

SENATE BILL No. 277

March 2, 2005, Introduced by Senators CLARKE and EMERSON and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2006; 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:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year

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1 ending September 30, 2006, from the funds indicated in this
 2 part. The following is a summary of the appropriations in this
 3 part:

4 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

5 APPROPRIATION SUMMARY:

6	Full-time equated unclassified positions.....	7.0	
7	Full-time equated classified positions.....	1,016.0	
8	GROSS APPROPRIATION.....		\$ 117,108,500
9	Interdepartmental grant revenues:		
10	Total interdepartmental grants and intradepartmental		
11	transfers		1,256,800
12	ADJUSTED GROSS APPROPRIATION.....		\$ 115,851,700
13	Federal revenues:		
14	Total federal revenues.....		49,537,200
15	Special revenue funds:		
16	Total local revenues.....		0
17	Total private revenues.....		1,355,800
18	Total other state restricted revenues.....		26,610,500
19	State general fund/general purpose.....		\$ 38,348,200
20	Sec. 102. HEADQUARTERS AND ARMORIES		
21	Full-time equated unclassified positions.....	7.0	
22	Full-time equated classified positions.....	124.0	
23	Headquarters and armories--83.5 FTE positions.....		\$ 9,972,700
24	Human resources optimization user charge.....		29,500
25	Unclassified military personnel.....		660,300
26	Military appeals tribunal.....		900
27	Michigan emergency volunteers.....		5,000

1	State active duty.....	85,100
2	Challenge program--40.5 FTE positions	4,039,900
3	Homeland security.....	<u>600,000</u>
4	GROSS APPROPRIATION.....	\$ 15,393,400
5	Appropriated from:	
6	Interdepartmental grant revenues:	
7	IDG, community health.....	100,000
8	IDG, challenge grant	250,800
9	IDG, state police	500,000
10	IDG, family independence agency	406,000
11	Federal revenues:	
12	DOD-DOA-NGB.....	4,356,300
13	Special revenue funds:	
14	Rental fees.....	350,000
15	Mackinac Bridge authority.....	55,000
16	Private donations	790,800
17	Parent pay revenue.....	100,000
18	State general fund/general purpose	\$ 8,484,500
19	Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES	
20	Full-time equated classified positions.....	200.0
21	Military training sites and support facilities--	200.0
22	FTE positions.....	\$ 20,129,700
23	Military training sites and support facilities test	
24	projects	<u>100,000</u>
25	GROSS APPROPRIATION.....	\$ 20,229,700
26	Appropriated from:	
27	Federal revenues:	

1	DOD-DOA-NGB		17,471,400
2	Special revenue funds:		
3	Test project fees		100,000
4	State general fund/general purpose	\$	2,658,300
5	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS		
6	Departmentwide accounts	\$	1,656,500
7	Special maintenance - state		151,200
8	Special maintenance - federal		5,300,000
9	Military retirement		2,807,000
10	Counternarcotic operations		50,000
11	Starbase grant		<u>640,000</u>
12	GROSS APPROPRIATION	\$	10,604,700
13	Appropriated from:		
14	Federal revenues:		
15	DOD-DOA-NGB		7,206,100
16	Federal counternarcotic revenues		50,000
17	Special revenue funds:		
18	State general fund/general purpose	\$	3,348,600
19	Sec. 105. VETERANS SERVICE ORGANIZATIONS		
20	American legion	\$	886,000
21	Disabled American veterans		732,400
22	Marine corps league		336,300
23	American veterans of World War II and Korea		464,800
24	Veterans of foreign wars		886,000
25	Michigan paralyzed veterans of America		165,700
26	Purple heart		157,900
27	Veterans of World War I		100

1	Polish legion of American veterans	41,200
2	Jewish veterans of America	41,200
3	State of Michigan council - Vietnam veterans of	
4	America	159,500
5	Catholic war veterans	<u>41,200</u>
6	GROSS APPROPRIATION	\$ 3,912,300
7	Appropriated from:	
8	Special revenue funds:	
9	State general fund/general purpose	\$ 3,912,300
10	Sec. 106. GRAND RAPIDS VETERANS' HOME	
11	Full-time equated classified positions..... 517.0	
12	Grand Rapids veterans' home--517.0 FTE positions	\$ 45,662,000
13	Board of managers	<u>340,000</u>
14	GROSS APPROPRIATION	\$ 46,002,000
15	Appropriated from:	
16	Federal revenues:	
17	DVA-VHA	14,191,900
18	HHS, Medicare	749,400
19	HHS, Medicaid	381,200
20	Special revenue funds:	
21	Private - veterans' home post and posthumous funds ...	340,000
22	Income and assessments	16,006,400
23	Lease revenue	35,000
24	State general fund/general purpose	\$ 14,298,100
25	Sec. 107. D.J. JACOBETTI VETERANS' HOME	
26	Full-time equated classified positions..... 159.0	
27	D.J. Jacobetti veterans' home--159.0 FTE positions ...	\$ 14,457,500

