



Background Briefing

MILITARY AND VETERANS AFFAIRS

Jan Wisniewski, Senior Fiscal Analyst

January 2010

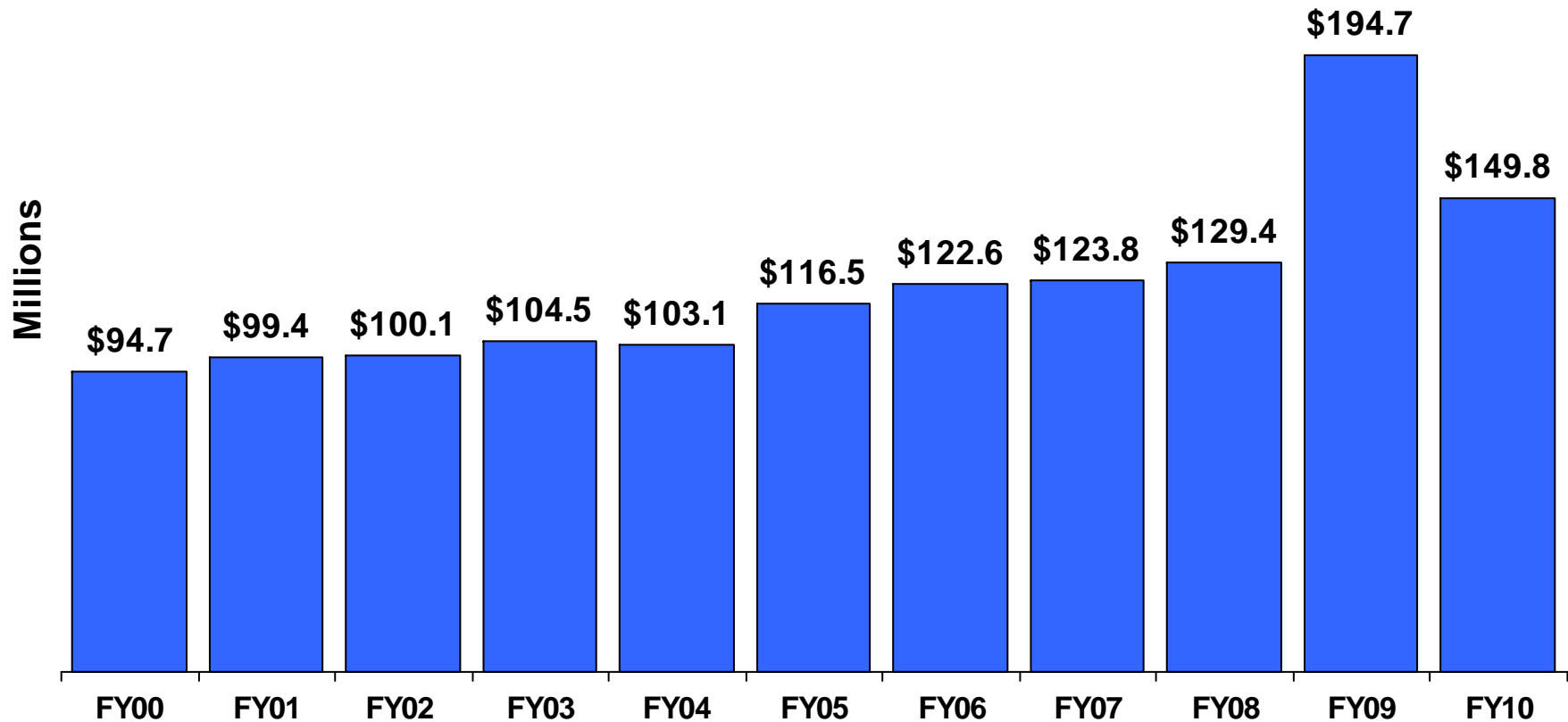
The fiscal information in this background briefing is based on data through January 1, 2010.

Military and Veterans Affairs

- **Department of Military and Veterans Affairs (DMVA) mission includes two primary responsibilities:**
 - **Execute duties mandated by various statutes and the Governor (e.g., disaster response), including administration of state-regulated veterans services**
 - **Military preparedness of Michigan National Guard to assist both state and federal authorities**

