

FY 2014-15: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS



Summary: As Passed by the House Article XIV, House Bill 5313 (H-1) as Amended

Analyst: Mark Wolf

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$650,000	\$100,000	\$100,000			(\$550,000)	(84.6)
Federal	89,782,700	90,362,800	90,362,800			580,100	0.6
Local	1,500,000	1,500,000	1,500,000			0	0.0
Private	740,000	740,000	740,000			0	0.0
Restricted	27,554,000	25,086,400	25,086,400			(2,467,600)	(9.0)
GF/GP	46,503,300	55,805,700	48,805,700			2,302,400	5.0
Gross	\$166,730,000	\$173,594,900	\$166,594,900			(\$135,100)	(0.1)
FTEs	898.5	898.5	898.5			0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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.

Part 1 (line items) follows a line item/schedule of programs structure for the DMVA budget that is similar (but not the same) to the structure of the FY 2013-14 budget. The budget continues to roll-up to many of the smaller program lines into the major program areas. There are four basic "core services" for the department: (1) Department and National Guard Operations, (2) National Guard Programs, (3) Michigan Veterans Affairs Agency, and (4) Veterans' Homes.

Part 2 (boilerplate) is significantly reorganized, although much of the existing language remains intact. Generally, each program area has a pair of related boilerplate sections. The first section (Sec. ###) describes the legal authority and other requirements under which a particular program operates, including specific legal citations. The second section in each pairing (Sec. ###a) describes the performance metrics or other reporting requirements that apply to each program.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
1. Veterans Service Grants	Gross	\$2,904,600	\$500,000
<u>House:</u> Increases the base grant to veterans' service organizations by \$500,000 GF/GP ongoing, and adds boilerplate language providing a few basic parameters to be specified by the MVAA in structuring the VSO grant agreement.	GF/GP	\$2,904,600	\$500,000
2. Veterans' Homes – Special Maintenance	Gross	\$500,000	\$2,500,000
<u>Executive:</u> Appropriates \$3.0 million GF/GP as a "one-time" appropriation for various maintenance projects at the state's two veterans' homes. This one-time appropriation would be separate from an ongoing \$500,000 GF/GP appropriation for maintenance at the homes. The ongoing appropriation is unchanged.	GF/GP	\$500,000	\$2,500,000

House: Reduces the one-time appropriation by \$500,000 GF/GP.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
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3. National Guard Tuition Assistance Program

Executive: Adds \$5.0 million GF/GP (1.0 transferred FTE) to reestablish a state tuition assistance (TA) program for National Guard members in active drilling status (1 weekend/month and 2 weeks/year). The program would cover 100% of tuition and fees, up to \$4,500 per year, for programs leading to a certificate, associate's degree, baccalaureate degree, or master's degree. Guard members could not pursue a lateral or lower degree, must remain in good standing, and must maintain a 2.0/4.0 GPA. The aim is to aid recruiting and retention efforts, as most other states provide this type of benefit, supplementing available federal education benefits. The state previously provided a TA program from FY 2000 to FY 2009, but ended the program amid state budget reductions and declining utilization rates largely due to the expanded availability of federal education benefits following Post-9/11 active duty service. However, federal active duty deployments are becoming less frequent, and recent changes to the Army's TA program now provide benefits to service members (including National Guard members in active drilling status) after one year of service (rather than making TA available upon completion of their initial training), and cap assistance at 16 semester hours per year.

FTE	N/A	1.0
Gross	N/A	\$2,000,000
GF/GP	N/A	\$2,000,000

House: Concurs on the establishment of the program, but reduces the appropriation to \$2.0 million, with the expectation being that the first year costs of the program would not reach \$5.0 million. Unexpended funds would lapse to the General Fund.

4. National Guard Armories – Special Maintenance

Executive: Adds \$4.0 million GF/GP as a "one-time" appropriation for various maintenance projects at the state's National Guard armories. Projects would include repairs and maintenance to roofs, parking lots, plumbing, heating/cooling systems, etc. This one-time appropriation would be in addition to the ongoing appropriations for armory maintenance, which the Executive reduces by \$2.3 million Federal to align the spending authorization with actual available revenues.

