



# **Budget Briefing: Military and Veterans Affairs**

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# Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

# Department 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 **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. Ongoing state-level operations include:
  - Maintaining operational armories
  - Maintaining operational military training sites and support facilities
  - The Michigan Youth ChalleNGe Academy (MYCA)
  - The Military Family Relief Fund
  - The Starbase Grant
  - The Michigan National Guard Tuition Assistance Program
- The **Michigan Veterans Affairs Agency (MVAA)** has oversight responsibility over the delivery of services and programs to veterans. This includes:
  - The Michigan Veterans' Facility Authority
  - Operation of the state veterans homes (Grand Rapids and D.J. Jacobetti)
  - The Michigan Veterans Trust Fund
  - Veterans Service Organization (VSO) grants

# Key Budget Terms

**Fiscal Year:** The state's fiscal year (FY) runs from October to September. FY 2016-17 is October 1, 2016 through September 30, 2017.

**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 in a budget bill which establishes spending authorization for a particular program or function.

**Boilerplate:** Specific language sections in a budget bill which 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.

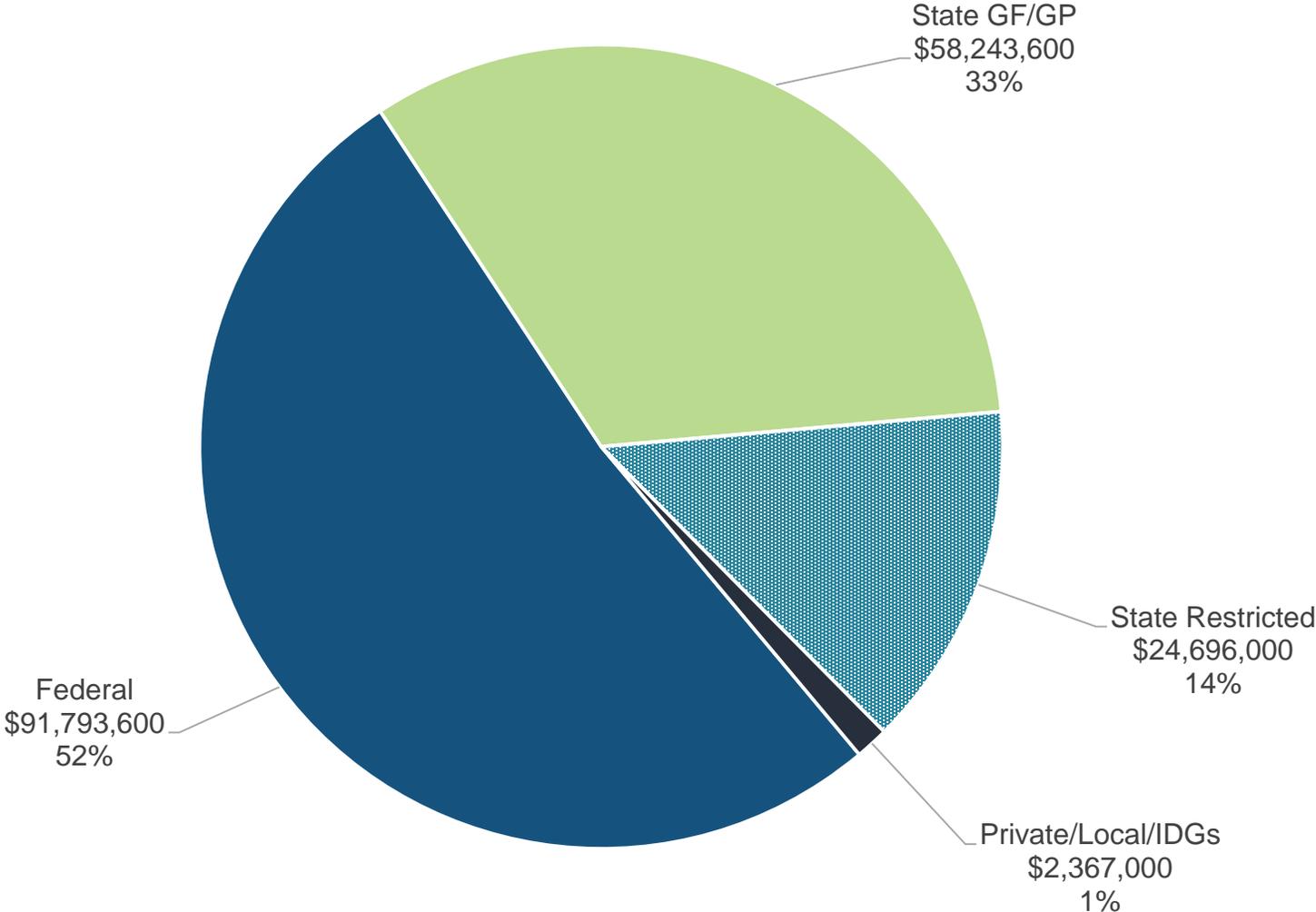
# Funding Sources

# FY 2016-17 DMVA Budget

Fund Source	Funding	Description
Gross Appropriations	\$177,100,200	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	\$176,998,400	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	91,793,600	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	1,522,400	Revenue received from local units of government for state services
Private Revenue	742,800	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	24,696,000	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	\$58,243,600	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature

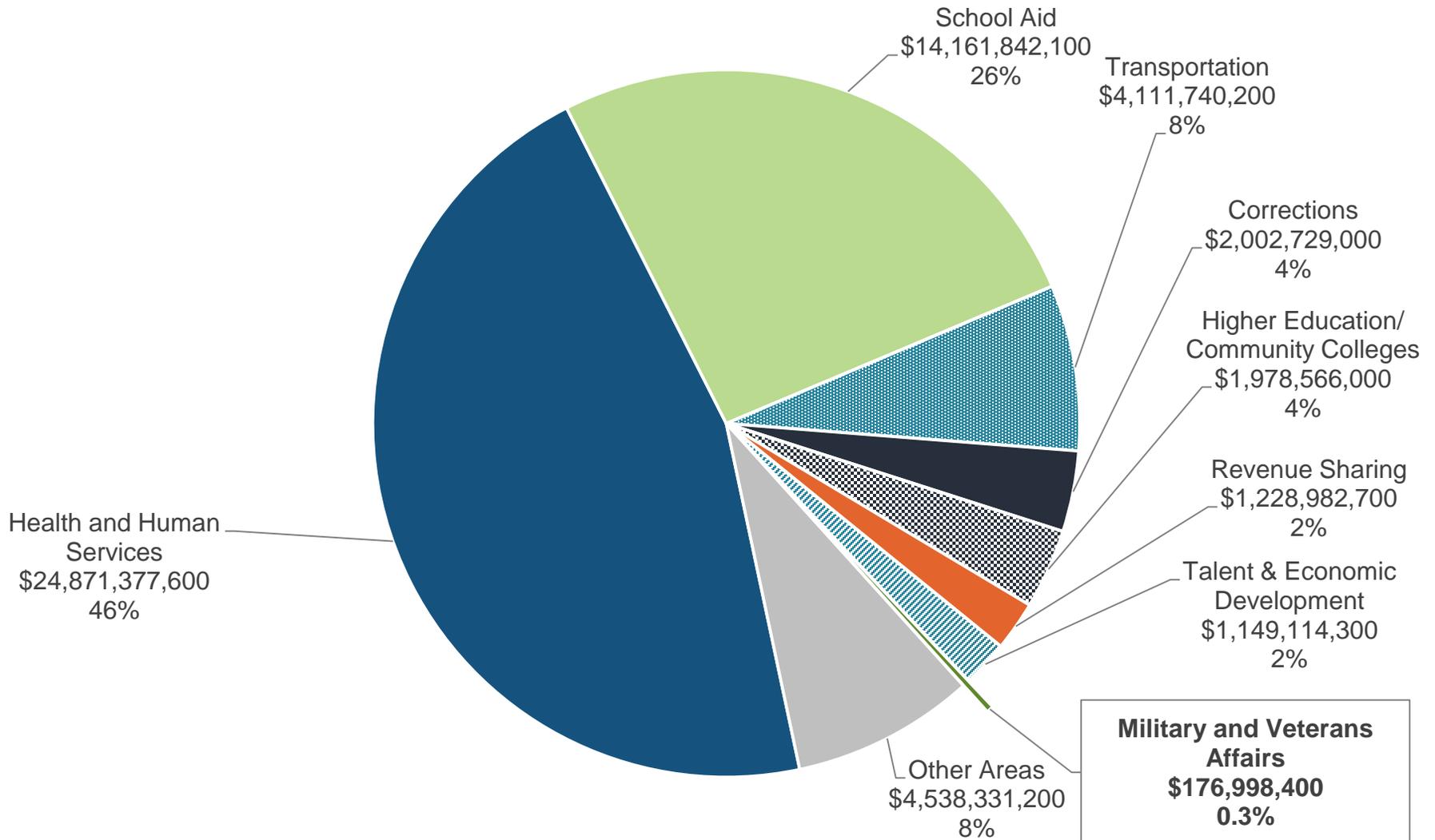
# FY 2016-17 Fund Sources

Approximately 52% of the \$177 million DMVA budget consists of federal funding, which includes matching funds for armory training site operations and maintenance, the MYCA, the state veterans' homes, and the Starbase program.