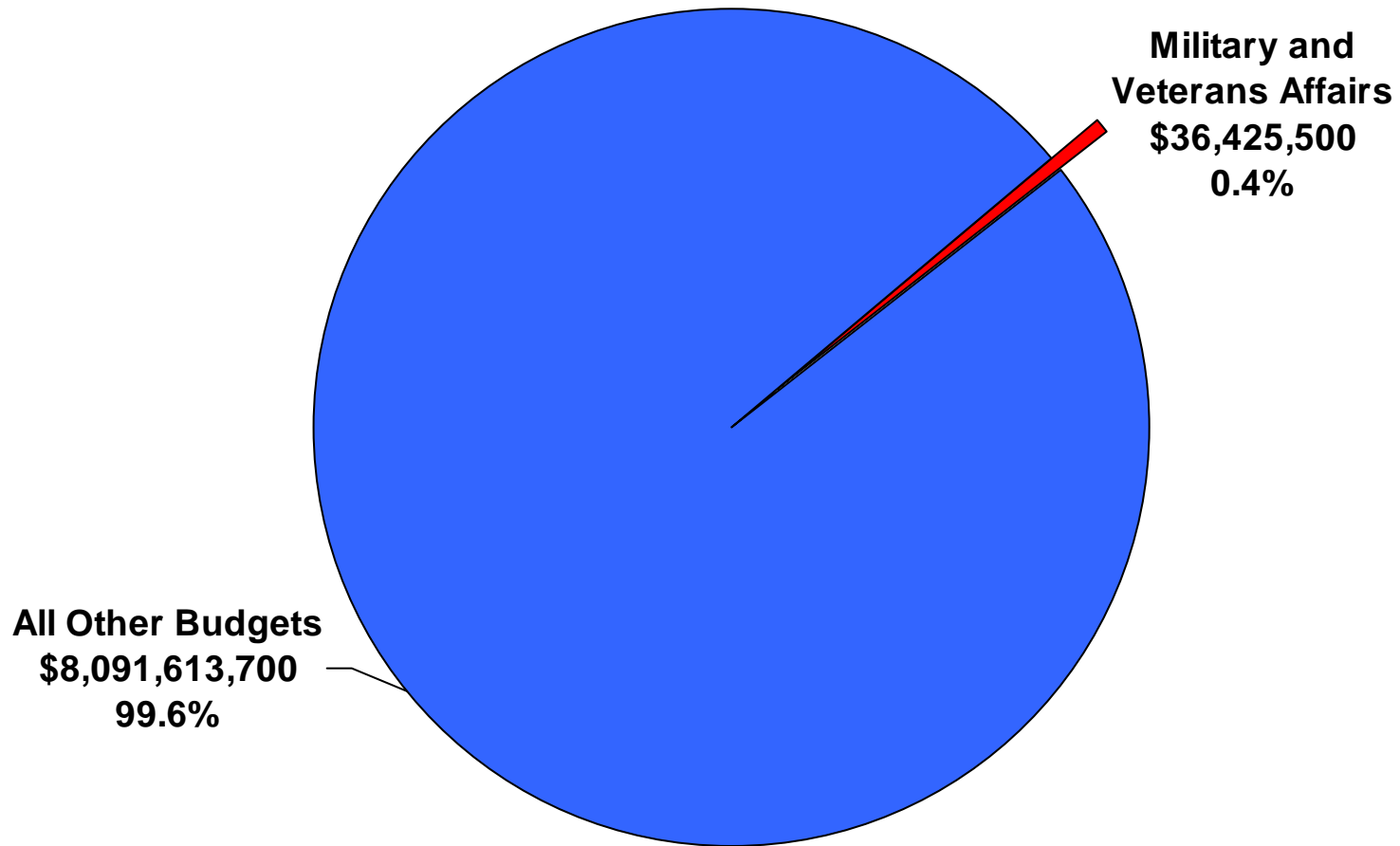
DMVA Expenditures

Spending grew by \$100 million from FY 1999-00 to FY 2008-09; significant FY 2008-09 increases in various capital outlay projects included in the DMVA FY2008-2009 appropriation, expected to be completed in FY2009-10.