1	Board of managers		<u>125,000</u>
2	GROSS APPROPRIATION	\$	14,582,500
3	Appropriated from:		
4	Federal revenues:		
5	DVA-VHA		4,262,100
6	HHS, Medicare		367,100
7	HHS, Medicaid		87,700
8	Special revenue funds:		
9	Private - veterans' home post and posthumous funds ...		125,000
10	Income and assessments		4,840,400
11	State general fund/general purpose	\$	4,900,200
12	Sec. 108. VETERANS' AFFAIRS DIRECTORATE		
13	Full-time equated classified positions..... 16.0		
14	Veterans' affairs directorate administration--3.0		
15	FTE positions.....	\$	318,600
16	Veterans' trust fund administration--13.0 FTE		
17	positions		1,141,100
18	Veterans' trust fund grants		<u>3,746,500</u>
19	GROSS APPROPRIATION	\$	5,206,200
20	Appropriated from:		
21	Special revenue funds:		
22	Michigan veterans' trust fund		4,887,600
23	State general fund/general purpose	\$	318,600
24	Sec. 109. INFORMATION TECHNOLOGY		
25	Information technology services and projects	\$	<u>1,177,700</u>
26	GROSS APPROPRIATION	\$	1,177,700
27	Appropriated from:		

1	Federal revenues:	
2	DOD-DOA-NGB	109,100
3	DVA-VHA	296,300
4	HHS, Medicare	8,600
5	Special revenue funds:	
6	Income and assessments	336,100
7	State general fund/general purpose	\$ 427,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

11 Sec. 201. Pursuant to section 30 of article IX of the state
12 constitution of 1963, total state spending from state resources
13 under part 1 for fiscal year 2005-2006 is \$64,958,700.00 and state
14 spending from state resources to be paid to local units of
15 government for fiscal year 2005-2006 is \$50,000.00. The itemized
16 statement below identifies appropriations from which spending to
17 units of local government will occur:

18 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
19 VETERANS' AFFAIRS DIRECTORATE ADMINISTRATION

20	County counselor travel expenses	\$	<u>50,000</u>
21	TOTAL	\$	50,000

22 Sec. 202. The appropriations authorized under this bill are
23 subject to the management and budget act, 1984 PA 431, MCL 18.1101
24 to 18.1594.

25 Sec. 203. As used in this bill:

1 (a) "Department" means the department of military and veterans
2 affairs.

3 (b) "Director" means the director of the department of military
4 and veterans affairs.

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

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

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

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

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

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

14 (i) "IDG" means interdepartmental grant.

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

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

27 (2) The state budget director may grant exceptions to this

1 hiring freeze when the state budget director believes that the
2 hiring freeze will result in rendering a state department or agency
3 unable to deliver basic services, cause loss of revenue to the
4 state, result in the inability of the state to receive federal
5 funds, or necessitate additional expenditures that exceed any
6 savings from maintaining a vacancy. The state budget director
7 shall report quarterly to the chairpersons of the senate and house
8 of representatives standing committees on appropriations the number
9 of exceptions to the hiring freeze approved during the previous
10 quarter and the reasons to justify the exception.

11 Sec. 206. Unless otherwise specified, the department shall use
12 the Internet to fulfill the reporting requirements of this bill.
13 This requirement may include transmission of reports via electronic
14 mail to the recipients identified for each reporting requirement,
15 or it may include placement of reports on an Internet or Intranet
16 site.

17 Sec. 207. Funds appropriated in part 1 shall not be used for
18 the purchase of foreign goods or services, or both, if
19 competitively priced and of comparable quality American goods or
20 services, or both, are available. Preference should be given to
21 goods or services, or both, manufactured or provided by Michigan
22 businesses if they are competitively priced and of comparable
23 quality.

24 Sec. 208. The director shall take all reasonable steps to
25 ensure businesses in deprived and depressed communities compete for
26 and perform contracts to provide services or supplies, or both.
27 The director shall strongly encourage firms with which the

1 department contracts to subcontract with certified businesses in
2 depressed and deprived communities for services, supplies, or both.

3 Sec. 209. From the funds appropriated in part 1 for information
4 technology, departments and agencies shall pay user fees to the
5 department of information technology for technology-related
6 services and projects. Such user fees shall be subject to
7 provisions of an interagency agreement between the departments and
8 agencies and the department of information technology.

9 Sec. 210. Amounts appropriated in part 1 for information
10 technology may be designated as work projects and carried forward
11 to support technology projects under the direction of the
12 department of information technology. Funds designated in this
13 manner are not available for expenditure until approved as work
14 projects under section 451a of the management and budget act, 1984
15 PA 431, MCL 18.1451a.

