



Budget Briefing: Military and Veterans Affairs

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs (DMVA) 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 are 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 grant administration to veterans and veteran organizations.
- The **Michigan Veterans' Facility Authority (MVFA)** is an independent entity within DMVA that operates the state's three veterans homes, previously administered by the MVAA. The authority is governed by a nine-member board nominated by the legislature and appointed by the governor.

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2023-24 is October 1, 2023 through September 30, 2024.

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.

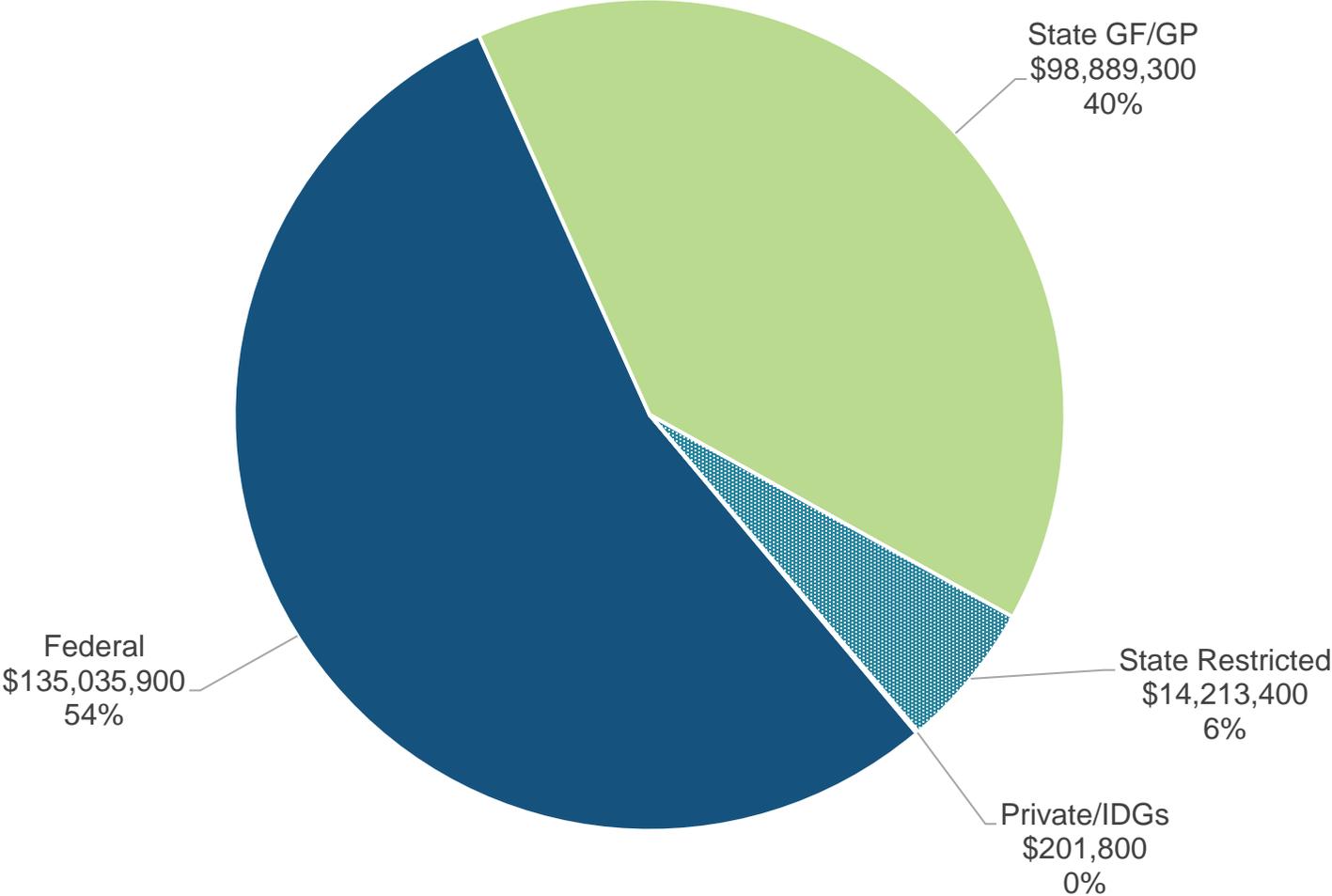
Funding Sources

FY 2023-24 DMVA Budget

Fund Source	Funding	Description
Gross Appropriations	\$248,340,400	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	\$248,238,600	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	135,035,900	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	100,000	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	14,213,400	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	\$98,889,300	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

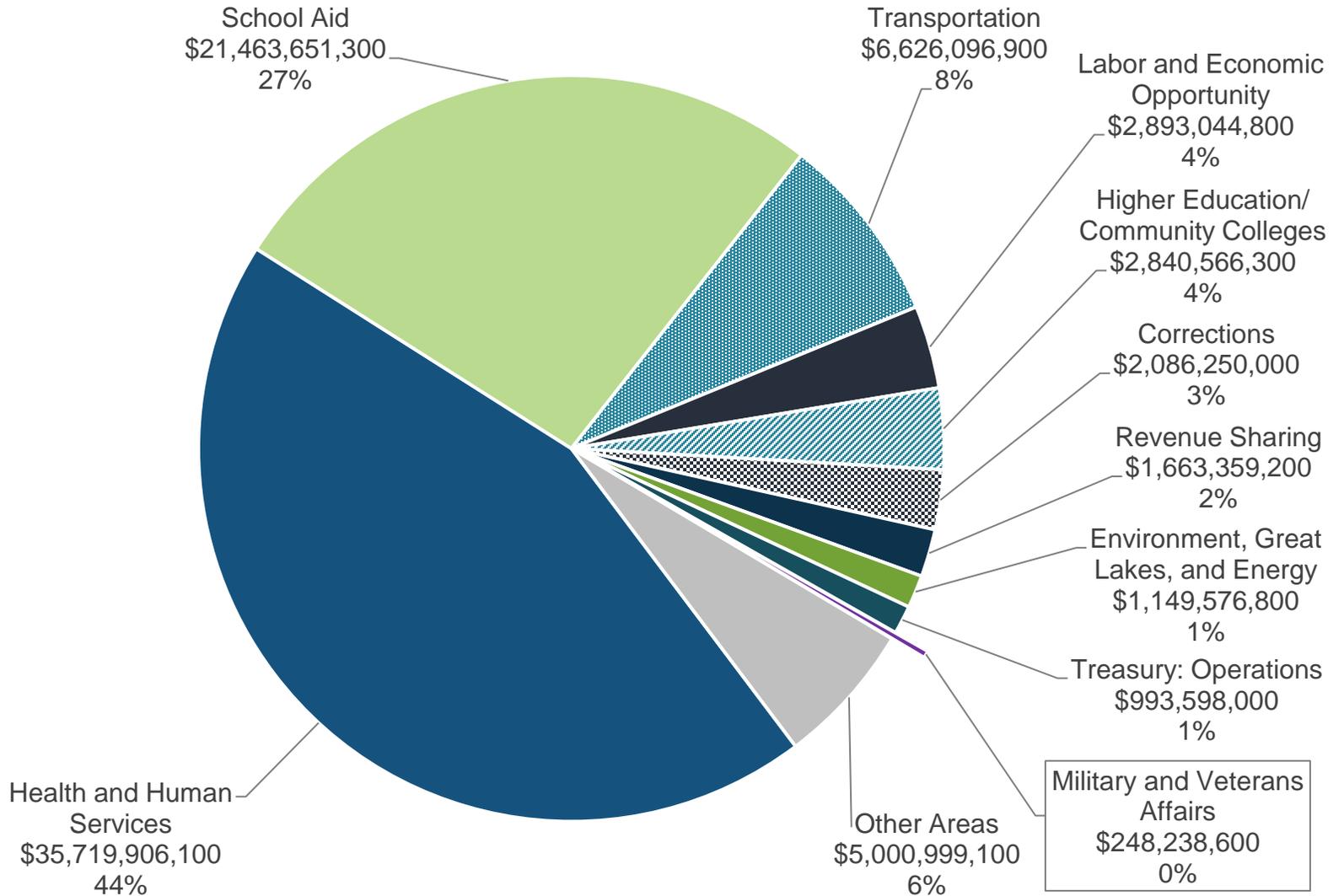
FY 2023-24 Fund Sources

Of the **\$248.3 million** DMVA budget, **54%** is funded with federal revenues, which include matching funds for armory and training site operations and maintenance, the Michigan Youth ChalleNGe Academy (MYCA), the state veterans' homes, and the Starbase program.



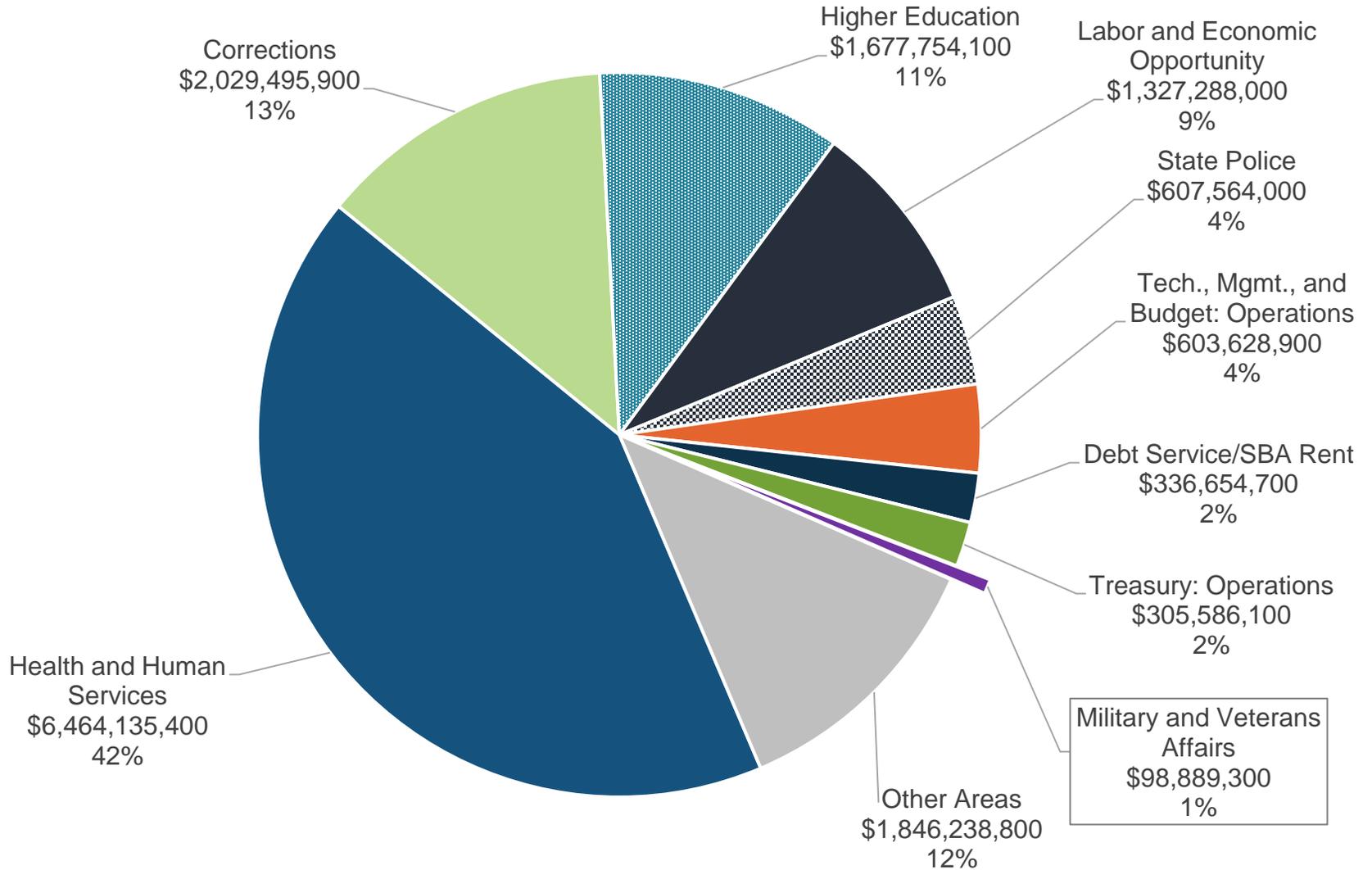
DMVA Share of Total State Budget

The DMVA budget represents less than 1% of the **\$80.7 billion** state budget (adjusted gross) for FY 2023-24.