DMVA Share of State GF/GP

FY 2009-10 Total = \$8,128,039,200



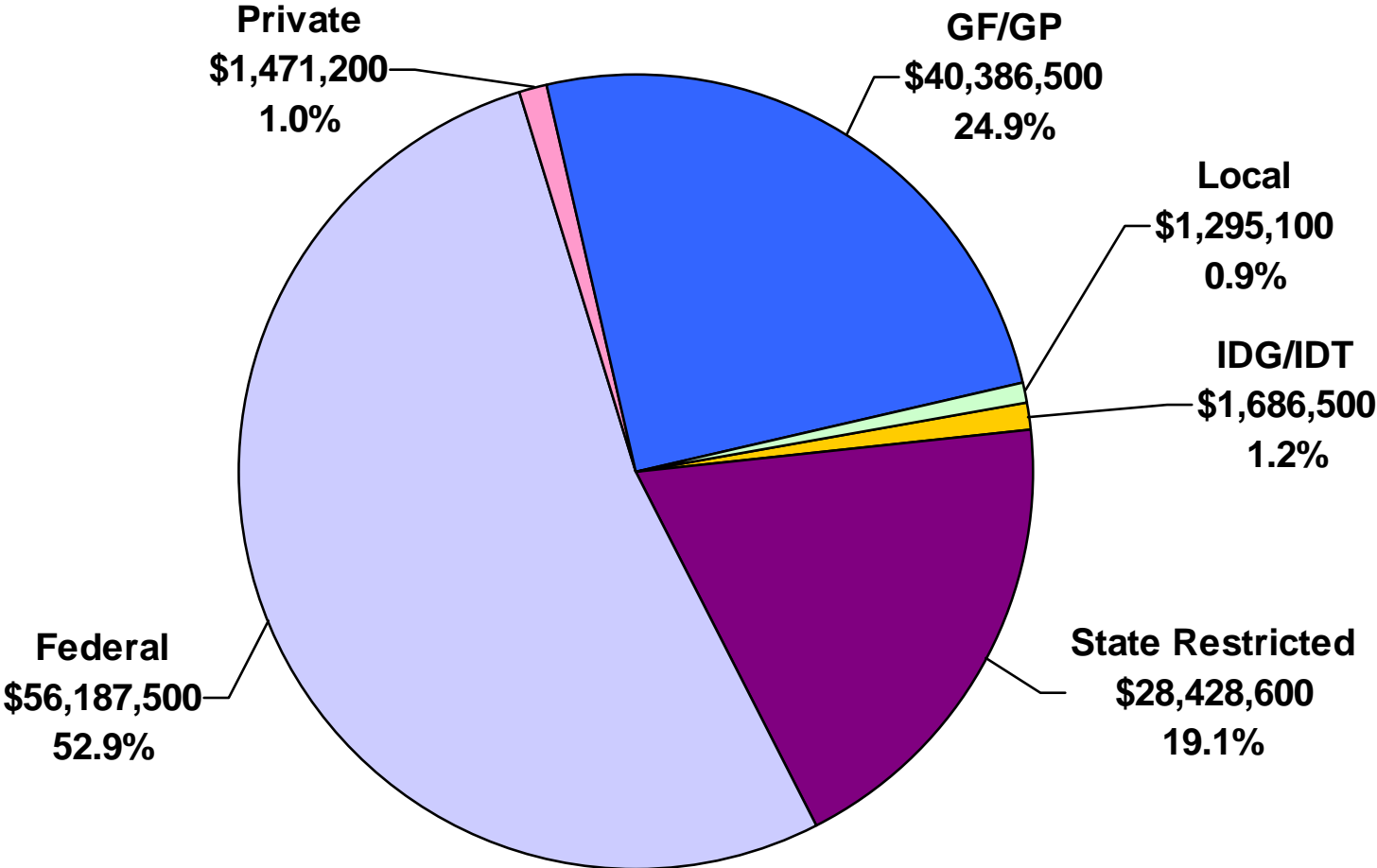
SOURCES OF FUNDING

DMVA Revenue

- **FY 2009-10 budget reflects \$146.1 million in revenue**
- **\$36.4 million (25%) is GF/GP**
- **Major non-GF/GP funding sources include revenue from:**
 - **U.S. National Guard Bureau, Department of Army, and Department of Defense for National Guard administration/maintenance, the Challenge Program, and capital outlay projects**
 - **U.S. Department of Veterans Affairs, Medicare, and Medicaid for veterans home operations**
 - **Income and assessment monies collected from residents of the state's two veterans homes to partially offset cost of care provided at the homes**

