

SUBSTITUTE FOR
HOUSE BILL NO. 5522

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. Subject to the conditions set forth in this act, the

4 amounts listed in this part are appropriated for the department of

5 military and veterans affairs for the fiscal year ending September 30,

6 2005, from the funds indicated in this part. The following is a

7 summary of the appropriations in this part:

1 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

2 **APPROPRIATION SUMMARY:**

3	Full-time equated unclassified positions.....7.0	
4	Full-time equated classified positions.....1,016.0	
5	GROSS APPROPRIATION.....	\$ 111,505,700
6	Interdepartmental grant revenues:	
7	Total interdepartmental grants and intradepartmental	
8	transfers.....	642,500
9	ADJUSTED GROSS APPROPRIATION.....	\$ 110,863,200
10	Federal revenues:	
11	Total federal revenues.....	45,418,100
12	Special revenue funds:	
13	Total local revenues.....	0
14	Total private revenues.....	1,282,300
15	Total other state restricted revenues.....	25,599,800
16	State general fund/general purpose.....	\$ 38,563,000
17	Sec. 102. HEADQUARTERS AND ARMORIES	
18	Full-time equated unclassified positions.....7.0	
19	Full-time equated classified positions.....124.0	
20	Headquarters and armories--83.5 FTE positions.....	\$ 9,579,700
21	Human resources optimization user charge.....	29,500
22	Unclassified military personnel.....	660,300
23	Military appeals tribunal.....	900
24	Michigan emergency volunteers.....	5,000
25	State active duty.....	70,100
26	Challenge program--40.5 FTE positions.....	3,506,900
27	Homeland security.....	<u>400,000</u>

1	GROSS APPROPRIATION.....	\$	14,252,400
2	Appropriated from:		
3	Interdepartmental grant revenues:		
4	IDG, community health.....		100,000
5	IDG, challenge grant.....		242,500
6	IDG, state police.....		300,000
7	Federal revenues:		
8	DOD-DOA-NGB.....		3,985,100
9	Special revenue funds:		
10	Rental fees.....		350,000
11	Mackinac Bridge authority.....		40,000
12	Private donations.....		857,300
13	State general fund/general purpose.....	\$	8,377,500
14	Sec. 103. MILITARY TRAINING SITES AND SUPPORT		
15	FACILITIES		
16	Full-time equated classified positions.....200.0		
17	Military training sites and support		
18	facilities--200.0 FTE positions.....	\$	17,513,300
19	Military training sites and support facilities test		
20	projects.....		<u>100,000</u>
21	GROSS APPROPRIATION.....	\$	17,613,300
22	Appropriated from:		
23	Federal revenues:		
24	DOD-DOA-NGB.....		14,693,600
25	Special revenue funds:		
26	Test project fees.....		100,000
27	State general fund/general purpose.....	\$	2,819,700

1	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
2	Departmentwide accounts.....	\$ 1,735,000
3	Special maintenance - state.....	151,200
4	Special maintenance - federal.....	5,300,000
5	Military retirement.....	2,676,000
6	Counternarcotic operations.....	50,000
7	Starbase grant.....	<u>600,000</u>
8	GROSS APPROPRIATION.....	\$ 10,512,200
9	Appropriated from:	
10	Federal revenues:	
11	DOD-DOA-NGB.....	7,166,100
12	Federal counternarcotic revenues.....	50,000
13	State general fund/general purpose.....	\$ 3,296,100
14	Sec. 105. VETERANS SERVICE ORGANIZATIONS	
15	American legion.....	\$ 886,000
16	Disabled American veterans.....	732,400
17	Marine corps league.....	336,300
18	American veterans of World War II and Korea.....	464,800
19	Veterans of foreign wars.....	886,000
20	Michigan paralyzed veterans of America.....	165,700
21	Purple heart.....	157,900
22	Veterans of World War I.....	100
23	Polish legion of American veterans.....	41,200
24	Jewish veterans of America.....	41,200
25	State of Michigan council - Vietnam veterans of	
26	America.....	159,500
27	Catholic war veterans.....	<u>41,200</u>