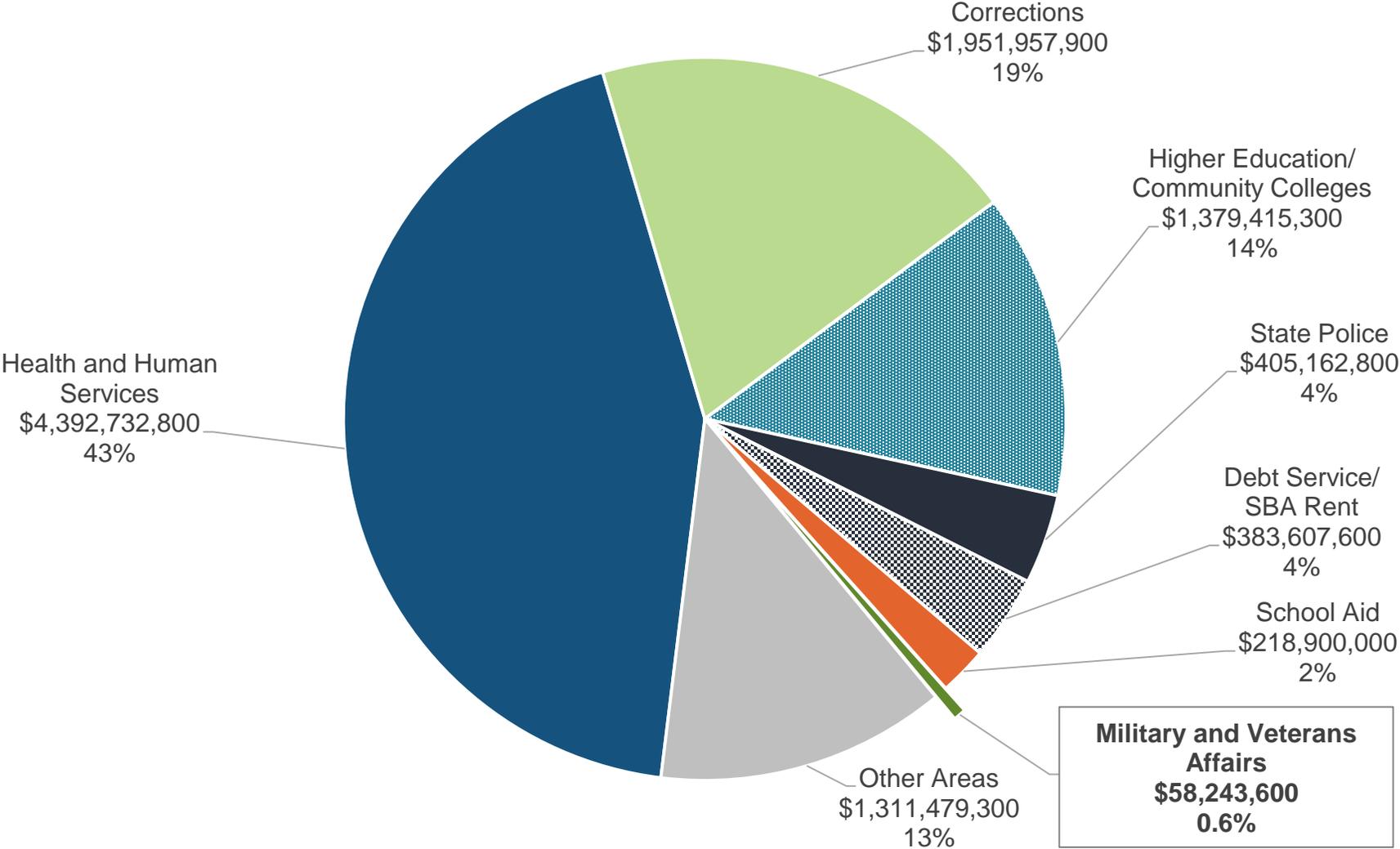
# DMVA Share of Total State Budget

The DMVA budget represents less than 1% of the **\$54.2 billion** state budget (adjusted gross) for FY 2016-17.



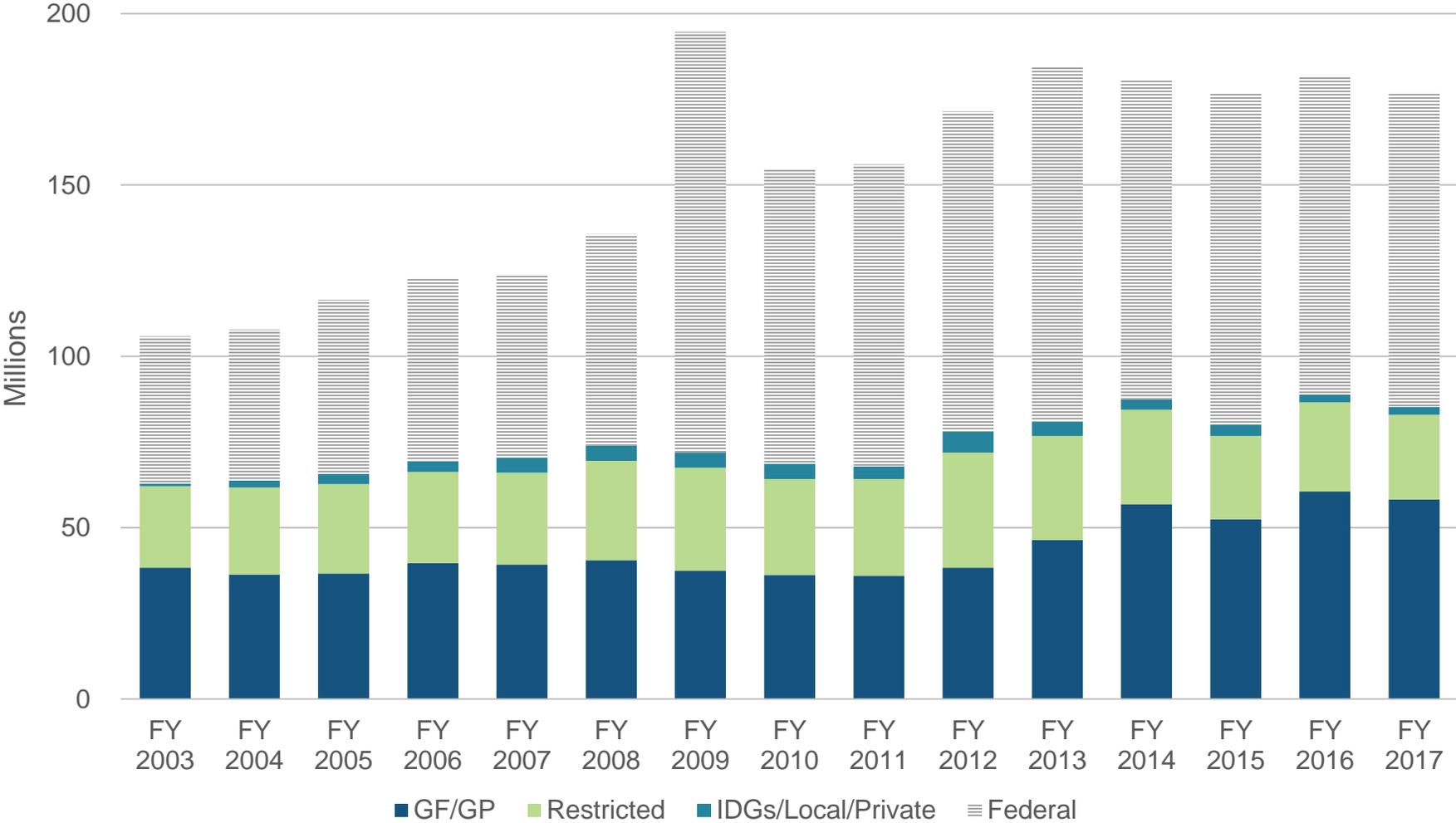
# DMVA Share of Total GF/GP Budget

The DMVA budget represents less than 1% of the **\$10.1 billion** state GF/GP budget appropriations for FY 2016-17.



# DMVA Funding History

Funding for Military and Veterans Affairs has grown by 67% since FY 2002-03. Large portions of the overall increase comes from the establishment of the MVAA in 2012, as well as increasing federal revenues over the time period.



# 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:** The Grand Rapids Home for Veterans and the D.J. Jacobetti Home for Veterans in Marquette, the veterans homes Board of Managers, the Michigan Veterans' Facilities Authority, grants and administrative costs of the Michigan Veterans Trust Fund, targeted and VSO grants, and MVAA administrative costs.

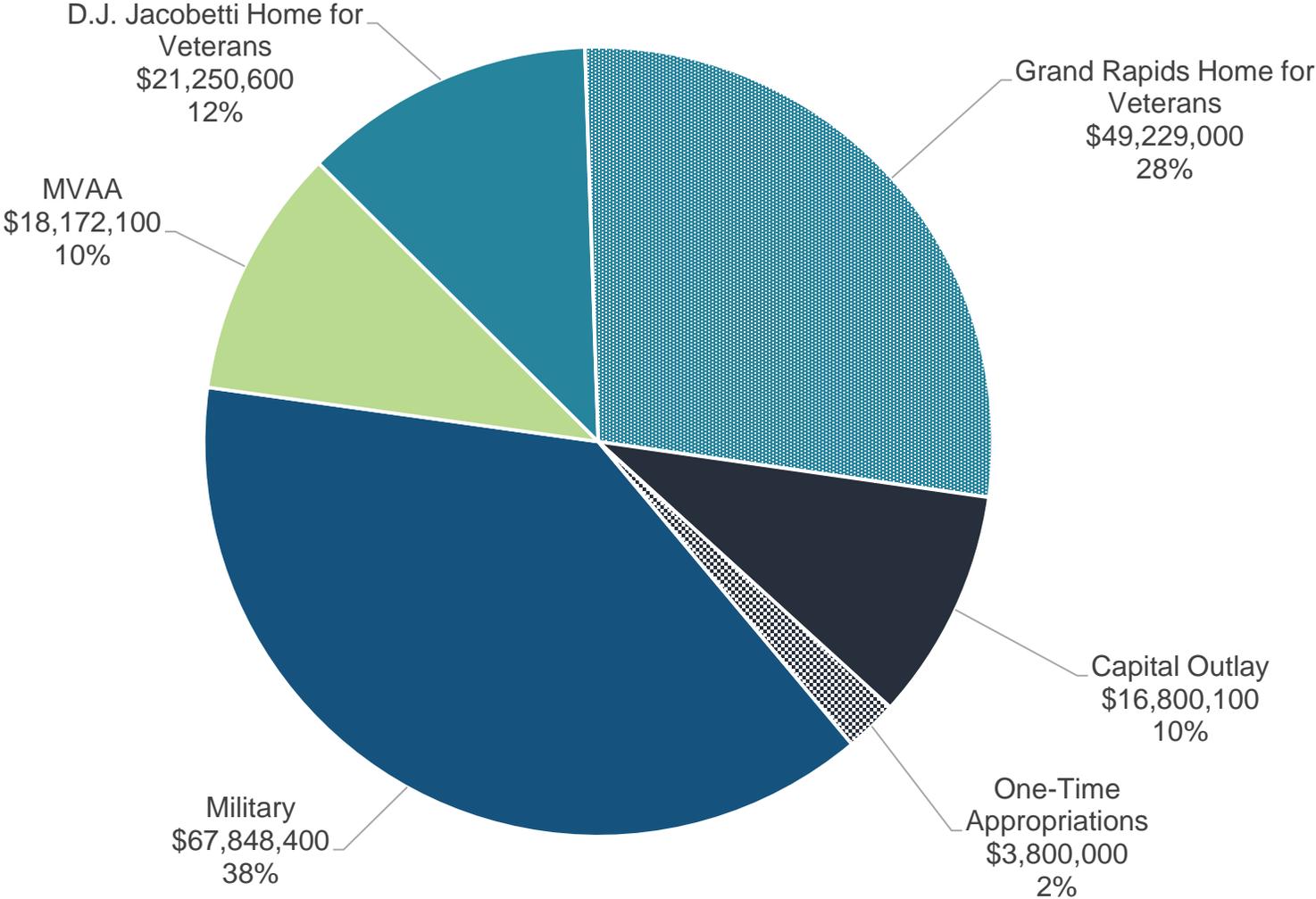
**Capital Outlay:** Special maintenance projects pertaining to National Guard headquarters and armories and the state's veterans homes.

**One-Time Appropriations:** The FY 2016-17 budget includes one-time funding for National Guard armory maintenance (communication network upgrades), a Centers for Medicare and Medicaid Services certification pilot project at the Grand Rapids Home for Veterans, and grant funding aimed at mitigating homelessness amongst Michigan veterans.