Gross	\$20,351,200	(\$2,300,000)
Federal	17,300,000	(2,300,000)
GF/GP	\$3,051,200	\$0

House: Does not concur with the one-time appropriation of \$4.0 million. Note: 2014 PA 34 (SB 608) appropriates \$7.2 million for armory maintenance in FY 2014, essentially pulling forward the FY 2015 \$4.0 million appropriation requested by the Executive.

Items Agreed to by the Executive and the House

5. Veterans Service Regional Coordinators

Executive: Adds \$750,000 GF/GP for veterans service organizations (or others) to hire 10 regional coordinators who would be responsible for managing the workload of VSO service officers, monitoring service officer performance, and ensuring compliance with grant and boilerplate performance requirements. These coordinators would also serve as a liaison to other public and private agencies serving veterans.

Gross	N/A	\$750,000
GF/GP	N/A	\$750,000

House: Concurs with the Executive, but adds boilerplate Section 401 providing some direction on how the funds would be used.

6. Annualize MVAA Staffing Costs

Executive: Adds \$1.2 million GF/GP to annualize the full-year, full-staffing costs for the Michigan Veterans Affairs Agency. Ostensibly, the FY 2013-14 budget did not support the full-year costs for the full-staffing compliment of the MVAA, recognizing that while the agency was being established, some positions would remain vacant after the start of the fiscal year, as the agency continued to define its work plan and operations.

Gross	\$5,017,000	\$1,200,000
GF/GP	\$5,017,000	\$1,200,000

House: Concurs with the Executive.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
7. County Veterans Counselors (CVCs)	Gross	N/A	\$250,000
<u>Executive:</u> Adds \$250,000 to counties to expand the veterans claims processing capabilities of their county veterans service departments. These funds would be used to support technology improvements, such as the acquisition of an electronic claims management system, to hire additional VA-accredited counselors, or to establish a veterans service department either directly through county employees or through service agreements with neighboring counties. The department provided a similar grant program in FY 2012-13 through the availability of a one-time appropriation.	GF/GP	N/A	\$250,000
<u>House:</u> Concurs with the Executive, but adds boilerplate Section 404 providing some direction on how the funds would be used and Section 404a requiring a report on how the funds were used.			
8. Grand Rapids Veteran' Home (GRVH) Fund Sourcing	Gross	\$47,869,900	(\$2,275,000)
<u>Executive:</u> Adjusts the fund sourcing for the GRVH to better align spending authority with actual revenues and expenditures. These adjustments include a reduction in excess authorization from Income and Assessment revenue (paid by resident members) by \$2.5 million, as continuing renovations to members' rooms (from 4/room to 2/room or 1/room) have reduced the home's member census, thus generating less Income and Assessment revenue. Over the years the home has also seen an increase in members with a disability rating of 70%-100% for whom the home receives a higher per diem payment from the VA, which represents the full cost of care, thereby no longer requiring any additional assessments paid by the member. Because Income and Assessment revenue has been over-appropriated, annual economics adjustments (for salaries, benefits, etc.) charged to Income and Assessment revenues have actually been paid from available GF/GP funds. The Executive adds \$225,000 GF/GP to account for that shift in costs.	Federal	21,650,300	0
	Restricted	13,951,900	(2,500,000)
	GF/GP	\$12,267,700	\$225,000
<u>House:</u> Concurs with the Executive.			
9. National Guard Armories – Operations	Gross	\$13,705,300	\$2,000,000
<u>Executive:</u> Adds \$2.0 million from funds received through the National Guard Bureau to reflect the availability of additional federal NGB funds for the cost of utilities and related services (snow/trash removal, etc.) at the state's armories. A similar adjustment was made in FY 2013 through a September 2013 Legislative Transfer.	Federal	5,780,700	2,000,000
	Restricted	346,400	0
	GF/GP	\$7,578,200	\$0
<u>House:</u> Concurs with the Executive.			
10. Economics Adjustments	Gross	N/A	\$1,289,800
Reflects increased costs of \$1.3 million Gross (\$377,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	N/A	730,000
	Restricted	N/A	182,400
	GF/GP	N/A	\$377,400
11. Homeland Security – Align Authorization	Gross	\$650,000	(\$550,000)
Reduces appropriations by \$550,000 IDG-State Police to eliminate excess authorization for this program line. This program line has not been used to any great degree in recent years. The remaining \$100,000 authorization would provide the department with sufficient spending authority should the need arise.	IDG	650,000	(550,000)
12. D.J. Jacobetti Veterans' Home – Align Authorization	Gross	\$19,385,000	\$0
Adjusts authorization between VA per diem payments and Income and Assessment Revenue.	Federal	7,781,200	150,000
	Restricted	5,491,000	(150,000)
	GF/GP	\$6,112,800	\$0

Major Boilerplate Changes From FY 2013-14

Sec. 205a. National Guard Bureau Funding – NEW

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which National Guard Bureau funds are provided. House – adds.

