the fiscal year.

### ***Sec. 311. Commander's Cottage Rental Fees – NEW***

Creates the rental fees revolving account to be under the control of the department to collect rental fees for the Commander's Cottage, the commander's residence; requires funds appropriated from the account to support operations of the program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year.

### ***Sec. 404. MVAA Private Donations – NEW***

Authorizes receipt of private donations to the MVAA in excess of funds appropriated in part 1 and permits expenditure of those funds for the purpose designated by the donor, if specified; requires the department to give notification of receipt of a donation within 14 calendar days, including the amount of the donation and purpose for which the funds will be expended, if known.

### ***Sec. 409. Interagency Agreement with Department of Health and Human Services – DELETED***

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement.

**Major Boilerplate Changes from FY 2020-21**

**Sec. 410. County Veterans Service Fund – REVISED**

Requires funds appropriated for County Veteran Service Fund to be deposited into County Veteran Service Fund created in 2018 PA 210; stipulates funds are available for expenditure to support county veterans' services grants. Revised to allocate \$200,000 from the fund to be used to cover costs associated with administration and providing technical assistance to counties participating in the grant program.

**Sec. 411. Veterans Cemetery – DELETED**

Requires MVAA to conduct a needs, feasibility, and cost assessment of establishing and maintaining a new veterans cemetery; requires assessment to consider availability of federal funds for its determinations; requires MVAA to report findings of assessment by end of fiscal year.

**Sec. 451. Board of Managers and Michigan Veteran's Facility Authority – DELETED**

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over Michigan veterans homes.

**Sec. 453. CMS Quality of Care Standards – DELETED**

Requires the department to ensure the quality of care at state's veterans homes is sufficient to meet or exceed the quality of care standards for the Centers for Medicare and Medicaid Services (CMS); requires a biannual report showing evidence that the quality of care has met or exceeded CMS certification standards.

**Sec. 601. Veterans Benefits Eligibility Study – DELETED**

Requires funding to be used for a study on creating, implementing, and evaluating a program that identifies Medicaid beneficiaries who are veterans and support them in exploring their eligibility for USDVA-VHA health care benefits; requires department to report findings of study, including recommendations on strategies to use to identify veterans who are Medicaid beneficiaries, eligible for USDVA-VHA health care benefits, but who aren't aware or have not taken steps to seek USDVA-VHA health care services.

		<b><u>FY 2020-21 Recommendation</u></b>
<b><u>Supplemental Recommendations for FY 2020-21 Appropriations</u></b>		
<b>1. National Guard Special Maintenance</b>	<b>Gross</b>	<b>\$20,000,000</b>
Authorizes \$20.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$40.0 million in federal funds in FY 2020-21.	Federal	20,000,000
	GF/GP	\$0
<b>2. Morale, Welfare, and Recreation (MWR) Restricted Fund</b>	<b>Gross</b>	<b>\$50,000</b>
Authorizes \$50,000 state restricted from a new Morale, Welfare, and Recreation Fund created in boilerplate to receive fees for use of recreation equipment at Camp Grayling and to support a new MWR program that will provide recreational activities for National Guard members and their families.	Restricted	50,000
	GF/GP	\$0
<b>3. Provider Relief Funds for D.J. Jacobetti Home for Veterans</b>	<b>Gross</b>	<b>\$27,300</b>
Authorizes \$27,300 in federal funding from the CARES Act Provider Relief Fund to support costs of health care providers responding to the COVID-19 pandemic.	Federal	27,300
	GF/GP	\$0