1	GROSS APPROPRIATION.....	\$	3,912,300
2	Appropriated from:		
3	State general fund/general purpose.....	\$	3,912,300
4	Sec. 106. GRAND RAPIDS VETERANS' HOME		
5	Full-time equated classified positions.....	517.0	
6	Grand Rapids veterans' home--517.0 FTE positions....	\$	43,847,200
7	Board of managers.....		<u>300,000</u>
8	GROSS APPROPRIATION.....	\$	44,147,200
9	Appropriated from:		
10	Federal revenues:		
11	DVA-VHA.....		13,626,400
12	HHS-Medicaid.....		365,300
13	HHS-Medicare.....		718,000
14	Special revenue funds:		
15	Private - veterans' home post and posthumous funds..		300,000
16	Income and assessments.....		15,337,500
17	Lease revenue.....		34,100
18	State general fund/general purpose.....	\$	13,765,900
19	Sec. 107. D.J. JACOBETTI VETERANS' HOME		
20	Full-time equated classified positions.....	159.0	
21	D.J. Jacobetti veterans' home--159.0 FTE positions..	\$	13,630,100
22	Board of managers.....		<u>125,000</u>
23	GROSS APPROPRIATION.....	\$	13,755,100
24	Appropriated from:		
25	Federal revenues:		
26	DVA-VHA.....		4,062,800
27	HHS-Medicare.....		272,600

1	HHS-Medicaid.....	34,600
2	Special revenue funds:	
3	Private - veterans' home post and posthumous funds..	125,000
4	Income and assessments.....	4,595,000
5	State general fund/general purpose..... \$	4,665,100
6	Sec. 108. VETERANS' AFFAIRS DIRECTORATE	
7	Full-time equated classified positions.....16.0	
8	Veterans' affairs directorate administration--3.0	
9	FTE positions..... \$	302,900
10	Veterans' trust fund administration--13.0 FTE	
11	positions.....	1,081,800
12	Veterans' trust fund grants.....	<u>4,746,500</u>
13	GROSS APPROPRIATION..... \$	6,131,200
14	Appropriated from:	
15	Special revenue funds:	
16	Michigan veterans' trust fund.....	4,828,300
17	State general fund/general purpose..... \$	1,302,900
18	Sec. 109. INFORMATION TECHNOLOGY	
19	Information technology services and projects..... \$	<u>1,182,000</u>
20	GROSS APPROPRIATION..... \$	1,182,000
21	Appropriated from:	
22	Federal revenues:	
23	DOD-DOA-NGB.....	157,800
24	DVA-VHA.....	277,600
25	HHS-Medicare.....	8,200
26	Special revenue funds:	
27	Income and assessments.....	314,900

1 State general fund/general purpose..... \$ 423,500

2 PART 2

3 PROVISIONS CONCERNING APPROPRIATIONS

4 GENERAL SECTIONS

5 Sec. 201. Pursuant to section 30 of article IX of the state
6 constitution of 1963, total state spending from state resources under
7 part 1 for fiscal year 2004-2005 is \$64,162,800.00 and state spending
8 from state resources to be paid to local units of government for
9 fiscal year 2004-2005 is \$120,000.00. The itemized statement below
10 identifies appropriations from which spending to units of local
11 government will occur:

12 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

13 MILITARY TRAINING SITES AND SUPPORT FACILITIES

14 Payments in lieu of taxes..... \$ 70,000

15 MICHIGAN VETERANS' TRUST FUND

16 County counselor travel expenses..... \$ 50,000

17 TOTAL..... \$ 120,000

18 Sec. 202. The appropriations authorized under this act are
19 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
20 18.1594.

21 Sec. 203. As used in this act:

22 (a) "Department" means the department of military and veterans
23 affairs.

24 (b) "Director" means the director of the department of military
25 and veterans affairs.

(c) "DOD" means the United States department of defense.

(d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.

(e) "DVA" means the United States department of veterans' affairs.

(f) "DVA-VHA" means the DVA veterans' health administration.

(g) "FTE" means full-time equated.

(h) "HHS" means the United States department of health and human services.

(i) "IDG" means interdepartmental grant.

Sec. 204. The department of civil service shall bill the department at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a

1 vacancy. The state budget director shall report by the last business
2 day of each month to the chairpersons of the senate and house of
3 representatives standing committees on appropriations the number of
4 exceptions to the hiring freeze approved during the previous month and
5 the justification for the exception.