DMVA Revenue Sources

FY 2009-10 Total = \$146,149,800



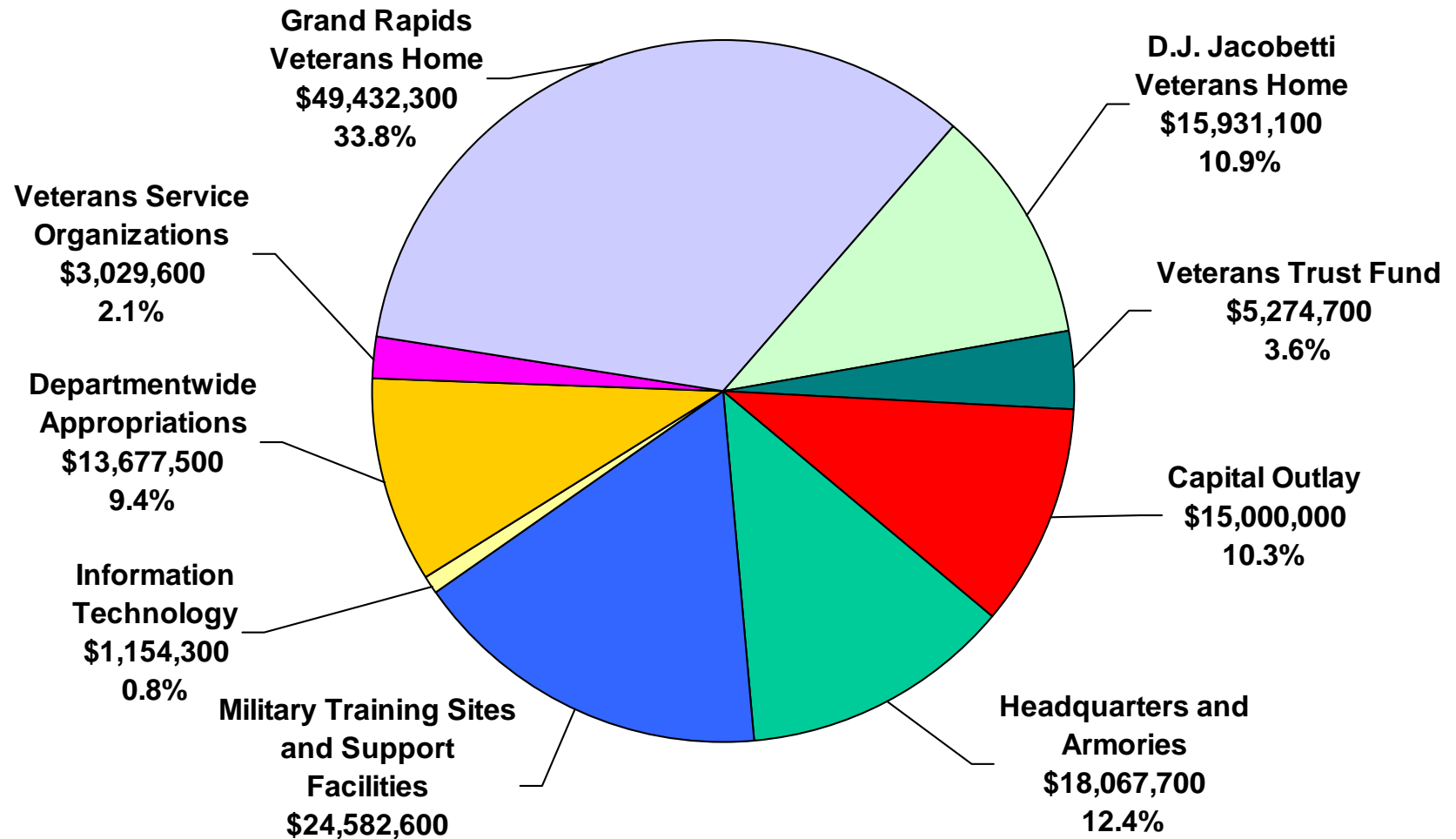
STATE SPENDING

DMVA Spending

- **Spending can be classified into two broad categories:**
 - **Military Affairs: administer and maintain Army and Air National Guard facilities, and the Challenge Program**
 - **Veterans Affairs: grants to veterans service organizations, two state veterans homes, and the Veterans Trust Fund**
- **Of federal funding for National Guard activities in Michigan, much is expended directly by federal government and does not pass through state budget (example: airport/bridge security following September 11)**
- **Veterans spending accounts for 50% of Department's budget**

DMVA Appropriations by Unit

FY 2009-10 Total = \$146,149,800



PROGRAMS

National Guard Facilities

- Administration and maintenance at state National Guard headquarters and 53 armories funded primarily with state GF/GP
- Capital outlay projects in FY 2008-2009 appropriation for special maintenance, remodeling, and additions; land acquisitions and statewide appraisals; and military operations on urban training course construction at Camp Grayling, expected to be completed in FY 2009-2010.
- Administration and maintenance at National Guard training sites and support facilities funded primarily with federal revenue
- Five major training sites:
 - Camp Grayling
 - Fort Custer
 - Battle Creek Air National Guard Base
 - Selfridge Air National Guard Base
 - Alpena Combat Readiness Training Center

Challenge Program

- **Voluntary, National Guard-run boot camp-style program for high school dropouts (created FY 1999-2000).**
- **Based at U.S. Department of Veterans Affairs facility in Battle Creek.**
- **22-week residential program is followed by 12-month post-residential mentoring phase.**
- **Funding 60% federal, 40% state. Local funding via School Aid Fund revenue replaced GF/GP in FY 06-07.**
- **Due to funding constraints, the January 2010 class will be half the size of usual classes.**

Challenge Program Graduates

<u>Graduation Date</u>	<u>June 2005</u>	<u>Dec 2005</u>	<u>June 2006</u>	<u>Dec 2006</u>	<u>June 2007</u>	<u>Dec 2007</u> No Class Held	<u>June 2008</u>	<u>Dec 2008</u>	<u>June 2009</u>	<u>Dec 2009</u>
Graduates	89	87	74	89	97		128	107	163	121
Entrants	107	115	121	110	118		158	141	156	129
Graduation Rate	83.2%	75.7%	61.2%	80.9%	82.2%		81.0%	75.9%	95.7%	93.8%

