

SENATE 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:

House Bill No. 5522 as amended June 2, 2004

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.....	\$	<<110,905,800>>
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers.....		1,042,500
9	ADJUSTED GROSS APPROPRIATION.....	\$	<<109,863,300>>
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.....	\$	<<37,563,100>>
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.....	\$	9,579,800
21	<<Holiday transit costs for troops.....		100>>
21	Unclassified military personnel.....		660,200
22	Military appeals tribunal.....		1,000
23	Michigan emergency volunteers.....		4,900
24	State active duty.....		70,200
25	Challenge program--40.5 FTE positions.....		3,906,800
26	Homeland security.....		400,000
27	Human resources optimization user charge.....		<u>29,600</u>

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1	GROSS APPROPRIATION.....	\$	<<14,652,600>>
2	Appropriated from:		
3	IDG, challenge grant.....		242,500
4	IDG, community health.....		100,000
5	IDG, state police.....		300,000
6	IDG, family independence agency.....		400,000
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.....	\$	<<8,377,700>>
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.....	\$	17,513,200
19	Military training sites and support facilities test		
20	projects.....		<u>100,000</u>
21	GROSS APPROPRIATION.....	\$	17,613,200
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.....	\$	2,819,600

1	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
2	Departmentwide accounts.....	\$ 1,735,100
3	Special maintenance - state.....	151,100
4	Special maintenance - federal.....	5,300,000
5	Military retirement.....	2,676,100
6	Counternarcotic operations.....	50,000
7	Starbase grant.....	<u>600,000</u>
8	GROSS APPROPRIATION.....	\$ 10,512,300
9	Appropriated from:	
10	Federal revenues:	
11	DOD-DOA-NGB.....	7,166,100
12	Federal counternarcotic revenues.....	50,000
13	Special revenue funds:	
14	State general fund/general purpose.....	\$ 3,296,200
15	Sec. 105. VETERANS SERVICE ORGANIZATIONS	
16	American legion.....	\$ 885,900
17	Disabled American veterans.....	732,500
18	Marine corps league.....	336,200
19	American veterans of World War II and Korea.....	464,900
20	Veterans of foreign wars.....	885,900
21	Michigan paralyzed veterans of America.....	165,800
22	Purple heart.....	157,800
23	Veterans of World War I.....	100
24	Polish legion of American veterans.....	41,100
25	Jewish veterans of America.....	41,300
26	State of Michigan council Vietnam veterans of	
27	America.....	159,400

1	Catholic war veterans.....	<u>41,300</u>
2	GROSS APPROPRIATION..... \$	3,912,200
3	Appropriated from:	
4	State general fund/general purpose..... \$	3,912,200
5	Sec. 106. GRAND RAPIDS VETERANS' HOME	
6	Full-time equated classified positions.....517.0	
7	Grand Rapids veterans' home--517.0 FTE positions.... \$	43,847,100
8	Board of managers.....	<u>300,000</u>
9	GROSS APPROPRIATION..... \$	44,147,100
10	Appropriated from:	
11	Federal revenues:	
12	DVA-VHA.....	13,626,400
13	HHS-Medicaid.....	365,300
14	HHS-Medicare.....	718,000
15	Special revenue funds:	
16	Private - veterans' home post and posthumous funds..	300,000
17	Income and assessments.....	15,337,500
18	Lease revenue.....	34,100
19	State general fund/general purpose..... \$	13,765,800
20	Sec. 107. D.J. JACOBETTI VETERANS' HOME	
21	Full-time equated classified positions.....159.0	
22	D.J. Jacobetti veterans' home--159.0 FTE positions.. \$	13,630,200
23	Board of managers.....	<u>125,000</u>
24	GROSS APPROPRIATION..... \$	13,755,200
25	Appropriated from:	
26	Federal revenues:	
27	DVA-VHA.....	4,062,800

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1	HHS, Medicare.....	272,600
2	HHS, Medicaid.....	34,600
3	Special revenue funds:	
4	Private - veterans' home post and posthumous funds..	125,000
5	Income and assessments.....	4,595,000
6	State general fund/general purpose..... \$	4,665,200
7	Sec. 108. VETERANS' AFFAIRS DIRECTORATE	
8	Full-time equated classified positions.....16.0	
9	Veterans' affairs directorate administration--3.0	
10	FTE positions..... \$	302,800
11	Veterans' trust fund administration--13.0 FTE	
12	positions.....	1,081,800
13	Veterans' trust fund grants.....	<u>3,746,500</u>
14	GROSS APPROPRIATION..... \$	5,131,100
15	Appropriated from:	
16	Special revenue funds:	
17	Michigan veterans' trust fund.....	4,828,300
18	State general fund/general purpose..... \$	302,800
19	Sec. 109. INFORMATION TECHNOLOGY	
20	Information technology services and projects..... \$	<u><<1,182,100>></u>
21	GROSS APPROPRIATION..... \$	<<1,182,100>>
22	Appropriated from:	
23	Federal revenues:	
24	DOD-DOA-NGB.....	157,800
25	DVA-VHA.....	277,600
26	HHS-Medicare.....	8,200
27	Special revenue funds:	

