

**FY 2021-22: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**  
**Summary: House Subcommittee Chair's Recommendation**  
**House Bill 4466 (H-1)**



**Analyst: Michael Cossen**

IDG/IDT	FY 2020-21 YTD as of 2/11/21	FY 2021-22 Executive	FY 2021-22 House	FY 2021-22 Senate	FY 2021-22 Conference	Difference: House From FY 2020-21 YTD	
						Amount	%
	\$101,800	\$101,800	\$101,800	\$	\$	\$0	0
<b>Federal</b>	123,626,100	120,015,300	120,015,300			(3,610,800)	0
<b>Local</b>	0	0	0			0	--
<b>Private</b>	630,000	640,000	640,000			10,000	0
<b>Restricted</b>	20,313,400	21,336,700	21,336,700			1,023,300	0
<b>GF/GP</b>	81,421,200	75,594,300	74,844,300			(6,576,900)	(8.1)
<b>Gross</b>	<b>\$226,092,500</b>	<b>\$217,688,100</b>	<b>\$216,938,100</b>	<b>\$</b>	<b>\$</b>	<b>(\$9,154,400)</b>	<b>(4.0)</b>
<b>FTEs</b>	1,061.5	1,063.5	1,058.5			(3.0)	(0.3)

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the independent Michigan Veterans Facility Authority, which manages and operates the three state veterans homes.

**Major Budget Changes from FY 2020-21 YTD Appropriations**

**1. Chesterfield Township Home for Veterans**

Executive provides \$12.4 million Gross (\$1.5 million GF/GP) to align with increased expenses for the facility's first fiscal year being fully operational. House concurs.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 House Change
<b>Gross</b>	<b>\$8,590,000</b>	<b>\$12,394,700</b>
Federal	1,100,000	8,525,000
Restricted	375,000	2,340,000
GF/GP	\$7,115,000	\$1,529,700

**2. Grand Rapids Home for Veterans**

Executive reduces \$13.4 million Gross (\$7.3 million GF/GP) to reflect decreased expenses of operating the home at the new smaller facility in its first fully operational fiscal year. \$4.1 million GF/GP of one-time funding from FY 2020-21 for the home remains in FY 2021-22 to continue offering services to 29 residents living in the existing facility as they await moving to new living arrangements outside the home. House concurs.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 House Change
<b>Gross</b>	<b>\$42,753,700</b>	<b>(\$13,375,400)</b>
Federal	14,865,000	(3,409,000)
Restricted	5,915,000	(2,640,000)
GF/GP	\$21,973,700	(\$7,326,400)