Sec. 205b. Veterans Health Administration Funding – NEW

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Veterans Health Administration funds are provided. House – adds.

Sec. 205c. Medicare Funding – NEW

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicare funds are provided. House – adds.

Sec. 205d. Medicaid Funding – NEW

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicaid funds are provided. House – adds.

Sec. 219. Quarterly Performance Metrics – REVISED

Requires the department to provide quarterly reports on the status of work projects, finances, performance against stated performance metrics, internal fund shifts, corrective action plans, employees and job classifications, armory closings, and property sales. Executive – deletes the reporting requirement on property sales. House – adds quarterly reporting requirements for populations at the veterans' homes, the financial status of the veterans' homes, the collection of resident assessments at the veterans' homes, volunteer hours at the veterans' homes, the financial status of the Michigan veterans' trust fund, activities funded through the VSO grants, armory maintenance projects (including those funded through the 2014 PA 34), and veterans' service delivery initiative activities funded through 2014 PA 34.

Sec. 222. DMVA Core Services – REVISED

Lists the core services of the department and requires appropriations to be used for those services. Executive – retains. House – revises the list to establish four basic core services: (1) DMVA and National Guard operations, (2) National Guard Programs, (3) MVAA, and (4) veterans' homes.

Sec. 223. Notice of Property Sales – DELETED

Requires the department to provide a 60-day notice of intent to sell property. Executive and House – delete.

Sec. 231. Retirement Costs – NEW

States that FY 2015 legacy retirement costs total \$20,013,100 Gross, including pension costs of \$11,180,100 and retiree health care costs of \$8,833,000. Executive and House – add.

DEPARTMENTAL AND NATIONAL GUARD OPERATIONS

Armories and Joint Force Readiness

Sec. 302. Department and National Guard Operations – REVISED

Requires the department to provide effective and administrative support for the department's operations, including ensuring proper accountability of state funds, adherence to state financial and administrative guidelines, and proper fiscal controls related to purchasing operations. (FY 2014 Section 301.) Executive – deletes. House – lists the specific legal authorities under which the department provides Executive-level administration and administrative support for the department and the operations of the National Guard; requires the National Guard to provide a culture that is free of sexual assault.

Sec. 302a. Headquarters and Armories – REVISED

Requires the department to provide effective and efficient executive direction for the department, to operate and maintain national guard armories, to evaluate the status of armories for potential consolidation and other efficiency improvements, and to measure the condition and adequacy of armories. (FY 2014 Section 302.) Executive – specifies that operations and maintenance of the armories would be within the constraints of the available funding. House – moves language regarding executive administration to Section 302. Retains existing language regarding the evaluation of armories. Also requires a report due December 1 providing an assessment of current armory conditions, short-term and long-term armory maintenance and construction needs, and recommendations for new armories and consolidations.

Maintenance and Operations of National Guard Training Facilities and Air Bases

Sec. 304a. National Guard Strength Data – NEW

Requires quarterly reports on National Guard strength, recruiting, retention, and attrition. House – adds.

ChalleNGe Program

Sec. 307. Michigan Youth ChalleNGe Academy (MYCA) Program Authority – NEW

Requires the department to operate the MYCA as provided under 32 USC 509.

Major Boilerplate Changes From FY 2013-14

Sec. 307a. Michigan Youth Challenge Academy (MYCA) Performance Measures – REVISED

Requires the department to maintain proper staffing levels to operate the MYCA; establishes performance goals of training 144 cadets at the MYCA and having MYCA cadets improve two grade levels on the test of adult basic education (TABE). (FY 2014 Section 307.) Executive – adds language requiring DMVA to recruit disadvantaged youth for the MYCA and to work with the Department of Human Services to identify youth potentially eligible for the MYCA. House – deletes the general language regarding operation of the program, in favor of the new language in Sec. 307; does not include language recommended by the Executive; retains the existing performance metrics.