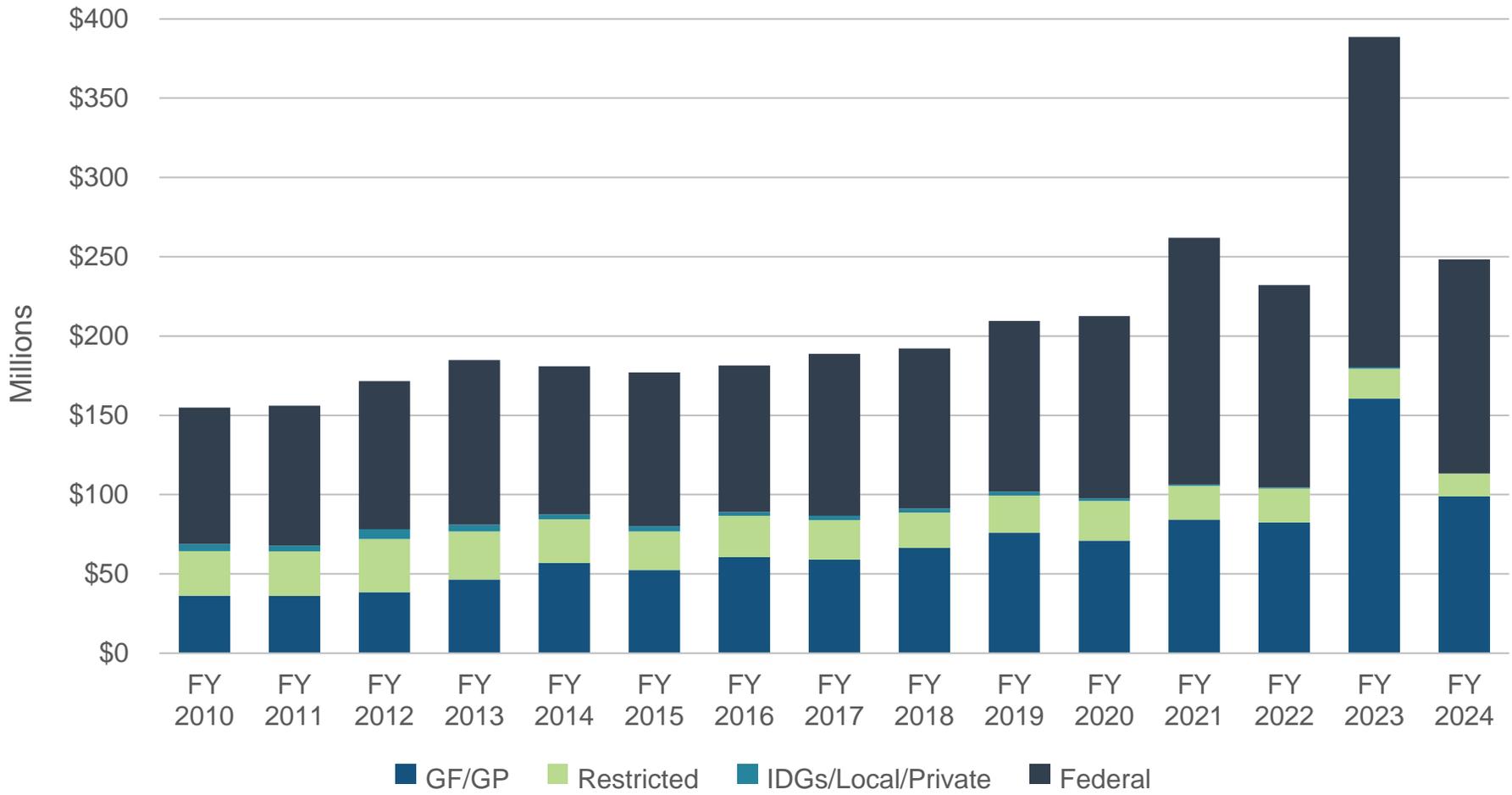
DMVA Share of Total GF/GP Budget

The DMVA budget represents 1% of the state's \$15.3 billion GF/GP budget for FY 2023-24.



DMVA Funding History

FY 2023-24 Gross appropriations decreased **36.1%** from the prior year mostly due to the removal of prior-year one-time appropriations totaling **\$150.3 million** \$100.0 million of which is to be used to update armories statewide. Funding spiked in FY 2020-21 from an increase in COVID-related relief funding.



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.

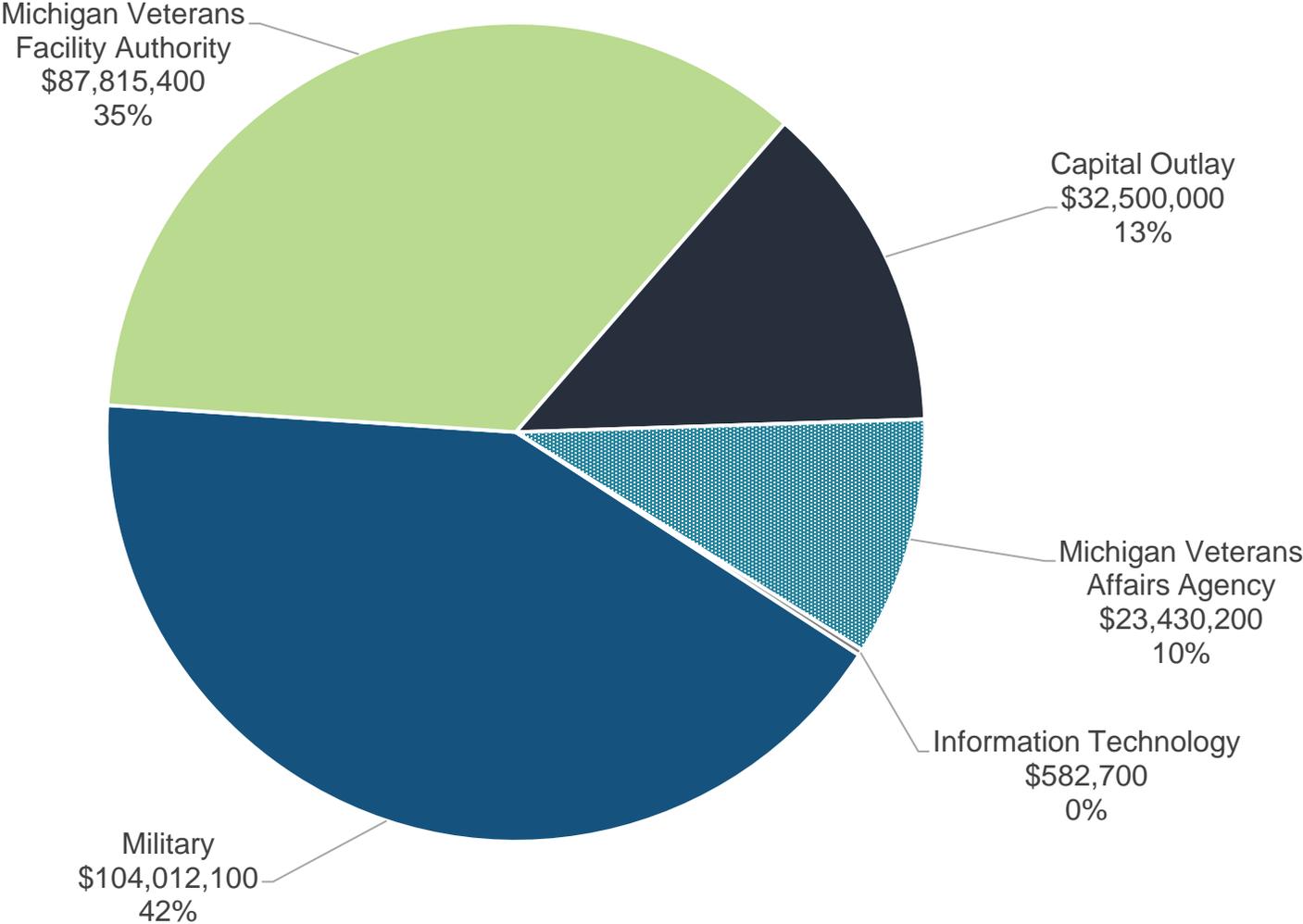
MVFA: Administration of the state's three veterans homes – Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans in Marquette, and Chesterfield Township Home for Veterans, as well as the veterans cemetery in Grand Rapids.

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.

