

**Summary: Senate Passed
MILITARY AND VETERANS AFFAIRS
FY 2004-05 House Bill 5522 (H-1)**



Analyst: Hannah Lee

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	Enacted	Difference: Senate from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$300,000	\$603,000	\$642,500	\$1,042,500		\$742,500	247.5
Federal	40,627,900	45,418,100	45,418,100	45,418,100		4,790,200	11.8
Local	0	0	0	0		0	0.0
Private	1,270,700	1,282,300	1,282,300	1,282,300		11,600	0.9
Restricted	24,570,100	25,599,800	25,599,800	25,599,800		1,029,700	4.2
GF/GP	36,328,800	37,377,900	38,563,000	37,563,100		1,234,300	3.4
Gross	\$103,097,500	\$110,281,100	\$111,505,700	\$110,905,800		\$7,808,300	7.6
FTEs	1,079.0	1,023.0	1,023.0	1,023.0		(56.0)	(5.2)

Overview

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities, as well as several National Guard-related programs, such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

**Major Budget Changes from
FY 2003-04 YTD Appropriations:**

1. Challenge Program

Exec. Rec., House and Senate: Increased \$125,000 GF/GP to help fund two 50-pupil Challenge classes — a voluntary boot camp-style program for high school dropouts funded by the federal National Guard Bureau on a 60/40 federal/state basis.

House: Added \$39,500 IDG above Exec. Rec. to reflect the actual IDG received in FY 2003-04.

Senate: Included additional \$439,500 IDG above Exec. Rec. from FIA to fund more than two 50-pupil classes

	FY 2003-04 YTD (as of 2/12/04)	Senate Passed
Gross	\$3,296,900	\$564,500
IDG	200,000	439,500
Federal	1,651,200	0
Private	845,700	0
GF/GP	\$600,000	\$125,000

2. D.J. Jacobetti Veterans' Home – Medicare and Medicaid

Exec. Rec., House and Senate: Increased federal revenue at the D.J. Jacobetti Veterans' Home due to tightening criteria for providing free prescription drugs to a portion of the Veterans at the home. As a result, there has been an increase in billing to the Veterans' insurance companies resulting in increased Medicare and Medicaid revenues. Also reflects increase in Medicare revenue due to a change in Medicare policy allowing the Home to bill for blood-sugar testing supplies.

	FY 2003-04 YTD (as of 2/12/04)	Senate Passed
Gross	\$12,945,600	\$87,000
Federal	4,073,700	87,000
Restricted	4,391,500	0
GF/GP	\$4,480,400	\$0

**Major Budget Changes from
FY 2003-04 YTD Appropriations:**

		FY 2003-04 YTD (as of 2/12/04)	Senate Passed
3. Veterans Trust Fund Tuition Grant	Gross	\$3,746,500	\$0
House: Increased \$1.0 million GF/GP to fund tuition grant program completely funded by the Michigan Veterans Trust Fund.	Restricted	3,746,500	0
Senate: Did not include \$1.0 million GF/GP.	GF/GP	\$0	\$0
4. Headquarters and Armories	Gross	\$9,041,200	\$300,000
Exec. Rec., House and Senate: Included federal revenue available for security contracts, personnel costs, and maintenance costs.	Federal	1,891,300	300,000
	Restricted	350,000	0
	GF/GP	\$6,799,900	\$0
5. Military Training Sites	Gross	\$14,860,200	\$2,000,000
Exec. Rec., House and Senate: Included federal revenue available for security contracts, personnel costs, and maintenance costs.	Federal	12,140,400	2,000,000
	GF/GP	\$2,719,800	\$0
6. Special Maintenance – Federal	Gross	\$4,300,000	\$1,000,000
Exec. Rec., House and Senate: Included federal revenue available for construction, maintenance and upkeep at the training sites and logistical facilities used as training areas for the Michigan National Guard.	Federal	4,300,000	\$1,000,000
7. Information Technology – Base Reduction and Budgetary Savings	Gross	\$1,170,300	(\$78,900)
Exec. Rec., House and Senate: Included reduction of operating costs and employee-related savings in information technology.	Federal	560,400	(12,000)
	Restricted	160,500	(8,500)
	GF/GP	\$449,400	(\$58,400)
8. Economic Adjustments	Gross	N/A	\$5,687,100
Exec. Rec., House and Senate: Included economic adjustments for salary and wage costs (positive \$2,922,600), retirement costs (positive 1,757,000), insurance costs (positive \$1,051,500), workers compensation (negative \$44,000), and DIT Economics (positive \$90,600).	IDG	N/A	7,600
	Federal	N/A	2,378,100
	Private	N/A	31,900
	Restricted	N/A	1,413,000
	GF/GP	N/A	\$1,856,500
9. Homeland Security	Gross	\$100,000	\$300,000
Exec. Rec., House and Senate: Included pass-through grant funding received from the Department of State Police for activities related to the Homeland Security program.	IDG	100,000	300,000
10. Headquarters and Armories – GF Adjustment	Gross	\$9,041,200	(\$100,000)
Exec. Rec., House and Senate: Included adjustment for one-time cost to bring home troops for the 2003 holiday.	Federal	1,891,300	0
	Restricted	350,000	0
	GF/GP	\$6,799,900	(\$100,000)
11. Military Retirement Payments	Gross	\$2,500,000	\$176,000
Exec. Rec., House and Senate: Included increase in the annual annuity paid to retired Michigan Army and Air national Guard personnel per the Michigan Military Act, PA 150 of 1967.	GF/GP	\$2,500,000	\$176,000
12. Employee-related savings	Gross	\$103,097,500	(\$2,198,500)
Exec. Rec., House and Senate: Included 5% employee-related savings to help fund FY 2004-05 economic costs.	IDG	300,000	(4,600)
	Federal	40,627,900	(858,100)
	Private	1,270,700	(20,300)
	Restricted	24,570,100	(537,700)
	GF/GP	\$36,328,800	(\$777,800)
13. Human Resources Optimization	Gross	\$9,041,200	(\$19,600)
Exec. Rec., House and Senate: Included savings through increased efficiency in performing human resources.	Federal	1,891,300	0
	Restricted	350,000	0
	GF/GP	\$6,799,900	(\$19,600)