Military Family Relief Fund

Sec. 308. Military Family Relief Fund (MFRF) Program Authority – NEW

Requires the department to provide grant funding from the Military Family Relief Fund under the Military Relief Fund Act, 2004 PA 363 and related administrative rules. House – adds.

Sec. 308a. Military Family Relief Fund (MFRF) Performance Measures – REVISED

Requires the department to provide grant funding from the Military Family Relief Fund, outreach services to military families of members of the reserve component called into active duty, and quarterly reports on the fund's finances; establishes a performance goal of processing 60 applications for assistance. Executive – updates the fiscal year. House – deletes the general language regarding the administrative of the MFRF in favor of the new language in Sec. 308; revises the quarterly reporting requirement to include expenditures on advertising costs (which is permitted under 2014 PA 62).

Starbase Grant

Sec. 309. Starbase Grant Program Authority – NEW

Requires the department to maintain a Starbase program as provided under 10 USC 2193b.

MICHIGAN VETERANS AFFAIRS AGENCY

MVAA Operations

Sec. 400. MVAA Program Authority – NEW

Requires the MVAA to provide assistance to Michigan veterans as provided under Executive Reorganization Order 2013-2; requires a study on the homeless veterans, including statistics and an update on the activities and strategies developed through the community assessment and regional service delivery pilot projects (in Wayne and Kent counties) that are aimed at improving access to, and the utilization of, community-based services among homeless veterans, and aimed at preventing the incidence of, and minimizing the risk factors for, homelessness among veterans.

Sec. 400a. MVAA Performance Measures – REVISED

Requires the department to provide outreach services to veterans, communicate information on available VA benefits to 35% of the veterans population, process 5,295 requests for military discharge documents (DD-214s), and digitize military medical and discharge documents. Executive – keeps the requirement that the department process DD-214s, but deletes the specific performance goal. House – retains the performance requirements, but increases the metric for DD-214s to 5,660 and state's the goal is to provide outreach services reaching 100% of the veterans population.

Sec. 401. Regional Service Coordination – NEW

Requires that the funds be used, in part, to establish regional coordinators, selected by the MVAA through a grant agreement with VSOs or by other means; requires regional coordinators to coordinate benefit counseling and the delivery of services to veterans within specified regions, in coordination with DHS, DCH, DOC, regional workforce and economic development agencies, and among local foundations, non-profits and other community groups; permits the MVAA to work with service officers and other organizations regarding referrals for service for mental health issues resulting from military sexual trauma, post-traumatic stress disorder, depression, anxiety, and substance abuse; requires the MVAA to work with DHS/DCH in participating in the federal Public Assistance Reporting Information System (PARIS) to identify Medicaid recipients who may be eligible for VA benefits; requires the MVAA to work with DOC in assisting incarcerated veterans in obtaining their DD-214 form; requires MVAA to train service officers on the process of claims for federal veterans benefits due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, or other mental health issues. House – adds.

Sec. 402a. MVAA Veterans Service Officers Performance Measures – REVISED

Establishes a metric of 500 MVAA-filed claims per year, with a goal of 20% of claims considered to be "fully developed" by the VA. Executive – retains. House – deletes the specific requirement of 500 MVAA-filed claims per year; requires quarterly report on MVAA-filed claims (number, type, approval status, percentage considered to be fully developed); establish goal that 50% of MVAA-filed claims be considered fully developed by the VA.

Sec. 403. County Veterans Counselors Program Authority – REVISED

Requires the MVAA to provide training to county veterans counselors; allocates \$50,000 in training support. Executive – retains. House – retains, but made editorial changes.

Sec. 403a. County Veterans Counselors Performance Information – REVISED

Requires MVAA quarterly report on the training provided to CVCs, and requires that at least 20% of CVC-filed claims be considered fully-developed by the VA. Executive – retains. House – continues the quarterly report on training to CVCs, but establishes an overall goal of training 100% of CVCs; establishes a goal that 50% of CVC-filed claims be considered fully-developed by the VA.

Major Boilerplate Changes From FY 2013-14

Sec. 404. Grant Support for County Veterans Counselors – NEW

Specifies that the funds appropriated in part 1 be used, in part, to enhance the capacity and capabilities of CVCs, by providing grant funding to implement an Internet-based data system, to increase the number of CVCs, and to increase the number of counties that provide benefit counseling services.

