

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**  
**Summary: Conference Report**  
**Article 10, House Bill 5396 (S-1) CR-1**

**Analyst: Michael Cnossen**

|                   | FY 2019-20 YTD<br>as of 2/6/20 | FY 2020-21<br>Conference | Difference: Conference<br>From FY 2019-20 YTD |             |
|-------------------|--------------------------------|--------------------------|---|-------------|
|                   |                                |                          | Amount  | %           |
| IDG/IDT           | \$101,800                      | \$101,800                | \$0   | 0.0         |
| <b>Federal</b>    | 106,177,200                    | 123,626,100              | 17,448,900                                    | 16.4        |
| <b>Local</b>      | 0                              | 0                        | 0   | --          |
| <b>Private</b>    | 630,000                        | 630,000                  | 0   | 0.0         |
| <b>Restricted</b> | 23,908,600                     | 20,313,400               | (3,595,200)                                   | (15.0)      |
| <b>GF/GP</b>      | 73,247,500                     | 81,421,200               | 8,173,700                                     | 11.2        |
| <b>Gross</b>      | <b>\$204,065,100</b>           | <b>\$226,092,500</b>     | <b>\$22,027,400</b>                           | <b>10.8</b> |
| <b>FTEs</b>       | 933.5                          | 1061.5                   | 128.0   | 13.7        |

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

**Overview**

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, County Veteran Service Fund, and the Michigan Veterans Trust Fund.

|   | FY 2019-20<br>Year-to-Date<br>(as of 2/6/20)          | FY 2020-21<br>Conference<br>Change  |
|---|---|---|
| <b>Major Budget Changes From FY 2019-20 YTD Appropriations</b>  |   |   |
| <b>1. New Veterans Home Ongoing Costs</b>   |   |   |
| Authorizes \$1.2 million Gross (\$7.6 million GF/GP) and 115.0 FTE positions to support ongoing operations at new Chesterfield Township home for veterans and new facility at Grand Rapids Home for Veterans. A GF/GP appropriation increase partly covers a short-term reduction of federal revenue as the new homes' residency and eligibility for federal reimbursements stabilizes. | FTE<br><b>Gross</b><br>Federal<br>Restricted<br>GF/GP | NA<br><b>NA</b><br>NA<br>NA<br>NA<br>115.0<br><b>\$1,160,800</b><br>(5,856,300)<br>(631,900)<br>\$7,649,000             |
| <b>2. Michigan Job ChalleNGe Program</b>  |   |   |
| Authorizes \$2.0 million of federal funding and 18.0 FTE positions for the five-month residential, occupational skills training program for graduates of the Michigan Youth ChalleNGe Academy.  | FTE<br><b>Gross</b><br>Federal<br>Private<br>GF/GP    | 50.0<br><b>\$7,580,900</b><br>4,514,000<br>90,000<br>\$2,976,900<br>18.0<br><b>\$2,011,000</b><br>2,011,000<br>0<br>\$0 |
| <b>3. Grayling National Guard Readiness Center Construction</b>   |   |   |
| Authorizes \$18.9 million of federal funding for a new National Guard Readiness Center at Grayling Army Airfield to support training, administration, and logistical requirements for two Michigan National Guard units and to address overcrowding and aging of existing facilities.   | <b>Gross</b><br>Federal<br>GF/GP                      | <b>NA</b><br>NA<br>NA<br><b>\$18,905,000</b><br>18,905,000<br>\$0   |

