

FY 2016-17: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary: Conference Report
House Bill 5256 (CR-1)



Analyst: Kent Dell

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Conference	Difference: Conference From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$99,300	\$101,800	\$101,800	\$101,800	\$101,800	\$2,500	2.5
Federal	90,208,600	91,793,600	91,793,600	91,793,600	91,793,600	1,585,000	1.8
Local	1,497,400	1,522,400	1,522,400	1,732,400	1,522,400	25,000	1.7
Private	739,600	742,800	742,800	742,800	742,800	3,200	0.4
Restricted	23,221,500	24,696,000	23,596,000	24,696,000	24,696,000	1,474,500	6.3
GF/GP	53,187,300	57,143,600	51,543,800	57,643,600	55,243,600	2,056,300	3.9
Gross	\$168,953,700	\$176,000,200	\$169,300,400	\$176,710,200	\$174,100,200	\$5,146,500	3.0
FTEs	897.5	897.5	902.5	907.5	907.5	10.0	1.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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, including the state's veterans homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

Budget Structure

The FY 2015-16 budget includes six line items within four appropriation units and incorporates schedules of programs in part 1. Executive retains this structure. House restructures the FY 2016-17 budget into five appropriation units containing forty-one separate line items, eliminating the schedule of programs budget structure. The Grand Rapids Home for Veterans is structured as one of the five appropriation units and consists of thirteen separate line items. Senate concurs with the Executive. Conference restructures the FY 2016-17 budget into five appropriation units containing twenty-eight separate line items, eliminating the schedule of programs budget structure. The Grand Rapids Home for Veterans is structured as one of the five appropriation units and consists of three separate line items.

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
1. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes the one-time appropriation of \$3.0 million GF/GP for the purpose of Special Maintenance – National Guard as well as \$2.0 million GF/GP for the Flint Declaration of Emergency. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$5,000,000	(\$5,000,000)
2. Grand Rapids Home for Veterans Medicaid Certification Pilot (One-Time)	Gross	NA	\$1,000,000
<u>Executive</u> includes one-time appropriation of \$5.0 million GF/GP to renovate the fourth floor of the Grand Rapids Home for Veterans in order to meet Medicaid specifications <u>House</u> includes a \$100 placeholder and appropriates \$5.0 million GF/GP through boilerplate section 702 to a new Medicaid certification reserve fund. <u>Senate</u> concurs with the Executive. <u>Conference</u> includes \$1.0 million GF/GP.	GF/GP	NA	\$1,000,000
3. Grand Rapids Home for Veterans Revenue Shortfall Offset (Ongoing)	Gross	\$45,854,000	\$0
<u>Executive</u> includes \$2.3 million GF/GP to offset a shortfall in income and assessments restricted revenue, due to declining veterans' home member census. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	21,773,000	0
	Restricted	8,717,100	(2,300,000)
	GF/GP	\$15,363,900	\$2,300,000