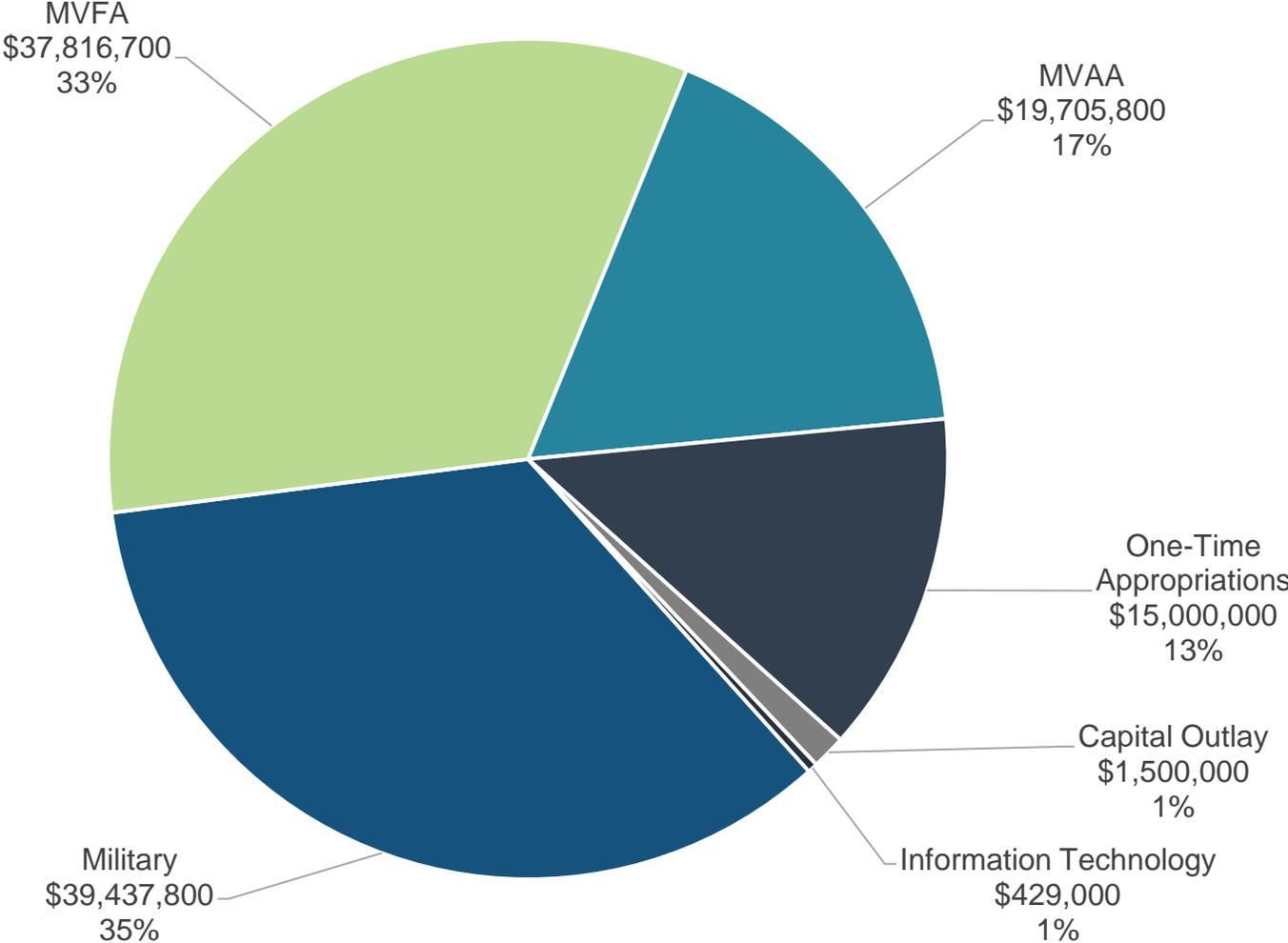
FY 2023-24 Gross Appropriations

Military/National Guard and the MVFA are the two largest appropriation units, each of which make up over a third of the department's budget. Of the Capital Outlay appropriations, **93.3%** is federal funding and supports the National Guard's facilities' maintenance.



FY 2023-24 GF/GP Appropriations

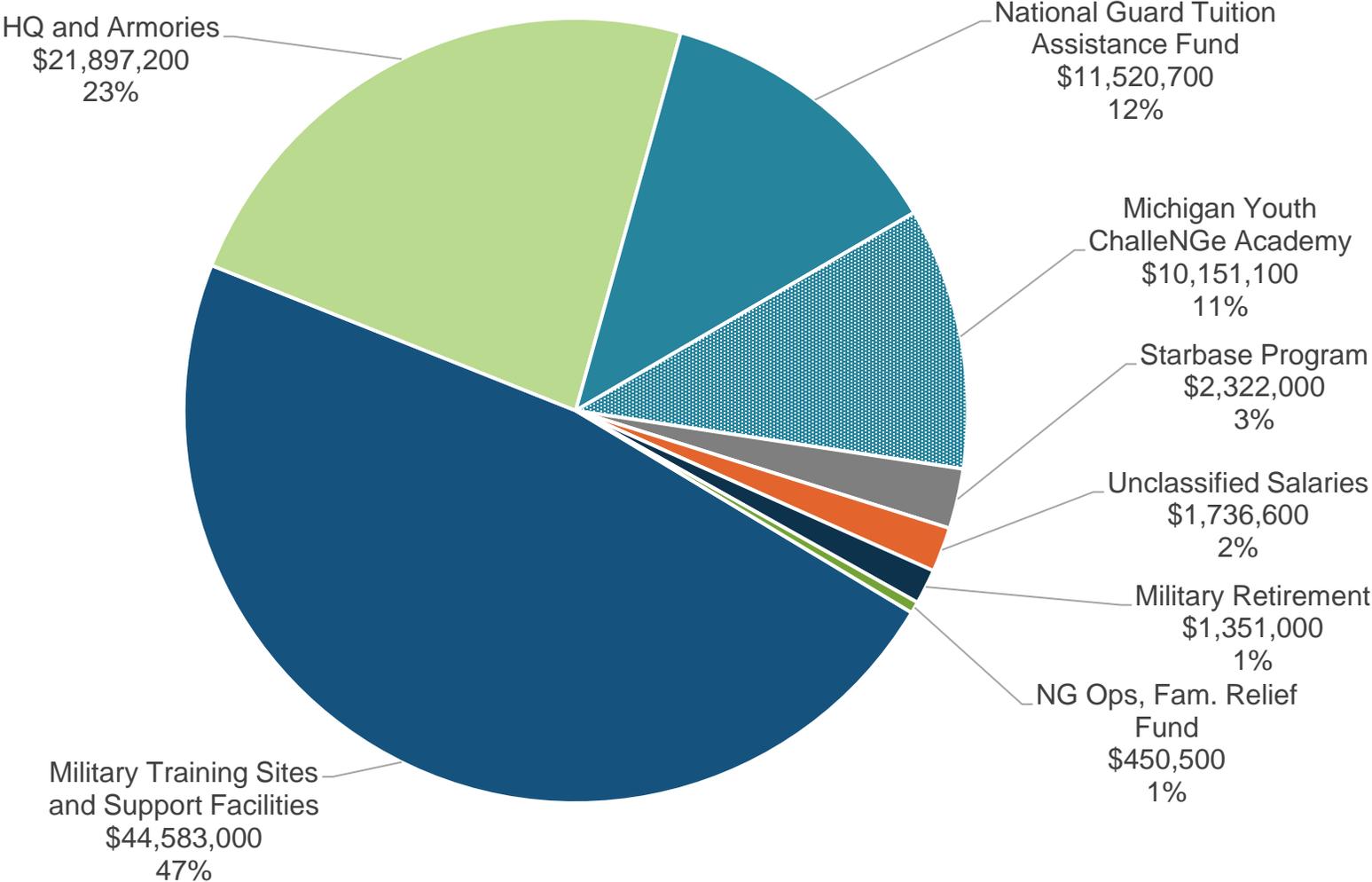
GF/GP funds totaling **\$98.9 million** are largely allocated to the MVAA and veterans homes.



Major Budget Topics

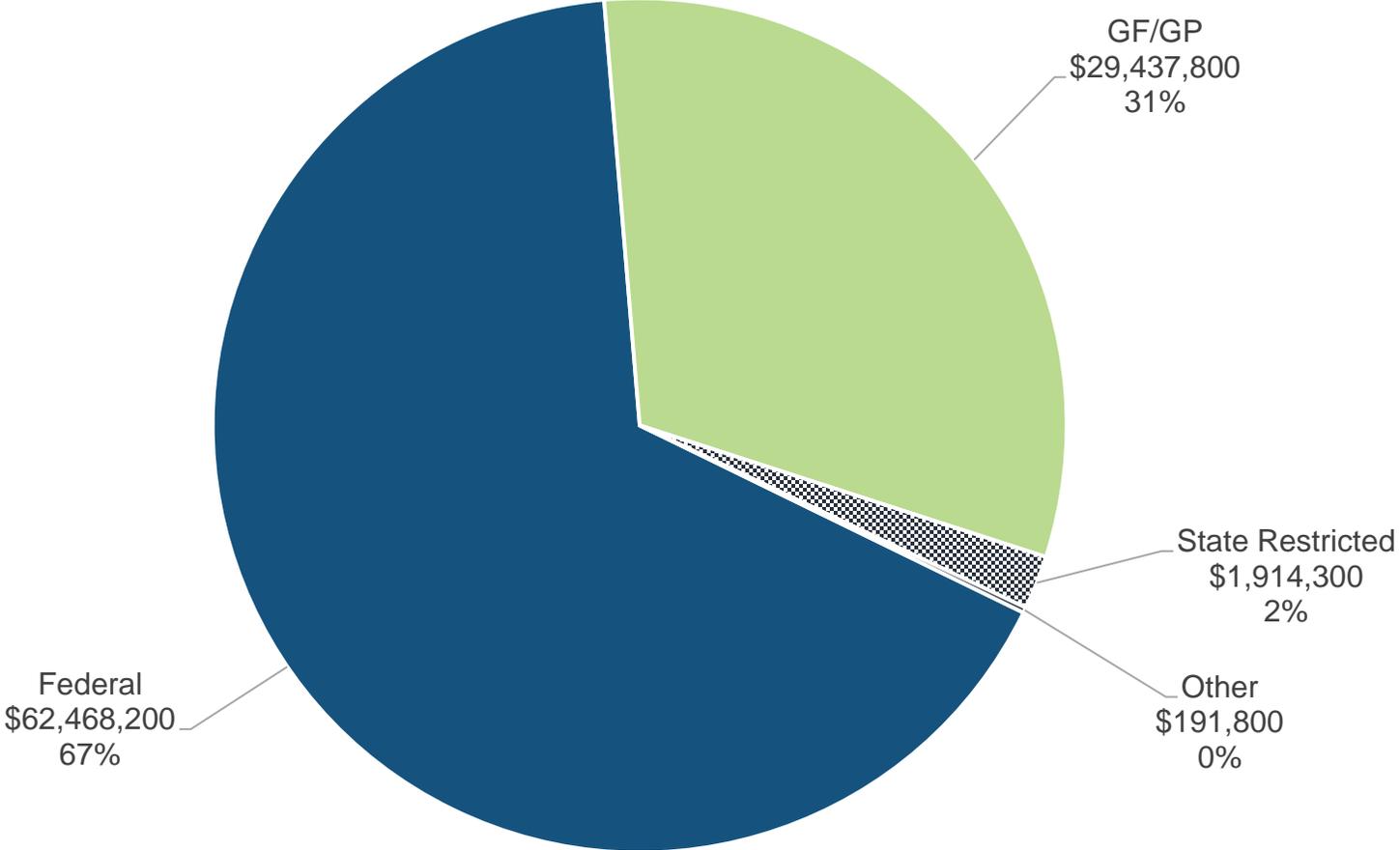
FY 2023-24 Military Appropriations

Funding for Military Training Sites and Support Facilities is **47%** of the total appropriation (**\$94.0 million**) for the Military appropriation unit. National Guard Tuition Assistance funding grew from **7%** in the prior year to **12%** due to the expansion of tuition benefits.