6 Sec. 207. Sixty days before beginning any effort to privatize,
7 the department shall submit a complete project plan to the appropriate
8 senate and house of representatives appropriations subcommittees and
9 the senate and house fiscal agencies. The plan shall include the
10 criteria under which the privatization initiative will be evaluated.
11 The evaluation shall be completed and submitted to the appropriate
12 senate and house of representatives appropriations subcommittees and
13 the senate and house fiscal agencies within 30 months.

14 Sec. 208. Unless otherwise specified, the department shall use
15 the Internet to fulfill the reporting requirements of this act. This
16 requirement may include transmission of reports via electronic mail to
17 the recipients identified for each reporting requirement or it may
18 include placement of reports on an Internet or Intranet site.

19 Sec. 209. Funds appropriated in part 1 shall not be used for the
20 purchase of foreign goods or services, or both, if competitively
21 priced and of comparable quality American goods or services, or both,
22 are available. Preference should be given to goods and services, or
23 both, manufactured or provided by Michigan businesses, if they are
24 competitively priced and of comparable value.

25 Sec. 210. The director of each department receiving
26 appropriations in part 1 shall take all reasonable steps to ensure
27 businesses in deprived and depressed communities compete for and

1 perform contracts to provide services or supplies, or both. Each
2 director shall strongly encourage firms with which the department
3 contracts to subcontract with certified businesses in depressed and
4 deprived communities for services, supplies, or both.

5 Sec. 211. The departments and agencies receiving appropriations
6 in part 1 shall receive and retain copies of all reports funded from
7 appropriations in part 1. The department shall follow all federal
8 guidelines and state laws regarding short-term and long-term retention
9 of records.

10 Sec. 212. (1) Of the funds appropriated in section 103 for
11 military training sites and support facilities, there shall be
12 established a Michigan national guard education assistance program.
13 Disbursements to the educational assistance program shall not exceed
14 \$1,300,000.00 without legislative approval. Under the program, a
15 member of the national guard who is in active service and who enrolls
16 as a full- or part-time student at a public or private state college
17 or university may be eligible to receive up to an equivalent of 50% of
18 the total cost of tuition not to exceed \$2,000.00, as education
19 assistance, in any academic year.

20 (2) As used in this section, an eligible person means a member of
21 the Michigan national guard who is in active service, as defined in
22 section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An
23 eligible person does not include a member of the Michigan national
24 guard or air national guard who is absent without leave or who is
25 under charges as described in the Michigan code of military justice of
26 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

27 (3) The department of military and veterans affairs, office of the

1 adjutant general shall administer the education assistance program and
2 prescribe forms and procedures to effectively carry out the education
3 assistance program.

4 (4) An eligible person shall apply to the department of military
5 and veterans affairs, office of the adjutant general for education
6 assistance and shall provide evidence of attendance and completion of
7 the course of study with a grade of at least 2.0 on a 4.0 scale, or
8 its equivalent. The adjutant general shall approve the application
9 for reimbursement if the applicant meets the definition of an eligible
10 person under subsection (2) and other criteria as established by the
11 adjutant general.

12 (5) The education assistance program applies to any course of
13 instruction that is included in an associate, undergraduate, or
14 postgraduate degree program offered by a college or university of this
15 state.

16 (6) The education assistance program applies to an eligible person
17 notwithstanding any other educational incentive or benefit received by
18 the eligible person under any other educational assistance program
19 provided by any other state.

20 (7) An eligible person who successfully completes the course of
21 study with a grade of at least 2.0 on a 4.0 scale, or its equivalent,
22 shall be eligible for reimbursement.

23 (8) The department of military and veterans affairs may use funds
24 from the appropriated funds to administer the education assistance
25 program.

26 (9) Reimbursed members who do not complete their national guard
27 obligation shall pay the state for money received from the state for

1 tuition. Members who fail to repay the state within the time limits
2 established by the adjutant general shall be indebted to the state.
3 The department shall work in conjunction with the department of
4 treasury for inclusion in the tax intercept program for amounts due
5 the state.

6 (10) A portion of the funds for the Michigan national guard
7 education assistance program may be used by the department for the
8 purpose of promoting the program and for encouraging those persons the
9 department wishes to have enlist or reenlist in the Michigan national
10 guard.

