

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



Analyst: Mark Wolf

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$1,166,500	\$650,000	(\$516,500)	(44.3)	\$650,000	\$0	0.0
Federal	99,239,400	89,782,700	(9,456,700)	(9.5)	91,341,900	1,559,200	1.7
Local	1,503,600	1,500,000	(3,600)	(0.2)	1,500,000	0	0.0
Private	1,503,700	740,000	(763,700)	(50.8)	740,000	0	0.0
Restricted	30,427,000	27,554,000	(2,873,000)	(9.4)	27,554,000	0	0.0
GF/GP	38,233,400	42,381,300	4,147,900	10.8	38,767,600	(3,613,700)	(8.5)
Gross	\$172,073,600	\$162,608,000	(\$9,465,600)	(5.5)	\$160,553,500	(\$2,054,500)	(1.3)
FTEs	846.0	880.0	34.0	4.0	880.0	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department of Military and Veterans Affairs has three primary missions: to execute duties as specified in various state statutes and by the Governor, to administer state regulated services, and to ensure preparedness of the Michigan National Guard to assist both state and federal authorities. The Michigan National Guard serves to protect the lives and property of Michigan citizens during times of natural disaster and civil unrest, to preserve peace, order, and public safety at the direction of the Governor, and to assist the federal government in defending sovereign interests of the United States when they are threatened or violated. The department also oversees state programs for veterans, the state's veterans' homes in Grand Rapids and Marquette, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

Major Budget Changes From FY 2012-13 YTD Appropriations	Executive Changes		
	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Veterans' Services Delivery Initiative	FTE	N/A	33.0
Adds \$4.0 million GF/GP and 33.0 FTE positions in on-going funding and staff support, and an additional one-time appropriation of \$4.0 million GF/GP for a new veterans' service delivery initiative. The initiative is part of the restructuring of the administration and delivery of veterans' affairs programs, services, and benefits within DMVA and throughout state government following the creation of the Veterans Affairs Agency by Executive Order 2013-2. Ongoing funding and staffing support the operations of the agency, while the one-time appropriation supports initial agency activities related to program (service delivery) design and development. The executive order specifically tasks the new agency to review state veterans' services and benefits, re-engineer intra-agency and interagency business processes to improve the delivery of services to veterans and coordinate veterans' programs and services throughout state government. (Supplemental Request 2013-4 includes \$3.0 million and 11.0 FTE positions for the new agency for FY 2012-13.)	Gross	N/A	\$8,000,000
	GF/GP	N/A	\$8,000,000
			(\$4,000,000)

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Executive Changes</u>	
			<u>FY 2012-13 to FY 2013-14</u>	<u>FY 2013-14 to FY 2014-15</u>
2. Veterans Service Officers	FTE	1.0	5.0	0.0
Adds \$600,000 and 5.0 FTE positions to support the hiring of state employees to serve as VA-accredited veterans service officers who provide assistance to qualified veterans in the preparation, presentation, and prosecution of claims for veterans' benefits; also supports continued efforts in training VA-accredited county veterans' counselors (service officers).	Gross	\$125,000	\$600,000	\$0
	GF/GP	\$125,000	\$600,000	\$0
3. D.J. Jacobetti Veterans Home Laundry Services	Gross	\$199,000	\$60,000	\$0
Adds \$60,000 GF/GP for a new contract for laundry and linen services at the D.J. Jacobetti Veterans Home in Marquette. DTMB cancelled the old contract nine months early (in November 2012) with services provided under temporary contract while a new vendor is selected through the procurement process. The request for proposals (RFP) for the new contract was released in late January 2013, with the new contract expected to start in April 2013. The old contract had a single rate for both personal items of the residents and linens of the home. The temporary contract has a higher rate to launder the personal items of the residents; it is anticipated the new contract will as well.	GF/GP	\$199,000	\$60,000	\$0
4. Veterans Homes Maintenance	Gross	\$2,116,000	(\$1,616,000)	\$0
Adds \$500,000 GF/GP in ongoing support for special maintenance activities at the Grand Rapids and Jacobetti veterans' homes; eliminates \$2.1 million designated as a one-time appropriation in FY 2012-13 for maintenance at the two homes.	GF/GP	\$2,116,000	(\$1,616,000)	\$0
5. Lands and Acquisitions	Gross	\$250,000	\$750,000	\$0
Adds \$750,000 from the Michigan National Guard Armory Construction Fund (which receives revenue from the sale of National Guard facilities and properties) for the acquisition costs of land and properties for new (or expanded) armories. DMVA is seeking a replacement for the armory in Flint and would use the funds appropriated here to acquire a suitable existing facility (rather than building anew).	Restricted	\$250,000	\$750,000	\$0
6. Eliminate FY2012-13 One-Time Appropriations	Gross	\$16,491,900	(\$16,491,900)	\$0
Eliminates other one-time appropriations in FY 2012-13, including those related to the Flint armory (\$12.0 million); veterans service enhancements (\$434,000), county veterans' counselor accreditation (\$200,000), data upgrades and records digitization (\$750,000), state employee lump-sum payments (\$707,000), and special maintenance at state armories (\$2.4 million).	IDG	700	(700)	0
	Federal	9,407,500	(9,407,500)	0
	Local	3,600	(3,600)	0
	Private	4,200	(4,200)	0
	Restricted	3,136,000	(3,136,000)	0
	GF/GP	\$3,939,900	(\$3,939,900)	\$0
7. Information Technology Adjustments	Gross	\$1,078,500	\$26,000	\$0
Increases funding for IT-related services and projects (common to all departmental budgets) cost increases for the Windows 7 upgrade, the Center for Shared Solutions, and improvements to the state's wireless infrastructure and internet bandwidth.	Federal	531,600	12,900	0
	Restricted	384,800	9,300	0
	GF/GP	\$162,100	\$3,800	\$0
8. Economic Adjustments	Gross	N/A	\$3,381,600	\$1,945,500
Reflects increased costs of \$3.4 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments; provides an additional increase of \$1.9 million Gross (\$0.4 million GF/GP) projected for FY 2014-15.	Federal	N/A	1,837,900	1,559,200
	Restricted	N/A	503,700	0
	GF/GP	N/A	\$1,040,000	\$386,300