16 Sec. 211. (1) Due to the current budgetary problems in this
17 state, out-of-state travel for the fiscal year ending September 30,
18 2006 shall be limited to situations in which 1 or more of the
19 following conditions apply:

20 (a) The travel is required by legal mandate or court order or
21 for law enforcement purposes.

22 (b) The travel is necessary to protect the health or safety of
23 Michigan citizens or visitors or to assist other states in similar
24 circumstances.

25 (c) The travel is necessary to produce budgetary savings or to
26 increase state revenues, including protecting existing federal
27 funds or securing additional federal funds.

1 (d) The travel is necessary to comply with federal
2 requirements.

3 (e) The travel is necessary to secure specialized training for
4 staff that is not available within this state.

5 (f) The travel is financed entirely by federal or nonstate
6 funds.

7 (2) If out-of-state travel is necessary but does not meet 1 or
8 more of the conditions in subsection (1), the state budget director
9 may grant an exception to allow the travel. Any exceptions granted
10 by the state budget director shall be reported on a monthly basis
11 to the senate and house of representatives standing committees on
12 appropriations.

13 (3) Not later than January 1 of each year, each department shall
14 prepare a travel report listing all travel by classified and
15 unclassified employees outside this state in the immediately
16 preceding fiscal year that was funded in whole or in part with
17 funds appropriated in the department's budget. The report shall be
18 submitted to the chairs and members of the senate and house of
19 representatives standing committees on appropriations, the fiscal
20 agencies, and the state budget director. The report shall include
21 the following information:

22 (a) The name of each person receiving reimbursement for travel
23 outside this state or whose travel costs were paid by this state.

24 (b) The destination of each travel occurrence.

25 (c) The dates of each travel occurrence.

26 (d) A brief statement of the reason for each travel occurrence.

27 (e) The transportation and related costs of each travel

1 occurrence, including the proportion funded with state general
2 fund/general purpose revenues, the proportion funded with state
3 restricted revenues, the proportion funded with federal revenues,
4 and the proportion funded with other revenues.

5 (f) A total of all out-of-state travel funded for the
6 immediately preceding fiscal year.

7 Sec. 212. (1) In addition to the funds appropriated in part 1,
8 there is appropriated an amount not to exceed \$5,000,000.00 for
9 federal contingency funds. These funds are not available for
10 expenditure until they have been transferred to another line item
11 in this bill under section 393(2) of the department of management
12 and budget act, 1984 PA 431, MCL 18.1393.

13 (2) In addition to the funds appropriated in part 1, there is
14 appropriated an amount not to exceed \$2,000,000.00 for state
15 restricted contingency funds. These funds are not available for
16 expenditure until they have been transferred to another line item
17 in this bill under section 393(2) of the department of management
18 and budget act, 1984 PA 431, MCL 18.1393.

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

25 (4) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$100,000.00 for private
27 contingency funds. These funds are not available for expenditure

1 until they have been transferred to another line item in this bill
2 under section 393(2) of the department of management and budget
3 act, 1984 PA 431, MCL 18.1393.

4 Sec. 213. (1) Of the funds appropriated in section 103 for
5 military training sites and support facilities, there shall be
6 established a Michigan national guard education assistance program.
7 Disbursements to the educational assistance program shall not
8 exceed \$1,100,000.00 without legislative approval. Under the
9 program, a member of the national guard who is in active service
10 and who enrolls as a full- or part-time student at a public or
11 private state college or university may be eligible to receive up
12 to an equivalent of 50% of the total cost of tuition not to exceed
13 \$2,000.00, as education assistance, in any academic year.

14 (2) As used in this section, an eligible person means a member
15 of the Michigan national guard who is in active service, as defined
16 in section 105 of the Michigan military act, 1967 PA 150, MCL
17 32.505. An eligible person does not include a member of the
18 Michigan national guard or air national guard who is absent without
19 leave or who is under charges as described in the Michigan code of
20 military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

21 (3) The department of military and veterans affairs, office of
22 the adjutant general shall administer the education assistance
23 program and prescribe forms and procedures to effectively carry out
24 the education assistance program.

25 (4) An eligible person shall apply to the department of military
26 and veterans affairs, office of the adjutant general for education
27 assistance and shall provide evidence of attendance and completion

1 of the course of study with a grade of at least 2.0 on a 4.0 scale,
2 or its equivalent. The adjutant general shall approve the
3 application for reimbursement if the applicant meets the definition
4 of an eligible person under subsection (2) and other criteria as
5 established by the adjutant general.

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

10 (6) The education assistance program applies to an eligible
11 person notwithstanding any other educational incentive or benefit
12 received by the eligible person under any other educational
13 assistance program provided by any other state.