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1	Income and assessments.....	314,900
2	State general fund/general purpose..... \$	<<423,600>>

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

6 Sec. 201. Pursuant to section 30 of article IX of the state
7 constitution of 1963, total state spending from state resources under
8 part 1 for fiscal year 2004-2005 is <<\$63,162,900.00>> and state spending
9 from state resources to be paid to local units of government for
10 fiscal year 2004-2005 is \$120,000.00. The itemized statement below
11 identifies appropriations from which spending to units of local
12 government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

MILITARY TRAINING SITES AND SUPPORT FACILITIES

15	Payments in lieu of taxes.....	\$	70,000
16	MICHIGAN VETERANS' TRUST FUND		
17	County counselor travel expenses.....	\$	<u>50,000</u>
18	TOTAL.....	\$	120,000

19 Sec. 202. The appropriations authorized under this act are
20 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
21 18.1594.

22 Sec. 203. As used in this act:

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

25 (b) "Director" means the director of the department of military

1 and veterans affairs.

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

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

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

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

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

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

10 (i) "IDG" means interdepartmental grant.

11 Sec. 204. The department of civil service shall bill the
12 department at the end of the first fiscal quarter for the 1% charge
13 authorized by section 5 of article XI of the state constitution of
14 1963. Payments shall be made for the total amount of the billing by
15 the end of the second fiscal quarter.

16 Sec. 205. (1) A hiring freeze is imposed on the state classified
17 civil service. State departments and agencies are prohibited from
18 hiring any new classified civil service employees and prohibited from
19 filling any vacant state classified civil service positions. This
20 hiring freeze does not apply to internal transfers of classified
21 employees from 1 position to another within a department.

22 (2) The hiring freeze described in subsection (1) does not apply
23 to any classified state civil service position that meets any of the
24 following criteria:

25 (a) Filling the vacant position will directly prevent the loss of
26 federal funding.

27 (b) The vacant position deals directly with the direct provision

1 of public safety services including prison officers, law enforcement
2 officers, and child services enforcement workers.

3 (c) The vacant position provides direct health care services
4 including physicians, nurses, and other direct health care providers.

5 (3) The state budget director shall report quarterly to the
6 chairpersons of the senate and house of representatives standing
7 committees on appropriations the number of new state classified civil
8 service employees hired during the previous quarter and the reasons to
9 justify the hiring.

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

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

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

1 competitively priced and of comparable value.

2 Sec. 210. The director of each department receiving
3 appropriations in part 1 shall take all reasonable steps to ensure
4 businesses in deprived and depressed communities compete for and
5 perform contracts to provide services or supplies, or both. Each
6 director shall strongly encourage firms with which the department
7 contracts to subcontract with certified businesses in depressed and
8 deprived communities for services, supplies, or both.

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

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

24 (2) As used in this section, an eligible person means a member of
25 the Michigan national guard who is in active service, as defined in
26 section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An
27 eligible person does not include a member of the Michigan national

1 guard or air national guard who is absent without leave or who is
2 under charges as described in the Michigan code of military justice of
3 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

4 (3) The department of military and veterans affairs, office of the
5 adjutant general shall administer the education assistance program and
6 prescribe forms and procedures to effectively carry out the education
7 assistance program.

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

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

20 (6) The education assistance program applies to an eligible person
21 notwithstanding any other educational incentive or benefit received by
22 the eligible person under any other educational assistance program
23 provided by any other state.

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

27 (8) The department of military and veterans affairs may use funds

1 from the appropriated funds to administer the education assistance
2 program.

3 (9) Reimbursed members who do not complete their national guard
4 obligation shall pay the state for money received from the state for
5 tuition. Members who fail to repay the state within the time limits
6 established by the adjutant general shall be indebted to the state.
7 The department shall work in conjunction with the department of
8 treasury for inclusion in the tax intercept program for amounts due
9 the state.

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

15 Sec. 213. The department shall consult with the house and senate
16 appropriations subcommittees on military and veterans affairs
17 regarding the projected closing or consolidation of any national guard
18 armories.

19 Sec. 214. It is the intent of the legislature that, should the
20 necessary legislation be enacted and funding become available, funds
21 be appropriated for state military cemeteries in Crawford and
22 Dickinson Counties.

23 Sec. 221. From the funds appropriated in part 1 for information
24 technology, the department shall pay user fees to the department of
25 information technology for technology-related services and projects.
26 These user fees shall be subject to provisions of an interagency
27 agreement between the department and the department of information

1 technology.

2 Sec. 223. Amounts appropriated in part 1 for information
3 technology may be designated as work projects and carried forward to
4 support technology projects under the direction of the department of
5 information technology. Funds designated in this manner are not
6 available for expenditure until approved as work projects under
7 section 451a of the management and budget act, 1984 PA 431, MCL
8 18.1451a.