*Note: The Grand Rapids Home for Veterans falls under its own appropriation unit in the FY 2016-17 budget. However, it is still administered by the MVAA.*

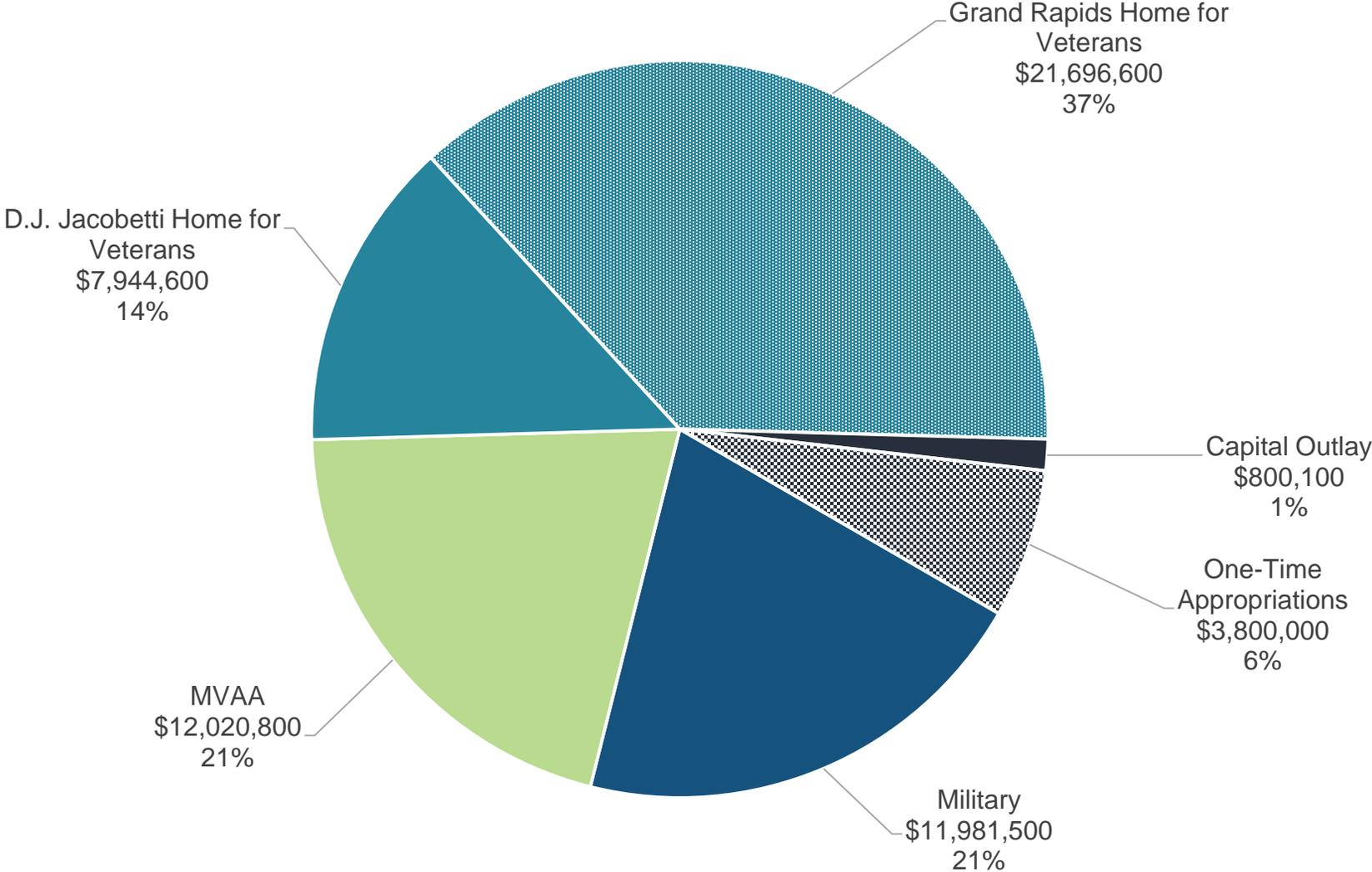
# FY 2016-17 Gross Appropriations

About one-half of the **\$177 million** DMVA budget supports veterans services and related administrative costs, the large majority of which are funded through GF/GP appropriations.



# FY 2016-17 GF/GP Appropriations

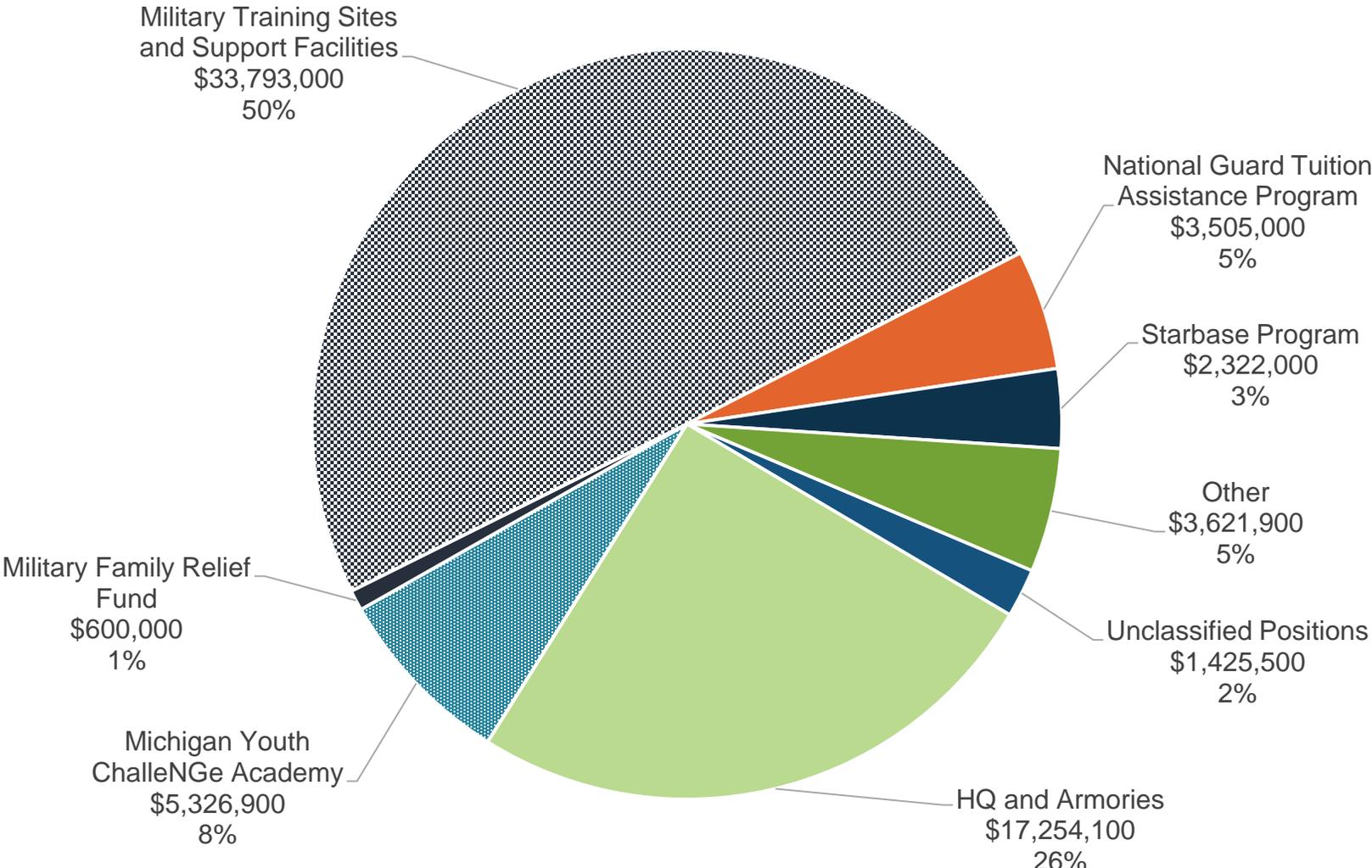
GF/GP funds (totaling **\$58.2 million**) are more heavily concentrated in veterans services, with the Grand Rapids Home for Veterans receiving the most, and less heavily concentrated in military operations.



# Major Budget Topics

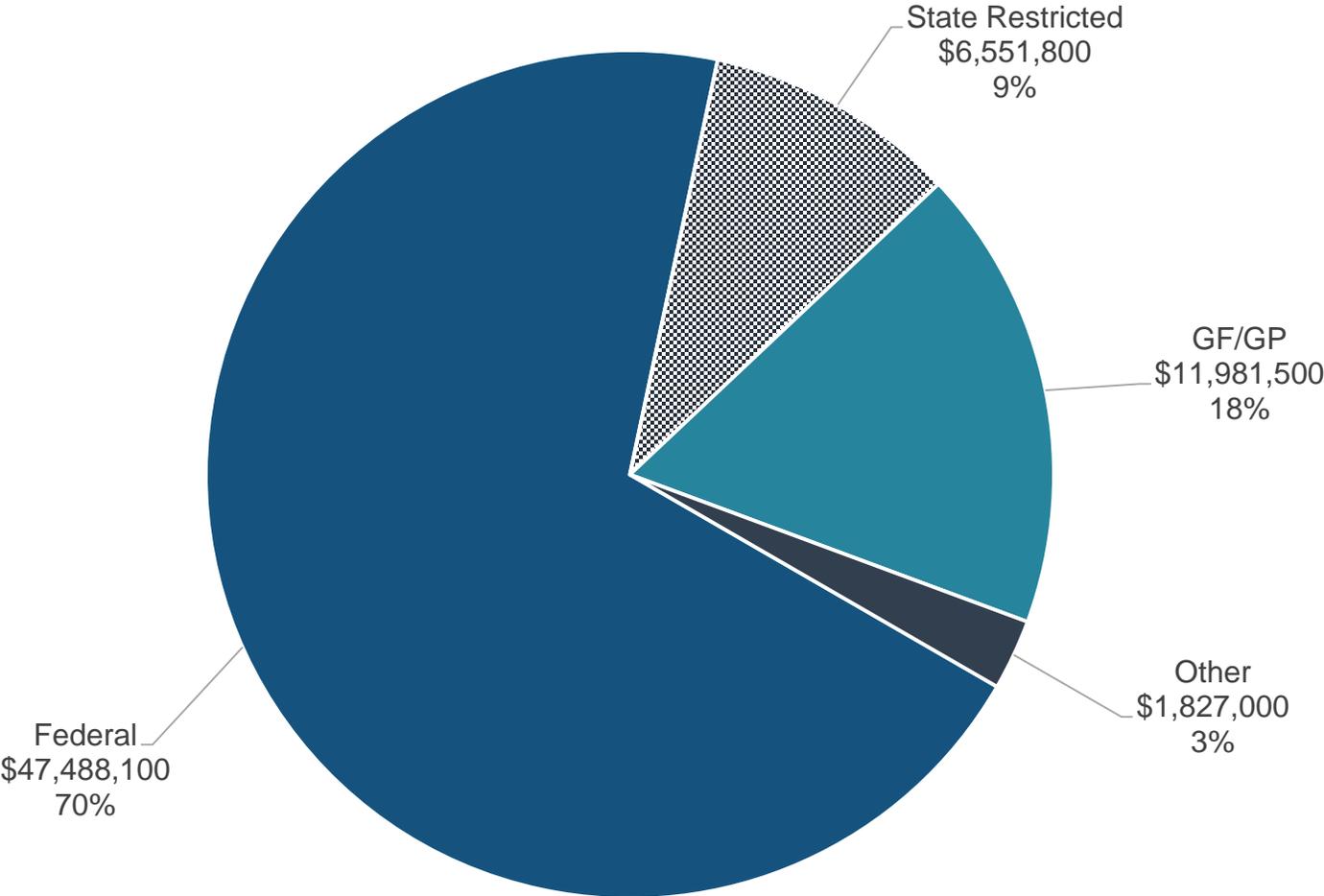
# FY 2016-17 Military Appropriations

Funding for Military Training Sites and Support Facilities comprise of 50% of the total appropriations (\$67.8 million) for the Military appropriation unit.



