

CREATE COUNTY VETERAN SERVICE FUND

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House Bill 5536 as enacted

Public Act 210 of 2018

Sponsor: Rep. Jason Wentworth

House Committee: Military and Veterans Affairs

Senate Committee: Veterans, Military Affairs and Homeland Security

Complete to 8-27-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5536 amends Public Act 192 of 1953 to create the County Veteran Service Fund and to provide for contributions to and expenditures from the fund. A detailed description of the bill follows.

County Veteran Service Fund

The bill creates the County Veteran Service Fund within the Department of Treasury. The state treasurer could receive money or other assets from any source for deposit into the fund, would direct the investment of the fund, and would credit to the fund interest and earnings from those investments. Money in the fund at the close of the fiscal year would remain in the fund and not lapse to the general fund. The Michigan Veterans Affairs Agency (MVAA) would be the administrator of the fund for auditing purposes.

Grant Program

The MVAA must create and operate a grant program to provide grants to counties for county *veteran service operations*. The MVAA would make grants from the fund, upon appropriation, to each county Department of Veterans' Affairs that meets the conditions described below, for the sole use of the county's veteran service operations.

Veteran service operations means assistance and programming to meet the needs of veterans in this state, including providing advice, advocacy, and assistance to veterans, service members, dependents, or survivors by an accredited veteran service officer to obtain U.S. Department of Veterans Affairs health, financial, or memorial benefits for which they are eligible.

Grant Disbursement Formula

The total disbursement for each grant would be determined by combining the following:

- A base amount of \$25,000.
- A per capita amount based on the number of veterans living in the county. This would be determined by dividing the money left in the fund after the base amount is distributed by the number of veterans living in the state and then multiplying that figure by the number of veterans living in the county receiving the grant. Population figures would be obtained from the most recent Geographic Distribution of VA Expenditures (GDX) report published by the U.S. Department of Veterans Affairs.

If the amount remaining in the fund after accounting for all disbursements is less than the amount obtained by multiplying \$1,000 by the number of counties receiving grants, the Michigan Veterans Affairs Agency (MVAA) shall not perform a calculation and must not disburse the portion of grant funds.

Conditions for Grant

To be eligible for receiving a grant, a county Department of Veterans' Affairs would, within one year after the effective date of the bill and annually after that date, have to do all of the following:

- Maintain a minimum level of county funding for veteran service operations that is equal to the level of that funding for the fiscal year preceding the effective date of the bill.
- Establish remote access to the U.S. Department of Veterans Affairs computing systems and require county veteran service officers to obtain a personal identity verification (PIV) card issued by the U.S. Department of Veterans Affairs.
- Submit quarterly reports to the MVAA in accordance with reporting requirements determined by the MVAA.
- Provide at least 20 hours per week toward veteran service operations.
- Submit financial reports to MVAA on a regular basis, as determined by the agency demonstrating that the county Department of Veterans Affairs expended the grant funds received directly and solely on veteran service operations during the period of the report. If the MVAA determines, by audit or otherwise, that a county department of veteran's affairs expended the grant funds received for purposes other than veteran service operations, it must reduce the grant disbursement provided to the county department of veterans' affairs in the succeeding fiscal year by an amount equal to the total of all amounts improperly expended.

MCL 35.621 and 35.624 and proposed MCL 35.623a

FISCAL IMPACT:

House Bill 5536 would have no fiscal impact on the Department of Treasury.

Assuming that there are sufficient funds available for disbursement in the County Veteran Service Fund, the bill would increase county revenues related to veteran service operations. The bill would create a County Veterans Service Fund, which would distribute base and per capita grants to each of Michigan's 83 counties, the size of which would be dependent upon appropriations and each county's veterans population as estimated in the most recent U.S. Department of Veterans Affairs Geographic Distribution of Expenditures report.¹ The bill would also have an indeterminate fiscal impact on the Michigan Veterans Affairs Agency, resulting from the requirement to create and operate the program that distributes grants to counties from the County Veterans Service Fund.

¹ As of February 2018, the most recent Geographic Distribution of Expenditures report is the 2016 report.

Under the provisions of this bill—and pursuant to each county applying for the grants—each county would receive a base grant of \$25,000 per year, amounting to approximately \$2.1 million. Any additional funds remaining in the County Veterans Service Fund would be distributed proportionally, based upon each county's share of the state's veteran population. Each county receiving grants from the County Veterans Service Fund would be required to maintain the level of funding for county veterans services equivalent to the funding level from the fiscal year prior to the effective date of House Bill 5536; establish remote access to the U.S. Department of Veterans Affairs computing systems; require county veterans service officers to obtain a personal identity verification card issued by the U.S. Department of Veterans Affairs; report quarterly on veteran service activities to the Michigan Veterans Affairs Agency; provide at least twenty hours per month in local veterans service operations; and provide an annual accounting of grant fund expenditures.

The FY 2018-19 budget for the MVAA includes \$2.1 million GF/GP to support grants to counties for veterans services distributed through the County Veteran Service Fund. The provisions of this bill do not allow for per capita grant disbursement if the remainder of the funds after the base grant disbursement falls below \$83,000 (\$1,000 x 83 counties). Therefore, only the \$25,000 per county base grant will be distributed in FY 2018-19, leaving a total of \$25,000 remaining in the fund. The minimum fund balance necessary to trigger the per capita grant disbursement is \$2,158,000 (\$2,075,000 for the base grants to all 83 counties, and \$83,000 to be disbursed based upon county veterans population). However, it should be noted that even though the provisions of this bill do not allow for a per capita grant distribution if the fund balance falls below \$83,000, the per capita grant does not guarantee a \$1,000 per county grant distribution.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.