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
4. Grand Rapids Home for Veterans Staffing Increase	Gross	\$45,854,000	\$1,800,000
<u>House</u> includes \$500,000 GF/GP and 5.0 FTEs to addressing staffing level concerns raised in the February 2016 Auditor General report. <u>Conference</u> includes \$1.8 million GF/GP to increase the wages of contracted nursing aides in order to attract and retain personnel.	Federal	21,773,000	0
	Restricted	8,717,100	0
	GF/GP	\$15,363,900	\$1,800,000
5. D.J. Jacobetti Home for Veterans Medicaid Certification Pilot (Ongoing)	Gross	\$19,531,600	\$1,120,000
<u>Executive</u> includes \$1.1 million GF/GP funding adjustment to improve nursing unit level and renovate the home to meet Medicaid specifications. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	7,991,200	0
	Restricted	4,881,300	0
	GF/GP	\$6,659,100	\$1,120,000
6. Adjustments Based upon Anticipated Federal Revenue – Veterans Homes	Gross	\$65,385,600	(\$986,000)
<u>Executive</u> includes appropriation increases to utilize available federal revenues of \$214,000 for the D.J. Jacobetti Home for Veterans. Federal Medicare authorization decreased to better align with anticipated federal revenue for the Grand Rapids (\$1.1 million) and D.J. Jacobetti (\$100,000) Homes for Veterans. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	29,764,200	(986,000)
	Restricted	13,598,400	0
	GF/GP	\$22,023,000	\$0
7. National Guard Tuition Assistance Fund	Gross	\$0	\$60,000
<u>Executive</u> includes \$1.1 million GF/GP to seed the National Guard Tuition Assistance Fund. <u>House</u> removes. <u>Senate</u> appropriates \$762,700. <u>Conference</u> appropriates \$60,000 GF/GP.	GF/GP	\$0	\$60,000
8. National Guard Tuition Assistance Program	Gross	\$3,741,600	(\$236,600)
<u>Executive</u> includes \$3.5 million restricted from the National Guard Tuition Assistance Fund. <u>House</u> appropriates \$2.4 million restricted from the National Guard Tuition Assistance Fund. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the Executive, although only \$2.4 million is expected to be remaining in the Tuition Assistance Fund at the beginning of FY 2016-17.	Restricted	0	3,505,000
	GF/GP	\$3,741,600	(\$3,741,600)
9. National Guard Armory Maintenance (One-Time)	Gross	NA	\$2,500,000
<u>Executive</u> includes one-time appropriation of \$2.5 million GF/GP to upgrade communication network connections at Army National Guard armories. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	NA	\$2,500,000
10. Adjustments Based upon Anticipated Federal Revenue – Armory Operations	Gross	\$15,558,800	\$1,500,000
<u>Executive</u> includes authorization increases to utilize available federal revenues of \$1.5 million for armory operations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
11. Michigan Youth ChalleNGe Academy	FTE	40.0	10.0
<u>Senate</u> includes \$710,000 (\$500,000 GF/GP) and 10.0 FTEs to increase staffing levels at the academy in order to address concerns raised by the Auditor General report. <u>Conference</u> includes \$710,000 GF/GP and 10.0 FTEs.	Gross	\$4,541,300	\$710,000
	Federal	2,844,300	0
	Local	1,497,400	0
	Private	199,600	0
	GF/GP	\$0	\$710,000
12. Camp Grayling Housing Construction	Gross	\$15,000,000	\$300,000
<u>Senate</u> includes \$300,000 GF/GP for housing construction at Camp Grayling. <u>Conference</u> concurs.	Federal	15,000,000	0
	GF/GP	\$0	\$300,000
13. Homeless Veterans Program (One-Time)	Gross	NA	\$300,000
<u>Conference</u> includes \$300,000 one-time GF/GP for the purpose of mitigating homelessness among Michigan veterans.	GF/GP	NA	\$300,000
14. Veterans Service Grants Economic Adjustment	Gross	\$3,733,500	\$30,000
<u>Senate</u> includes a 1% (\$37,300 GF/GP) economic adjustment for veterans service organization grants. <u>Conference</u> includes \$30,000 GF/GP.	GF/GP	\$3,733,500	\$30,000

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
15. Veterans Homes Planning	Gross	NA
<u>House</u> reduces the veterans home operations line item by \$100 and includes a \$100 placeholder for the purpose of possible capital outlay projects pertaining to this state's veterans homes. <u>Conference</u> concurs.	GF/GP	NA
		\$0
		\$0
16. Early Out Deferred Sick Leave Payments	Gross	NA
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	NA
	Restricted	NA
	GF/GP	NA
		(\$125,800)
		(46,100)
		(34,100)
		(\$45,600)
17. Economic Adjustments	Gross	NA
<u>Executive</u> reflects increased costs of \$2.2 million gross (\$723,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$2,175,000
		2,500
		1,112,200
		25,000
		3,200
		308,600
		\$723,500

Major Boilerplate Changes From FY 2015-16

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Protects department employees from disciplinary action due to communications with the Legislature. Executive deletes. House, Senate, and Conference retain.

Sec. 216. Schedule of Programs Disclaimer – DELETED

Provides for funding and spending flexibility under the schedule of programs budget structure. Executive retains. House deletes. Senate retains. Conference deletes.

Sec. 233. Intention to Sell Department Property – RETAINED

Requires the department to notify the legislature sixty days prior to publicly announcing the intent to sell department owned property. Executive deletes. House, Senate, and Conference retain.

Sec. 234. One-Time Special Maintenance Appropriations Carry Forward – RETAINED

Authorizes the carry forward of one-time appropriations from the previous fiscal year. Executive deletes. House deletes. Senate and Conference retain.

Sec. 240. New Program Metrics – RETAINED

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000. Executive deletes. House, Senate, and Conference retain.

Sec. 300. Unclassified Positions – REVISED

Lists the authorized unclassified positions within the department. Executive revises to remove the Director – Public Safety Group unclassified FTE and replaces it with the new Chief Executive Officer for the Veteran Health System position. House, Senate, and Conference concur.