# FY 2016-17 Military Fund Sources

Federal revenues comprise of 70% of the total fund sources for the military appropriation unit.



# Armories and Training Centers



## Army National Guard Training Sites

- Camp Grayling
- Fort Custer Training Center

## Air National Guard Training Sites

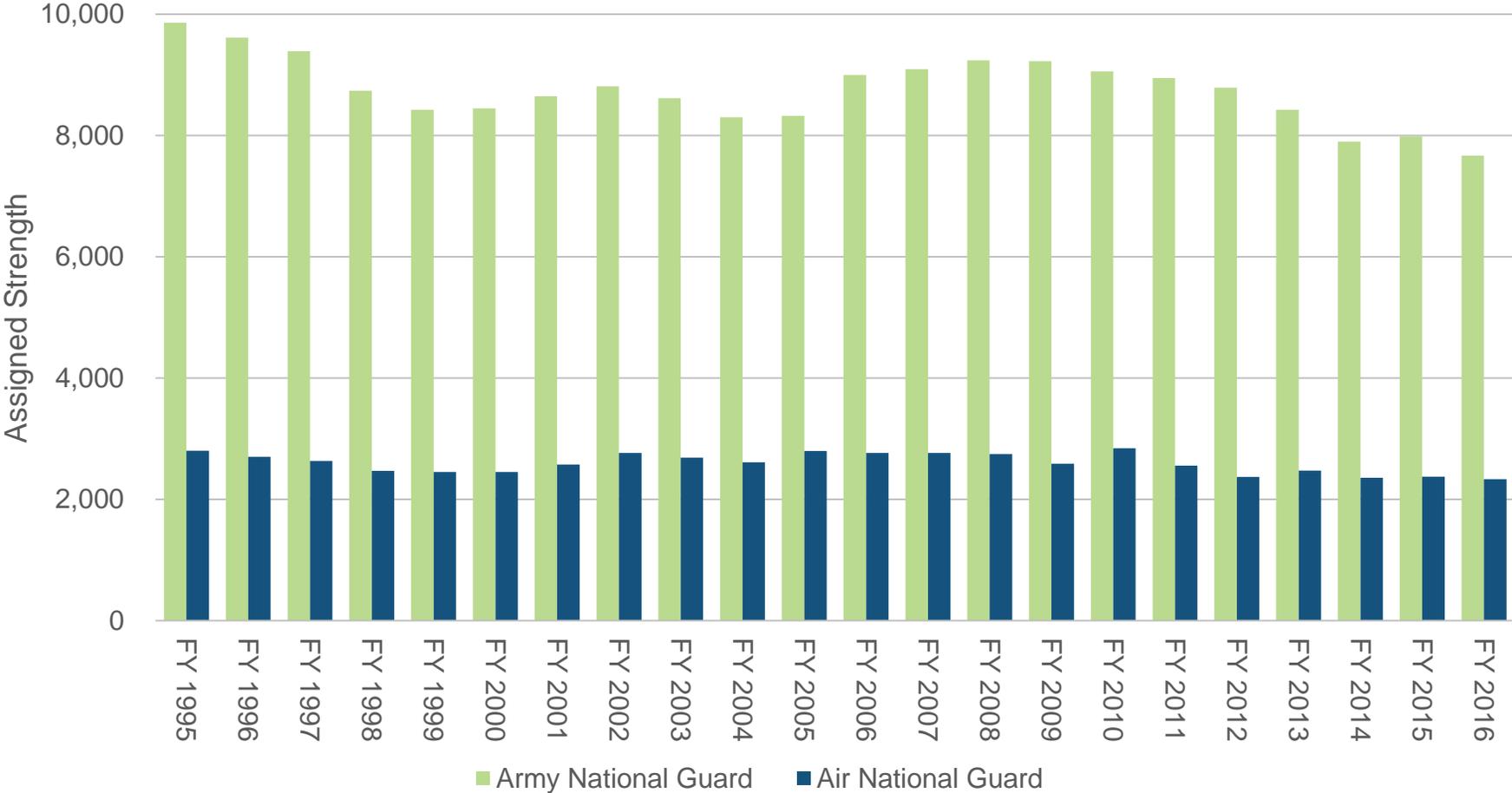
- Alpena Combat Readiness Training Center
- Battle Creek Air Base
- Selfridge Air Base

## 44 State-Owned Armories

- Home stations for National Guard units

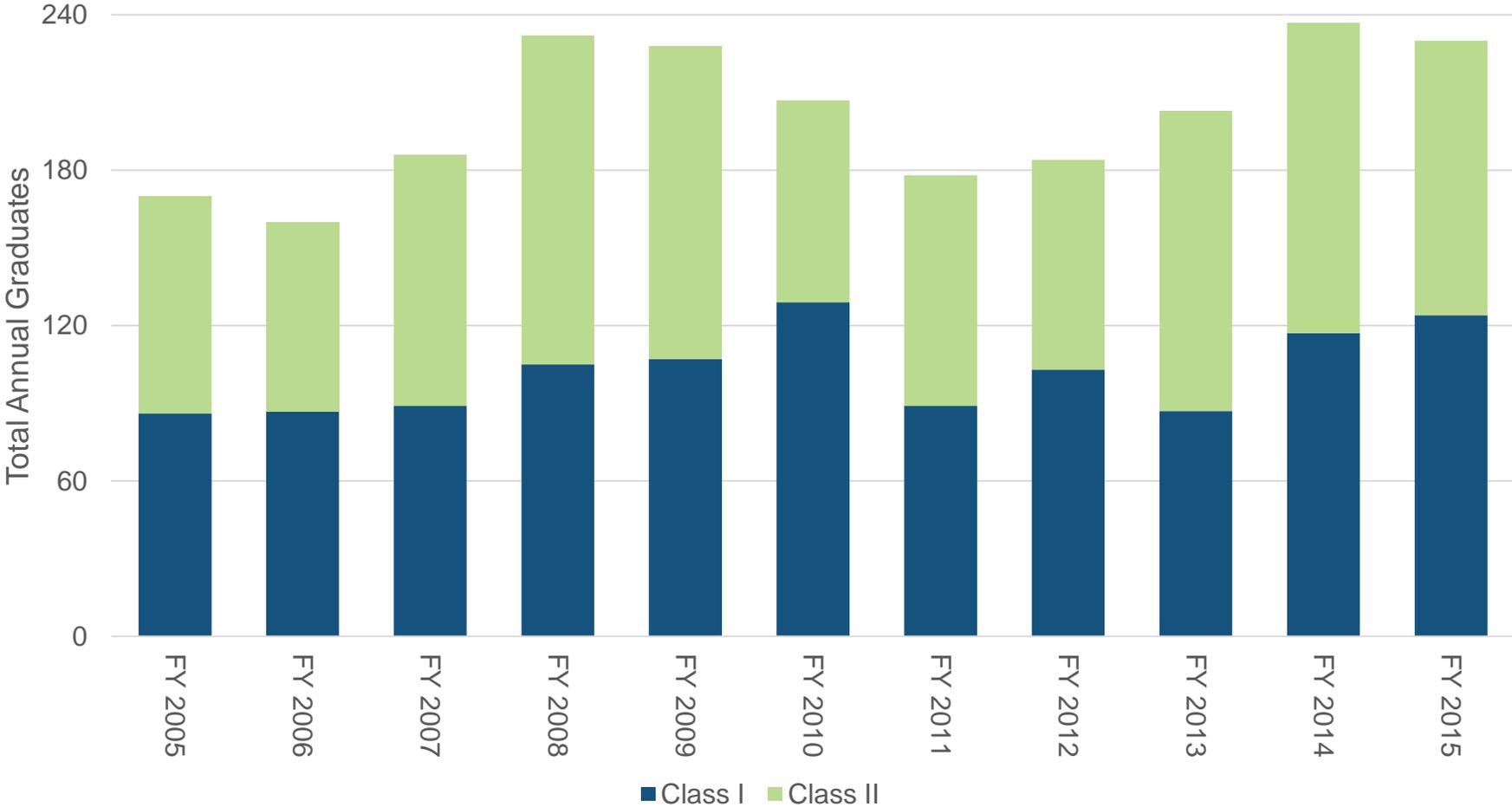
# Michigan National Guard – Assigned Strength

Total assigned strength in the Michigan National Guard has decreased by 21% to approximately 10,000 personnel between FY 1994-95 and the second quarter of FY 2015-16, with Army strength decreasing by 22% and Air strength decreasing by 17%.