Sec. 404a. Grant Support for County Veterans Counselors Report – NEW

Requires a quarterly report on how CVC enhancement grants are expended.

Veterans Service Grants

Sec. 406. Grants to Veterans Service Organizations Program Authority – REVISED

Establishes program requirements for veterans service grants. Executive – retains. House – specifies the basic parameters of the grant program, which would be specified by the MVAA as part of the grant agreement. These include, service under a regional service delivery model, at specified times/locations, including state correctional facilities; the payment of a fixed hourly rate; and a specified number of service hours, with a statewide goal of at least 106,750 hours including 6,240 hours at state correctional facilities.

Sec. 406a. Grants to Veterans Service Organizations Performance Information – REVISED

Requires the department to provide grants to veterans service organizations (VSOs) in a manner that is consistent with MVAA performance goals and objectives. Requires grant recipients to meet performance metrics, including a goal that 20% of claims be considered "fully developed" by the VA. Executive – retains. House – Requires quarterly report on the claims submissions by the VSOs to the VA, including the number of claims submitted, by type, as well as the status of submitted claims – approved/denied/pending. Also requires data on the number of fully developed claims submitted by the VSOs, with a goal of 50% of all claims considered to be fully developed by the VA.

Veterans' Trust Fund

Sec. 407. Veterans' Trust Fund Program Authority – NEW

Lists the specific statutes and constitutional provisions that establish and direct the operation of the Michigan Veterans' Trust Fund. House – adds.

Sec. 407a. Veterans' Trust Fund Performance Information – REVISED

Requires the department to maintain the staffing and resources to process at least 2,000 applications for grant assistance from the MVTF. Executive – retains. House – Eliminates the existing performance goal; incorporates existing language requiring an annual report on MVTF activities from Sec. 220, and specifies a reporting deadline of December 1 for prior year activities.

Grand Rapids Veterans' Home (GRVH)

Sec. 501(1)-(7). Basic Service and Standards of Care (Program Authority) – REVISED

Requires the GRVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home; requires the home to meet applicable standards of care established by the VA. Executive – retains. House – eliminates general language requiring adherence to federal standards, and, instead, lists specific federal and state laws and regulations applicable to the operations of the home.

Sec. 501(13). GRVH Report on Abusive and Neglectful Care – REVISED

Requires that complaints of alleged abuse or neglect received by a supervisor at the home be reported to the director of nursing within 10 days, and requires that the director of nursing provide information on the nature and final disposition of complaints received at least monthly to the home administrator, Board of Managers, Michigan Veterans Affairs Agency, subcommittees, and legislative fiscal agencies. Also requires a report by November 30, 2013 – required under FY 2014 Sec. 501(25) – on the complaint management process utilized by the home. Executive – deletes the one-time complaints management process report. House – deletes the one-time complaints management process report; requires reports of abusive or neglectful care to be reported by a supervisor to the director of nursing upon receipt of a complaint; adds the State Budget Office as a recipient of the monthly report on abusive or neglectful care.

Sec. 501(14)-(22). GRVH Specific Performance Requirements – REVISED

Requires the GRVH to meet certain specific requirements concerning psychiatric care, the monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, personal funds of residents, and direct care nursing staff levels. The GRVH must also provide quarterly reports on the performance standards established in the section. Executive – retains. House – retains the performance requirements that are specific to GRVH; adds a requirement that the policies adopted by the home and the board of managers be posted on the MVAA's website.

Sec. 501a. GRVH Performance Information – REVISED

Requires quarterly reports on the specific performance requirements for GRVH. Executive – retains. House – expands the reporting requirements, and moves a portion of those to Sec. 219.

Major Boilerplate Changes From FY 2013-14

D.J. Jacobetti Veterans' Home (DJJVH)

Sec. 502. DJJVH Service and Care Requirements (Program Authority) – REVISED

Requires the DJJVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home, the training and experience of CENAs; requires the home to meet applicable standards of care established by the VA; establishes a reporting protocol on complaints of alleged abuse and neglect. Executive – retains. House – includes a specific listing of the federal and state laws and regulations applicable to the operations of the home; requires reports of abusive or neglectful care to be reported by a supervisor to the director of nursing upon receipt of a complaint; adds the State Budget Office as a recipient of the monthly report on abusive or neglectful care; adds a requirement that the policies adopted by the home and the board of managers be posted on the MVAA's website.