**3. National Guard Special Maintenance**

Executive authorizes \$10.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$30.0 million federal in FY 2021-22. House concurs.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 House Change
<b>Gross</b>	<b>\$20,000,000</b>	<b>\$10,000,000</b>
Federal	20,000,000	10,000,000
GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2020-21 YTD Appropriations</b>		<b>FY 2020-21 Year-to-Date (as of 2/11/21)</b>	<b>FY 2021-22 House Change</b>
<b>4. Michigan Veterans Trust Fund</b>	FTE	6.0	2.0
<u>Executive</u> provides \$1.2 million in state restricted funds from the Michigan Veterans Trust Fund and authorizes 2.0 FTE positions for the administration and awarding of more emergency relief grants to veterans in anticipation of greater needs as a result of the COVID-19 pandemic and to support planned partnerships with outside veteran support programs. From the \$1.2 million increase, \$1.0 million is recommended for grants and \$227,200 is recommended for administration. <u>House</u> concurs.	<b>Gross</b>	<b>\$2,400,000</b>	<b>\$1,247,200</b>
	Restricted	2,400,000	1,247,200
	GF/GP	\$0	\$0
<b>5. Military Retirement</b>	<b>Gross</b>	<b>\$658,000</b>	<b>\$217,000</b>
<u>Executive</u> provides \$217,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits. <u>House</u> concurs.	GF/GP	\$658,000	\$217,000
<b>6. Morale, Welfare, and Recreation Restricted Fund</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
<u>Executive</u> authorizes \$100,000 state restricted from a new Morale, Welfare, and Recreation (MWR) Fund created in boilerplate to receive fees for use of recreation equipment at Camp Grayling and to support a new MWR program that will provide recreational activities for National Guard members and their families. <u>House</u> concurs.	Restricted	0	100,000
	GF/GP	\$0	\$0
<b>7. Equipment Testing Project Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
<u>Executive</u> authorizes the department to expend \$100,000 in state restricted funds collected from private companies that pay to test equipment at state military facilities. Funds will support maintenance costs of the training ranges. Funding for Test Project Fees was previously \$50,000 in FY 2019-20 and \$0 in FY 2020-21. <u>House</u> concurs.	Restricted	0	100,000
	GF/GP	\$0	\$0
<b>8. Commander's Cottage Rental Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$25,000</b>
<u>Executive</u> authorizes \$25,000 state restricted for the department to expend funds collected from rental fees for the new Commander's Cottage, paid by the Commander to live there, for maintenance of the building. <u>House</u> concurs.	Restricted	0	25,000
	GF/GP	\$0	\$0
<b>9. Authorization for Private MVAA Donations</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000</b>
<u>Executive</u> authorizes \$10,000 of private funding for the MVAA to receive private donations without the need for legislative contingency fund transfer approval. <u>House</u> concurs.	Private	0	10,000
	GF/GP	\$0	\$0
<b>10. Michigan Veterans Homes Information Technology Transfer</b>	<b>Gross</b>	<b>\$1,409,400</b>	<b>\$0</b>
<u>Executive</u> transfers \$1.4 million Gross (\$105,000 GF/GP) from the department to the independent Michigan Veterans Facility Authority to support IT needs of the Michigan Veterans Homes and to align with the budget structure established in FY 2020-21. <u>House</u> concurs.	Federal	560,300	0
	Restricted	744,100	0
	GF/GP	\$105,000	\$0
<b>11. Billeting Fund Reductions</b>	<b>Gross</b>	<b>\$1,460,400</b>	<b>(\$84,000)</b>
<u>Executive</u> reduces \$84,000 state restricted from the Billeting Fund to align with revenue and expenditure projections. Revenue in the fund is collected by fees and surcharges paid by military and civilian personnel utilizing Michigan National Guard transient quarters and used to support operations of transient quarters facilities. <u>House</u> concurs.	Restricted	1,460,400	(84,000)
	GF/GP	\$0	\$0
<b>12. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$19,155,000</b>	<b>(\$19,155,000)</b>
<u>Executive</u> eliminates \$19.2 million Gross (\$250,000 GF/GP) of one-time funding items appropriated in FY 2020-21:	Federal	18,905,000	(18,905,000)
• \$18.9 million federal – Camp Grayling National Guard Readiness Training Center	GF/GP	\$250,000	(\$250,000)
• \$250,000 GF/GP – Veterans benefits eligibility study			
<u>House</u> concurs.			

		FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 House Change
<b><u>Major Budget Changes from FY 2020-21 YTD Appropriations</u></b>			
<b>13. Unclassified Positions</b>	FTE	9.0	(5.0)
<u>House</u> reduces \$750,000 GF/GP and 5.0 FTE positions for department administrative savings.	<b>Gross</b>	<b>\$1,613,700</b>	<b>(750,000)</b>
	GF/GP	\$1,613,700	(\$750,000)
<b>14. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$116,100</b>
Reflects increased costs of \$116,100 Gross (\$2,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> include.	Federal	NA	178,200
	Restricted	NA	(64,900)
	GF/GP	NA	\$2,800

**Major Boilerplate Changes from FY 2020-21**

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

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. Executive deletes. House retains.

**Sec. 210. Contingency Funding – RETAINED**

Appropriates up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises to appropriate up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds. House retains.

**Sec. 216. FTE Vacancies and Remote Work Report – RETAINED**

Requires departments and agencies to provide quarterly reports that provide FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work in 2020, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work. Executive deletes. House retains.

**Sec. 217. Work Project Expenditures – RETAINED**

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. Executive deletes. House retains.

**Sec. 218. State Administrative Board Transfers – RETAINED**

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

**Sec. 219. Receipt and Retention of Required Reports – RETAINED**

Requires department to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed 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. Executive deletes. House retains.

**Sec. 220. Reporting Requirement on Policy Changes – RETAINED**

Requires department to report on policy changes made in order to implement enacted legislation. Executive deletes. House retains.