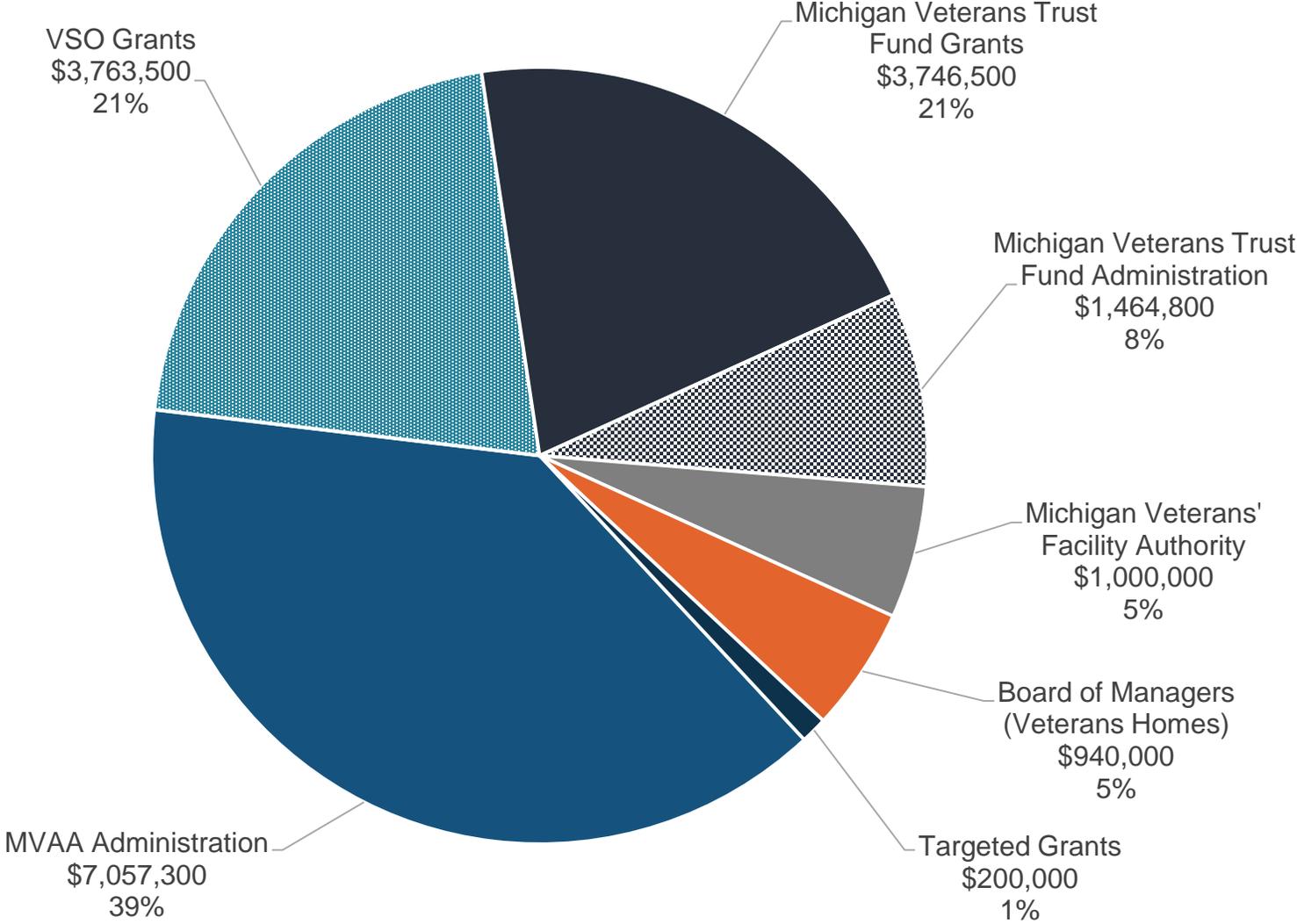
# Michigan Youth ChalleNGe Academy

Voluntary basic training-style program for at-risk youth administered by the department. The 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.



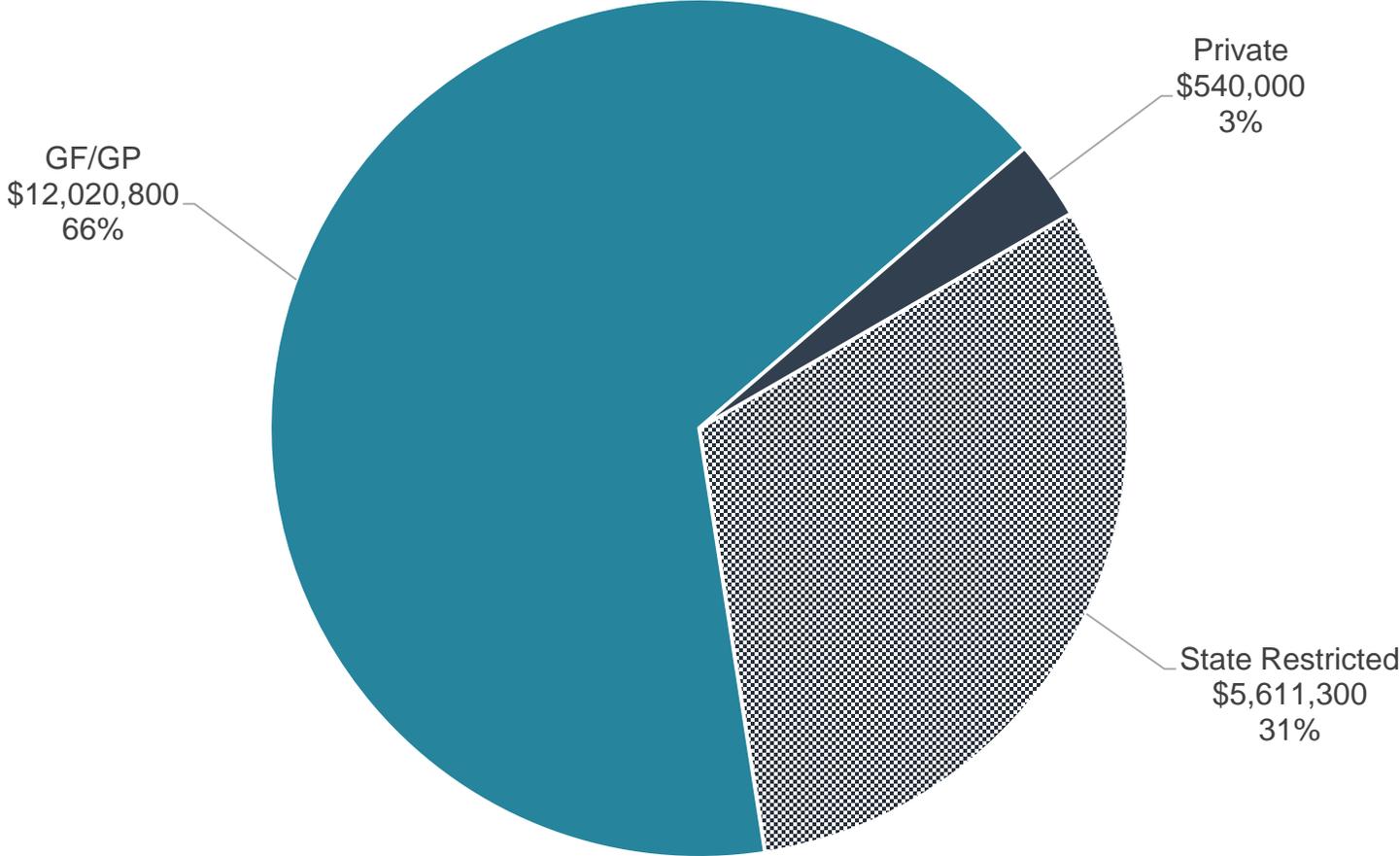
# FY 2016-17 MVAA Appropriations

Administrative costs comprise of 39% of the total appropriations (\$18.2 million) for the Michigan Veterans Affairs Agency.



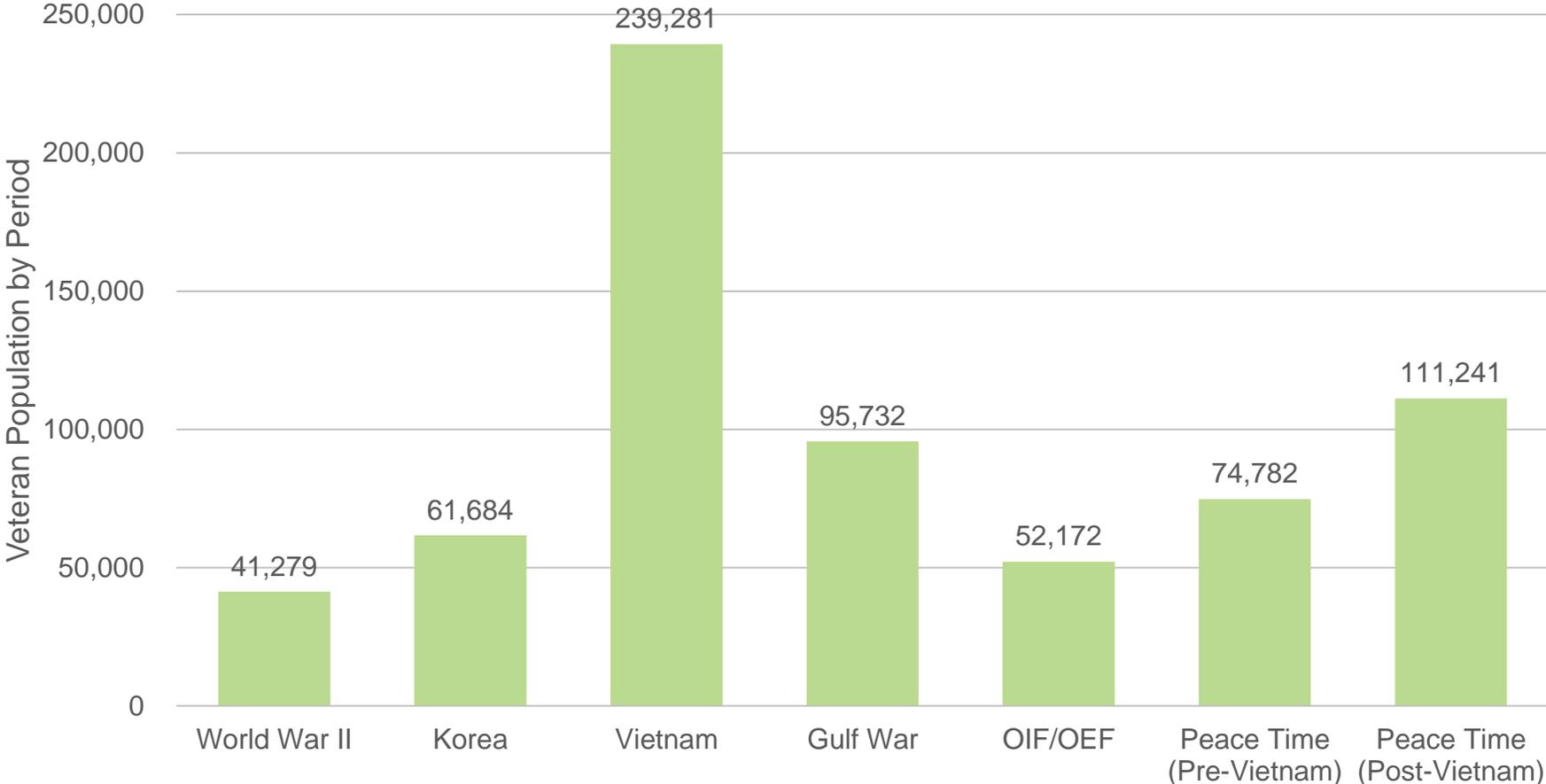
# FY 2016-17 MVAA Fund Sources

GF/GP appropriations comprise of approximately two-thirds of the total fund sources for the Michigan Veterans Affairs Agency.



# Michigan Veterans Population

Vietnam era veterans represent over 35% of the state's total veteran population of approximately 676,000. Wayne County is home to the largest proportion of veterans with an approximate population of 90,000, followed by Oakland and Macomb Counties with approximately 60,000 and 53,000 veterans, respectively.

