

**Summary: Executive Budget Recommendation
for Fiscal Year 2020-21
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



Analyst: Michael Cossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 Vs. FY 2019-20	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	106,177,200	123,626,100	17,448,900	16.4
Local	0	0	0	--
Private	630,000	630,000	0	0
Restricted	23,908,600	20,313,400	(3,595,200)	(15.0)
GF/GP	73,247,500	79,671,200	6,423,700	8.8
Gross	\$204,065,100	\$224,342,500	\$20,277,400	9.9
FTEs	933.5	1,061.5	128.0	13.7

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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, County Veteran Service Fund, and the Michigan Veterans Trust Fund.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
1. New Veterans Home Ongoing Costs	FTE NA	115.0
Authorizes \$1.2 million Gross (\$7.6 million GF/GP) to support ongoing operations at new Chesterfield Township home for veterans and new facility at Grand Rapids Home for Veterans. A GF/GP appropriation increase partly covers a short-term reduction of federal revenue as the new homes' residency and eligibility for federal reimbursements stabilizes.	Gross NA Federal NA Restricted NA GF/GP NA	\$1,160,800 (5,856,300) (631,900) \$7,649,000
2. Michigan Job Challenge Program	FTE 50.0	18.0
Authorizes \$2.0 million of federal funding and 18.0 FTE positions for the five-month residential, occupational skills training program for graduates of the Michigan Youth Challenge Academy.	Gross \$7,580,900 Federal 4,514,000 Private 90,000 GF/GP \$2,976,900	\$2,011,000 2,011,000 0 \$0
3. Grayling National Guard Readiness Center Construction	Gross NA	\$18,905,000
Authorizes \$18.9 million of federal funding for a new National Guard Readiness Center at Grayling Army Airfield to support training, administration, and logistical requirements of Michigan National Guard.	Federal NA GF/GP NA	18,905,000 \$0
4. County Veteran Service Fund Reduction	Gross \$4,000,000	(\$2,000,000)
Reduces \$2.0 million GF/GP which was added in 2019 PA 154 from the County Veteran Service Fund, which issues grants to qualifying counties for veterans' services.	GF/GP \$4,000,000	(\$2,000,000)
5. Board of Managers Elimination	Gross \$940,000	(\$400,000)
Eliminates \$400,000 of state restricted funding that had been used to support Board of Managers and transfers \$540,000 of private funding to new Michigan Veterans Homes Administration line to recognize transfer of management authority over veterans' homes from Board of Managers to Michigan Veterans Facility Authority, which will oversee construction and administration of all state veteran homes.	Private 540,000 Restricted 400,000 GF/GP \$0	0 (400,000) \$0

