



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 70 (as introduced 1-31-17)  
Sponsor: Senator Vincent Gregory  
Committee: Appropriations

Date Completed: 6-2-17

### **CONTENT**

**The bill would amend the Vietnam Veteran Era Bonus Act to do the following:**

- **Extend the period of military service covered under the Act to include the period between 12:01 a.m., September 1, 1973, and 12:01 a.m., May 7, 1975.**
- **Establish deadlines for applying for a service bonus under the Act as a result of the bill's extension of the period of service.**
- **Specify that payment of benefits as a result of an application filed under the bill would be subject to an appropriation.**

The bill would take effect 90 days after its enactment.

#### Service Bonus & Period of Service

The Act requires that a "combat veteran" be paid a service bonus of \$600. A "veteran" must be paid a service bonus of \$15 per month for each month or major portion of a month served, but not to exceed \$450. A person is not entitled to a bonus as both a veteran and a combat veteran.

If the veteran or combat veteran is deceased, or is listed as missing in action, his or her beneficiary is entitled to receive a bonus and may apply for the bonus the deceased veteran or combat veteran would have been entitled to under the Act. If a veteran is deceased from service-connected causes after payment of a bonus, the beneficiary is entitled to receive the difference between the amount that the veteran received and \$450.

The Act defines "veteran" as a person who completed at least 190 days of honorable service or is listed as missing in action or died during the "period of service" from service-connected causes in the Army, Navy, Air Force, Marines, or Coast Guard of the United States, was a resident of Michigan for at least six months before entering the service or, while on active duty, was a resident of Michigan for at least six months immediately before January 1, 1961, and has not applied for and received similar benefits from another state for the same period of service.

"Combat veteran" means a veteran listed as missing in action, or a veteran eligible to wear the Vietnam Service Medal or the Armed Forces Expeditionary Medal if eligibility for the award occurred during the period of service.

"Period of service" means the period between 12:01 a.m., January 1, 1961, and 12:01 a.m., September 1, 1973. Under the bill, the term would include both that period and the period between 12:01 a.m., September 1, 1973, and 12:01 a.m., May 7, 1975.

### Application for Service Bonus

An application for benefits under the Act had to be filed or received by June 30, 1980, except for an application from a beneficiary for a veteran who is deceased from service-connected causes after payment of a bonus.

Under the bill, an application for a service bonus would have to be filed before the following dates:

- July 1, 1980, for a veteran or combat veteran who met the requirements to receive a service bonus before that date.
- January 1, 2018, for a veteran or combat veteran who did not meet the requirements to receive a service bonus before July 1, 1980, but met the requirements to receive a service bonus after the bill's effective date.
- January 1, 2018, for a veteran who received a service bonus of \$15 per month for each month served, in an amount of less than \$450 because the number of months served was calculated on the current definition of "period of service", and had completed additional months of service during the additional period of service proposed by the bill.

### Payment of Service Bonus

The Act requires the Adjutant General to compute the amount of payment due to an applicant, record that amount, and transmit the claim for payment to the Department of Treasury for payment. Payment must be made from the Vietnam Veteran Era Bonus Fund.

The bill specifies that payment to an applicant for an application based on service during the proposed additional period of service would be subject to an appropriation of funds for that payment.

MCL 35.1022 et al.

### **FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on the State budget, as it would appropriate funding for the proposed provisions, and thus would depend upon whether, and to what extent, the Legislature chose to appropriate funding for the provisions under the bill.

According to estimates from the Department of Military and Veterans Affairs' Michigan Veterans Affairs Agency (MVAA), should the Legislature choose to fund all the bill's provisions, it would cost the State between \$14.5 million and \$20.6 million.

The MVAA, through U.S. Department of Defense statistics, mortality rates, and other data, estimates that approximately 53,800 veterans may be subject to the bill's provisions, broken down as follows: living veterans, combat status -- 13,992; next of kin, combat status -- 9,845; living veterans, noncombat status -- 17,809; next of kin, noncombat status -- 12,154.

By taking into account estimated bonus payouts by veteran status and response rates by those eligible for the bonuses, the MVAA projected what would be the high and low expected costs of the bill, as shown in the following tables.

<b>Bonus Expansion - Estimate</b>			
<b>September 2, 1973 - May 7, 1975</b>	<b>Response Rate High</b>	<b># of Claims</b>	<b>\$</b>
Living Veterans - Combat Status	90%	12,593	\$7,555,648
Next of Kin - Combat Status	70%	6,892	4,134,985
Living Veterans - Noncombat Status	90%	16,028	5,808,417
Next of Kin - Noncombat Status	70%	8,508	3,083,111
<b>Total</b>		<b>44,021</b>	<b>\$20,582,160</b>

<b>Bonus Expansion - Estimate</b>			
<b>September 2, 1973 - May 7, 1975</b>	<b>Response Rate Low</b>	<b># of Claims</b>	<b>\$</b>
Living Veterans - Combat Status	70%	9,794	\$5,876,615
Next of Kin - Combat Status	40%	3,938	2,362,848
Living Veterans - Noncombat Status	70%	12,466	4,517,657
Next of Kin - Noncombat Status	40%	4,862	1,761,778
<b>Total</b>		<b>31,060</b>	<b>\$14,518,898</b>

From the original application period of the Act, which ended June 30, 1980, more than 370,000 Michigan veterans (including 3,581 families of veterans killed in action) received a bonus of either a flat \$600 for a combat veteran or up to \$450 for other veterans who served during the covered period of service. According to the MVAA, this number represents almost 90% of the Michigan residents who served during the era.

In addition to the cost of bonuses, there would be costs related to outreach efforts for the program (though this could be lessened, due to an existing MVAA outreach website, agency representatives covering each county in the State, and agency networking through various media and veterans service organizations), and clerical costs related to administration of the program, which requires applications to be submitted to the Adjutant General of the Department of Military and Veterans Affairs. In addition, considerable work would be necessary to sort through what are mostly paper records and to perform necessary vetting procedures for next of kin applications. The MVAA has personnel who administer existing grant programs, but additional clerical workers would need to be hired, at a cost of approximately \$80,000 to \$90,000 for each position, including benefits, to accomplish the bill's requirements; the number of additional workers needed cannot be determined at this time.

Subject to the variables mentioned above, chief among them the degree of outreach success by the MVAA for the proposed program to find eligible recipients, and increased difficulties in all facets of the program related to the passage of more than 40 years since the end of the eligibility period, a fully accurate level of participation and cost of the program may not be known until the program expansion is implemented, if it is.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.