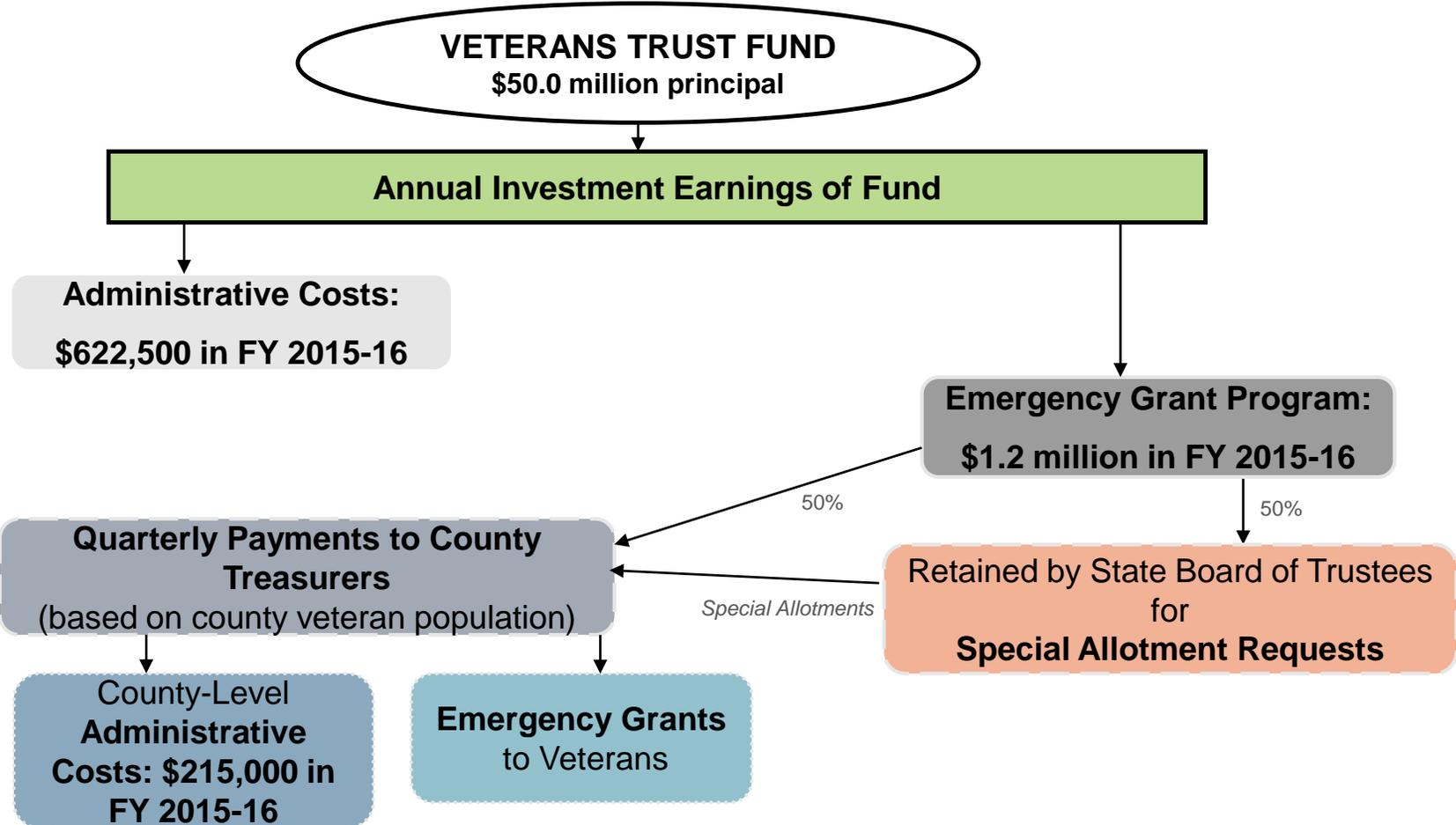


Source: U.S. Department of Veterans Affairs, Office of the Actuary – VetPop 2014.

Note: Veterans who have served in multiple theaters are counted only in the theater in which they first served.

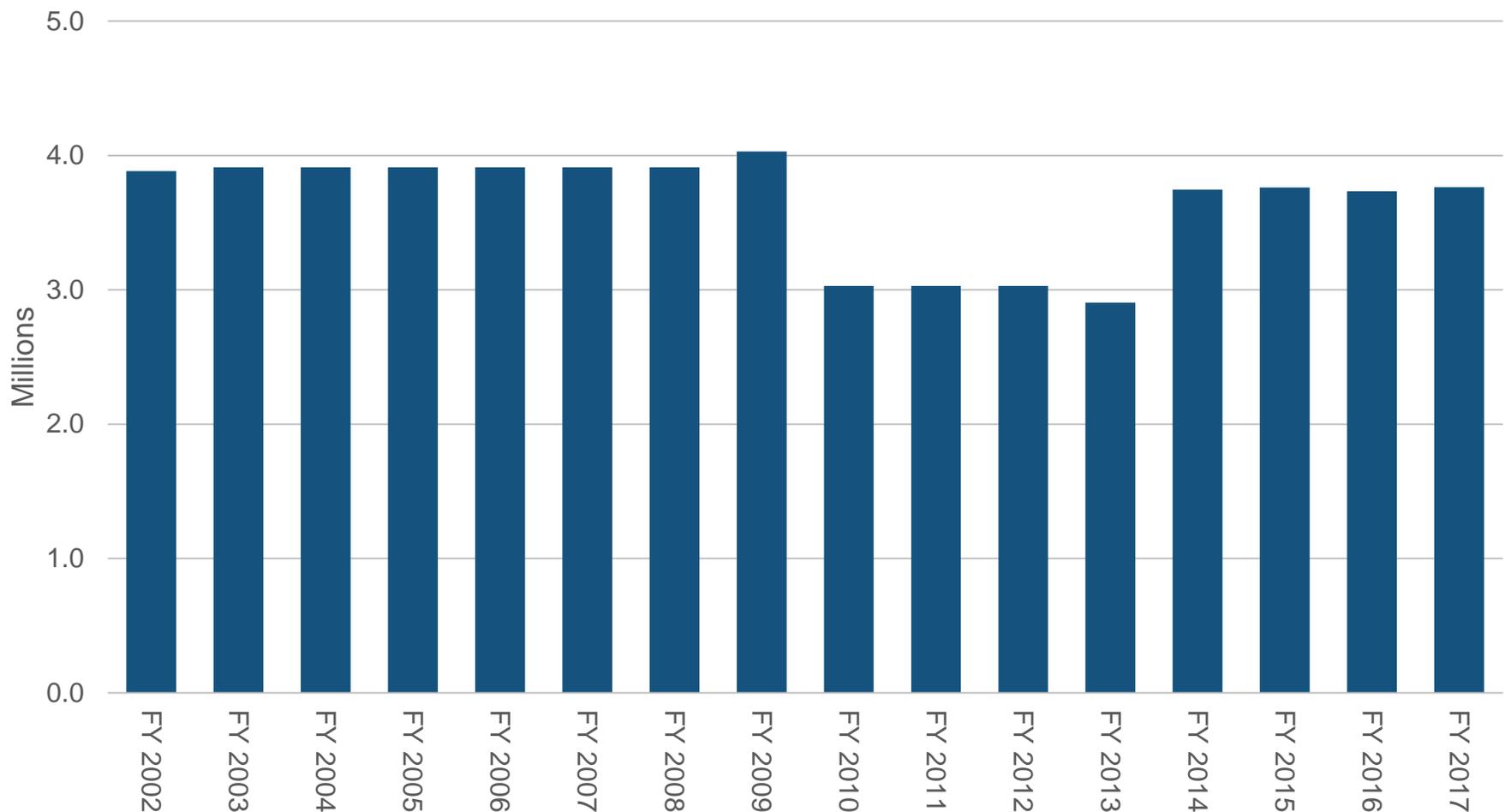
# Michigan Veterans Trust Fund

Established in 1946 with \$50.0 million in principal, the trust fund investment earnings provide emergency financial assistance grants to veterans for temporary, unforeseen hardships (e.g., housing, utilities, food, medical, transportation, and taxes).



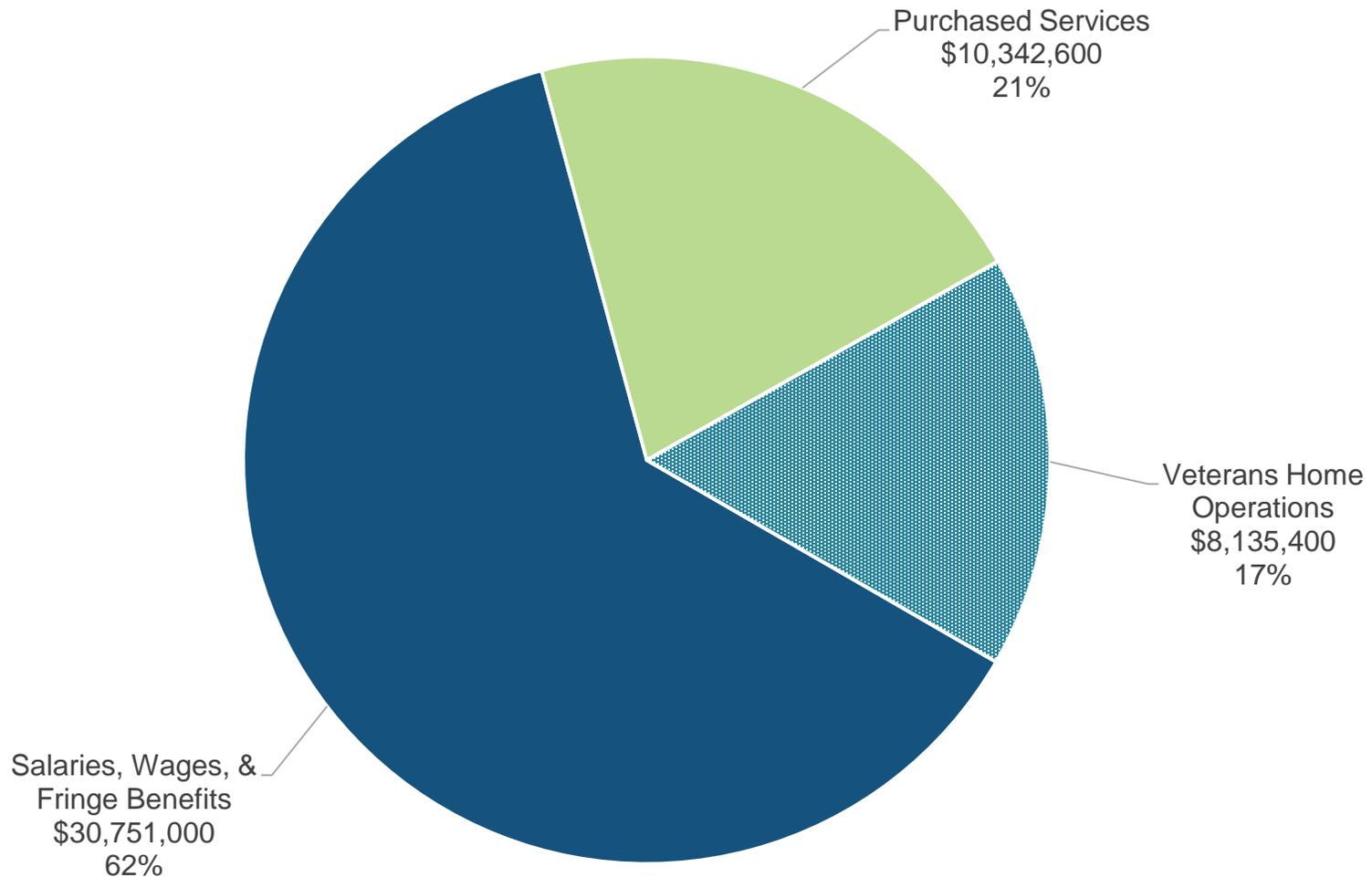
# Veterans Service Organization Grants

Grant payments to VSOs have decreased by 3% between FY 2001-02 and FY 2016-17. Funding reductions between FY 2009-10 and FY 2012-13 were due in large part to Great Recession era budget cuts, among other issues.