**Major Budget Changes from
FY 2003-04 YTD Appropriations:**

		FY 2003-04 YTD (as of 2/12/04)	Senate Passed
14. FTE Adjustments	FTEs	1,079.0	(56.0)
Exec. Rec., House and Senate: Reduced full-time equated positions (FTEs) throughout budget to correctly align staffing and to optimize human resources.			
15. Executive Budget Revision	Gross GF/GP	N/A N/A	(\$185,100) (\$185,100)
Exec. Rec.: Reduced GF/GP to reflect the change in methodology for allocating year-end salary and fringe benefit costs between fiscal years and to reflect the savings from the recent actuarial experience study for the State Employees Retirement System.			
16. Items of Difference	Gross GF/GP	N/A N/A	\$100 \$100
Senate: Included \$100 items of difference from House-passed bill for all line items containing GF/GP.			

Major Boilerplate Changes from FY 2003-04:

Sec. 205. Hiring Freeze

Imposes hiring freeze on the state classified civil service; exempts internal transfers and provides for other exceptions.

Exec. Rec.: deleted. **House:** retained. **Senate:** updated language on criteria for exceptions.

Sec. 207. Privatization Plans

Requires the department to submit a complete project plan to Legislature 60 days before beginning any effort to privatize.

Exec. Rec.: deleted. **House:** retained. **Senate:** concurred with House.

Sec. 213. Armory Closure or Consolidation

Requires the department to consult with the house and senate appropriations subcommittees regarding the projected closing or consolidation of any national guard armories.

Exec. Rec.: deleted. **House:** retained. **Senate:** concurred with House.

Sec. 214. Military Cemeteries

States legislative intent that, should necessary legislation be enacted and funds become available, funds be appropriated for state military cemeteries in Crawford and Dickinson Counties.

Exec. Rec.: deleted. **House:** concurred with Exec. Rec. **Senate:** retained.

Sec. 224. Contingency Funds

Appropriates federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item.

Exec. Rec.: added new section. **House:** concurred with Exec. Rec. **Senate:** deleted.

Sec. 302(4). Challenge Program Participants

Requires the department to take steps to insure that at least 75% of the participants in the Challenge program are members of families with incomes at or below 200% of the federal poverty level.

Exec. Rec.: added new section. **House:** deleted. **Senate:** concurred with House.

Sec. 601. Veterans' Homes

Requires appropriations for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home not to be used for any purpose other than for veterans and veterans' families.

Exec. Rec.: deleted. **House:** retained. **Senate:** concurred with House.

Sec. 602. Veterans' Homes Annual Written Report

Requires the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, to produce and deliver an annual written report including an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification; and whether or not steps are being taken toward Medicaid certification, to the senate and house of representatives appropriations subcommittees on state police and military affairs no later than February 1, 2005.

Exec. Rec.: deleted. **House:** retained. **Senate:** concurred with House.

Major Boilerplate Changes from FY 2003-04:

Sec. 704. County Veterans Counselors

Requires the Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration to take steps to assist the county veterans counselors to obtain training necessary for the execution of their duties.

Exec. Rec.: deleted. **House:** retained. **Senate:** concurred with House.

Sec. 705. Veterans Trust Fund

States the legislative intent to only expend interest earned by the Michigan Veterans Trust Fund.

Exec. Rec.: did not include this section. **House:** did not include this section. **Senate:** added new language.