FY 2017-18: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary: As Passed by the Senate

Senate Bill 146 (S-1)

Analyst: Kent Dell

<table>
<thead>
<tr>
<th>FY 2016-17 YTD as of 2/8/17</th>
<th>FY 2017-18 Executive</th>
<th>FY 2017-18 House</th>
<th>FY 2017-18 Senate</th>
<th>FY 2017-18 Enacted</th>
<th>Difference: Senate From FY 2016-17 YTD</th>
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<td>IDG/IDT</td>
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<td>$101,800</td>
<td>$101,800</td>
<td>$101,800</td>
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<td>92,334,100</td>
<td>92,334,100</td>
<td>540,500 0.6</td>
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<td>1,528,400</td>
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<td>1,528,400</td>
<td>6,000 0.4</td>
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<tr>
<td>Private</td>
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<td>640,000</td>
<td>640,000</td>
<td>640,000</td>
<td>(102,800) (13.9)</td>
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<tr>
<td>Restricted</td>
<td>24,696,000</td>
<td>22,332,600</td>
<td>22,332,600</td>
<td>22,332,600</td>
<td>(2,363,400) (9.6)</td>
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<tr>
<td>GF/GP</td>
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<td>63,067,500</td>
<td>62,067,500</td>
<td>63,067,500</td>
<td>4,823,900 8.3</td>
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<tr>
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<td>$179,004,400</td>
<td>$180,004,400</td>
<td>$2,904,200 1.6</td>
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<tr>
<td>FTEs</td>
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<td>913.5</td>
<td>913.5</td>
<td>913.5</td>
<td>6.0 0.7</td>
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</table>

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

NOTE: Information on House budget action in this document is based on House Bill 4323 as passed by the House.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Removal of FY 2016-17 One-Time Appropriations and Placeholders

   Executive removes all FY 2016-17 one-time appropriations as well as a $100 GF/GP place holder for veterans' homes planning and $300,000 GF/GP for housing construction at Camp Grayling. House concurs. Senate concurs.

   Gross $4,100,100 (4,100,100)
   GF/GP $4,100,100 (4,100,100)

2. National Guard Armory Maintenance

   Executive includes a one-time appropriation of $2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau. House concurs with Executive. Senate shifts funding to ongoing appropriations.

   Gross NA $2,500,000
   GF/GP NA $2,500,000

3. National Guard Tuition Assistance Fund

   Executive includes $3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support the National Guard Tuition Assistance Program. House includes $3.4 million ongoing GF/GP. Senate concurs with Executive.

   Gross $60,000 $3,947,000
   GF/GP $60,000 $3,947,000

4. National Guard Tuition Assistance Program – Program Restructure

   Executive includes a technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program. House concurs. Senate concurs.

   FTE 1.0 (1.0)
   Gross $3,505,000 (3,505,000)
   Restricted 3,505,000 (3,505,000)
   GF/GP $0 $0

5. Armory and Land Sales

   Executive increases land and acquisitions authorization by $1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund. House concurs. Senate concurs.

   Gross $1,000,000 $1,000,000
   Restricted 1,000,000 1,000,000
   GF/GP $0 $0

House Fiscal Agency 1 5/4/2017
Major Budget Changes From FY 2016-17 YTD Appropriations

6. National Guard Operations – State Active Duty

Executive includes $30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>Gross</th>
<th>IDG</th>
<th>Federal</th>
<th>Restricted</th>
<th>GF/GP</th>
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<td>100,000</td>
<td>70,000</td>
<td>$66,400</td>
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7. Grand Rapids Home for Veterans – Staff and Training

Executive includes $820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of $2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>Gross</th>
<th>Federal</th>
<th>Restricted</th>
<th>GF/GP</th>
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</thead>
<tbody>
<tr>
<td>$49,229,000</td>
<td>20,999,900</td>
<td>6,532,500</td>
<td>$21,696,600</td>
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<tr>
<td>$820,000</td>
<td>0</td>
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<td>$0</td>
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8. Grand Rapids Home for Veterans – Accounting Service Staff

Executive transfers the accounting service staff FTEs to the Department of Technology, Management and Budget. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>FTE</th>
<th>Gross</th>
<th>Federal</th>
<th>Restricted</th>
<th>GF/GP</th>
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<tr>
<td>355.0</td>
<td>$49,229,000</td>
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<td>6,532,500</td>
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<td>(8.0)</td>
<td>$0</td>
<td>0</td>
<td>0</td>
<td>$0</td>
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9. D.J. Jacobetti Home for Veterans – Staffing Increase

Executive includes 15.0 FTEs and $800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>FTE</th>
<th>Gross</th>
<th>Federal</th>
<th>Restricted</th>
<th>GF/GP</th>
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<tr>
<td>164.5</td>
<td>$21,250,600</td>
<td>8,305,600</td>
<td>5,000,400</td>
<td>$7,944,600</td>
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<tr>
<td>15.0</td>
<td>$800,000</td>
<td>0</td>
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10. Michigan Veterans’ Facility Authority

Executive includes $500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans’ Facility Authority. House removes. Senate concurs with Executive.