11 Sec. 213. The department shall consult with the house and senate
12 appropriations subcommittees on military and veterans affairs
13 regarding the projected closing or consolidation of any national guard
14 armories.

15 Sec. 221. From the funds appropriated in part 1 for information
16 technology, the department shall pay user fees to the department of
17 information technology for technology-related services and projects.
18 These user fees shall be subject to provisions of an interagency
19 agreement between the department and the department of information
20 technology.

21 Sec. 223. Amounts appropriated in part 1 for information
22 technology may be designated as work projects and carried forward to
23 support technology projects under the direction of the department of
24 information technology. Funds designated in this manner are not
25 available for expenditure until approved as work projects under
26 section 451a of the management and budget act, 1984 PA 431, MCL
27 18.1451a.

1 Sec. 224. (1) In addition to the funds appropriated in part 1,
2 there is appropriated an amount not to exceed \$5,000,000.00 for
3 federal contingency funds. These funds are not available for
4 expenditure until they have been transferred to another line item in
5 this act under section 393(2) of the management and budget act, 1984
6 PA 431, MCL 18.1393.

7 (2) In addition to the funds appropriated in part 1, there is
8 appropriated an amount not to exceed \$2,000,000.00 for state
9 restricted contingency funds. These funds are not available for
10 expenditure until they have been transferred to another line item in
11 this act under section 393(2) of the management and budget act, 1984
12 PA 431, MCL 18.1393.

13 (3) In addition to the funds appropriated in part 1, there is
14 appropriated an amount not to exceed \$100,000.00 for local contingency
15 funds. These funds are not available for expenditure until they have
16 been transferred to another line item in this act under section 393(2)
17 of the management and budget act, 1984 PA 431, MCL 18.1393.

18 (4) In addition to the funds appropriated in part 1, there is
19 appropriated an amount not to exceed \$100,000.00 for private
20 contingency funds. These funds are not available for expenditure
21 until they have been transferred to another line item in this act
22 under section 393(2) of the management and budget act, 1984 PA 431,
23 MCL 18.1393.

24 **HEADQUARTERS AND ARMORIES**

25 Sec. 301. The department may charge reasonable rental and
26 equipment usage fees for renting an armory or using the distance

1 learning network. The fee shall include the cost of overtime
2 compensation, insurance coverage, and any maintenance required.

3 Sec. 302. (1) The funds appropriated in this act for private
4 donations to the challenge program shall be considered state
5 restricted revenue, and unexpended funds remaining at the close of the
6 fiscal year shall not lapse to the general fund but shall be carried
7 forward to the subsequent fiscal year.

8 (2) The department shall make every effort to identify alternative
9 sources of revenue to replace the general fund/general purpose funding
10 provided in this act for the challenge program.

11 (3) The department may charge a parent or guardian of a
12 participant in the challenge program a fee for participating in the
13 program if the participant is a member of a family with an income that
14 exceeds 200% of the federal poverty guidelines as published by the
15 United States department of health and human services. The amount
16 charged the parent or guardian shall not exceed the per student state
17 share cost of administering the program. The parent or guardian shall
18 be notified of any charge to be assessed under this subsection prior
19 to enrollment of the child in the program.

20 Sec. 304. The department will partner with the family
21 independence agency to identify youth who may be eligible for the
22 challenge program from those youth served by family independence
23 agency programs. These eligible youth shall be given priority for
24 enrollment in the program.

25 VETERANS SERVICE ORGANIZATIONS

26 Sec. 501. (1) Money appropriated in section 105 for grants to

1 veterans service organizations shall be used only for salaries, wages,
2 related personnel costs, training, and equipment for accredited
3 veteran service advocacy officers and necessary support and managerial
4 staff. Training shall be provided for service advocacy officers and
5 shall be conducted by accredited advocacy officers.

6 (2) To receive a grant from the money appropriated in section 105,
7 a veterans service organization shall meet the following eligibility
8 requirements:

9 (a) Be congressionally chartered by the United States Congress.

10 (b) Be an active participating member of the Michigan veterans
11 organizations' rehabilitation and veterans service committee and abide
12 by its rules, guidelines, and programs.

13 (c) Demonstrate the receipt of monetary or service support from
14 its own organization.

15 (d) Comply with the department's and the legislature's
16 requirements of accounting audits, service work activity, accounting
17 of recoveries, listing of volunteer hours, budget requests, and other
18 requirements specified in subsection (3).