Other Military Affairs Appropriations

- **Departmentwide costs include worker's compensation, rent, travel, equipment, training**
- **Federal and GF/GP appropriations for special maintenance costs at headquarters, training sites, and armories**
- **State statute requires \$600 annual payments to eligible National Guard retirees and \$500 payments to spouses of eligible deceased retirees**
- **Starbase program, a hands-on math and science program for at-risk youth, is located at Selfridge Air Base and Fort Custer and funded entirely with federal revenue**
- **National Guard Education Assistance Program eliminated in FY 2009-2010 due to budget constraints. More federal education assistance programs are available for National Guard members, which they can apply for to continue their educational pursuits**

Veterans Service Organizations

- **Eleven VSOs receive annual grants; grant program established in budget bill boilerplate only (no permanent governing statute).**
- **Boilerplate specifies that grant funds be expended for salary and other costs associated with veteran service advocacy officers and necessary support/managerial staff.**
- **Service officers assist veterans in obtaining federal veterans benefits**
- **Executive Order 2009-22 decreased VSO funding by \$1.0 million GF/GP, resulting in a 25% reduction for all VSOs. FY 2009-10 DMVA budget continues this \$1.0 million reduction.**
- **FY 2009-10 DMVA budget also changed the grant funding structure, where VSOs will receive their normal monthly grant payments for the first six months of the fiscal year, then the grant funds will be distributed as two large, two small, and one specialized grant for the second six months of the fiscal year. VSOs are being encouraged to share services and create efficiencies where possible.**
- **New FY 2009-10 boilerplate added that provides more oversight by the Department for services provided by the VSOs and requires VSOs to report more comprehensive information concerning services provided to veterans.**

Veterans Service Organizations Grant Funding Appropriation Change from FY 2009 to FY 2010

<u>Organization</u>	Fiscal Year			
	<u>FY 09 Original Approp.</u>	<u>EO 2009-22 25% Reduction</u>	<u>FY 10 Grants First Six Months</u>	<u>FY 10 Remaining Grants</u>
Veterans of Foreign Wars	\$912,600	\$686,100	\$339,800	TBD
American Legion	912,600	686,200	339,800	TBD
Disabled American Veterans	754,400	567,200	280,800	TBD
American Vets. of WWII and Korea	478,700	360,000	178,100	TBD
Marine Corps League	346,400	260,400	129,000	TBD
Mich. Paralyzed Vets. of America	170,700	128,200	63,500	TBD
Purple Heart	162,600	122,200	60,500	TBD
Vietnam Veterans of America	164,300	123,500	61,100	TBD
Jewish Veterans of America	42,400	31,900	15,800	TBD
Polish Legion of American Veterans	42,400	31,900	15,800	TBD
Catholic War Veterans	42,400	31,900	15,800	TBD
Veterans of World War I	100	100	0	0
TOTAL	\$4,029,600	\$3,029,600	\$1,500,000	\$1,529,600