**MILITARY AND VETERANS AFFAIRS**

| <b><u>Major Budget Changes From FY 2019-20 YTD Appropriations</u></b>   |              | <b>FY 2019-20<br/>Year-to-Date<br/>(as of 2/6/20)</b> | <b>FY 2020-21<br/>Conference<br/>Change</b> |
|---|--------------|---|---|
| <b>4. Board of Managers Elimination</b>   | <b>Gross</b> | <b>\$940,000</b>                                      | <b>(\$400,000)</b>                          |
| Eliminates \$400,000 of state restricted funding that had been used to support Board of Managers and transfers \$540,000 of private funding to new Michigan Veterans Homes Administration line to recognize transfer of management authority over veterans' homes from Board of Managers to Michigan Veterans Facility Authority, which will oversee construction and administration of all state veteran homes.  | Private      | 540,000   | 0   |
|   | Restricted   | 400,000   | (400,000)                                   |
|   | GF/GP        | \$0   | \$0   |
| <b>5. Veteran Homes Administration Cost Transfers</b>   | FTE          | 18.0  | 0.0   |
| Transfers \$2.5 million GF/GP to new Michigan Veteran Homes Administration line that will support administration of all veterans homes. Transfers \$452,500 from D.J. Jacobetti Home for Veterans, \$1.6 million from Grand Rapids Home for Veterans, and \$419,900 from Michigan Veterans Facility Authority. Total executive recommended funding is \$3.0 million with transfer of \$540,000 of private funding from Board of Managers as noted in item number 5.                                 | <b>Gross</b> | <b>\$2,473,700</b>                                    | <b>\$0</b>                                  |
|   | GF/GP        | \$2,473,700   | \$0   |
| <b>6. Cemetery Cost Transfer</b>  | <b>Gross</b> | <b>\$85,200</b>                                       | <b>\$0</b>                                  |
| Transfers \$85,200 GF/GP from Grand Rapids Home for Veterans to new Veterans Cemetery line.   | GF/GP        | \$85,200  | \$0   |
| <b>7. Grand Rapids Home for Veterans Lines Transfers</b>  | FTE          | 318.5   | 0.0   |
| Transfers \$51.3 million Gross (\$22.9 million GF/GP) and 313.5 FTE positions, from three lines under the Grand Rapids Home for Veterans and \$621,700 Gross (\$225,600 GF/GP) from FY 2020-21 economics increase, into one new line. Transfers \$9.0 million from Veterans Homes Operations, \$10.3 million from Purchased Services, and \$32.5 million from Salaries, Wages, and Fringe Benefits. 5.0 FTE positions would be transferred to Michigan Veterans Affairs Agency Administration line. | <b>Gross</b> | <b>\$51,264,300</b>                                   | <b>\$0</b>                                  |
|   | Federal      | 21,565,000  | 0   |
|   | Restricted   | 6,800,900   | 0   |
|   | GF/GP        | \$22,898,400  | \$0   |
| <b>8. Grand Home for Veterans Transition Costs Transfer</b>   | FTE          | 318.5   | 0.0   |
| Transfers \$13.2 million GF/GP of ongoing funding to Grand Rapids Home for Veterans to one-time funding to support costs of transitioning from the existing facility to the new facility under construction and expected to open in 2021  | <b>Gross</b> | <b>\$51,264,300</b>                                   | <b>\$0</b>                                  |
|   | Federal      | 21,565,000  | 0   |
|   | Restricted   | 6,800,900   | 0   |
|   | GF/GP        | \$22,898,400  | \$0   |
| <b>9. Non-GF Transfer from GRHV to New Chesterfield Home</b>  | FTE          | 318.5   | 0.0   |
| Transfers \$1.3 million Gross (\$0 GF/GP) from Grand Rapids Home for Veterans to new Chesterfield Township veterans home in Macomb County. Transfers \$885,000 of federal funding and \$375,000 of state restricted Income and Assessments revenue.   | <b>Gross</b> | <b>\$51,264,300</b>                                   | <b>\$0</b>                                  |
|   | Federal      | 21,565,000  | 0   |
|   | Restricted   | 6,800,900   | 0   |
|   | GF/GP        | \$22,898,400  | \$0   |
| <b>10. Michigan Veterans Facility Authority Reduction</b>   | FTE          | 3.0   | 0.0   |
| Reduces \$250,000 GF/GP from the Michigan Veterans Facility Authority because of vacant transition executive position and reducing the number of yearly meetings by half.   | <b>Gross</b> | <b>\$1,276,900</b>                                    | <b>(\$250,000)</b>                          |
|   | GF/GP        | \$1,276,900   | (\$250,000)                                 |
| <b>11. IT Services Increase</b>   | <b>Gross</b> | <b>\$1,530,800</b>                                    | <b>\$432,300</b>                            |
| Authorizes \$432,300 Gross to align appropriations with available federal and state restricted resources.   | Federal      | 586,700   | 121,000                                     |
|   | Restricted   | 425,100   | 311,300                                     |
|   | GF/GP        | \$519,000   | \$0   |
| <b>12. Accounting Service Center FTE Transfer to DTMB</b>   | FTE          | 205.0   | (5.0)                                       |
| Reduces 5.0 FTE positions from D.J. Jacobetti Home for Veterans to reflect an Accounting Service Center agreement by which five veterans home business office staff have become part of DTMB-Financial Services.  | <b>Gross</b> | <b>\$24,918,600</b>                                   | <b>\$0</b>                                  |
|   | Federal      | 10,447,800  | 0   |
|   | Restricted   | 5,262,900   | 0   |
|   | GF/GP        | \$9,207,900   | \$0   |