**Sec. 225. Court Settlements Report – RETAINED**

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

**Sec. 227. Severance Pay Report – NEW**

Requires the department and agencies to report the name and any amount of severance pay given to any high-ranking department official; requires the department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for a former department or agency employee of any rank; requires the department and agencies to submit an annual report on the total amount of severance pay remitted to former employees during the prior fiscal year and the total number of those employees; defines "severance pay". House adds.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 228. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – NEW***

Prohibits various state government entities from requiring proof of COVID-19 vaccination as a condition of accessing any state services or facilities, producing COVID-19 vaccine passports, and providing information to other parties for inclusion in a COVID-19 vaccine passport. House adds.

### ***Sec. 309. Test Project Fees – NEW***

Creates the test project fees revolving account to be under the control of the department to collect fees generated by the test project program; requires funds appropriated from the account to support operations of the test project program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year. Executive adds. House concurs.

### ***Sec. 310. Morale, Welfare, and Recreation Fund – NEW***

Creates the Morale, Welfare, and Recreation (MWR) Fund to receive money generated from operation of the MWR program; requires the department to be administrator of the fund for auditing purposes; requires funds appropriated from the fund to support operations of the MWR program; authorizes money in the fund to carry forward and not lapse at the close of the fiscal year. Executive adds. House concurs.

### ***Sec. 311. Commander's Cottage Rental Fees – NEW***

Creates the rental fees revolving account to be under the control of the department to collect rental fees for the Commander's Cottage, the commander's residence; requires funds appropriated from the account to support operations of the program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year. Executive adds. House concurs.

### ***Sec. 312. Michigan Volunteer Defense Force Funding Report – NEW***

Requires the department to report at the start of the fiscal year on the amount of appropriated funds that will be made available to the Michigan Volunteer Defense Force and any restrictions or stipulations on those funds and an explanation if there are any restrictions or stipulations. House adds.

### ***Sec. 404. MVAA Private Donations – NEW***

Authorizes receipt of private donations to the MVAA in excess of funds appropriated in part 1 and permits expenditure of those funds for the purpose designated by the donor, if specified; requires the department to give notification of receipt of a donation within 14 calendar days, including the amount of the donation and purpose for which the funds will be expended, if known. Executive adds. House concurs.

### ***Sec. 409. Interagency Agreement with Department of Health and Human Services – RETAINED***

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement. Executive deletes. House retains.

### ***Sec. 410. County Veterans Service Fund – RETAINED***

Requires funds appropriated for County Veteran Service Fund to be deposited into County Veteran Service Fund created in 2018 PA 210; stipulates funds are available for expenditure to support county veterans' services grants. Executive revises by allocating \$200,000 from the fund to be used to cover costs associated with administration and providing technical assistance to counties participating in the grant program. House retains.

### ***Sec. 411. Veterans Cemetery – DELETED***

Requires MVAA to conduct a needs, feasibility, and cost assessment of establishing and maintaining a new veterans cemetery; requires assessment to consider availability of federal funds for its determinations; requires MVAA to report findings of assessment by end of fiscal year. Executive deletes. House concurs.

### ***Sec. 451. Board of Managers and Michigan Veteran's Facility Authority – DELETED***

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over Michigan veterans homes. Executive deletes. House concurs.

## **Major Boilerplate Changes from FY 2020-21**

### **Sec. 452(1)-(3), (10)-(19). Veterans Homes Service and Care Requirements – REVISED**

Requires Michigan veterans homes 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 Michigan veterans homes, Board of Managers, and Michigan Veteran Facility Authority 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. House revises by adding subsection (20) requiring Michigan Veteran Homes to provide any annual or for-cause surveys conducted by the U.S. Department of Veterans Affairs to look into potentially serious compliance or patient care issues and to report any corresponding corrective action plans from the Michigan Veteran Homes.

### **Sec. 453. CMS Quality of Care Standards – RETAINED**

Requires the department to ensure the quality of care at state's veterans homes is sufficient to meet or exceed the quality of care standards for the Centers for Medicare and Medicaid Services (CMS); requires a biannual report showing evidence that the quality of care has met or exceeded CMS certification standards. Executive deletes. House retains.

### **Sec. 601. Veterans Benefits Eligibility Study – DELETED**

Requires funding to be used for a study on creating, implementing, and evaluating a program that identifies Medicaid beneficiaries who are veterans and support them in exploring their eligibility for USDVA-VHA health care benefits; requires department to report findings of study, including recommendations on strategies to use to identify veterans who are Medicaid beneficiaries, eligible for USDVA-VHA health care benefits, but who aren't aware or have not taken steps to seek USDVA-VHA health care services. Executive deletes. House concurs.