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
9. Special Maintenance Consolidation				
Consolidates the several special maintenance program lines for military sites included in the department operations sections with a separate capital outlay program line (remodeling and additions), and adjusts the spending authorization from federal National Guard Bureau (NGB) revenues to align with anticipated revenue.	Gross	\$23,351,200	(\$3,000,000)	\$0
	Federal	20,300,000	(3,000,000)	0
	GF/GP	\$3,051,200	\$0	\$0
10. Headquarters and Armories				
Transfers \$15,000 GF/GP to the Michigan Emergency Volunteers program line to better reflect where expenditures are incurred and increases by \$700,000 in federal NGB revenues to align with anticipated revenue.	FTE	80.0	0.0	0.0
	Gross	\$11,958,800	(\$685,000)	\$0
	Federal	4,656,800	700,000	0
	Restricted	346,400	0	0
	GF/GP	\$6,955,600	(\$15,000)	\$0
11. Michigan Emergency Volunteers				
Includes the transfer of \$15,000 GF/GP from Headquarters and Armories to the Michigan Emergency Volunteers (volunteer defense force) to better reflect where expenditures are incurred. Increased funding supports travel and training costs of the volunteer defense force related to the development of cyber defense capabilities.	Gross	\$5,000	\$15,000	\$0
	GF/GP	\$5,000	\$15,000	\$0
12. Youth ChalleNGe Program				
Reduces spending authorization from IDG and private sources to reflect anticipated revenues for Youth ChalleNGe, a voluntary boot camp-style program for 16- to 18-year old high school dropouts administered by the Department in Battle Creek. The federal Safe and Drug-Free Schools and Communities State Grant program has ended. Funding available from that federal grant was made available to DMVA through an IDG from the Department of Community Health. Reduces spending authorization from private donations to reflect a decline in the amount donated to the program.	Gross	\$5,276,700	(\$925,300)	\$0
	IDG	165,800	(165,800)	0
	Federal	2,651,400	0	0
	Local	1,500,000	0	0
	Private	959,500	(759,500)	0
13. Homeland Security				
Recognizes the elimination of federal grant funding made available to DMVA through an IDG from the Department of Community Health, Office of Public Health Preparedness. Also reduces the IDG from the Department of State Police supported by federal homeland security funds. (A similar reduction in federal spending is taken in the Department of State Police budget.	Gross	\$1,000,000	(\$350,000)	\$0
	IDG	1,000,000	(350,000)	0
14. Grand Rapids Veterans Home				
Reduces spending authorization for the GRVH to reflect actual revenues collected from federal Medicaid and Medicare funds, and income and assessments from residents at the home.	FTE	343.0	0.0	0.0
	Gross	\$46,516,500	(\$1,600,000)	\$0
	Federal	21,695,600	(600,000)	0
	Restricted	14,594,700	(1,000,000)	0
	GF/GP	\$10,226,200	\$0	\$0
15. Military Training Sites and Support Facilities				
Increases spending authorization from federal National Guard Bureau revenues for military training sites and support facilities (Camp Grayling, Fort Custer, Battle Creek Air National Guard (ANG) Base, Selfridge ANG Base, Alpena Combat Readiness Training Center (CRTC) to reflect actual revenues collected.	FTE	205.0	0.0	0.0
	Gross	\$30,065,500	\$1,000,000	\$0
	Federal	28,456,300	1,000,000	0
	GF/GP	\$1,609,200	\$0	\$0

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

Sec. 217. Budgetary Efficiency – DELETED

Requires the department to improve its budget efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained through the reduction or elimination of programs. Executive - deletes.

Sec. 219. Quarterly Performance Metrics Reports – DELETED

Requires the department to provide quarterly report on the status of work projects, the department's financial status, evidence of efficiencies, property sales, information which validates that all requirements in the budget have been achieved, corrective action plans for requirements that have not been achieved, a summary of any funding shifts between scheduled programs, and the results of any inspections at the two veterans homes. Executive - deletes.