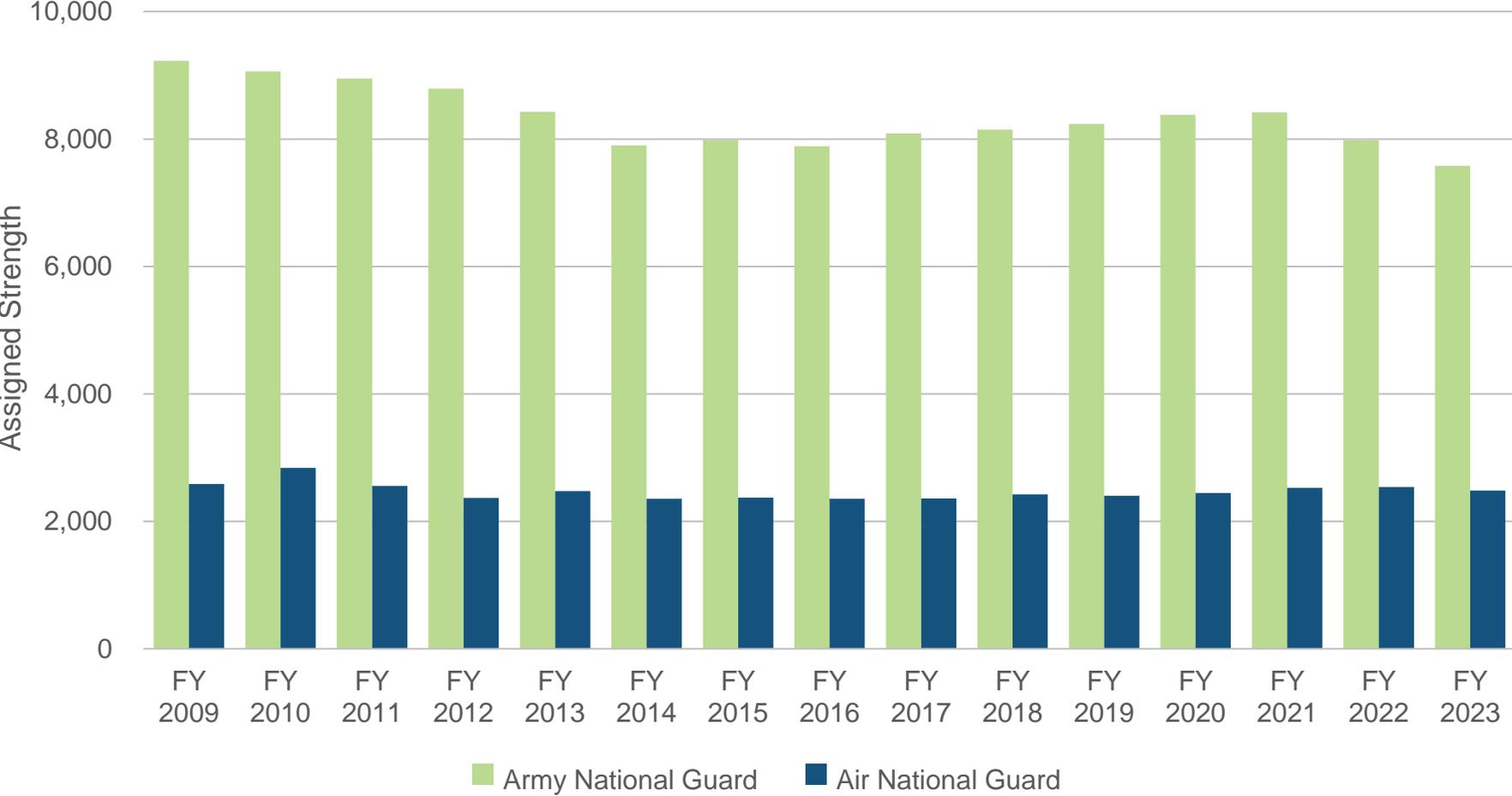
FY 2023-24 Military Fund Sources

Federal revenues comprise two thirds of total fund sources for the Military appropriations unit with GF/GP revenues comprising nearly the rest of the remaining third.



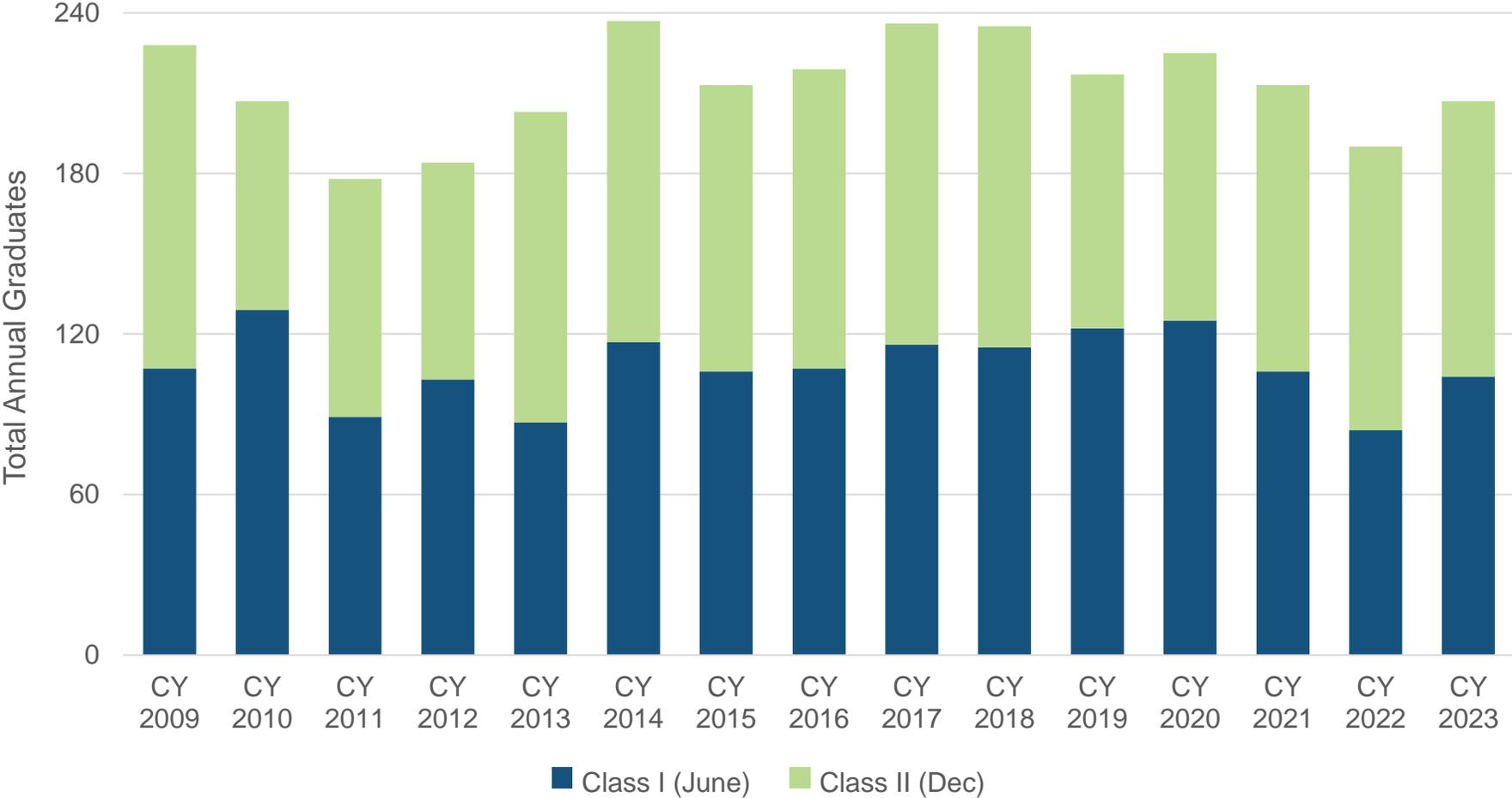
Michigan National Guard – Assigned Strength

Total assigned strength in the Michigan National Guard decreased for a second consecutive year driven largely by a **10%** decrease in the Army National Guard. Army National Guard retention was at approximately 75% of its performance goal in FY 2022-23 but was higher than those of Illinois, Indiana, Ohio, and Wisconsin.



Michigan Youth ChalleNGe Academy

Voluntary basic training-style program for at-risk youth. Program includes two 22-week residential programs (Ft. Custer) per year, followed by a 12-month post-residential job mentoring phase for graduates. Academic, vocational, and fiduciary services are under contract with Marshall Public Schools. FY 2023-24 appropriation is **\$10.2 million** GF/GP.



Selfridge Air National Guard Base

- Home to a squadron of A-10 Warthogs aircraft, which are planned to be phased into retirement by 2030. Located in Macomb County and estimated to provide up to 5,000 jobs
- Governor Whitmer has pledged to invest up to \$100 million in state revenues for upgrades to the base to help attract new flying missions to replace the A-10 squadron
- Funding increases for improvements at Selfridge include:
 - FY 2022-23 - **\$9.3 million**
 - FY 2023-24 - **\$11.5 million** and 13.0 FTE positions

Michigan National Guard Tuition Assistance Program (MINGTAP)

MINGTAP was created in 2014 to support tuition assistance payments to Michigan National Guard soldiers and airmen. An additional **\$5.0 million** and 1.0 FTE position was appropriated in FY 2023-24 to support the extension of benefits to service members’ spouses and dependents as provided by **2023 PA 33**.

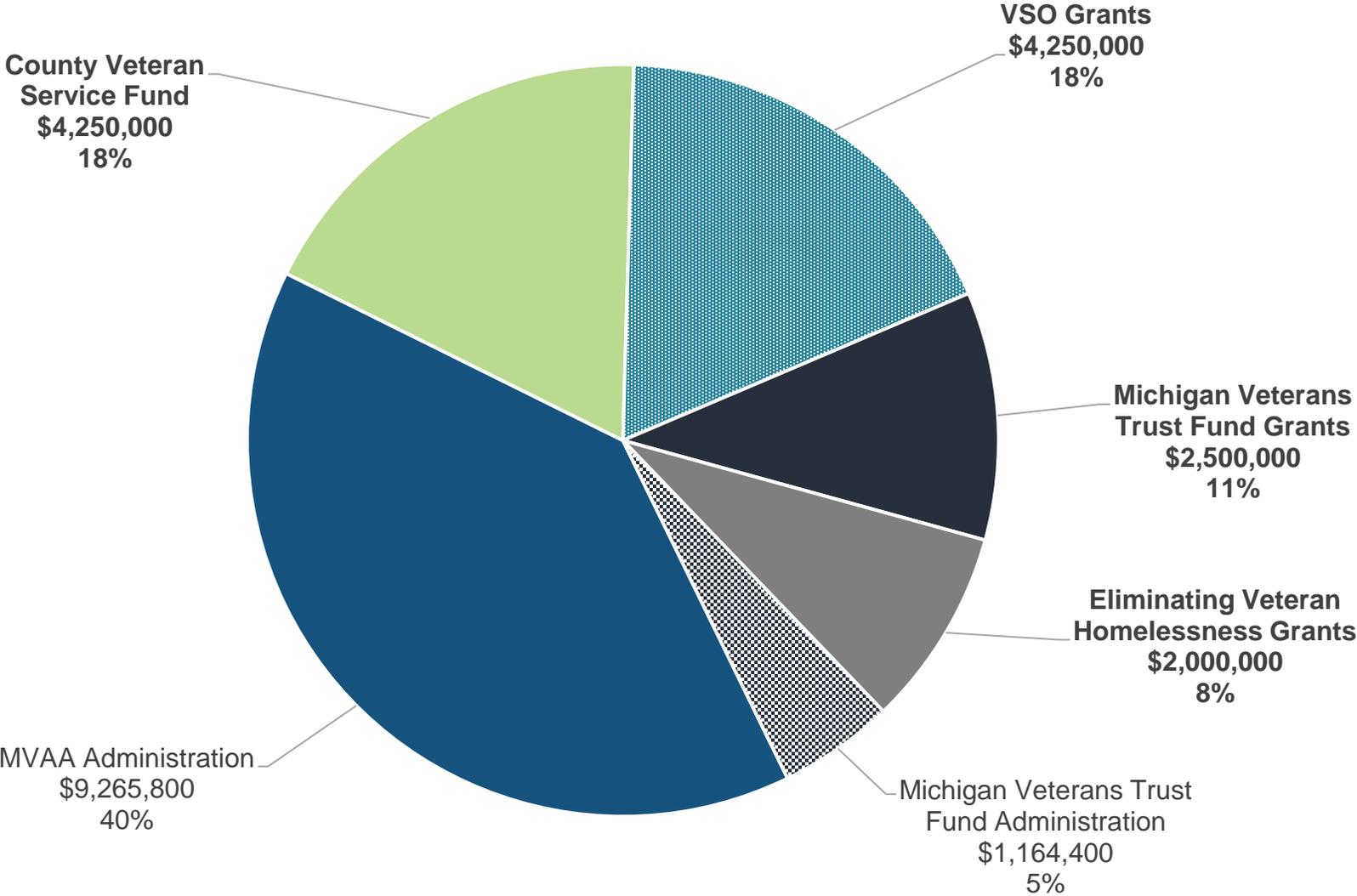
Tuition Assistance Fund Appropriations, Expenditures, Balances, and Participation