19 (e) For a veterans service organization founded after
20 September 30, 1989, be in operation and providing service to Michigan
21 veterans for not less than 2 years before receiving an initial state
22 grant. During this 2-year period of time, the organization shall file
23 a listing of service work activity and an accounting of recoveries
24 with the department, the senate and house fiscal agencies, the senate
25 and house of representatives appropriations subcommittees on military
26 affairs, and the state budget office on forms as prescribed by the
27 department.

1 (3) A veterans service organization receiving a grant from the
2 money appropriated in section 105 shall file with the department an
3 accounting of its expenditures, audited and certified by a certified
4 public accountant, within 120 days after the organization's fiscal
5 year end. Each organization shall provide a detailed budget request
6 for the fiscal year ending September 30, 2006, to the department by
7 November 15, 2004, within the format as prescribed by the department
8 to be used in the development of the budget for the fiscal year ending
9 September 30, 2006. Each veterans service organization shall provide
10 5 copies of a listing of all service activity, an accounting of
11 recoveries, and a listing of volunteer hours for the fiscal year
12 ending September 30, 2004, to the department by January 31, 2005. The
13 listing of volunteer hours shall include the hours, services, and
14 donations provided to residents of the Grand Rapids veterans' home and
15 the D.J. Jacobetti veterans' home. Each veterans service organization
16 shall provide a copy of the most recent and completed internal revenue
17 service form 990 to the department at the end of the fiscal year
18 ending September 30, 2004. A veterans service organization receiving
19 a grant from the money appropriated in section 105 shall use the forms
20 recommended by the Michigan veterans organizations' rehabilitation and
21 veterans service committee for filing reports required by this act.
22 The department shall forward information required under this section
23 to the senate and house fiscal agencies, the senate and house of
24 representatives appropriations subcommittees on military affairs, and
25 the state budget office.

26 **VETERANS' HOMES**

1 Sec. 601. Appropriations in this act for the Grand Rapids
2 veterans' home and the D.J. Jacobetti veterans' home shall not be used
3 for any purpose other than for veterans and veterans' families.

4 Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti
5 veterans' home, together with the department and the department of
6 management and budget, shall produce and deliver to the senate and
7 house of representatives appropriations subcommittees on state police
8 and military affairs an annual written report. The report shall
9 include an accounting of member populations and bed space available; a
10 description and accounting of services and activities provided to
11 members; financial information; current state nursing home licensure
12 status; the steps required for Medicaid certification, including a
13 listing of any personnel, equipment, supplies, or budgetary increases
14 required; and whether or not steps are being taken toward Medicaid
15 certification. The annual report shall be submitted to the senate and
16 house of representatives appropriations subcommittees on military
17 affairs no later than February 1, 2005.

18 Sec. 603. The money appropriated in this act for the boards of
19 managers may be expended for facility improvements, the purchase and
20 repair of equipment and furnishings, member services, and other
21 purposes that benefit the Grand Rapids veterans' home and the
22 D.J. Jacobetti veterans' home.

23 **VETERANS' TRUST FUND**

24 Sec. 703. (1) By April 1, 2005, the department shall submit to
25 the senate and house of representatives appropriations subcommittees
26 on military affairs and the state budget office a detailed annual

1 report of the Michigan veterans' trust fund for fiscal year
2 2003-2004. The report shall include information on grants provided
3 from the emergency grant program and the veterans survivor tuition
4 program, including details concerning the methodology of allocations,
5 the selection of emergency grant program authorized agents, and a
6 detailed breakdown of trust fund expenditures for that year. The
7 report shall also provide an update on the department's efforts to
8 reduce program administrative costs.

9 (2) The annual report required under subsection (1) shall contain
10 information on the veterans survivors tuition program, including the
11 number of participants, where the participants attended school,
12 payments made to each school, the average grade point and number of
13 college credits earned by each participant, the number of participants
14 suspended by the program, and the number of participants who earned a
15 degree during fiscal year 2003-2004.

16 Sec. 704. The Michigan veterans affairs directorate
17 administration and the Michigan veterans' trust fund administration
18 shall take steps to assist the county veterans counselors of the state
19 to obtain training necessary for the execution of their duties.