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House Bill 4122 (Substitute H-1 as passed by the House)
Sponsor: Representative Annette Glenn
House Committee: Military, Veterans and Homeland Security
Senate Committee: Families, Seniors, and Veterans

Date Completed: 3-24-21

CONTENT

The bill would amend Public Act 192 of 1953, which governs the County Veteran Service Fund, to do the following:

- **Specify that money in the Fund could be used to cover necessary administrative and implementation costs incurred by the Michigan Veteran Affairs Agency (MVAA), as appropriated.**
- **Specify that the MVAA would have to make grants available through its grant program, upon appropriation, to each county that entered into a grant agreement with the MVAA and that met certain eligibility requirements.**
- **Modify the eligibility requirements for a county to receive a grant in the fiscal year ending September 30, 2021, and each fiscal year thereafter.**
- **Modify the method for determining the total disbursement for each grant under the Act.**
- **If the MVAA determined that a county expended grant funds for purposes other than for allowable expenditures related to a county, require the MVAA to notify the county of its findings and recover any misused grant funds before issuing any new grants to the county.**
- **Retroactive to the fiscal year ending September 30, 2020, and for the two fiscal years following it, allow the MVAA to suspend the eligibility requirements to receive grant funding to allow a county to utilize available money in the Fund to form an emergent need relief program.**

Grant Program's Purpose

The Act creates the County Veteran Service Fund within the State Treasury and requires the MVAA to be the administrator of the fund. The bill would allow money in the Fund to be used to cover necessary administrative and implementation costs incurred by the MVAA, as appropriated.

The Act requires the MVAA to create and operate a grant program that provides grants to counties for county veteran service operations. The MVAA must make grants from the Fund, upon appropriation, to each county that meets the conditions described below for the sole use of the county's veteran service operations. Under the bill, grants would have to be made for allowable expenditures related to county veteran service operations. The MVAA would have to make grants from the Fund, upon appropriation, to each county that entered into a grant agreement with the MVAA and met the eligibility requirements described below for the sole use of supporting allowable expenditures made by a county's veteran service operations. The

bill also would require a grant to be disbursed within 60 days after the date that the MVAA received a completed and signed grant agreement from the county requesting the grant. ("Allowable expenditure" would mean those expenditures determined by the MVAA to be necessary and proper to support veteran service operations in the State.)

Grant Eligibility

Under the Act, to be eligible to receive a grant, within one year of September 24, 2018, and annually after that date, a county must satisfy all of the following as certified in a form and manner prescribed by the MVAA:

- Maintain a minimum level of county funding for veteran service operations equal to the level of county funding for veteran service operations for the fiscal year preceding September 24, 2018.
- Establish remote access to the United States Department of Veterans Affairs (USDVA) computing systems and require county veteran service officers to obtain a PIV card (a personal identity verification card issued by the USDVA).
- Submit quarterly reports to the MVAA in accordance with the reporting requirements determined by the MVAA.
- Provide no less than 20 hours per week toward veteran service operations.
- Submit financial reports to the MVAA on a regular basis, as determined by the MVAA, demonstrating that the county spent the grant funds directly and solely on veteran service operations during the period of the report.

If the MVAA determines, by audit or otherwise, that a county spent the grant funds for purposes other than veteran service operations, it must reduce the grant disbursement provided to the county in the succeeding fiscal year by an amount equal to the total of all amounts improperly spent.

Under the bill, except as otherwise provided, to be eligible to receive a grant in the fiscal year ending September 30, 2021, and each fiscal year thereafter, a county would have to satisfy the requirements described below not later than September 30:

- For fiscal years ending September 30, 2021, and September 30, 2022, a county would have to maintain at least 70% of the total county funding for veteran service operations for the fiscal year immediately preceding October 1, 2018; if a county reduced the level of county funding for veteran service operations for those fiscal years, it could not use grant funding to supplant those reductions.
- Demonstrate an effort to achieve both of the following: a) establish remote access to the USDVA computing systems, and b) require county veteran service officers to obtain a PIV card.
- Submit quarterly reports to the MVAA (as currently required).
- Submit financial reports to the MVAA on a regular basis, as determined by the MVAA, demonstrating that the county spent the grant funds received directly and solely for allowable expenditures related to a county veteran service operations during the period of the report.