	<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>	<u>FY 2022-23</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	\$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	\$4,387,505
Administrative	\$230,666	\$436,024	\$589,612	\$594,428	\$520,634	\$472,874	\$459,808	\$615,437	\$640,959
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	\$5,028,464
Fund Balance	NA	NA	NA	\$463,990	\$2,620,057	\$3,434,383	\$4,991,465	\$5,698,295	\$7,818,801
<u>Participation*</u>									
Air Guard	134	174	183	350	402	477	367	322	314
Army Guard	388	503	922	1,301	1,268	1,244	1,091	945	859
Total	522	677	1,105	1,651	1,670	1,721	1,458	1,267	1,173
Est. Avg. Per Student	\$3,446	\$5,432	\$5,646	\$3,856	\$3,981	\$3,379	\$3,408	\$4,497	\$4,287

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

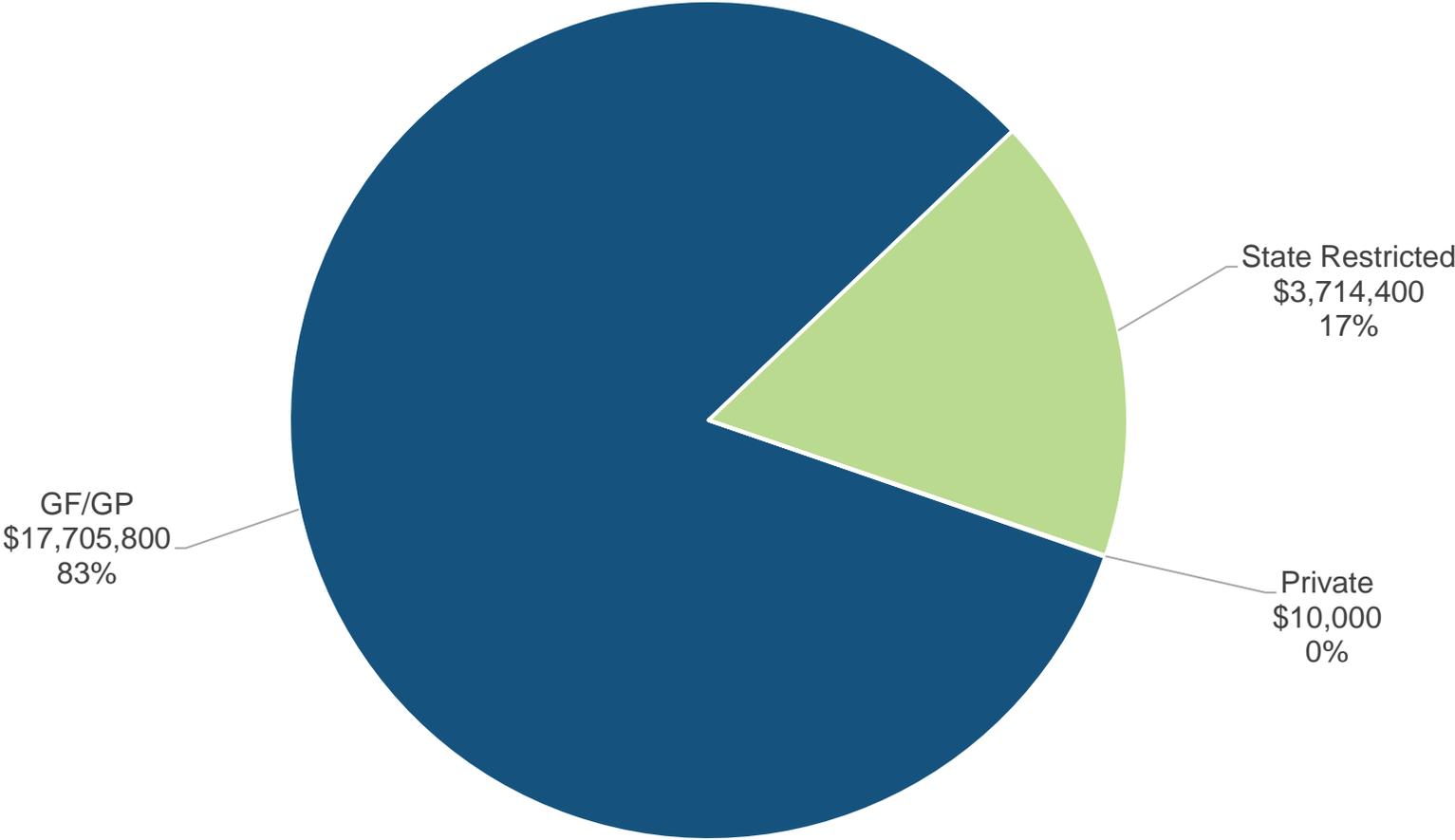
FY 2023-24 MVAA Appropriations

Of MVAA appropriations, **\$13.0 million**, or **55%**, is spent on distributing veterans grants. This includes **\$2.0 million** of one-time funding for Eliminating Veteran Homelessness Grants.



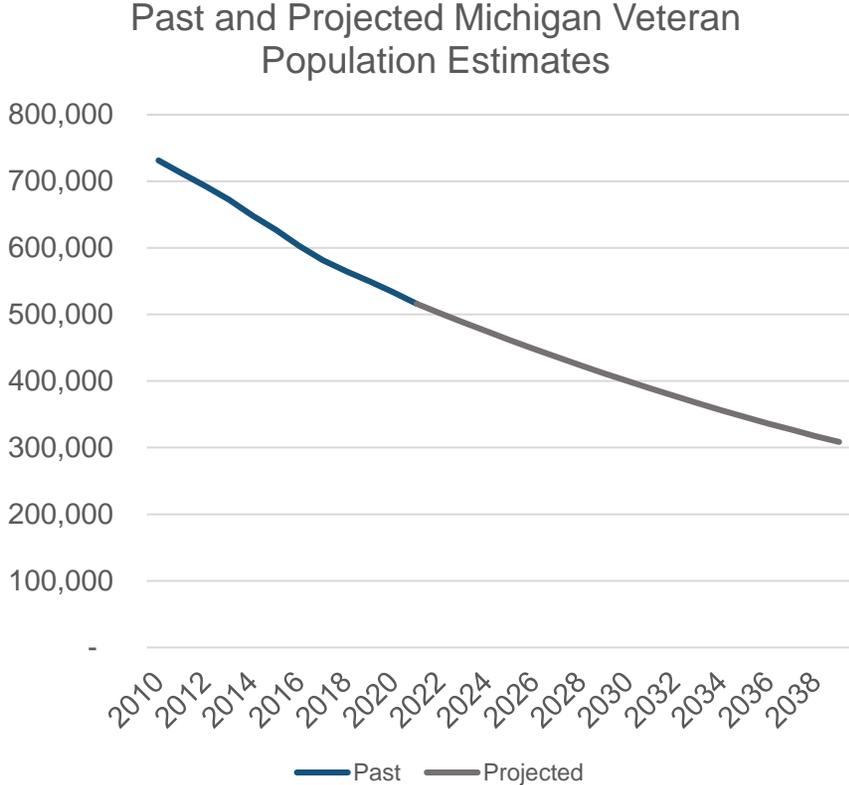
FY 2023-24 MVAA Fund Sources

GF/GP appropriations comprise **83%** of total fund sources for the Michigan Veterans Affairs Agency.

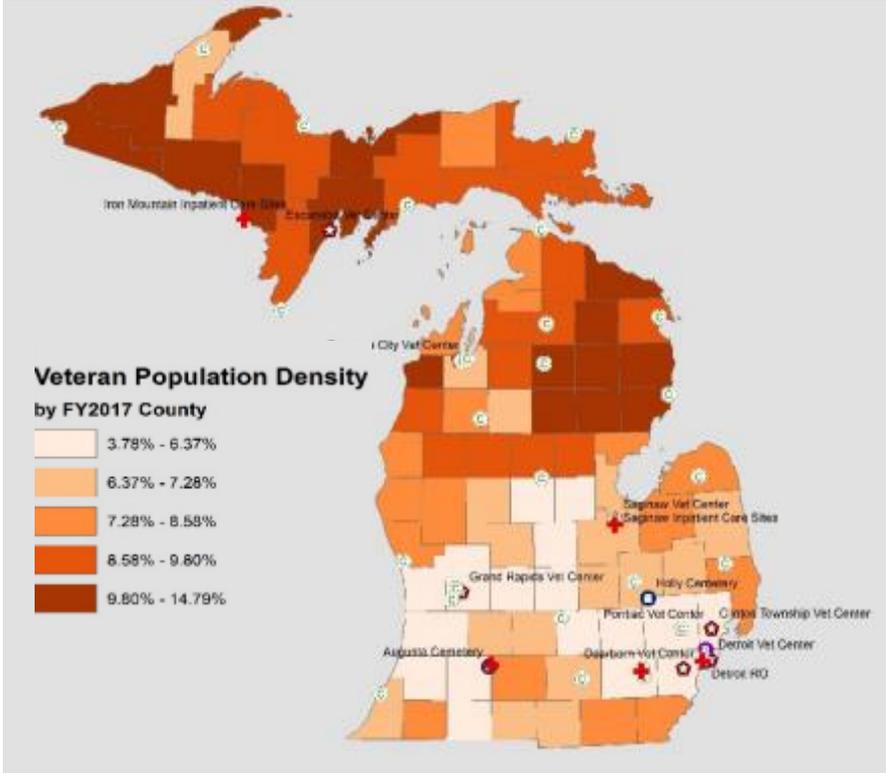


Michigan Veterans Population

The estimated statewide veteran population is projected to be 488,000 in FY 2023-24. The largest concentration of veterans reside in southeast Michigan with **32%** residing in Oakland, Macomb, and Wayne Counties. Veterans in the Upper Peninsula and northern Lower Peninsula make up a much greater population density of counties.



