

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



Analyst: Michael Cossen

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	120,015,300	189,864,300	69,849,000	58.2
Local	0	0	0	--
Private	640,000	640,000	0	0.0
Restricted	21,336,700	18,794,900	(2,541,800)	(11.9)
GF/GP	78,758,800	145,865,000	67,106,200	85.2
Gross	\$220,852,600	\$355,266,000	\$134,413,400	60.9
FTEs	1,063.5	1,064.5	1.0	0.1

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 (DMVA) provides for the operations of the Michigan National Guard in support of military and security needs of the state and federal government. The department, through the Michigan Veterans Affairs Agency, 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 state's three veterans homes.

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Armory Modifications (One-Time) Provides \$115.0 million Gross (\$55.0 million GF/GP) to make physical modifications to all Michigan National Guard armories, most of which were constructed before women were allowed to serve or when their numbers were low, to create equitable accommodations to female servicemembers. Projects would include creating bathroom and shower space, and lactation rooms as required by 2015 Army directive. Funding would also support other armory modernization projects.	Gross \$31,000,000 Federal 30,000,000 GF/GP \$1,000,000	\$115,000,000 60,000,000 \$55,000,000
2. Selfridge ANG Base Investment (One-Time) Provides \$6.1 million GF/GP to invest in projects to help position Selfridge Air National Guard Base to be competitive to support next generation aircraft flying missions.	Gross NA GF/GP NA	\$6,100,000 \$6,100,000
3. MVFA Transition Funding (One-Time) Provides \$6.0 million GF/GP to assist Michigan Veterans' Facility Authority achieve self-sufficiency as an independent administrative authority over Michigan veterans homes while veteran home membership grows and to maximize federal funding opportunities.	Gross \$634,100 GF/GP \$634,100	\$6,000,000 \$6,000,000
4. NG Tuition Assistance Expansion to Dependents Provides \$5.0 million GF/GP to allow transferability of Michigan National Guard Tuition Assistance Program benefits from eligible servicemembers to their dependent children up to age 26. Funding would require statutory change regarding eligible program recipients to implement.	Gross \$6,515,200 GF/GP \$6,515,200	\$5,000,000 \$5,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Grand Rapids Home for Veterans Transition Costs (One-Time)	Gross	\$6,456,000	\$0
Provides \$6.5 million Gross (\$4.1 million GF/GP) to continue operating certain portions of old home facility and offer services to accommodate some residents remaining in the old facility as they await moving to new living arrangements.	Federal	1,831,000	0
	Restricted	560,000	0
	GF/GP	\$4,065,000	\$0
6. Veterans Suicide Prevention Outreach (One-Time)	Gross	NA	\$1,200,000
Provides \$1.2 million GF/GP to conduct an outreach campaign targeting current and former servicemembers and their families on reducing suicide incidents. The campaign would be part of Governor's Challenge effort, in partnership with VA Substance Abuse and Mental Health Services Administration, to develop suicide prevention policy.	GF/GP	NA	\$1,200,000
7. Military Retirement	Gross	\$875,000	\$582,000
Provides \$582,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.	GF/GP	\$875,000	\$582,000
8. Statewide Contracted Security Cost Increase	Gross	NA	\$251,400
Provides \$251,400 GF/GP to support increased costs statewide of contracted security services at Grand Rapids and Chesterfield Township homes for veterans.	GF/GP	NA	\$251,400
9. Veterans Cemetery Feasibility Study	Gross	NA	\$250,000
Provides \$250,000 GF/GP for a professional study to evaluate need for new state veterans cemetery in northern Michigan, to determine best locations, and to provide preliminary estimates on design, and construction and operational costs.	GF/GP	NA	\$250,000
10. Veterans Homes GF/GP, Medicaid Offset	Gross	\$37,211,000	\$0
Decreases \$6.0 million GF/GP and increases Title XIX Medicaid federal revenue authorization by \$6.0 million to align authorization with increased reimbursements from utilization of CMS certified accommodations.	Federal	4,997,700	6,000,000
	GF/GP	\$32,213,300	(\$6,000,000)
11. Removal of FY 2021-22 One-Time Funding	Gross	\$2,500,000	(\$2,500,000)
Eliminates \$2.5 million GF/GP for record consolidation and digitization project. \$6.5 million Gross (\$4.1 million GF/GP) of FY 2021-22 remains for Grand Rapids Home for Veterans transition costs as described under item number 5.	GF/GP	\$2,500,000	(\$2,500,000)
12. Departmentwide Line Item Split	Gross	\$1,803,600	\$0
Reallocates \$1.8 million Gross (\$293,300 GF/GP) of current year Departmentwide line item, which supports cost of travel, equipment, worker's compensation, vehicle liability insurance, rent, training, and safety supplies related to department offices and National Guard facility staff, to Headquarters and Armories and Military Training Sites and Support Facilities line items for \$0 net change.	Federal	1,510,300	0
	GF/GP	\$293,300	\$0
13. Consolidation of MVFA Administration Line Item	Gross	\$634,100	\$0
Reallocates \$634,100 GF/GP to current year Michigan Veterans' Facility Authority line item to Michigan Veterans Homes Administration and Information Technology Services and Projects line items.	GF/GP	\$634,100	\$0
14. Economic Adjustments	Gross	NA	\$2,530,000
Reflects increased costs of \$2.5 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2022 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,103,900
	Restricted	NA	203,300
	GF/GP	NA	\$1,222,800

Major Boilerplate Changes from FY 2021-22

Sec. 206. Disciplinary Action Against State Employees – DELETED

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. *(Governor deemed this section unenforceable in FY 2021-22)*

Sec. 210. Contingency Authorization – REVISED

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

Sec. 216. FTE Vacancies and Remote Work Report – DELETED

Requires department to provide quarterly report on 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 2021, 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.

