

**Summary: House Recommendation  
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: House from FY 2003-04 YTD	
						Amount	%
<b>IDG/IDT</b>	\$300,000	\$603,000	\$642,500			\$342,500	114.2
<b>Federal</b>	40,627,900	45,418,100	45,418,100			4,790,200	11.8
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	1,270,700	1,282,300	1,282,300			11,600	0.9
<b>Restricted</b>	24,570,100	25,599,800	25,599,800			1,029,700	4.2
<b>GF/GP</b>	36,328,800	37,563,000	38,563,000			2,234,200	6.1
<b>Gross</b>	<b>\$103,097,500</b>	<b>\$110,466,200</b>	<b>\$111,505,700</b>			<b>\$8,408,200</b>	<b>8.2</b>
<b>FTEs</b>	1,079.0	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.

		FY 2003-04 YTD (as of 2/12/04)	House Change
<b><u>Major Budget Changes from FY 2003-04 YTD Appropriations:</u></b>			
<b>1. Challenge Program</b>	<b>Gross</b>	<b>\$3,296,900</b>	<b>\$164,500</b>
<b>House:</b> Per Executive Recommendation, increased \$125,000	IDG	200,000	39,500
GF/GP to help fund two 50-pupil Challenge classes — a voluntary	Federal	1,651,200	0
boot camp-style program for high school dropouts funded by the	Private	845,700	0
federal National Guard Bureau on a 60/40 federal/state basis;	GF/GP	\$600,000	\$125,000
House increased \$39,500 IDG to reflect the actual IDG received in FY 2003-04.			
<b>Executive change: \$125,000</b>			
<b>2. D.J. Jacobetti Veterans' Home – Medicare and Medicaid</b>	<b>Gross</b>	<b>\$12,945,600</b>	<b>\$87,000</b>
<b>House:</b> Per Executive Recommendation, increased federal	Federal	4,073,700	87,000
revenue at the D.J. Jacobetti Veterans' Home due to tightening	Restricted	4,391,500	0
criteria for providing free prescription drugs to a portion of the	GF/GP	\$4,480,400	\$0
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.			
<b>Executive change: \$87,000</b>			

<b>Major Budget Changes from FY 2003-04 YTD Appropriations:</b>		<b>FY 2003-04 YTD (as of 2/12/04)</b>	<b>House Change</b>
<b>3. Veterans Trust Fund Tuition Grant</b>	<b>Gross</b>	<b>\$3,746,500</b>	<b>\$1,000,000</b>
<b>House:</b> Increased \$1 million GF/GP to fund tuition	Restricted	\$3,746,500	0
grant program completely funded by the Michigan Veterans Trust Fund.	GF/GP	\$0	\$1,000,000
<b>Executive change: \$0</b>			
<b>4. Headquarters and Armories</b>	<b>Gross</b>	<b>\$9,041,200</b>	<b>\$300,000</b>
<b>House:</b> Per Executive Recommendation, included federal revenue	Federal	1,891,300	300,000
available for security contracts, personnel costs, and maintenance	Restricted	350,000	0
costs.	GF/GP	\$6,799,900	\$0
<b>Executive change: \$300,000</b>			
<b>5. Military Training Sites</b>	<b>Gross</b>	<b>\$14,860,200</b>	<b>\$2,000,000</b>
<b>House:</b> Per Executive Recommendation, included federal revenue	Federal	12,140,400	2,000,000
available for security contracts, personnel costs, and maintenance	GF/GP	\$2,719,800	\$0
costs.			
<b>Executive change: \$2,000,000</b>			
<b>6. Special Maintenance – Federal</b>	<b>Gross</b>	<b>\$4,300,000</b>	<b>\$1,000,000</b>
<b>House:</b> Per Executive Recommendation, included federal revenue	Federal	4,300,000	\$1,000,000
available for construction, maintenance and upkeep at the training			
sites and logistical facilities used as training areas for the Michigan			
National Guard.			
<b>Executive change: \$1,000,000</b>			
<b>7. Information Technology – Base Reduction and Budgetary Savings</b>	<b>Gross</b>	<b>\$1,170,300</b>	<b>(\$78,900)</b>
<b>House:</b> Per Executive Recommendation, included reduction of	Federal	560,400	(12,000)
operating costs and employee-related savings in information	Restricted	160,500	(8,500)
technology.	GF/GP	\$449,400	(\$58,400)
<b>Executive change: (\$78,900)</b>			
<b>8. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,687,100</b>
<b>House:</b> Per Executive Recommendation, included economic	IDG	N/A	7,600
adjustments for salary and wage costs (positive \$2,922,600),	Federal	N/A	2,378,100
retirement costs (positive 1,757,000), insurance costs (positive	Private	N/A	31,900
\$1,051,500), workers compensation (negative \$44,000), and DIT	Restricted	N/A	1,413,000
Economics (positive \$90,600).	GF/GP	N/A	\$1,856,500
<b>Executive change: \$5,687,100</b>			
<b>9. Homeland Security</b>	<b>Gross</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b>House:</b> Per Executive Recommendation, included pass-through	IDG	100,000	300,000
grant funding received from the Department of State Police for			
activities related to the Homeland Security program.			
<b>Executive change: \$300,000</b>			
<b>10. Headquarters and Armories – GF Adjustment</b>	<b>Gross</b>	<b>\$9,041,200</b>	<b>(\$100,000)</b>
<b>House:</b> Per Executive Recommendation, included adjustment for	Federal	1,891,300	0
one-time cost to bring home troops for the 2003 holiday.	Restricted	350,000	0
<b>Executive change: (\$100,000)</b>	GF/GP	\$6,799,900	(\$100,000)
<b>11. Military Retirement Payments</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>\$176,000</b>
<b>House:</b> Per Executive Recommendation, included increase in the	GF/GP	\$2,500,000	\$176,000
annual annuity paid to retired Michigan Army and Air national			
Guard personnel per the Michigan Military Act, PA 150 of 1967.			
<b>Executive change: \$176,000</b>			