Veterans Homes

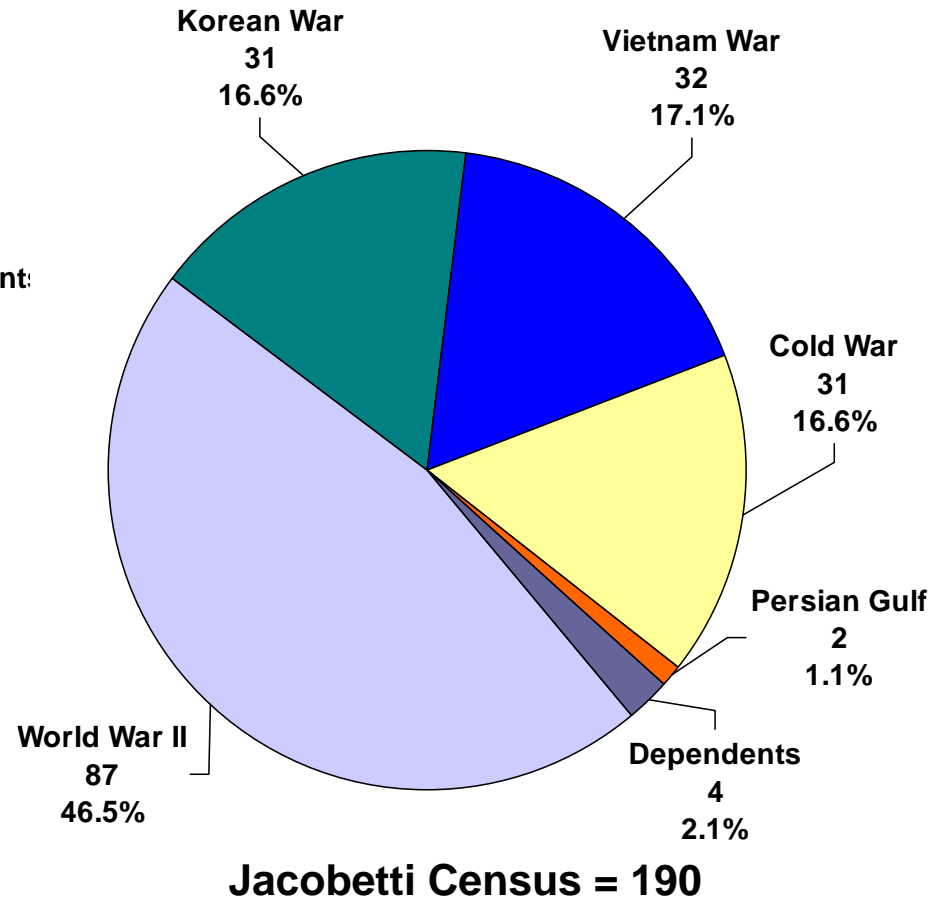
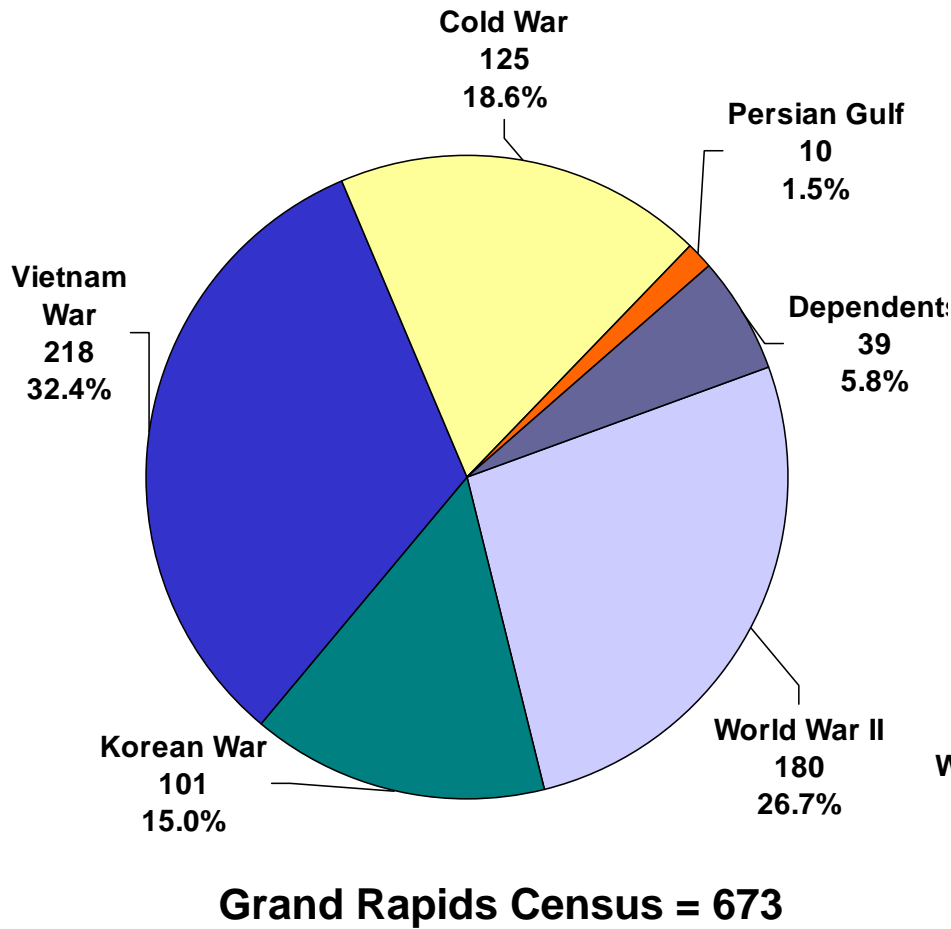
- **Grand Rapids Veterans Home opened in 1886**
- **D.J. Jacobetti Veterans Home in Marquette opened in 1981**
- **Homes governed by seven-member board appointed by governor**
- **Residence open to wartime and disabled veterans; parents, widows, and spouses of eligible veterans may also be admitted**
- **755 beds at Grand Rapids home; 240 beds at Jacobetti home**
- **80% of bed space devoted to residents requiring nursing care, including Alzheimer's/special needs units**