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
6. Veteran Homes Administration Cost Transfers	FTE	18.0	0.0
Transfers \$2.5 million GF/GP to new Michigan Veteran Homes Administration line that will support administration of all veterans homes. Transfers \$452,500 from D.J. Jacobetti Home for Veterans, \$1.6 million from Grand Rapids Home for Veterans, and \$419,900 from Michigan Veterans Facility Authority. Total executive recommended funding is \$3.0 million with transfer of \$540,000 of private funding from Board of Managers as noted in item number 5.	Gross	\$2,473,700	\$0
	GF/GP	\$2,473,700	\$0
7. Cemetery Cost Transfer	Gross	\$85,200	\$0
Transfers \$85,200 GF/GP from Grand Rapids Home for Veterans to new Veterans Cemetery line.	GF/GP	\$85,200	\$0
8. Grand Rapids Home for Veterans Lines Transfers	FTE	318.5	0.0
Transfers \$51.3 million Gross (\$22.9 million GF/GP) and 313.5 FTE positions, from three lines under the Grand Rapids Home for Veterans and \$621,700 Gross (\$225,600 GF/GP) from FY 2020-21 economics increase, into one new line. Transfers \$9.0 million from Veterans Homes Operations, \$10.3 million from Purchased Services, and \$32.5 million from Salaries, Wages, and Fringe Benefits. 5.0 FTE positions would be transferred to Michigan Veterans Affairs Agency Administration line.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
9. Grand Home for Veterans Transition Costs Transfer	FTE	318.5	0.0
Transfers \$13.2 million GF/GP of ongoing funding to Grand Rapids Home for Veterans to one-time funding to support costs of transitioning from the existing facility to the new facility under construction and expected to open in Spring 2021.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
10. Non-GF Transfer from GRHV to New Chesterfield Home	FTE	318.5	0.0
Transfers \$1.3 million Gross (\$0 GF/GP) from Grand Rapids Home for Veterans to new Chesterfield Township veterans home in Macomb County. Transfers \$885,000 of federal funding and \$375,000 of state restricted Income and Assessments revenue.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
11. Michigan Veterans Facility Authority Reduction	FTE	3.0	0.0
Reduces \$250,000 GF/GP from the Michigan Veterans Facility Authority because of vacant transition executive position and reducing the number of yearly meetings by half.	Gross	\$1,276,900	(\$250,000)
	GF/GP	\$1,276,900	(\$250,000)
12. IT Services Increase	Gross	\$1,530,800	\$432,300
Authorizes \$432,300 Gross to align appropriations with available federal and state restricted resources.	Federal	586,700	121,000
	Restricted	425,100	311,300
	GF/GP	\$519,000	\$0
13. Accounting Service Center FTE Transfer to DTMB	FTE	205.0	(5.0)
Reduces 5.0 FTE positions from D.J. Jacobetti Home for Veterans to reflect an Accounting Service Center agreement by which five veterans home business office staff have become part of DTMB-Financial Services.	Gross	\$24,918,600	\$0
	Federal	10,447,800	0
	Restricted	5,262,900	0
	GF/GP	\$9,207,900	\$0
14. D.J. Jacobetti Fund Shift Alignment with Available Resources	FTE	205.0	0.0
Reduces \$354,900 Gross to align fund sources with available federal and state restricted revenues. Reduces \$3.0 million of federal funding and authorizes an additional \$2.7 million of state restricted Income and Assessments revenue.	Gross	\$24,918,600	(\$354,900)
	Federal	10,447,800	(3,008,300)
	Restricted	5,262,900	2,653,400
	GF/GP	\$9,207,900	\$0

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>		<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
15. Restricted Revenue Reductions	Gross	\$11,202,200	(\$5,815,100)
Reduces \$5.8 million of state restricted funding to align with revenue and expenditure projections. Reductions include \$2.9 million from Michigan Veterans Trust Fund, \$2.3 million from Michigan National Guard Armory Construction Fund, \$450,000 from Military Family Relief Fund, \$100,000 from Mackinac Bridge Authority, \$63,800 from Billeting Fund, and \$50,000 from Test Project Fees.	Restricted	11,202,200	(5,815,100)
	GF/GP	\$0	\$0
16. Removal of FY 2019-20 One-Time Funding	Gross	\$65,100	(\$65,100)
Eliminates \$65,100 GF/GP for fielding and issuing of aircrew combat uniforms with updated operational camouflage pattern.	GF/GP	\$65,100	(\$65,100)
17. Economic Adjustments	Gross	NA	\$6,653,400
Reflects increased costs of \$6.7 million Gross (\$1.1 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	5,276,500
	Restricted	NA	287,100
	GF/GP	NA	\$1,089,800

Major Boilerplate Changes from FY 2019-20

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 216. Biannual Reporting on Achieving Requirements – DELETED

Requires department to provide biannual reports on status of work projects, financial status, evidence of efficiencies, corrective action plans for requirements not achieved, department's performance against metrics stated in act, and employment levels.

Sec. 217. Department Core Services – DELETED

Lists core services of department; requires appropriations to be used for core services.

Sec. 220. Private Donations to Veteran Homes – NEW

Appropriates money privately donated to the Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans, and Chesterfield Township Home for Veterans, and permits its use for the purpose designated by the private donor.

Sec. 301. Unclassified Positions – REVISED

(1) Appropriates funding to support unclassified positions; (2) requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions. Revises to delete notification requirement under subsection 2.