9 **HEADQUARTERS AND ARMORIES**

10 Sec. 301. The department may charge reasonable rental and
11 equipment usage fees for renting an armory or using the distance
12 learning network. The fee shall include the cost of overtime
13 compensation, insurance coverage, and any maintenance required.

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

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

22 (3) The department may charge a parent or guardian of a
23 participant in the challenge program a fee for participating in the
24 program if the participant is a member of a family with an income that
25 exceeds 200% of the federal poverty guidelines as published by the
26 United States department of health and human services. The amount
27 charged the parent or guardian shall not exceed the per student state

1 share cost of administering the program. The parent or guardian shall
2 be notified of any charge to be assessed under this subsection prior
3 to enrollment of the child in the program.

4 Sec. 304. The department will partner with the family
5 independence agency to identify youth who may be eligible for the
6 challenge program from those youth served by family independence
7 agency programs. These eligible youth shall be given priority for
8 enrollment in the program.

9 **VETERANS SERVICE ORGANIZATIONS**

10 Sec. 501. (1) Money appropriated in section 105 for grants to
11 veterans service organizations shall be used only for salaries, wages,
12 related personnel costs, training, and equipment for accredited
13 veteran service advocacy officers and necessary support and managerial
14 staff. Training shall be provided for service advocacy officers and
15 shall be conducted by accredited advocacy officers.

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

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

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

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

25 (d) Comply with the department's and the legislature's
26 requirements of accounting audits, service work activity, accounting
27 of recoveries, listing of volunteer hours, budget requests, and other

1 requirements specified in subsection (3).

2 (e) For a veterans service organization founded after
3 September 30, 1989, be in operation and providing service to Michigan
4 veterans for not less than 2 years before receiving an initial state
5 grant. During this 2-year period of time, the organization shall file
6 a listing of service work activity and an accounting of recoveries
7 with the department, the senate and house fiscal agencies, the senate
8 and house of representatives appropriations subcommittees on military
9 affairs, and the state budget office on forms as prescribed by the
10 department.

11 (3) A veterans service organization receiving a grant from the
12 money appropriated in section 105 shall file with the department an
13 accounting of its expenditures, audited and certified by a certified
14 public accountant, within 120 days after the organization's fiscal
15 year end. Each organization shall provide a detailed budget request
16 for the fiscal year ending September 30, 2006, to the department by
17 November 15, 2004, within the format as prescribed by the department
18 to be used in the development of the budget for the fiscal year ending
19 September 30, 2006. Each veterans service organization shall provide
20 5 copies of a listing of all service activity, an accounting of
21 recoveries, and a listing of volunteer hours for the fiscal year
22 ending September 30, 2004, to the department by January 31, 2005. The
23 listing of volunteer hours shall include the hours, services, and
24 donations provided to residents of the Grand Rapids veterans' home and
25 the D.J. Jacobetti veterans' home. Each veterans service organization
26 shall provide a copy of the most recent and completed internal revenue
27 service form 990 to the department at the end of the fiscal year

1 ending September 30, 2004. A veterans service organization receiving
2 a grant from the money appropriated in section 105 shall use the forms
3 recommended by the Michigan veterans organizations' rehabilitation and
4 veterans service committee for filing reports required by this act.
5 The department shall forward information required under this section
6 to the senate and house fiscal agencies, the senate and house of
7 representatives appropriations subcommittees on military affairs, and
8 the state budget office.

9 **VETERANS' HOMES**

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

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

1 Sec. 603. The money appropriated in this act for the boards of
2 managers may be expended for facility improvements, the purchase and
3 repair of equipment and furnishings, member services, and other
4 purposes that benefit the Grand Rapids veterans' home and the
5 D.J. Jacobetti veterans' home.

6 **VETERANS' TRUST FUND**

7 Sec. 703. (1) By April 1, 2005, the department shall submit to
8 the senate and house of representatives appropriations subcommittees
9 on military affairs and the state budget office a detailed annual
10 report of the Michigan veterans' trust fund for fiscal year
11 2003-2004. The report shall include information on grants provided
12 from the emergency grant program and the veterans survivor tuition
13 program, including details concerning the methodology of allocations,
14 the selection of emergency grant program authorized agents, and a
15 detailed breakdown of trust fund expenditures for that year. The
16 report shall also provide an update on the department's efforts to
17 reduce program administrative costs.

18 (2) The annual report required under subsection (1) shall contain
19 information on the veterans survivors tuition program, including the
20 number of participants, where the participants attended school,
21 payments made to each school, the average grade point and number of
22 college credits earned by each participant, the number of participants
23 suspended by the program, and the number of participants who earned a
24 degree during fiscal year 2003-2004.

25 Sec. 704. The Michigan veterans affairs directorate
26 administration and the Michigan veterans' trust fund administration

1 shall take steps to assist the county veterans counselors of the state
2 to obtain training necessary for the execution of their duties.

3 Sec. 705. It is the intent of the legislature that the Michigan
4 veterans' trust fund board only expend interest earned by the Michigan
5 veterans' trust fund as provided in 1946 (1st Ex Sess) PA 9, MCL
6 35.601 to 35.610.