<table>
<thead>
<tr>
<th>Gross</th>
<th>GF/GP</th>
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</thead>
<tbody>
<tr>
<td>$1,000,000</td>
<td>$500,000</td>
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11. Veterans Service Organization Grants

Senate shifts $72,000 GF/GP from the Michigan Veterans Affairs Agency administration line item to the Veterans Service Organization grants line item.

<table>
<thead>
<tr>
<th>Gross</th>
<th>GF/GP</th>
<th>NA</th>
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</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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</table>

12. Michigan Veterans Affairs Agency – Veterans License Plate Fund

Executive includes $50,000 from the recently established Veterans License Plate Fund to support the ongoing operations of the Michigan Veterans Affairs Agency. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>Gross</th>
<th>GF/GP</th>
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<tbody>
<tr>
<td>$7,057,300</td>
<td>$50,000</td>
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</table>

13. Technical Adjustments

Executive aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including:

- Reduction in private revenue authorization for the Michigan Youth ChalleNGe Academy.
- Reduction in rental fee revenue authorization for Headquarters and Armories.
- Removes authorizations associated with IT payroll and accounting services center personnel across the budget.
- Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring.
- Net zero adjustments in authorizations and FTEs between line items. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>FTE</th>
<th>Gross</th>
<th>NA</th>
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<tbody>
<tr>
<td>0.0</td>
<td>($212,600)</td>
<td>($4,900)</td>
</tr>
<tr>
<td>(102,800)</td>
<td>(101,800)</td>
<td>($3,100)</td>
</tr>
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14. Economic Adjustments

Executive includes economic adjustments, which reflect increased costs of $1.1 million Gross ($360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs. Senate concurs.

<table>
<thead>
<tr>
<th>Gross</th>
<th>Federal</th>
<th>Local</th>
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<td>$1,074,900</td>
<td>545,400</td>
<td>6,000</td>
<td>163,400</td>
<td>$360,100</td>
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House Fiscal Agency 2 5/4/2017
Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED
Provides for total state spending from state resources as well as total spending to local units of government. Executive updated to reflect FY 2017-18 appropriations. House concurs. Senate concurs.

Sec. 206. Contingency Funds – REVISED
Provides for contingency fund authorization, which can be appropriated via legislative transfer when the department receives higher than expected federal, state restricted, local, or private revenues. Senate revises to increase state restricted contingency funds to $3.0 million and local contingency funds to $500,000.

Sec. 215. Disciplinary Action Against State Employees – RETAINED
Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains. Senate retains.

Sec. 231. Legacy Costs – RETAINED
Provides for estimated retirement costs. Executive updated to reflect FY 2017-18 costs. House concurs. Senate retains original amounts.

Sec. 233. Intention to Sell Department Property – RETAINED
Requires the department to notify the Legislature sixty days prior to publicly announcing the intention to sell department property. Executive deleted. House retains. Senate retains.

Sec. 234. One-Time Special Maintenance Carry Forward – DELETED
Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year. Executive deleted. House concurs. Senate concurs.

Sec. 300. Unclassified Positions – RETAINED
Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission. Executive deleted. House retains. Senate retains.

Sec. 307. Michigan Youth ChalleNGe Academy – REVISED
Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth ChalleNGe Academy. Executive revised to allow unexpended private donations to be carried forward into the subsequent fiscal year. House concurs. Senate concurs.

Sec. 310. National Guard Tuition Assistance Program – REVISED
Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Executive revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of $4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program. House concurs, but establishes the participation goal of 1,100 members by the end of the fourth year, and removes the appropriation cap. Senate concurs with the Executive.

Sec. 311. Information Technology Services and Projects – DELETED
Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget. Executive deleted. House concurs. Senate concurs.

Sec. 406. Grants to Veterans Service Organizations – REVISED
Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Executive revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates. House concurs and establishes the MVAA paid fixed hourly service rate at $34 per hour. Senate concurs with the Executive.

Sec. 501. Veterans' Homes Service and Care Requirements – REVISED
Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Executive revised to include the Michigan Veterans' Facility Authority. House concurs. Senate concurs.

Sec. 502. D.J. Jacobetti Home for Veterans CMS Certification – REVISED
Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Executive revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18. House revises to state that the purpose is to obtain CMS certification by January 1st of fiscal year 2017-18. Senate concurs with the Executive.

Sec. 504. Board of Managers (Veterans Homes) – REVISED
Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Executive revised to include the Michigan Veterans' Facility Authority. House concurs. Senate concurs.
Major Boilerplate Changes From FY 2016-17

Sec. 604. Armory Maintenance – REVISED
Senate moves the language that allows for the carry-forward of appropriations for armory maintenance at the end of the fiscal year from the one-time appropriations boilerplate section to the ongoing capital outlay boilerplate.

Sec. 605. Land and Acquisitions – RETAINED
Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Executive revised to remove sale and acquisition reporting requirements. House retains original language. Senate concurs with House.

Sec. 605 (Former). Veterans' Homes Planning – DELETED
Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans' homes. Executive deleted. House concurs. Senate concurs.

Sec. 1201. Anticipated Appropriations – RETAINED
Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains. Senate retains.

Sec. 1202. MVAA Outreach – RETAINED
Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees. Executive deleted. House retains. Senate retains.

Sec. 1203. MVAA Claims Services – RETAINED
Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs. Executive deleted. House retains. Senate retains.