**MILITARY AND VETERANS AFFAIRS**

| <b><u>Major Budget Changes From FY 2019-20 YTD Appropriations</u></b>   |              | <b><u>FY 2019-20<br/>Year-to-Date<br/>(as of 2/6/20)</u></b> | <b><u>FY 2020-21<br/>Conference<br/>Change</u></b> |
|---|--------------|--|--|
| <b>13. D.J. Jacobetti Fund Shift Alignment with Available Resources</b>   | FTE          | 205.0  | 0.0  |
| Reduces \$354,900 Gross to align fund sources with available federal and state restricted revenues. Reduces \$3.0 million of federal funding and authorizes an additional \$2.7 million of state restricted Income and Assessments revenue.   | <b>Gross</b> | <b>\$24,918,600</b>  | <b>(\$354,900)</b>                                 |
|   | Federal      | 10,447,800   | (3,008,300)  |
|   | Restricted   | 5,262,900  | 2,653,400  |
|   | GF/GP        | \$9,207,900  | \$0  |
| <b>14. Restricted Revenue Reductions</b>  | <b>Gross</b> | <b>\$11,202,200</b>  | <b>(\$5,815,100)</b>                               |
| Reduces \$5.8 million of state restricted funding to align with revenue and expenditure projections. Reductions include \$2.9 million from Michigan Veterans Trust Fund, \$2.3 million from Michigan National Guard Armory Construction Fund, \$450,000 from Military Family Relief Fund, \$100,000 from Mackinac Bridge Authority, \$63,800 from Billeting Fund, and \$50,000 from Test Project Fees.  | Restricted   | 11,202,200   | (5,815,100)  |
|   | GF/GP        | \$0  | \$0  |
| <b>15. Removal of FY 2019-20 One-Time Funding</b>   | <b>Gross</b> | <b>\$65,100</b>  | <b>(\$65,100)</b>                                  |
| Eliminates \$65,100 GF/GP for fielding and issuing of aircrew combat uniforms with updated operational camouflage pattern.  | GF/GP        | \$65,100   | (\$65,100)   |
| <b>16. Military Retirement</b>  | <b>Gross</b> | <b>\$1,000,000</b>   | <b>(\$342,000)</b>                                 |
| Reduces \$342,000 GF/GP from funds authorized to support Military Retirement System (MRS) payment obligations to align funding with known required contribution amounts based on annual actuarial valuation of pension benefits.  | GF/GP        | \$1,000,000  | (\$342,000)  |
| <b>17. Discretionary Spending Reduction</b>   | <b>Gross</b> | <b>NA</b>  | <b>(\$158,000)</b>                                 |
| Reduces \$158,000 GF/GP to reflect savings from reduced discretionary spending from Michigan Veterans Affairs Agency Administration line and Headquarters and Armories line at \$79,000 each.   | GF/GP        | NA   | (\$158,000)  |
| <b>18. Veterans Benefits Eligibility Study One-Time Funding</b>   | <b>Gross</b> | <b>NA</b>  | <b>\$250,000</b>                                   |
| Provides \$250,000 GF/GP for commission of a study by an institution of higher education that will create, implement, and evaluate a program to identify Michigan Medicaid beneficiaries who are veterans, to support those veterans in exploring their eligibility for US Department of Veterans Affairs (USDVA) health care benefits. The study shall also provide recommendations for providing ongoing identification and support in this area. | GF/GP        | NA   | \$250,000  |
| <b>19. Economic Adjustments</b>   | <b>Gross</b> | <b>NA</b>  | <b>\$6,653,400</b>                                 |
| Reflects increased costs of \$6.7 million Gross (\$1.1 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.   | Federal      | NA   | 5,276,500  |
|   | Restricted   | NA   | 287,100  |
|   | GF/GP        | NA   | \$1,089,800  |