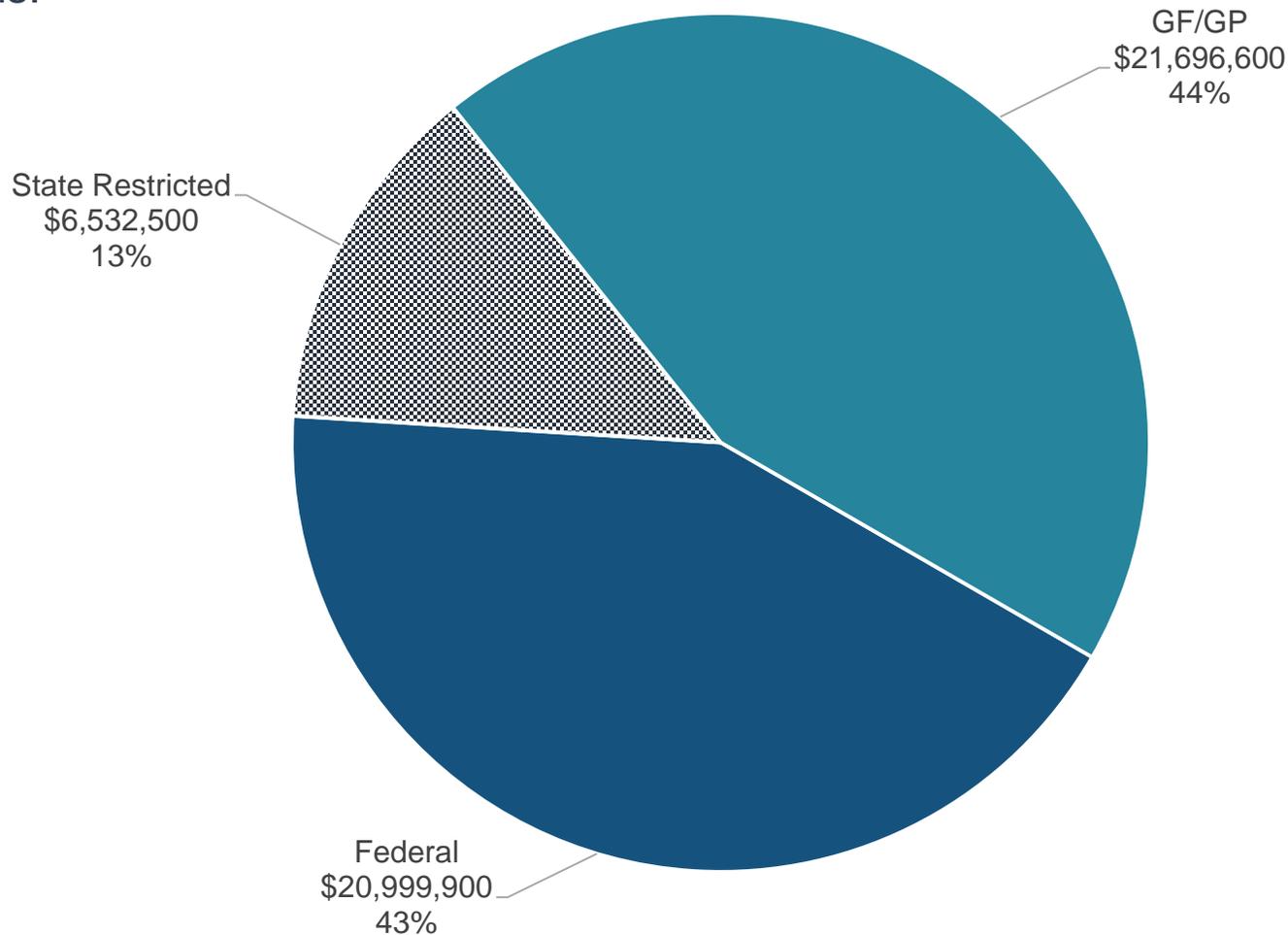
# FY 2016-17 Grand Rapids Home for Veterans Appropriations

Salary and benefits costs comprise of 62% of the total appropriations (**\$49.2 million**) for the Grand Rapids Home for Veterans. Contracted (private) employee services are paid through the purchased services line item.



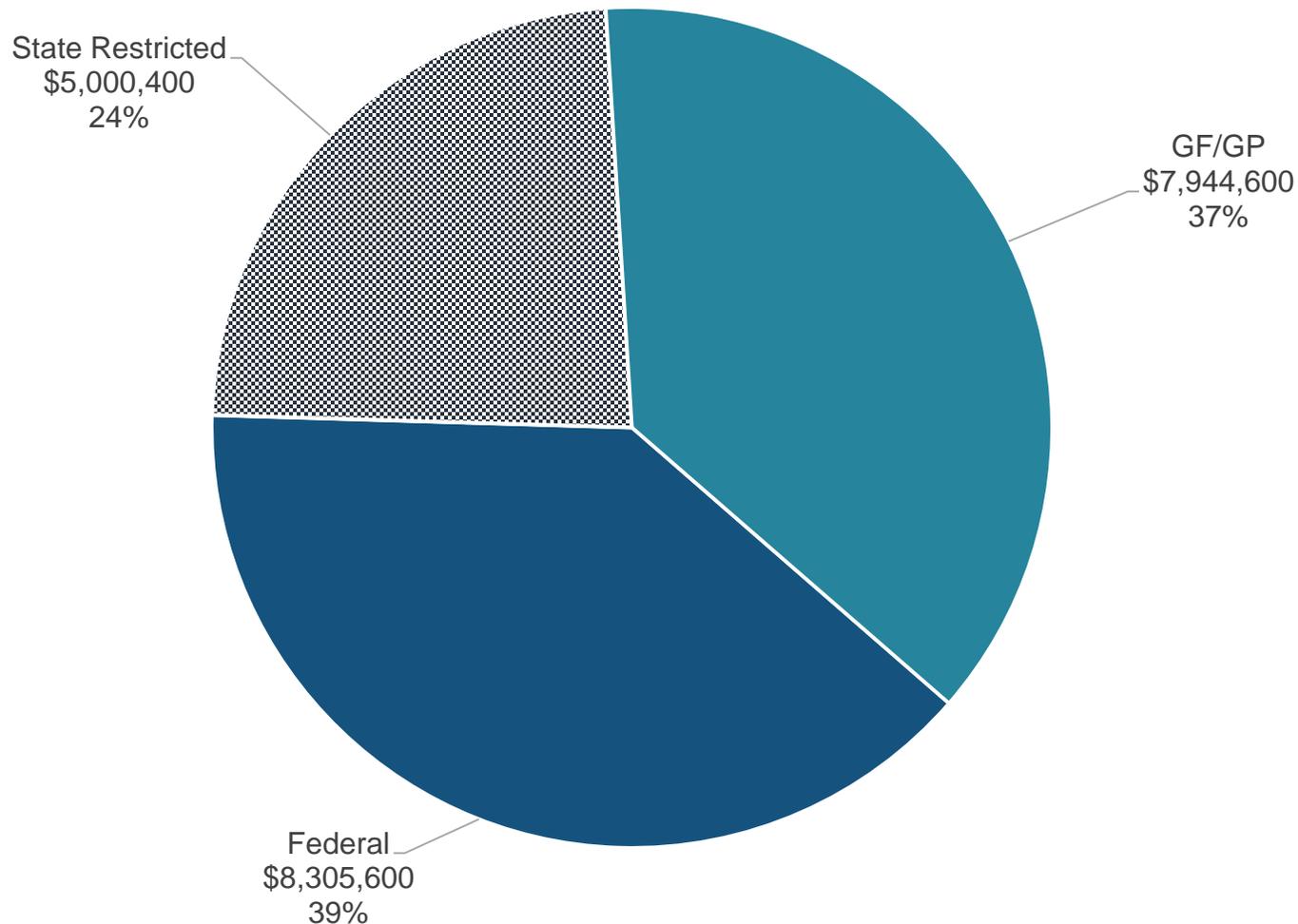
# FY 2016-17 Grand Rapids Home for Veterans Fund Sources

Federal revenues (USDVA Veterans Health Administration, Medicare, and Medicaid) comprise of approximately 43% of the total fund sources for the Grand Rapids Home for Veterans. State restricted revenues consist of income and assessments paid by resident veterans.



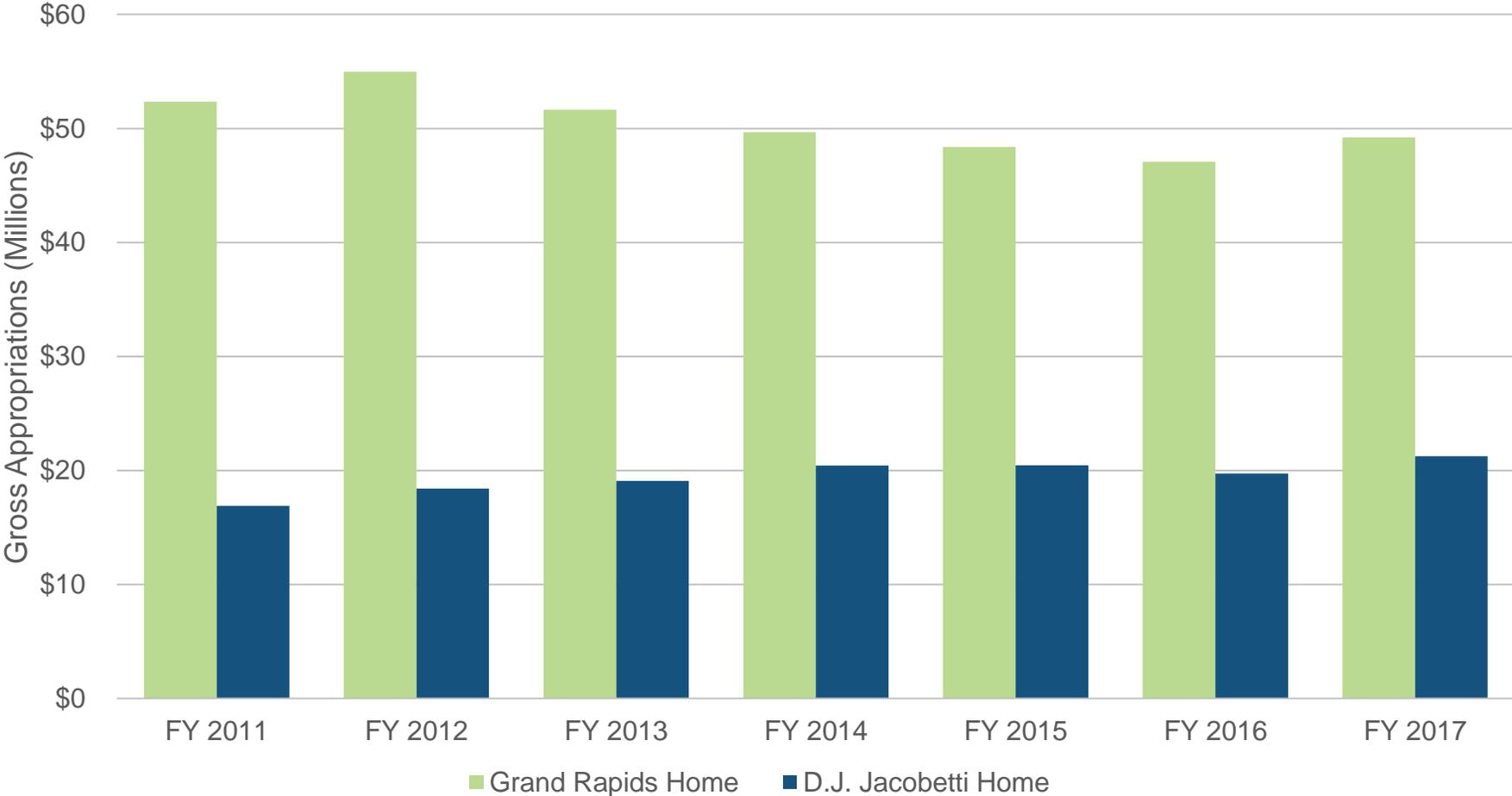
# FY 2016-17 D.J. Jacobetti Home for Veterans Fund Sources

Federal revenues (USDVA Veterans Health Administration, Medicare, and Medicaid) comprise of approximately 40% of the total fund sources for the D.J. Jacobetti Home for Veterans. State restricted revenues consist of income and assessments paid by resident veterans.