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

17 (8) The department of military and veterans affairs may use
18 funds from the appropriated funds to administer the education
19 assistance program.

20 (9) Reimbursed members who do not complete their national guard
21 obligation shall pay the state for money received from the state
22 for tuition. Members who fail to repay the state within the time
23 limits established by the adjutant general shall be indebted to the
24 state. The department shall work in conjunction with the
25 department of treasury for inclusion in the tax intercept program
26 for amounts due the state.

27 (10) A portion of the funds for the Michigan national guard

1 education assistance program may be used by the department for the
2 purpose of promoting the program and for encouraging those persons
3 the department wishes to have enlist or reenlist in the Michigan
4 national guard.

5 **HEADQUARTERS AND ARMORIES**

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

11 (2) The department shall make every effort to identify
12 alternative sources of revenue to replace the general fund/general
13 purpose funding provided in this bill for the challenge program.

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

23 (4) The department shall take steps to insure that at least 75%
24 of the participants in the challenge program are members of
25 families with incomes at or below 200% of the federal poverty
26 level.

27 Sec. 304. The department shall partner with the family

1 independence agency to identify youth who may be eligible for the
2 challenge program from those youth served by family independence
3 agency programs. These eligible youth shall be given priority for
4 enrollment in the program.

5 **VETERANS SERVICE ORGANIZATIONS**

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

13 (2) To receive a grant from the money appropriated in section
14 105, a veterans service organization shall meet the following
15 eligibility requirements:

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

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

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

22 (d) Comply with the department's and the legislature's
23 requirements of accounting audits, service work activity,
24 accounting of recoveries, listing of volunteer hours, budget
25 requests, and other requirements specified in subsection (3).

26 (e) For a veterans service organization founded after September
27 30, 1989, be in operation and providing service to Michigan

1 veterans for not less than 2 years before receiving an initial
2 state grant. During this 2-year period of time, the organization
3 shall file a listing of service work activity and an accounting of
4 recoveries with the department, the senate and house fiscal
5 agencies, the senate and house of representatives appropriations
6 subcommittees on military affairs, and the state budget office on
7 forms as prescribed by the department.

8 (3) A veterans service organization receiving a grant from the
9 money appropriated in section 105 shall file with the department an
10 accounting of its expenditures, audited and certified by a
11 certified public accountant, within 120 days after the
12 organization's fiscal year end. Each organization shall provide a
13 detailed budget request for the fiscal year ending September 30,
14 2007, to the department by November 15, 2005, within the format as
15 prescribed by the department to be used in the development of the
16 budget for the fiscal year ending September 30, 2007. Each
17 veterans service organization shall provide 5 copies of a listing
18 of all service activity, an accounting of recoveries, and a listing
19 of volunteer hours for the fiscal year ending September 30, 2005,
20 to the department by January 31, 2006. The listing of volunteer
21 hours shall include the hours, services, and donations provided to
22 residents of the Grand Rapids veterans' home and the D.J. Jacobetti
23 veterans' home. Each veterans service organization shall provide a
24 copy of the most recent and completed internal revenue service form
25 990 to the department at the end of the fiscal year ending
26 September 30, 2005. A veterans service organization receiving a
27 grant from the money appropriated in section 105 shall use the

1 forms recommended by the Michigan veterans organizations'
2 rehabilitation and veterans service committee for filing reports
3 required by this bill. The department shall forward information
4 required under this section to the senate and house fiscal
5 agencies, the senate and house of representatives appropriations
6 subcommittees on military affairs, and the state budget office.

7 **VETERANS' HOMES**

8 Sec. 603. The money appropriated in this bill for the boards of
9 managers may be expended for facility improvements, the purchase
10 and repair of equipment and furnishings, member services, and other
11 purposes that benefit the Grand Rapids veterans' home and the D.J.
12 Jacobetti veterans' home.

13 **VETERANS' TRUST FUND**

14 Sec. 703. (1) By April 1, 2006, the department shall submit to
15 the senate and house of representatives appropriations
16 subcommittees on military affairs and the state budget office a
17 detailed annual report of the Michigan veterans' trust fund for
18 fiscal year 2004-2005. The report shall include information on
19 grants provided from the emergency grant program and the veterans
20 survivor tuition program, including details concerning the
21 methodology of allocations, the selection of emergency grant
22 program authorized agents, and a detailed breakdown of trust fund
23 expenditures for that year. The report shall also provide an
24 update on the department's efforts to reduce program administrative
25 costs.

26 (2) The annual report required under subsection (1) shall
27 contain information on the veterans survivors tuition program,

1 including the number of participants, where the participants
2 attended school, payments made to each school, the average grade
3 point and number of college credits earned by each participant, the
4 number of participants suspended by the program, and the number of
5 participants who earned a degree during fiscal year 2004-2005.