

Act No. 145  
Public Acts of 2005  
Approved by the Governor  
September 28, 2005  
Filed with the Secretary of State  
September 29, 2005  
EFFECTIVE DATE: September 29, 2005

**STATE OF MICHIGAN  
93RD LEGISLATURE  
REGULAR SESSION OF 2005**

Introduced by Senators Clarke and Emerson

**ENROLLED SENATE BILL No. 277**

AN ACT 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 act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2006, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

APPROPRIATION SUMMARY:

Full-time equated unclassified positions .....	7.0	
Full-time equated classified positions .....	1,016.0	
GROSS APPROPRIATION .....		\$ 117,699,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....		1,656,800
ADJUSTED GROSS APPROPRIATION .....		\$ 116,042,600
Federal revenues:		
Total federal revenues .....		49,537,200
Special revenue funds:		
Total local revenues .....		0
Total private revenues .....		1,355,800
Total other state restricted revenues .....		27,360,500
State general fund/general purpose .....		\$ 37,789,100

**Sec. 102. HEADQUARTERS AND ARMORIES**

Full-time equated unclassified positions .....	7.0	
Full-time equated classified positions .....	124.0	
Headquarters and armories—83.5 FTE positions .....		\$ 9,929,800
Unclassified military personnel.....		660,300
Military appeals tribunal.....		900
Michigan emergency volunteers .....		5,000
State active duty.....		85,100
Challenge program—40.5 FTE positions .....		4,035,900
Homeland security.....		1,000,000
Human resources optimization user charge.....		29,500
Military family relief fund.....		600,000
<b>GROSS APPROPRIATION</b> .....		<b>\$ 16,346,500</b>
Appropriated from:		
IDG, challenge grant.....		250,800
IDG, community health .....		100,000
IDG, state police .....		900,000
IDG, human services.....		406,000
Federal revenues:		
DOD-DOA-NGB.....		4,356,300
Special revenue funds:		
Rental fees .....		350,000
Mackinac Bridge authority .....		55,000
Private donations.....		790,800
Military family relief fund.....		600,000
Parent pay revenue.....		100,000
State general fund/general purpose .....		\$ 8,437,600

**Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES**

Full-time equated classified positions .....	200.0	
Military training sites and support facilities—200.0 FTE positions .....		\$ 20,009,800
Military training sites and support facilities test projects .....		100,000
<b>GROSS APPROPRIATION</b> .....		<b>\$ 20,109,800</b>
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		17,471,400
Special revenue funds:		
Test project fees .....		100,000
State general fund/general purpose .....		\$ 2,538,400

**Sec. 104. DEPARTMENTWIDE APPROPRIATIONS**

Departmentwide accounts.....		\$ 1,656,500
Special maintenance - state .....		151,200
Special maintenance - federal.....		5,300,000
Military retirement .....		2,807,000
Counter narcotic operations .....		50,000
Starbase grant.....		640,000
<b>GROSS APPROPRIATION</b> .....		<b>\$ 10,604,700</b>
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		7,206,100
Federal counter narcotic revenues.....		50,000
State general fund/general purpose .....		\$ 3,348,600

**Sec. 105. VETERANS SERVICE ORGANIZATIONS**

American legion .....		\$ 886,000
Disabled American veterans.....		732,400

	For Fiscal Year Ending Sept. 30, 2006
Marine corps league .....	\$ 336,300
American veterans of World War II and Korea.....	464,800
Veterans of foreign wars.....	886,000
Michigan paralyzed veterans of America.....	165,700
Purple heart.....	157,900
Veterans of World War I.....	100
Polish legion of American veterans.....	41,200
Jewish veterans of America.....	41,200
State of Michigan council - Vietnam veterans of America.....	159,500
Catholic war veterans.....	41,200
GROSS APPROPRIATION.....	\$ 3,912,300
Appropriated from:	
State general fund/general purpose .....	\$ 3,912,300

**Sec. 106. GRAND RAPIDS VETERANS' HOME**

Full-time equated classified positions.....	517.0
Grand Rapids veterans' home—517.0 FTE positions .....	\$ 45,416,700
Board of managers .....	415,000
GROSS APPROPRIATION.....	\$ 45,831,700
Appropriated from:	
Federal revenues:	
DVA-VHA .....	14,191,900
HHS, Medicaid .....	381,200
HHS, Medicare.....	749,400
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	340,000
Income and assessments .....	16,006,400
Military family relief fund.....	75,000
Lease revenue .....	35,000
State general fund/general purpose .....	\$ 14,052,800

**Sec. 107. D.J. JACOBETTI VETERANS' HOME**

Full-time equated classified positions.....	159.0
D.J. Jacobetti veterans' home—159.0 FTE positions .....	\$ 14,371,300
Board of managers .....	200,000
GROSS APPROPRIATION.....	\$ 14,571,300
Appropriated from:	
Federal revenues:	
DVA-VHA .....	4,262,100
HHS, Medicare.....	367,100
HHS, Medicaid .....	87,700
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	125,000
Military family relief fund.....	75,000
Income and assessments .....	4,840,400
State general fund/general purpose .....	\$ 4,814,000