<b>Major Budget Changes from FY 2003-04 YTD Appropriations:</b>		<b>FY 2003-04 YTD (as of 2/12/04)</b>	<b>House Change</b>
<b>12. Employee-related savings</b>	<b>Gross</b>	<b>\$103,097,500</b>	<b>(\$2,198,500)</b>
<b>House:</b> Per Executive Recommendation, included 5% employee-related savings to help fund FY 2004-05 economic costs.	IDG	300,000	(4,600)
<b>Executive change: (\$2,198,500)</b>	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)
<b>13. Human Resources Optimization</b>	<b>Gross</b>	<b>\$9,041,200</b>	<b>(\$19,600)</b>
<b>House:</b> Per Executive Recommendation, included savings through increased efficiency in performing human resources.	Federal	1,891,300	0
<b>Executive: (\$19,600)</b>	Restricted	350,000	0
	GF/GP	\$6,799,900	(\$19,600)
<b>14. FTE Adjustments</b>	FTEs	1,079.0	(56.0)
<b>House:</b> Per Executive Recommendation, reduced full-time equated positions (FTEs) throughout budget to correctly align staffing and to optimize human resources.			
<b>Executive change: (56.0) FTEs</b>			

### **Major Boilerplate Changes from FY 2003-04:**

#### **Sec. 205. Hiring Freeze – RETAINED**

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

**Executive:** deleted. **House:** retained.

#### **Sec. 207. Privatization Plans – RETAINED**

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

**Executive:** deleted. **House:** retained.

#### **Sec. 213. Armory Closure or Consolidation – RETAINED**

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

**Executive:** deleted. **House:** retained.

#### **Sec. 224. Contingency Funds – NEW**

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

**Executive:** added new section. **House:** concurred with Executive.

#### **Sec. 301(4). Challenge Program Participants – NEW/DELETED**

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.

**Executive:** added new section. **House:** deleted.

#### **Sec. 303. Prepaid Phone Cards – DELETED**

Requires the state family program office to promote and inform private individuals, businesses, and organizations regarding the distribution of prepaid phone cards and other services to national guard members and military reservists deployed overseas on active duty.

**Executive:** deleted. **House:** concurred with Executive.

#### **Sec. 601. Veterans' Homes – RETAINED**

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.

**Executive:** deleted. **House:** retained.

## **Major Boilerplate Changes from FY 2003-04:**

### ***Sec. 602. Veterans' Homes Annual Written Report – RETAINED***

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.

**Executive:** deleted. **House:** retained.

### ***Sec. 703. Veterans Trust Fund Annual Written Report – DELETED***

Requires annual report on emergency and tuition grants provided from Veterans Trust Fund and other fund-related information. Subsection (2) requires the department to submit detailed information on the number of emergency grant applications, including an accounting of the reasons for denial.

**Executive:** deleted subsection (2). **House:** concurred with Executive.

### ***Sec. 704. County Veterans Counselors – RETAINED***

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.

**Executive:** deleted. **House:** retained.