Veterans Home Revenue Sources

<u>Revenue Source</u>	<u>Grand Rapids</u>		<u>Jacobetti</u>	
	<u>FY 2009-10 Appropriation</u>	<u>% of Total</u>	<u>FY 2009-10 Appropriation</u>	<u>% of Total</u>
General Fund/General Purpose	\$14,977,800	30.3	\$4,737,900	29.7
Income and Assessments	15,304,700	31.0	5,741,100	36.0
U.S. Dept. of Veterans Affairs	15,862,600	32.1	4,604,400	28.9
Medicare	2,452,700	5.0	562,400	3.5
Medicaid	157,300	0.3	10,300	0.1
Military Family Relief Fund	250,000	0.5	150,000	0.9
Lease Revenue	12,200	0.0	0	0.0
Veterans' Home Post and Posthumous Funds	<u>415,000</u>	<u>0.8</u>	<u>125,000</u>	<u>0.8</u>
TOTAL	\$49,432,300	100.0	\$15,931,100	100.0

Veterans Home Census by War Era

As of January 1, 2010



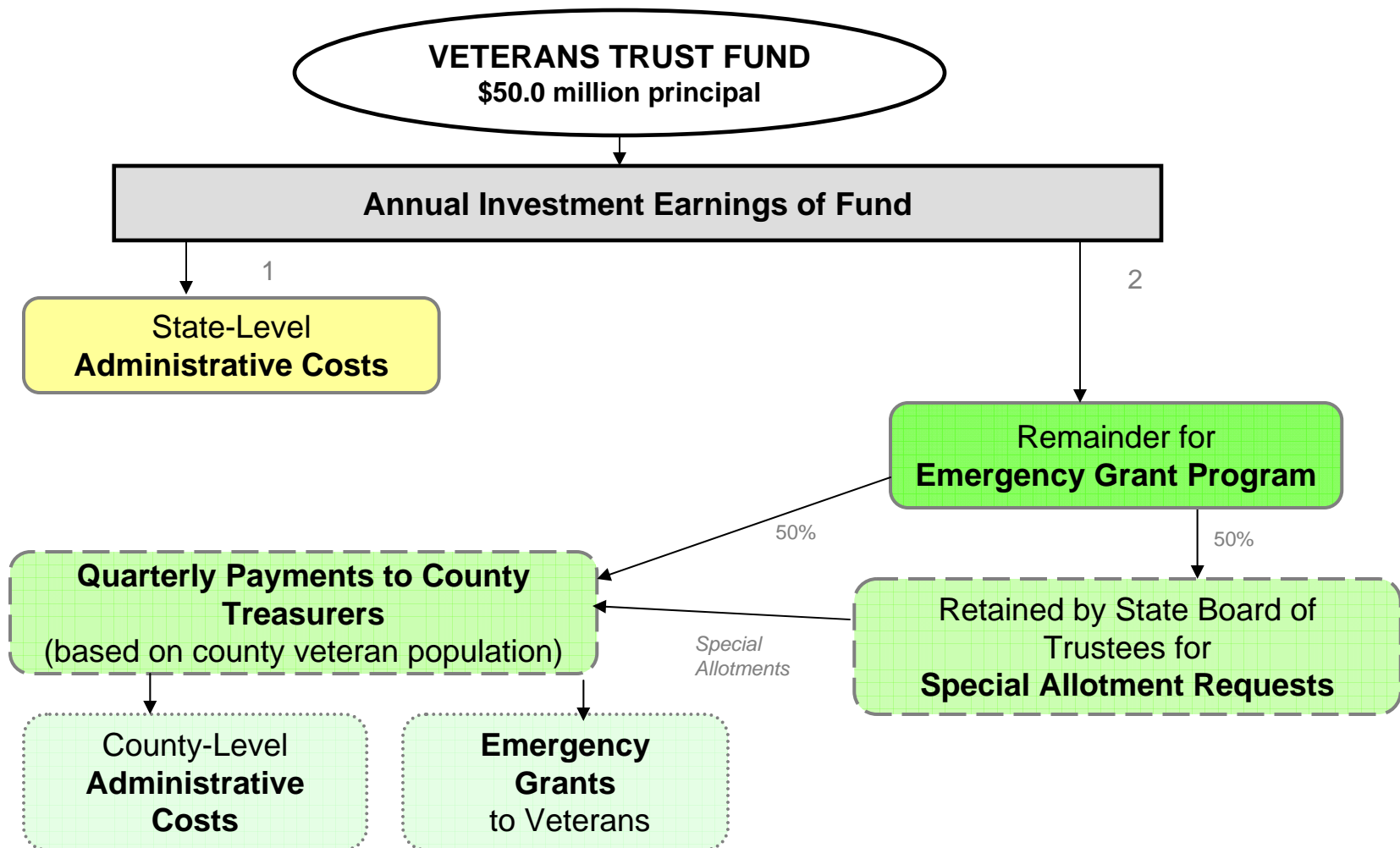
Veterans Trust Fund

- **Established in 1946 with \$50 million principal to provide emergency financial assistance to veterans**
- **Beginning 1968, portion of fund earnings used for tuition program for children of deceased and disabled veterans. Public Acts 248 and 250 of 2005 moved the Children of Veterans Survivor Tuition Program to the Higher Education budget for funding and to the Department of Treasury for administration to relieve payment obligations from the Veterans Trust Fund with the goal to reestablish the corpus at \$50 million.**
- **Constitutional amendment approved 1996 grants seven-member trust fund board sole authority to approve expenditures or transfers from fund**