**Sec. 108. VETERANS' AFFAIRS DIRECTORATE**

Full-time equated classified positions.....	16.0
Veterans' affairs directorate administration—3.0 FTE positions .....	\$ 316,300
Veterans' trust fund administration—13.0 FTE positions.....	1,141,100
Veterans' trust fund grants.....	3,746,500
GROSS APPROPRIATION.....	\$ 5,203,900
Appropriated from:	
Special revenue funds:	
Michigan veterans' trust fund.....	4,887,600
State general fund/general purpose .....	\$ 316,300

For Fiscal Year  
Ending Sept. 30,  
2006

**Sec. 109. INFORMATION TECHNOLOGY**

Information technology services and projects.....	\$	1,119,200
GROSS APPROPRIATION.....	\$	1,119,200
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		109,100
DVA-VHA .....		296,300
HHS, Medicare.....		8,600
Special revenue funds:		
Income and assessments .....		336,100
State general fund/general purpose .....	\$	369,100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2005-2006 is \$65,149,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$120,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes .....	\$	70,000
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MICHIGAN VETERANS' TRUST FUND

County counselor travel expenses.....	\$	50,000
TOTAL .....	\$	120,000

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

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military 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 vacancy. The state budget director shall report by the last business day of each month to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the justification for the exception.

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

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

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

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

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

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$1,100,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

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

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

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

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

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

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

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

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general

shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

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

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

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

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

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

Sec. 225. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 shall be limited to situations in which 1 or more of the following conditions apply:

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

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

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

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

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

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

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

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

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

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

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

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

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

Sec. 226. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 227. Sixty days prior to the public announcement of the intention to sell any department property, the department shall submit notification of that intent to the appropriate senate and house appropriations subcommittees and the senate and house fiscal agencies.

## **HEADQUARTERS AND ARMORIES**

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

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

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

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

Sec. 304. The department will partner with the department of human services to identify youth who may be eligible for the challenge program from those youth served by department of human services programs. These eligible youth shall be given priority for enrollment in the program.

## **VETERANS SERVICE ORGANIZATIONS**

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

(2) To receive a grant from the money appropriated in part 1, a veterans service organization shall meet the following eligibility requirements:

(a) Be congressionally chartered by the United States congress.

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

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

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

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

(3) A veterans service organization receiving a grant from the money appropriated in part 1 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2007 to the department by November 15, 2005. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2005 to the department by January 31, 2006. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2005. A veterans service organization receiving a grant from the money appropriated in part 1 shall use the forms recommended by the Michigan veterans organizations rehabilitation and veterans service committee for filing reports required by this article. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

(4) The veterans service directors committee and the department shall take steps to improve the coordination of veterans benefits counseling in the state to maximize the effective and efficient use of taxpayer dollars in this goal and to ensure that every veteran is served.

(5) To accomplish the goal of subsection (4), the veterans service directors committee and the department shall take steps to increase their responsibility in the administration, management, oversight, and outreach of the delivery of services to veterans. The veterans service directors committee and the department shall involve county veterans counselors and representatives from the Michigan veterans trust fund to work in concert to identify, implement, and evaluate steps to do all of the following:

(a) Increase the veterans service directors committee and the department's role in working directly with the United States department of veterans' affairs to enhance the delivery of services to Michigan veterans.

(b) Increase the number of initial claims filed with the United States department of veterans' affairs on behalf of veterans for service-connected disability or pension benefits. The veterans service directors committee and the department may work toward either an absolute increase of approved claims or an increase in the percentage of Michigan veterans with approved claims.

(c) Develop methods to increase rates of recovery paid by the United States department of veterans' affairs to Michigan veterans either by an increase in compensation paid per approved claim or increase in compensation paid on a per capita basis.

(d) Expand training opportunities for veterans service organization service officers.

(e) Increase either the number or percentage of Michigan veterans enrolled in the VA healthcare system.

(f) Publicize the availability, benefit, and value of burial in the Fort Custer and Great Lakes national cemeteries.

(g) Review each grant recipient's performance under the program and require that performance be a major consideration in the future funding of each grant recipient.

(6) The veterans service directors committee and the department shall create a report of the efforts to complete the goals outlined in this section and shall provide suggestions on how a more effective and efficient veterans' benefits counseling program may best be designed for implementation for fiscal year 2006-2007. This report shall be delivered to the house and senate appropriations subcommittees no later than March 15, 2006.

## **VETERANS' HOMES**

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

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include 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, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2006.

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

## **VETERANS' TRUST FUND**

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

(2) The annual report required under subsection (1) shall contain information on the veterans' survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2004-2005.

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

Sec. 705. (1) It is the intent of the legislature that prior to the enactment of the fiscal year 2006-2007 appropriations bill for the Michigan veterans' trust fund, there shall be legislation enacted which shall provide a dedicated funding source for the cost of the veterans' survivors tuition program which is a fund source other than from revenue from the Michigan veterans' trust fund so that annual interest earnings from the trust fund can be used solely for its original intent of providing temporary emergency financial assistance to wartime veterans in the state.

(2) Should the provisions of subsection (1) be enacted, it is the intent of the legislature that the veterans' trust fund board only expend interest earned by the Michigan veterans' trust fund as provided in 1946 (1st Ex Sess) PA 9, MCL 35.601a to 35.610, and that the board earmark funds each year from the interest earnings to pay into the corpus of the fund until the corpus of the fund reaches its original amount of \$50,000,000.00.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate

*Ray E. Randall*

Clerk of the House of Representatives

Approved .....

.....  
Governor