Sec. 304. Military Family Relief Fund – REVISED

Requires DMVA to provide grant funding from Military Family Relief Fund, sufficient staffing and resources for outreach services to military families of members of reserve component called into active duty, and biannual reports on financial activities of fund. Revises to eliminate requirement for sufficient staffing and resources.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard; states program's objectives, performance metrics, and reporting requirements. Revises to define eligibility for tuition assistance as defined in 2014 PA 259.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over GRHV and DJJHV. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans.

Major Boilerplate Changes from FY 2019-20

Sec. 402(1)-(3), (10)-(20). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – REVISED

Requires GRHV and DJJHV to meet applicable standards of care as provided under listed federal and state legal authorities; specifies standards around issues concerning psychiatric care, monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, and personal funds of residents; requires information on complaint process to be conspicuously posted at home; requires GRHV, DJJHV, and Board of Managers policies to be posted on MVAA website; requires department to report budgeting and quality of care metrics to the legislature, including health and safety issues, status of Centers for Medicare and Medicaid Services (CMS) certification, resident member demographics, upgrades to facilities, and financial status of homes. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans; deletes requirement to report quarterly on Centers for Medicare and Medicaid certification efforts; deletes requirement to report on modernization updates of Grand Rapids and D.J. Jacobetti Veterans Homes.

Sec. 402(9). GRHV and DJJHV Complaint Management Process – REVISED

Requires complaints of alleged abuse or neglect received by a supervisor at the home to be reported to director of nursing upon receipt; requires director of nursing to provide information on the nature and final disposition of complaints received at least monthly to home administrator, Board of Managers, MVAA, subcommittees, legislative fiscal agencies, and State Budget Office. Revises to delete monthly reporting requirements.

Sec. 404. GRHV and DJJHV CMS Certification Reporting – DELETED

Requires department to report to legislature regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification.

Sec. 405. Veterans’ Trust Fund Grants – REVISED

Requires MVAA to report on Michigan Veterans Trust Fund financial status, awarded grants, and administrative expenses; establishes a capacity metric of 2,000 applications. Revises to add operating expenses to be reported, and to change due date from December 1 to February 1.

Sec. 406(2). Regional Service Coordination – REVISED

Requires the MVAA to provide for the regional coordination of services, including benefit counseling, state health and human service programs, workforce and economic development programs, and community-based programs; allows service officers to include mental health care referral services; requires the MVAA to work with the Department of Health and Human Services and the Department of Corrections in coordinating benefits and services to eligible veterans; requires training on processing veterans benefits due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues. Revises to eliminate requirement of selection of regional coordinators through a staff augmentation service contract.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide grants to veterans service organizations (VSOs) in a manner consistent with MVAA performance goals and objectives; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, including a goal that 40% of VSO-filed claims for VA benefits be considered fully developed by VA; specifies basic parameters of grant agreement, including regional service delivery, payment of fixed hourly rate of \$34.00 per hour, provision of service hours based on appropriations and fixed hourly rate, including in state correctional facilities; requires reports on claims activities. Revises to include partnership with tribal governments in disbursing grants.

Sec. 409. Interagency Agreement with Department of Health and Human Services – DELETED

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement.

Sec. 503. Special Maintenance – Veterans Homes – REVISED

Authorizes capital outlay appropriations to be carried forward at end of fiscal year; requires appropriations to be expended in accordance with section 402 of department budget act to modernize and repair two veterans’ homes; requires biannual reports on maintenance projects at veterans’ homes funded from capital outlay appropriations. Revises to add new Chesterfield Township Home for Veterans.

<u>Supplemental Recommendations for FY 2019-20 Appropriations</u>	<u>FY 2019-20 Recommendation</u>	
<i>1. D.J. Jacobetti Private Donation</i>	Gross	\$425,000
Authorizes \$425,000 in private funding to the Board of Managers for a private donation to the D.J. Jacobetti Home for Veterans.	Private	425,000
	GF/GP	\$0