Sec. 217. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable in FY 2021-22)*

Sec. 218. State Administrative Board Transfers – DELETED

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. *(Governor deemed this section unenforceable in FY 2021-22)*

Sec. 219. Receipt and Retention of Required Reports – DELETED

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 department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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, and employment levels. Revised to eliminate requirement to report number of active employees by job classification and departmental branch of service.

Sec. 222. Department Core Services – DELETED

Lists core services of department; requires appropriations to be used for core services.

Sec. 224. Intention to Sell Department Property – DELETED

Requires department to provide a 60-day notice of intent to sell property.

Sec. 224. Standard Report Recipients – NEW

Requires all reports required by boilerplate to be sent to Senate and House appropriations subcommittees with jurisdiction over DMVA budget, Senate and House fiscal agencies, and State Budget Office, unless stated otherwise.

Sec. 225. Court Settlements Report – DELETED

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.

Sec. 226. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to 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 private donor. Renumbers as section 451 and revises to add authorization of private donations for Michigan Veterans Homes and Michigan Veterans' Facility Authority.

Major Boilerplate Changes from FY 2021-22

Sec. 227. Severance Pay Report – DELETED

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

Sec. 228. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing, or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

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; requires quarterly report listing current unclassified positions with official titles and responsibilities. Revised to eliminate requirement of notifying legislature before submitting requests for additional unclassified positions

Sec. 303. Michigan Youth Challenge Academy – REVISED

Requires department to maintain proper levels of staffing and resources to operate Michigan Youth Challenge Academy as provided under federal law; lists specific operating requirement and performance metrics. Revised to change graduate target number to be consistent with state's cooperative agreement with National Guard Bureau instead of 114 students per cohort.

Sec. 304. Military Family Relief Fund – REVISED

Requires DMVA to provide grant funding from Military Family Relief Fund, outreach services to military families of members of reserve component called into active duty, and biannual reports on financial activities of fund. Revised to require reports annually and to include number of applications received, approved, and denied.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible members as defined in 2014 PA 259; states program's objectives, performance metrics, and reporting requirements. Revised to eliminate graduation and continuing enrollment benchmark goal and information required in annual report, including data on benefits received by spouses and dependent children.

Sec. 406(1). MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, digitize military medical and discharge documents, and assist in processing claims for VA benefits; requires report providing estimate of state's homeless veterans population. Revised to eliminate veteran outreach goal benchmarks and requirement to continue digitization of veterans records.

Sec. 406(3). MVAA Benefits Counseling Services – REVISED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes a capacity metric of 500 claims per year; requires biannual data on number and type of claims activities. Revised to eliminate minimum number of claims processed annually.

Sec. 406(4). County Veterans Services – REVISED

Requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires biannual reports on number and percentage of CVCs requesting training by MVAA. Revised to eliminate goal of 100% CVCs trained.

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, specifies basic parameters of grant agreement, including regional service delivery; requires reports on grant activities. Revised to make numerous revisions to the VSO grant program to reflect the MVAA's goals for program.

Major Boilerplate Changes from FY 2021-22

Sec. 409. Interagency Agreement with Department of Health and Human Services – DELETED

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.

Sec. 410. County Veterans Service Fund – REVISED

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; authorizes up to \$200,000 to be used to cover costs associated with administration and providing technical assistance to counties participating in grant program. Revised to appropriate \$260,000 for administrative costs.

Sec. 451. Michigan Veteran's Facility Authority – DELETED

Requires Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over Michigan veterans homes.

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 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; requires Michigan veteran homes to provide annual or for-cause surveys conducted by entity with oversight over veterans homes to look into potentially serious compliance or patient care issues and to report any corresponding corrective action plans from Michigan veteran homes. Revised to require Michigan Veterans Homes to post agenda and minutes of public meetings of Michigan Veterans' Facility Authority Board.

Sec. 453. Veterans Homes CMS Certification Reporting – DELETED

Requires department to report to legislature regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification.

Sec. 464. Non-Fiduciary Member Funds – NEW

Appropriates funds held by state on non-fiduciary basis for members of veterans facility to be used to pay medical expenses, assessments, and other expenses by that member; authorizes private revenue to not lapse at close of fiscal year.

Sec. 601. Record Consolidation and Digitization – DELETED

Requires funding to be used to digitize, index, and store all veterans' records under control of MVAA and to develop and implement computer platform to provide veterans and organizations that serve them better accessibility and timely delivery of veterans records upon request; requires biannual report on progress made on project; expresses intent of legislature that various veteran service entities have access to service members' and veterans' records.

Sec. 602. Suicide Prevention Outreach Work Project Authorization – NEW

Authorizes unexpended funds appropriated for veterans suicide prevention outreach to not lapse at close of fiscal year and carry forward to FY 2025-26 to provide outreach to prevent suicide among service members, veterans, and their families.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>	
1. Statewide Contracted Security Cost Increase	Gross	\$251,400
Provides \$251,400 GF/GP to support increased costs statewide of contracted security services at Grand Rapids and Chesterfield Township homes for veterans.	GF/GP	\$251,400