**Boilerplate Changes From FY 2019-20**

**Sec. 206. Disciplinary Action Against State Employees – REVISED**

Prohibits departments from taking disciplinary action against state civil service employees for communicating with legislators or their staff. Revised to stipulate disciplinary action is permissible if the communication is prohibited by law and the department is exercising its authority in taking disciplinary action as provided by law.

**Sec. 216. Civil Service Employee Remote Work Report – NEW**

Requires a quarterly report on the number of civil service FTE positions, the number of actual filled positions compared to authorized FTE position counts. Requires a report by April 1, and semiannually thereafter, on number of employees engaged in remote work in 2020, the number of employees authorized to work remotely in reporting period and the actual number working remotely, estimates of cost savings of employees working remotely, and reduced office space associated with remote work.

## **MILITARY AND VETERANS AFFAIRS**

### **Boilerplate Changes From FY 2019-20**

#### ***Sec. 217. Work Project Spending Prioritization – NEW***

Prohibits expenditures of funds appropriated in part 1 prior to expenditure of existing work project funds authorized for the same purpose.

#### ***Sec. 218. Sec. 217. State Administrative Board Transfers – NEW***

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

#### ***Sec. 219. Receipt and Retention of Required Reports – NEW***

Requires department to follow federal and state guidelines for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

#### ***Sec. 220. Reporting Requirement on Policy Changes – NEW***

Requires department to report on policy changes made in order to implement enacted legislation.

#### ***Sec. 221. Biannual Reporting on Achieving Requirements – REVISED***

Requires department to provide biannual reports on status of work projects, financial status, evidence of efficiencies, corrective action plans for requirements not achieved, department's performance against metrics stated in act, and employment levels. Revises by eliminating requirement to report performance metrics and evidences of efficiencies.

#### ***Sec. 222. Department Core Services – REVISED***

Lists core services of department; requires appropriations to be used for core services. Revises by deleting Board of Managers, the Grand Rapids Home for Veterans, and the D.J. Jacobetti Home for Veterans as core services and adds Michigan Veterans' Facility Authority and Michigan Veterans' Homes.

#### ***Sec. 225. Court Settlements Report – NEW***

Requires department to report tentative plans for the required payment of any court judgment against the department and details regarding the timing and budget impact the payment will have on the department.

#### ***Sec. 226. Private Donations to Veteran Homes – NEW***

Appropriates money privately donated to the Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans, and Chesterfield Township Home for Veterans, and permits its use for the purpose designated by the private donor.

#### ***Sec. 301. Unclassified Positions – REVISED***

Appropriates funding to support unclassified positions; requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions. Revises to require quarterly report to list current unclassified positions to include official titles and responsibilities and to require notification of unclassified position changes to be sent within 15 days.

#### ***Sec. 307. National Guard Tuition Assistance Program – REVISED***

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard; states program's objectives, performance metrics, and reporting requirements. Revises to define eligibility for tuition assistance as defined in 2014 PA 259.

#### ***Sec. 405. Veterans' Trust Fund Grants – REVISED***

Requires MVAA to report on Michigan Veterans Trust Fund financial status, awarded grants, and administrative expenses; establishes a capacity metric of 2,000 applications. Revises to add operating expenses to be reported, and to change due date from December 1 to February 1.