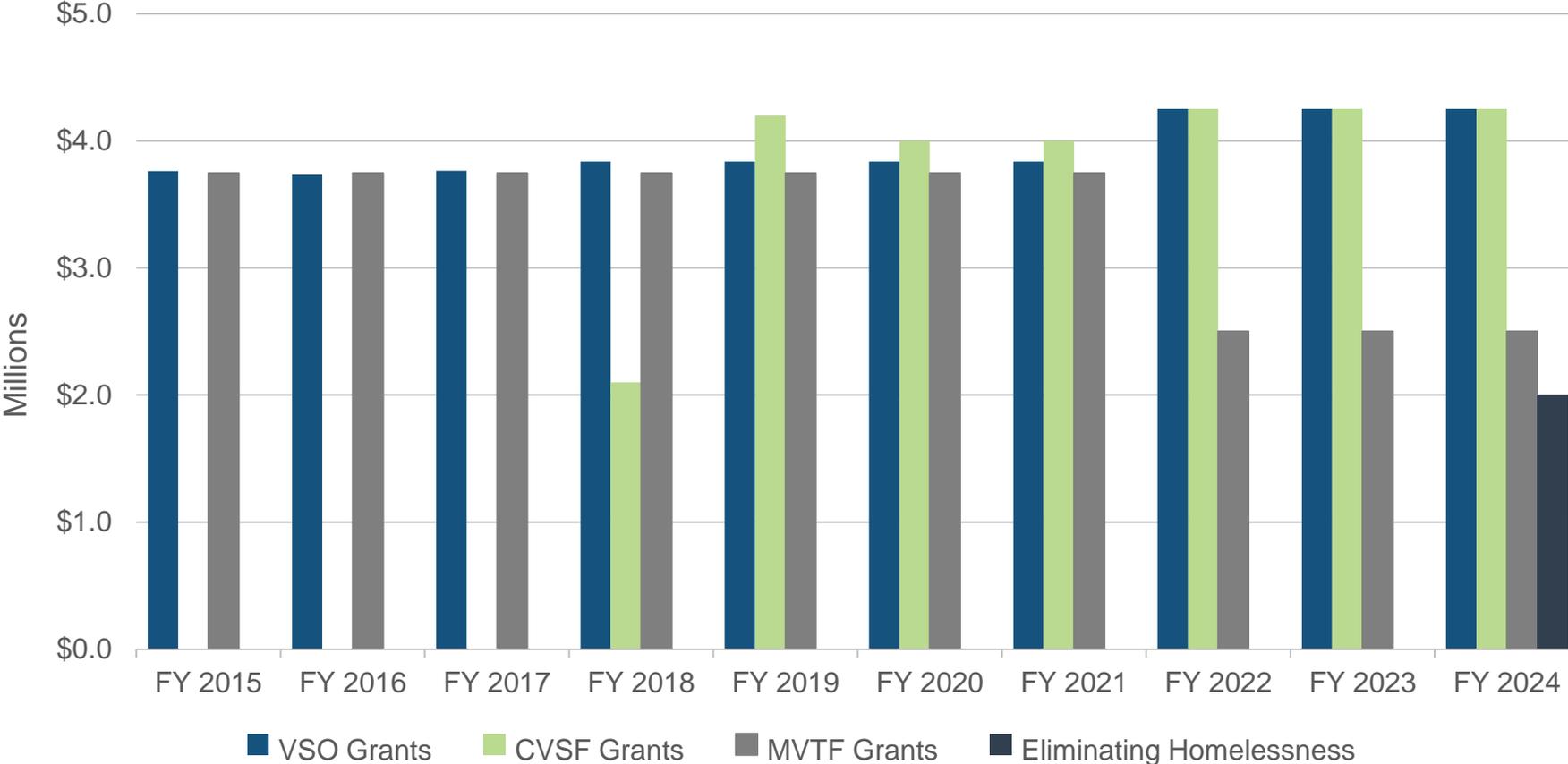
Sources: Population projections modeled from the USDVA VetPop2018 survey and U.S. Census Bureau's ACS 5-Year Estimates



Source: National Center for Veterans Analysis and Statistics

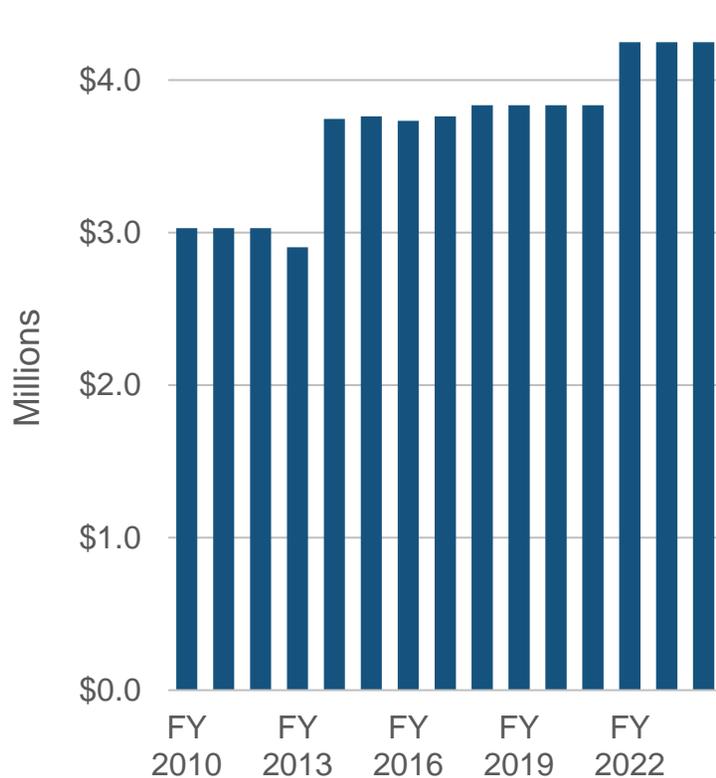
Veterans Grants

In FY 2023-24, the MVAA administers three veteran grant programs: Veteran Service Grants, County Veteran Service Grants, and Eliminating Veteran Homelessness Grants, (one-time appropriation). Michigan Veteran Trust Fund grants are distributed by a governor-appointed independent board established by the Michigan Constitution.



Veterans Service Organization Grants

Grants to Veteran Service Organizations (VSOs) are to support veteran service officers to increase the number of applications submitted for service-connected disability compensation, healthcare benefits, and for communicating other benefits to veterans. Beginning in FY 2021-22, grants to VSOs received funding parity with County Veteran Service Grants at **\$4.3 million** annually.



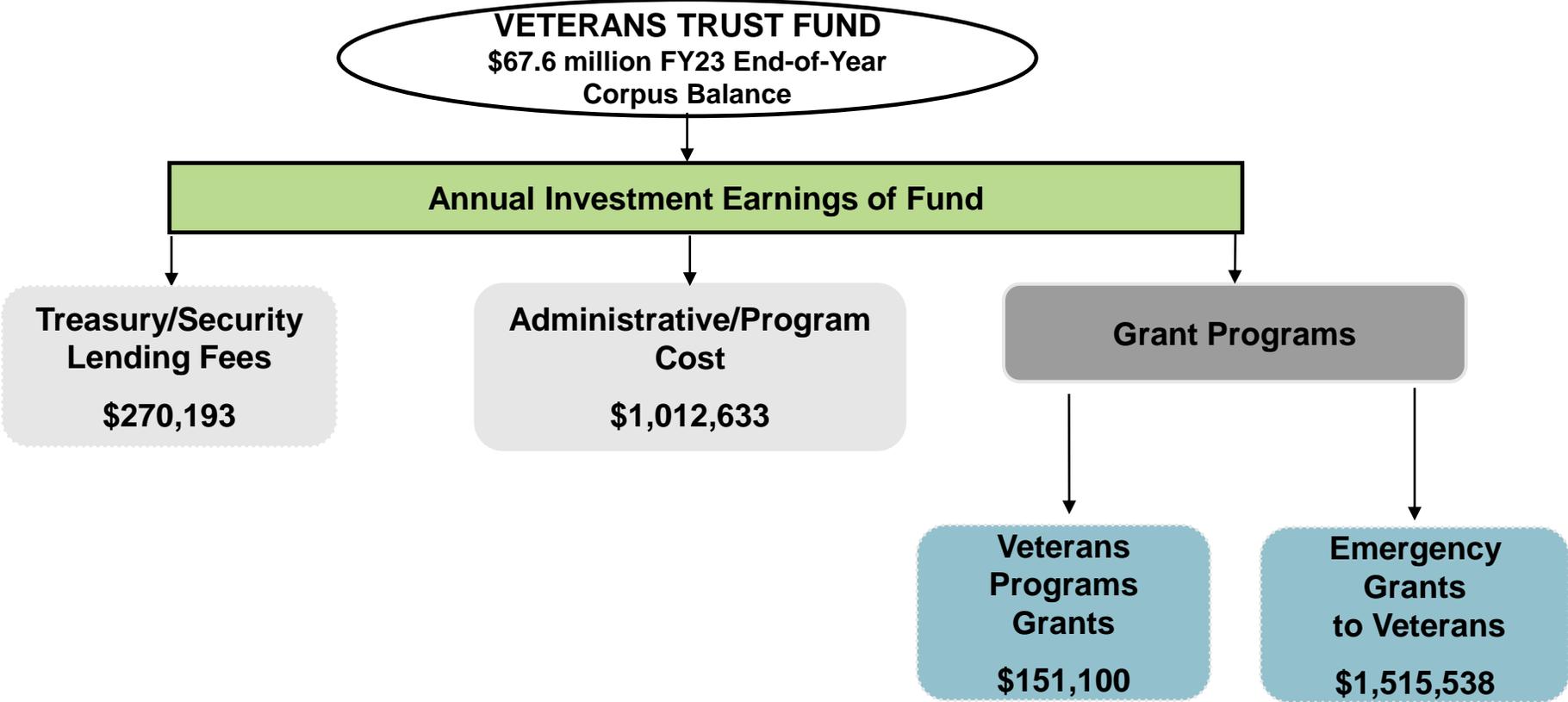
FY 2022-23 Grant Expenditures by Prosperity Region

Prosperity Region	FY 2022-23
1	\$199,385
2	\$175,024
3	\$154,252
4	\$676,285
5	\$284,457
6	\$411,168
7	\$188,091
8	\$372,230
9	\$415,632
10	\$1,373,476
Total	\$4,250,000