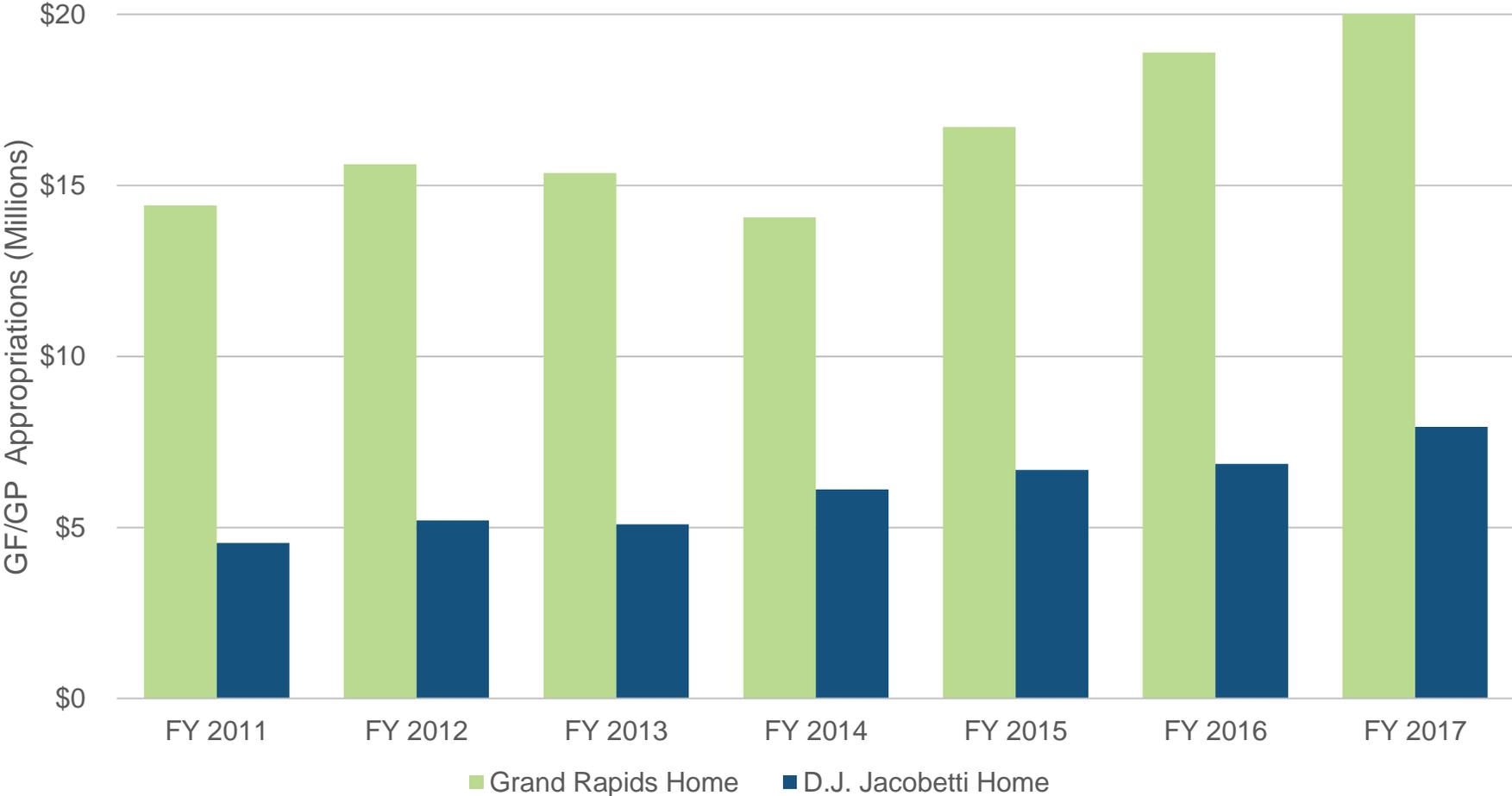
# Veterans Homes Funding

Between FY 2010-11 and FY 2016-17, unadjusted gross appropriations to the Grand Rapids Home have decreased by approximately 6% while increasing by approximately 26% for the Jacobetti Home over the same period. Declining revenues for the Grand Rapids Home are due in large part to declining member census and the inability of some veterans to pay the maximum assessment fees, while D.J. Jacobetti has seen a growth in membership.



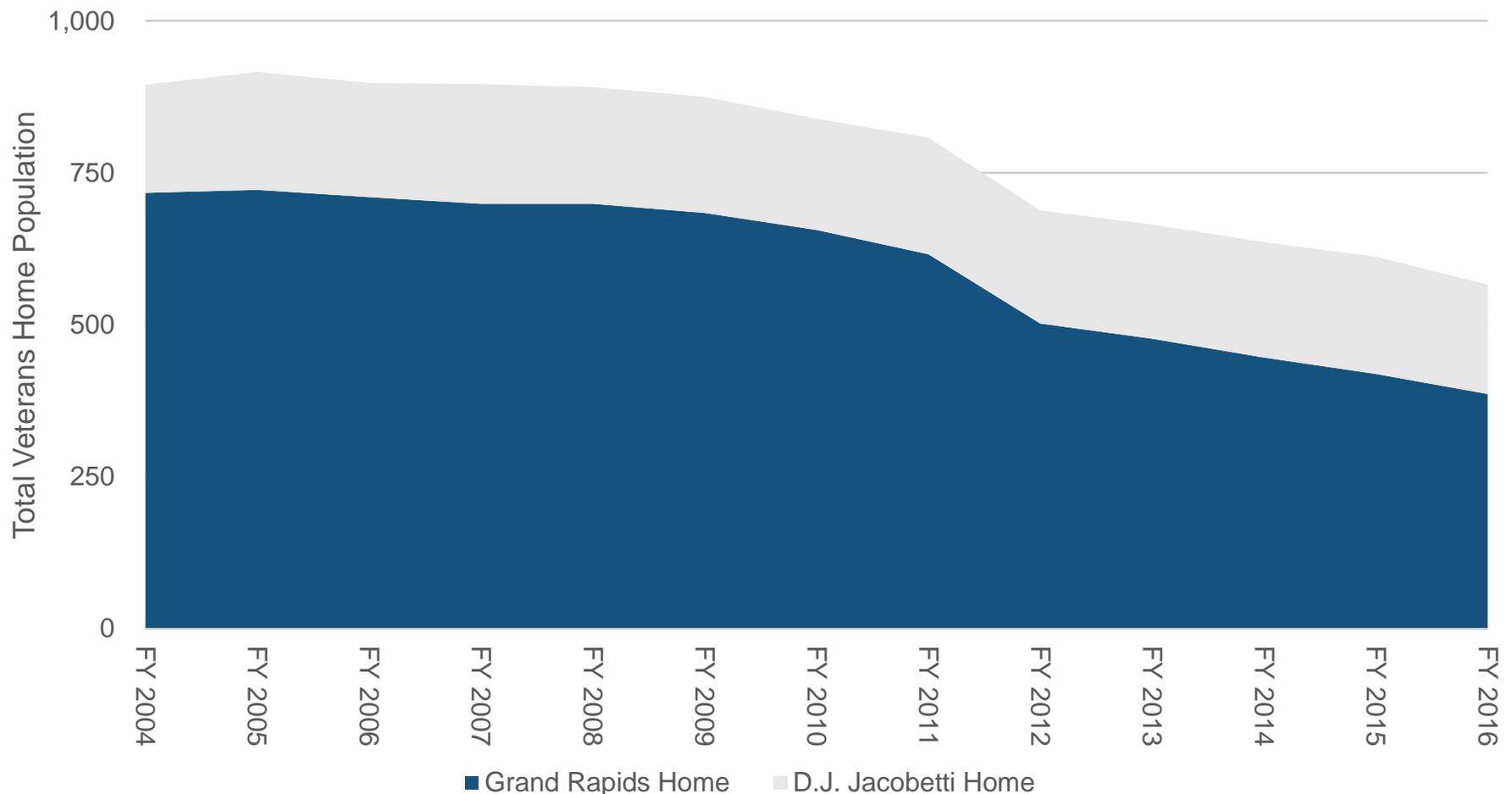
# Veterans Homes GF/GP Funding

Between FY 2010-11 and FY 2016-17, unadjusted GF/GP appropriations to the Grand Rapids and Jacobetti Homes have increased by approximately 50% and 75%, respectively. Increasing GF/GP appropriations are due in large part to offset restricted fund revenue shortfalls due to declining member census and the inability of some veterans to pay the maximum assessment fees.



# Veterans Homes Population

Total veteran membership at the Grand Rapids Home has decreased by approximately 42% between the end of FY 2003-04 and the end of FY 2014-15, while veteran membership at the D.J. Jacobetti Home in Marquette has increased by approximately 8% over the same time period.



# FY 2016-17 One-Time Appropriations

**Armory Maintenance:** \$2.5 million GF/GP to upgrade communications networks in the state's National Guard armories. Funds allocated by the state for armory sustainment, restoration, and modernization are matched by the federal government – through the National Guard Bureau of the Department of Defense – on a 50/50 basis.

**Grand Rapids Home Medicaid Certification Pilot:** \$1.0 million GF/GP to modernize the fourth floor of the Grand Rapids Home for Veterans in order to meet Centers for Medicaid and Medicare Services. This would allow the home to draw Medicaid and Medicare funds as well as U.S. Department of Veterans Affairs funds to support the care of its member veterans.

**Homeless Veterans:** \$300,000 to provide grant funding to supplement federal, state, local, and private efforts in mitigating homelessness amongst Michigan veterans.

# For more information about the Military and Veterans Affairs budget:

## HFA Resources

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

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