A county also would have to provide at least 20 hours per week toward veteran service operations, as currently required; however, upon request, the MVAA could grant an exemption from this requirement. In determining whether to grant the exemption, the MVAA would have to consider necessary information and factors, including the total veteran population of a county and any existing agreements that promoted coordination of services between counties.

Under the bill, retroactive to the fiscal year ending September 30, 2020, and for the fiscal years ending September 30, 2021 and September 30, 2022, the MVAA could suspend the requirements described above to allow a county to use available money in a county veteran services fund to form an emergent need relief program to provide direct financial assistance through its veteran service operations in the county. In establishing an emergent need relief program, the MVAA and counties would have to ensure all other available resources were applied before awarding assistance.

Grant Disbursement

The Act requires the disbursement for each grant to be determined by combining the following amounts:

- A base amount of \$50,000.
- A per capita amount according to the number of veterans residing in each county.

Instead, under the bill, the total disbursement for each grant would have to be determined by combining the following amounts:

- Except as otherwise provided below, a base amount of \$50,000.
- A per capita amount according to the number of veterans residing in each county to support allowable expenditures related to county veteran service operations.

The bill specifies that in a fiscal year when money in the Fund was insufficient to support the \$50,000 base amount, the amount instead would be equal to and not to exceed the total amount appropriated to the Fund for the fiscal year beginning October 1 divided by 83. A disbursement made in this manner would have to be used for one of the following purposes:

- Establishing new capacity and capabilities for a county to provide veteran service operations.
- Enhancing and increasing existing veteran service operations through local county offices.

Under the Act, certain conditions apply to the disbursement of a grant as described above. If the amount remaining in the Fund after accounting for all base amount disbursements of \$50,000 is less than the amount obtained by multiplying \$1,000 by the number of counties receiving grants, the MVAA may not perform a calculation to disburse, and may not disburse, the per capita amounts.

In addition, the Act requires the base amount disbursements of \$50,000 to be provided in a lump sum distribution not later than December 31 of each year. The initial base amount must be provided by January 31, 2019. The bill would delete these requirements.

Misused Grant Funds

Under the Act, if the MVAA determines that a county spent the grant funds received for purposes other than veteran service operations, the MVAA must reduce the grant disbursement provided to the county in the succeeding fiscal year by an amount equal to the total of all amounts improperly expended.

Instead, under the bill, if the MVAA determined that county expended the grant funds received for purposes other than for allowable expenditures related to county veteran service operations, the MVAA would have to notify the county of its findings and recover any misused grant funds before issuing any new grants to the county.

FISCAL IMPACT

The bill would amend the distribution and expenditure of grants from the County Veteran Service Fund within the Department of Military and Veterans Affairs budget, which would allow for counties to be eligible to receive increased grant support from the Fund. The County Veteran Service Fund grant program depends upon appropriations. It is appropriated at \$4.0 million General Fund/General Purpose for fiscal year (FY) 2020-21 and is proposed to be appropriated at that amount under the Governor's FY 2021-22 budget recommendations. The bill would revise certain eligibility requirements, which would provide more cost savings to participating counties and would allow more counties to participate in the grant program. It also would allow for the suspension of eligibility requirements to allow for a county to form an emergent need relief program to provide direct financial assistance to veterans.

The bill would shift administrative costs of the program from being assumed by the base budget of the MVAA to funds appropriated for the grant program. The Governor's proposed FY 2021-22 budget designates \$200,000 (which equates to 5.0% of the total current Fund appropriation) from the Fund for this purpose.

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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.