#### ***Sec. 406(2). Regional Service Coordination – REVISED***

Requires the MVAA to provide for the regional coordination of services, including benefit counseling, state health and human service programs, workforce and economic development programs, and community-based programs; allows service officers to include mental health care referral services; requires the MVAA to work with the Department of Health and Human Services and the Department of Corrections in coordinating benefits and services to eligible veterans; requires training on processing veterans benefits due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues. Revises to eliminate requirement of selection of regional coordinators through a staff augmentation service contract and for regional coordination services to be provided by designated regional coordinator positions.

**Boilerplate Changes From FY 2019-20**

***Sec. 407. Grants to Veterans Service Organizations – REVISED***

Requires MVAA to provide grants to veterans service organizations (VSOs) in a manner consistent with MVAA performance goals and objectives; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, including a goal that 40% of VSO-filed claims for VA benefits be considered fully developed by VA; specifies basic parameters of grant agreement, including regional service delivery, payment of fixed hourly rate of \$34.00 per hour, provision of service hours based on appropriations and fixed hourly rate, including in state correctional facilities; requires reports on claims activities. Revises to include partnership with tribal governments in disbursing grants; requires biannual rather than quarterly reports; sets hourly service rate as based on funds appropriated rather than set at \$34.00 per hour.

***Sec. 451. Board of Managers (Veterans Homes) – REVISED***

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over GRHV and DJJHV. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans.

***Sec. 452(1)-(3), (10)-(20). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – REVISED***

Requires GRHV and DJJHV to meet applicable standards of care as provided under listed federal and state legal authorities; specifies standards around issues concerning psychiatric care, monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, and personal funds of residents; requires information on complaint process to be conspicuously posted at home; requires GRHV, DJJHV, and Board of Managers policies to be posted on MVAA website; requires department to report budgeting and quality of care metrics to the legislature, including health and safety issues, status of Centers for Medicare and Medicaid Services (CMS) certification, resident member demographics, upgrades to facilities, and financial status of homes. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans; deletes requirement to report quarterly on Centers for Medicare and Medicaid certification efforts; requires submission and posting online of USDVA State Veteran Home analytics reports; deletes quality of care quarterly metrics reporting; deletes requirement to provide results of any annual or for-cause survey conducted by USDVA and any corresponding corrective action plan.

***Sec. 452(4)-(8). Contractors and GRHV Competency Evaluated Nursing Assistants – REVISED***

Requires contractors providing mental health services to GRHV and DJJHV to use evidence-based best practices; requires contractors that provide competency evaluated nursing assistants (CENAs) at home to meet certain performance standards regarding pre-service and in-service training and experience. Revises to include pre-service and in-service training and experience standards to CENAs working at the Chesterfield Township Home for Veterans.

***Sec. 503. Special Maintenance – Veterans Homes – REVISED***

Authorizes capital outlay appropriations to be carried forward at end of fiscal year; requires appropriations to be expended in accordance with section 402 of department budget act to modernize and repair two veterans' homes; requires biannual reports on maintenance projects at veterans' homes funded from capital outlay appropriations. Revises to add Chesterfield Township Home for Veterans under biannual reporting requirements on status of maintenance projects funded from capital outlay appropriations.

***Sec. 601. Veterans Benefits Eligibility Study – NEW***

Requires commission of study that will create and implement a program to identify Michigan Medicaid beneficiaries who are veterans and support them in exploring their eligibility for USDVA health care benefits; requires report on findings of the study, including data on veteran Medicaid beneficiaries and recommendations on strategies to facilitate veterans receiving USDVA health care benefits.

**FY 2019-20 Supplemental Boilerplate Items**

**Article 14, House Bill 5396 (S-1) CR-1**

***Sec. 501. Coronavirus Relief Fund Appropriation Reduction***

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for hazard/premium pay for front line workers, by \$186,000.

***Sec. 502. Federal Fund Authorization Increase***

Increases the appropriation for provider relief fund payments by \$1.5 million to recognize additional federal CARES Act funding.