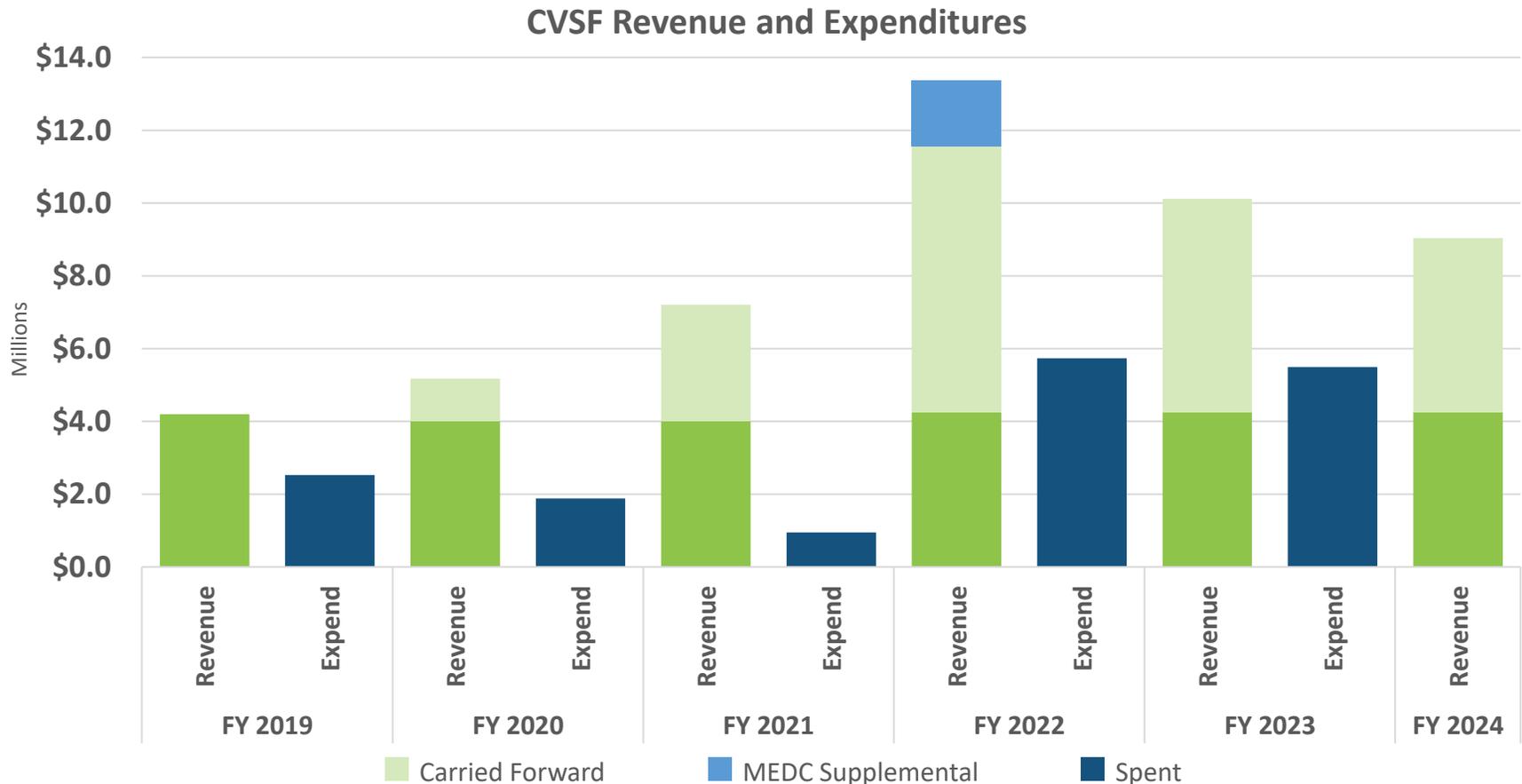
Michigan Veterans Trust Fund

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, and transportation).



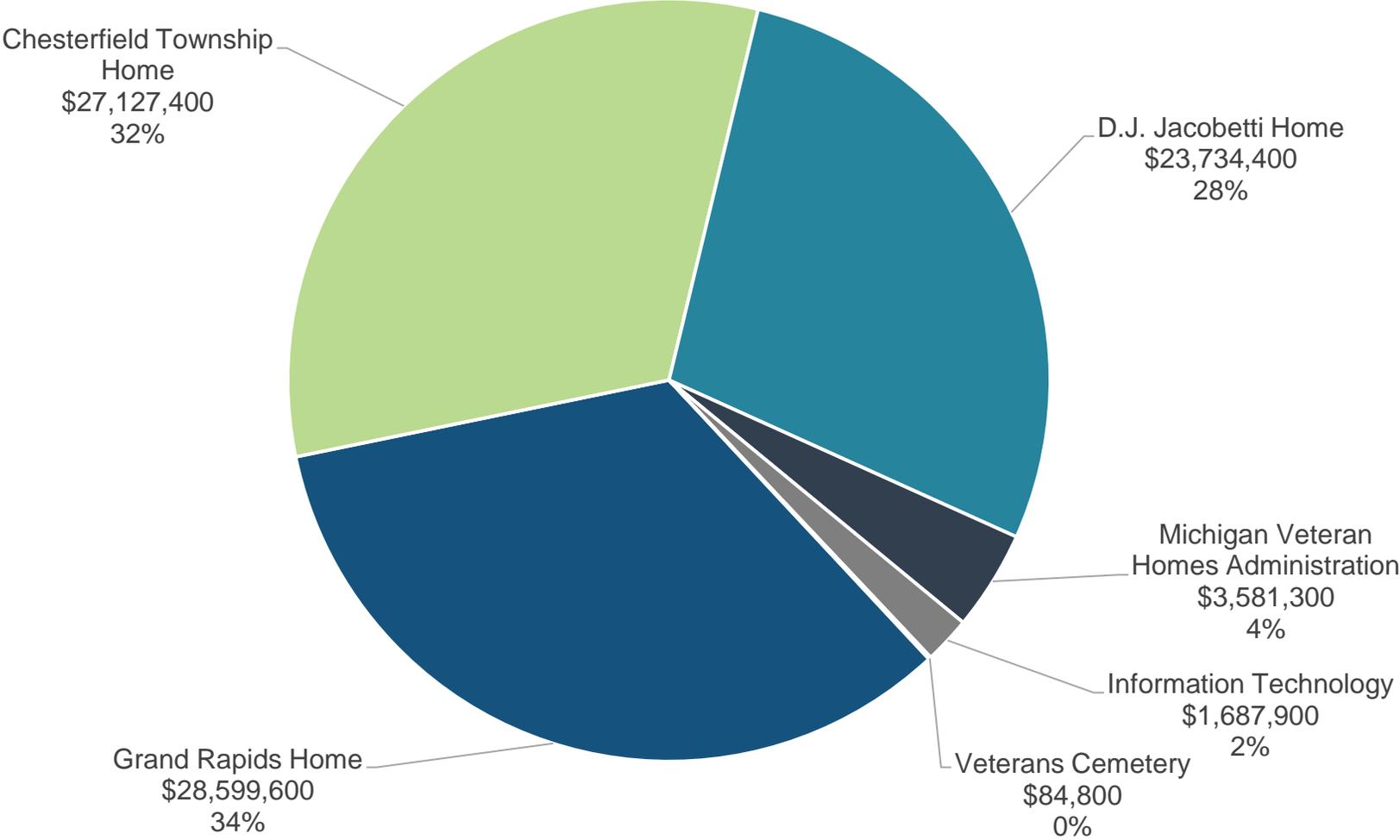
County Veteran Service Fund (CVSF) Grant Program

- Established in 2018 to provide grants to counties for veteran service operations
- Majority of counties do not spend their full available grant amounts resulting in an accumulating carry-forward balance
- Data on earned grant amounts by county since FY 2018-19 is available on the [House Fiscal Agency website](#)



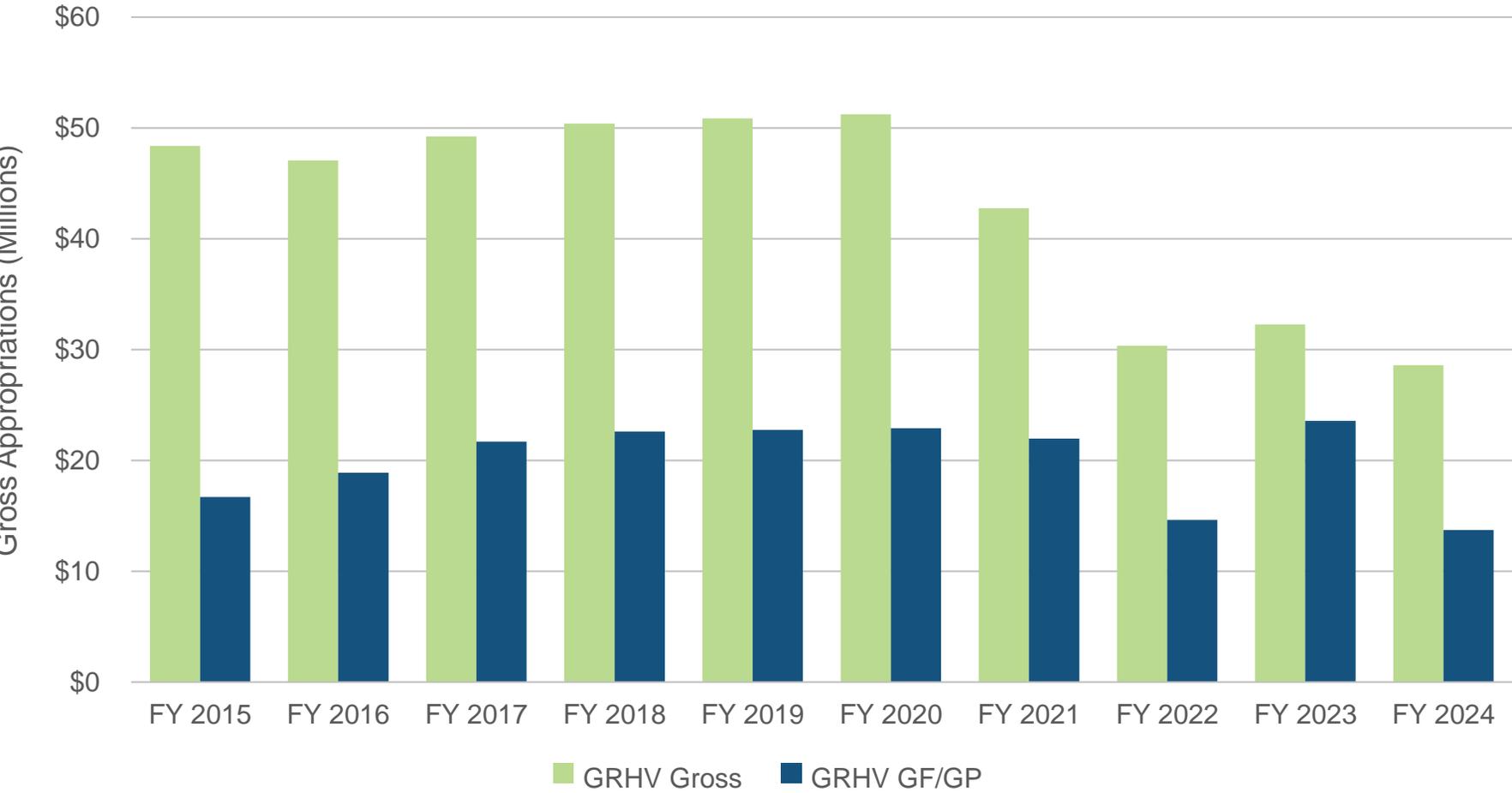
Michigan Veterans' Facility Authority

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.