Veterans Trust Fund

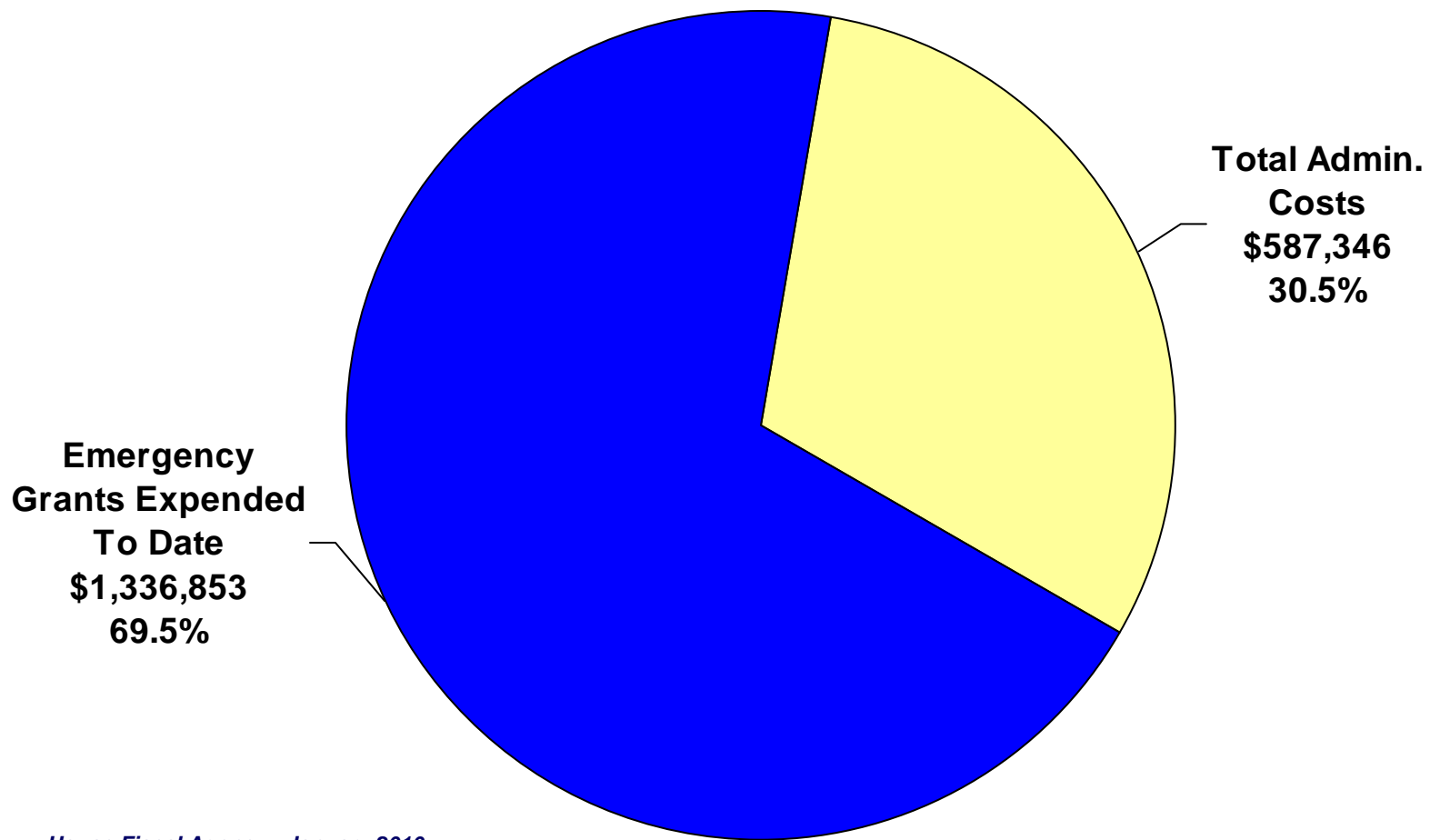
- **Constitutional amendment approved August 2002 and associated legislation allows investment of trust fund assets in non-government-backed securities**
- **Emergency grants distributed by county committees**
- **State board hears appeals and authorizes grants larger than \$1,500**
- **Trust fund balance dropped from \$50.0 million and is at \$49.2 million as of January 1, 2010**

Veterans Trust Fund Distribution



Veterans Trust Fund Expenditures

FY 2009-10 Total = \$1,924,199



**For more information about the
Military and Veterans Affairs
budget, contact:**

Jan Wisniewski

jwisniewski@house.mi.gov

(517) 373-8080