Sec. 220. Services to Veterans – REVISED

Requires the department to report annually on various services to veterans, i.e. metric requirements, audits and tax reports, expenditures by category, population and bed space at the veterans homes, and on the Michigan Veterans' Trust Fund. Executive – deletes a requirement that the department provide financial information on the homes and the nursing home licensure status of the homes; deletes a requirement that the department provide information on the methodology used to allocate emergency grant funds, the method of selecting authorized agents within the counties to process grant applications, and the department's efforts to reduced administrative costs related to the MVTF and maintain the \$50.0 million corpus of the trust fund.

Sec. 223. Notice of Property Sales – DELETED

Requires the department to provide a 60-day notice of intent to sell property.

Sec. 226. Partner with Reserve Forces – DELETED

Requires the department to seek partnerships with the reserve component of the U.S. Armed Forces for the co-location of activities and cost share for facilities.

Sec. 227. Bid Process – DELETED

Prohibits the exclusion of public employee unions from the bid process for contract services. Executive - deletes.

Sec. 230. Performance Metrics Report – NEW

Requires the department to maintain a publicly accessible website that identifies and tracks the department's performance against key metrics used to monitor and improve the department's performance.

Sec. 300. Unclassified Positions – DELETED

Lists titles of unclassified positions currently in the department; requires the department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of unclassified positions. Executive - deletes.

Sec. 301. Administrative Support – DELETED

Requires the department to provide proper levels of administrative support, staffing and resources, and fiscal controls for department expenditures. Executive - deletes.

Sec. 303. Army National Guard Support for State and Local Emergencies – DELETED

Requires the department to provide Army National Guard (ARNG) forces for emergencies and to properly train and equip military forces. Executive - deletes.

Sec. 304. Army National Guard Training Facilities – REVISED

Requires the department to properly operate and maintain military training facilities, including Fort Custer and Camp Grayling, and to improve the adequacy of utilities and infrastructure. Executive - combines Sections 303 and 304, concerning the Army National Guard to provide ARNG forces for state and local emergencies and in support for national military requirements, and to operate and maintain ARNG facilities, including Fort Custer and Camp Grayling; requires the department to improve the utilities and infrastructure of ANRG facilities; deletes language that requires the department to comply with Appendix 1 of the Master Cooperative Agreement concerning building maintenance performance and Appendix 3 of the Master Cooperative Agreement concerning security management at ARNG facilities.

Sec. 305. Air National Guard Support for State and Local Emergencies – DELETED

Requires the department to provide Air National Guard (ANG) forces for state and local emergencies, to properly train and equip military forces, and to improve the adequacy of the utilities and infrastructure of ANG facilities. Executive - deletes.

Sec. 306. Air National Guard Training Facilities – REVISED

Requires the department to properly operate and maintain Selfridge and Battle Creek Air National Guard bases and the Alpena Combat Readiness Training Center and to provide security services at ANG facilities.

Major Boilerplate Changes From FY 2012-13

Sec. 401. Veterans Advice, Advocacy, and Assistance – REVISED

Requires the department to provide advice, advocacy, and assistance services to veterans; to maintain proper levels of staffing and resources; to distribute grant funding; to take steps to improve the coordination of veterans' benefits counseling; and to increase its responsibility in administration, management, oversight, and outreach of delivery of services. Executive – Adds the department shall assist veterans in securing professional assistance, advocacy, and counseling regarding claims management issues.

Sec. 601. Veterans' Homes – REVISED

Requires the department to provide proper levels of staffing and resources for operating the two veterans' homes; authorizes appropriations for Boards of Managers to be expended for facility improvements; specifies requirements for competency evaluated nursing assistants employed at the homes. Executive – deletes language specifying the minimum number of residents at the two homes in skilled nursing or domiciliary beds; requiring the homes to ensure medical staff conforms to U.S. Department of Veterans Affairs standards; requiring the homes to provide transportation to all medical appointments outside the homes; requiring residents to receive daily laundry services; requiring maintenance and custodial services to conform to applicable local, state, and federal standards; requiring prior notice before the homes' boards of managers alter spending plan from post and posthumous funds; and requiring resident care aides provided by contractors meet certain requirements.

Sec. 602. Michigan Veterans' Facility Ombudsman – DELETED

Specifies legislative intent for establishing a Michigan Veterans' Facility Ombudsman; specifies duties and responsibilities of the Ombudsman. Ombudsman's purpose would be to conduct investigations concerning actions or omission of actions or conditions at the veterans' homes which are alleged to be contrary to law or policy or that pose a significant health or safety issue. Executive - deletes.

Supplemental Recommendations for FY 2012-13 Appropriations

**FY 2012-13
Recommendation**

1. Veterans' Service Delivery Initiative

The initiative is part of the restructuring of the administration and delivery of veterans' affairs programs, services, and benefits within DMVA and throughout state government following the creation of the Veterans Affairs Agency by Executive Order 2013-2. The new agency will raise the level of services provided through DMVA and throughout state government.

FTE	11.0
Gross	\$2,997,500
GF/GP	\$2,997,500