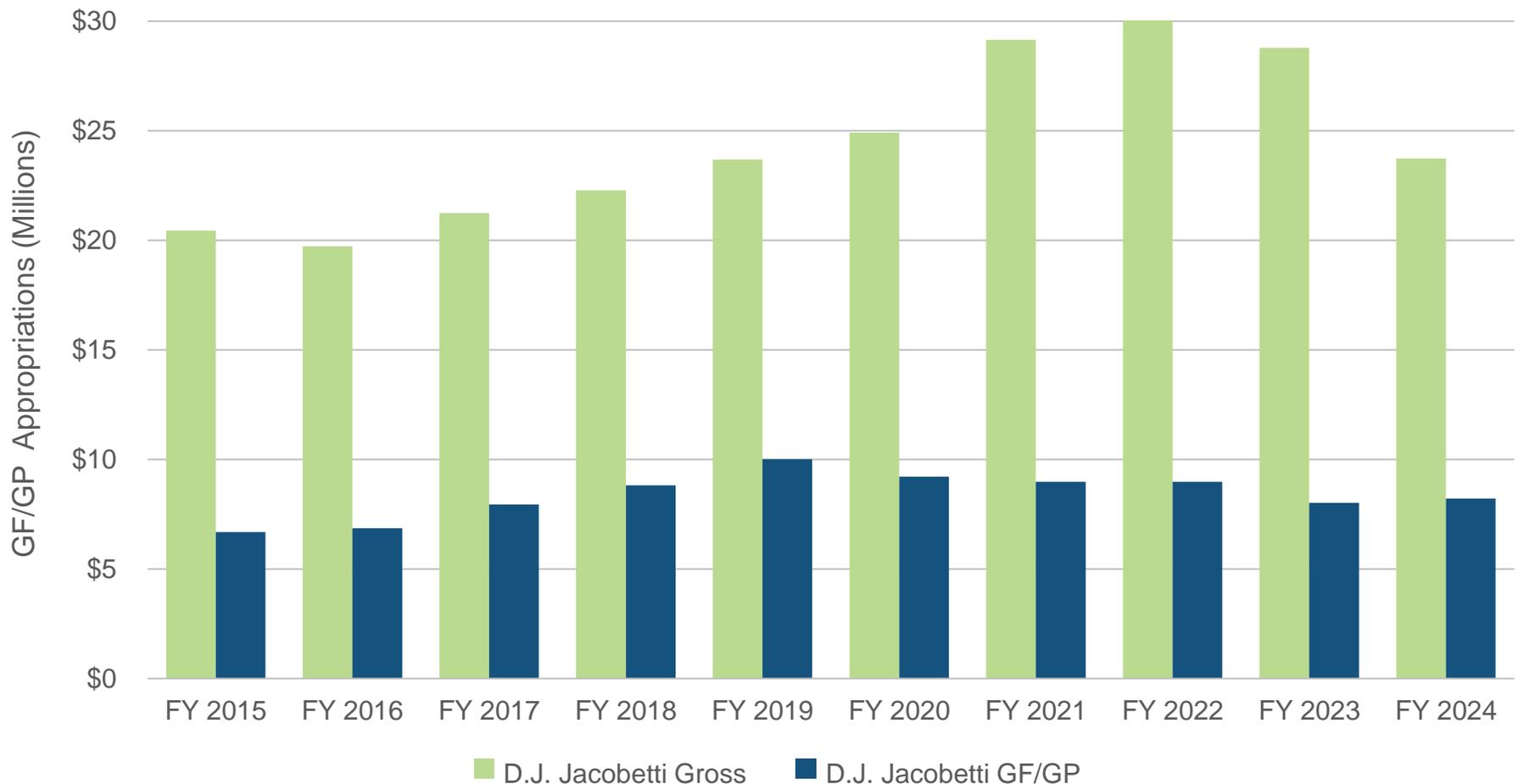
Grand Rapids Home Gross and GF/GP Funding

Beginning in FY 2020-21, Gross appropriations for the Grand Rapids Home began decreasing, reflecting lower censuses and the transition to the new, smaller facility. GF/GP revenues have been relied upon to offset reduced federal per diem revenues and the inability of some veterans to pay assessment fees. The decrease was reversed in FY 2022-23 due to a budget shortfall largely attributed to increased expenses from state employee staff shortages.



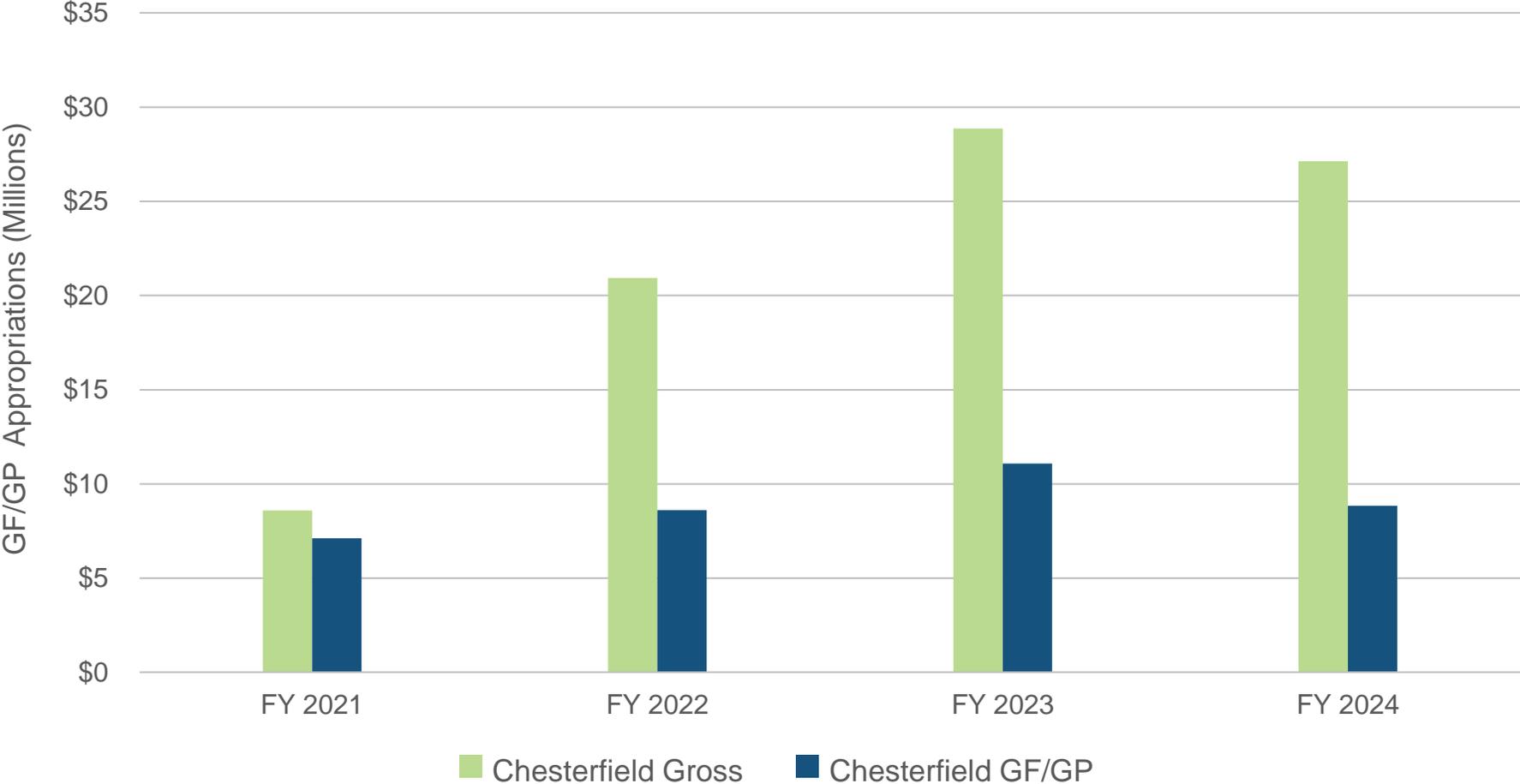
Jacobetti Gross and GF/GP Funding

Gross appropriations peaked in FY 2021-22 due to receiving additional federal funding following the COVID-19 pandemic. GF/GP appropriations increased due to the need to offset restricted fund revenue shortfalls, before decreasing following the home receiving CMS certification and corresponding federal funding.



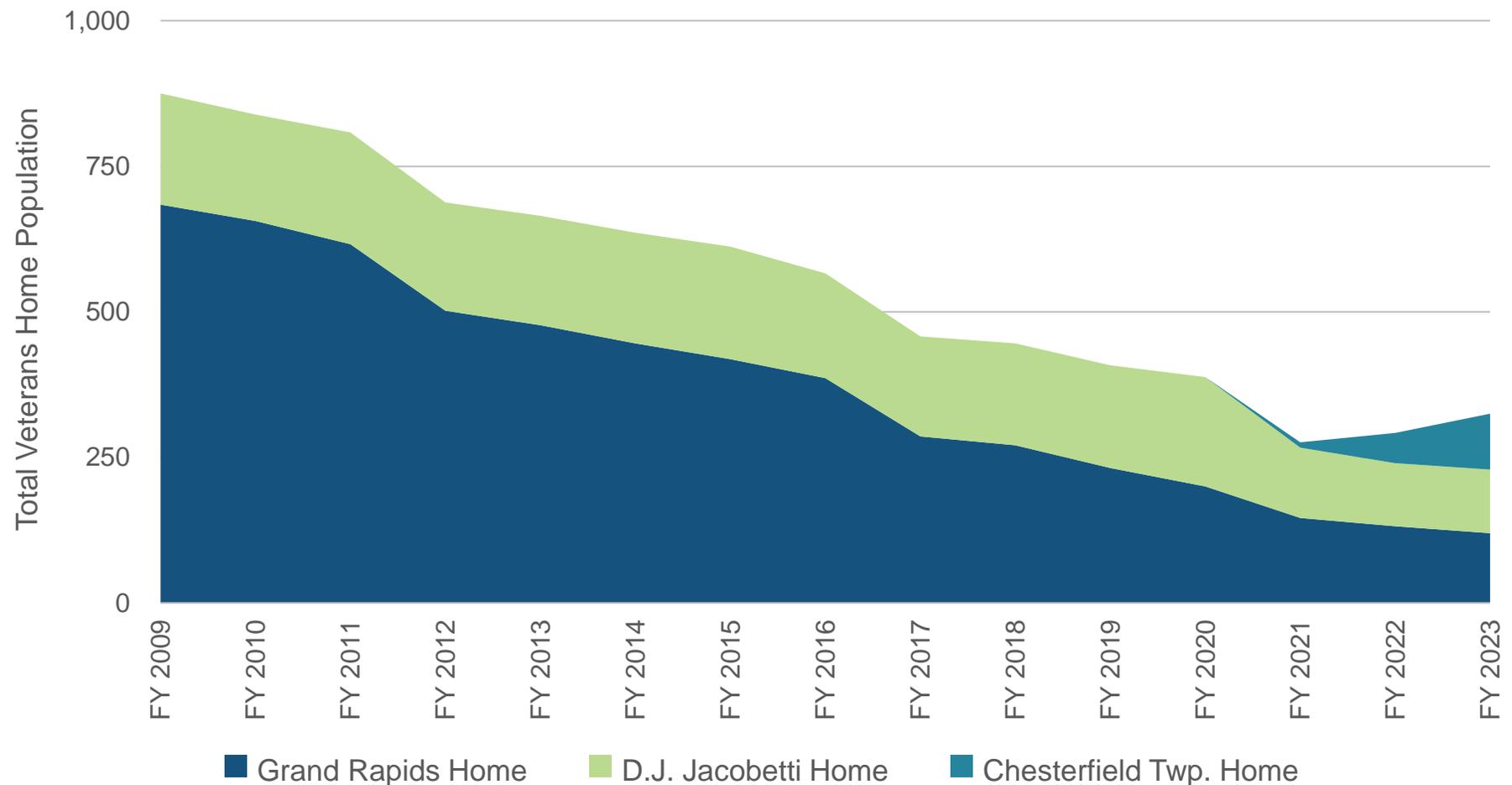
Chesterfield Gross and GF/GP Funding

Funding in FY 2020-21 was appropriated for the first time for the opening of Chesterfield Township Home for Veterans in Macomb County. Funding has grown since then as membership grew and full federal funding was received. Like the Grand Rapids home, additional funding was provided in FY 2022-23 to cover budget shortfalls.



Veterans Homes Population

Total veteran membership at the Grand Rapids Home decreased by approximately **83%** between FY 2008-09 and FY 2022-23. The Chesterfield Township Home for Veterans is anticipated to have a comparable member population to the other two homes after growing gradually since opening in FY 2020-21.



For more information about the Military and Veterans Affairs budget:

HFA Resources

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

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