Sec. 309. Starbase Grant – REVISED

Establishes the Starbase program. Executive revises to remove fourth graders as a target group for the program, specifying students in the fifth grade as the intended program targets. House, Senate, and Conference concur.

Sec. 310. National Guard Tuition Assistance Program – REVISED

Establishes the National Guard Tuition Assistance Program. Executive revises to include language to ensure that all funds remaining in the National Guard Tuition Assistance Program lapse into the National Guard Tuition Assistance Fund at the end of a fiscal year. House, Senate, and Conference concur.

Sec. 311. Information Technology Services and Projects – RETAINED

Requires the department to utilize an IDG to the Department of Technology, Management, and Budget for information technology services and projects. Executive deletes. House, Senate, and Conference retain.

Sec. 406. Grants to Veterans Service Organizations – RETAINED

Requires the department to disburse grants to Veterans Service Organizations in order to achieve agency veterans service goals. Executive revises to remove language requiring a fixed number of service hours within each geographic region of state and adds language that bases the number of service hours on current appropriations for the Veteran Service Organization grant program and fixed hourly service rate. House, Senate, and Conference retain original language.

Major Boilerplate Changes From FY 2015-16

Sec. 407. Veterans Trust Fund Administration – REVISED

Requires the department and the Michigan Veterans Trust Fund Board to provide emergency funds to veterans through the Michigan Veterans Trust Fund. Executive revises to remove legislative intent language regarding the expenditure of appropriated funds. House concurs, but retains the final sentence of subsection (3) regarding unexpended or unencumbered funds. Senate concurs with the Executive. Conference concurs with the House.

Sec. 501. Veterans' Homes Service and Care Requirements – REVISED

Requires the department to administer the state's two veterans homes and specifies service and care requirements. Executive revises to combine with former section 503 in order to create a set of boilerplate language concerning veterans homes services and care requirements; remove language specifying federal requirements and replaces with language that requires providing the results of federal U.S. Department of Veterans Affairs certification as proof of compliance; remove language regarding contractor provided competency evaluated nursing assistants; change compliance reporting requirements from quarterly to annual; and include language requiring the department to report quarterly regarding the status of Medicaid certification efforts. House concurs, but retains original language regarding competency evaluated nursing assistants; removes minimum skilled nursing bed and domiciliary bed requirements for the Grand Rapids Home; and adds additional reporting requirements. Senate concurs, but retains original language regarding competency evaluated nursing assistants, minimum skilled nursing and domiciliary bed requirements, and adds additional reporting requirements. Conference concurs, but retains original language regarding competency evaluated nursing assistants; removes minimum skilled nursing bed and domiciliary bed requirements; removes minimum long-term care experience requirements for new competency evaluated nursing assistants; and combines House and Senate additional reporting requirements.

Sec. 501b. Grand Rapids Home Staffing Increase – DELETED

House includes new language specifying the purpose of a \$500,000 increase for the Grand Rapids Home to be used to increase staffing levels at the home in order to address concerns raised in the February 2016 Auditor General report. Conference deletes.

Sec. 502. Medicaid Certification Pilot – NEW

Requires the department to pursue compliance with current Medicaid and Medicare services certification standards for the veterans' homes in order to increase federal revenue and provide better services. Executive includes. House, Senate, and Conference concur.

Sec. 503. Quality of Care Standards – NEW

Senate includes reporting requirements regarding the quality of care improvements made by implementing the Medicaid certification upgrades. Conference concurs.

Sec. 504. Board of Managers (Veterans Homes) – REVISED

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Executive revises to combine with former section 504. House, Senate, and Conference concur.

Sec. 604. Land and Acquisitions – RETAINED

Authorizes the department to provide for the acquisition and disposition of National Guard armories as well as department-owned land. Executive revises to remove language requiring the department to provide a listing of property sales. House, Senate, and Conference retain original language.

Sec. 605. Veterans Homes Planning – NEW

House includes language specifying the purpose of the funds appropriated for veterans homes planning, to include development of a long-term plan, renovating existing veterans homes, building one or more new veterans homes, and the acquisition of land or facilities for new veterans homes. Conference concurs.

Sec. 701. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Executive revises to remove FY 2015-16 language regarding one-time appropriations, which is replaced with language requiring the use of FY 2016-17 one-time appropriations for communications network upgrades on Army National Guard armories. House and Senate concur. Conference revises to reflect the purpose of the funds as special maintenance in order to received federal matching dollars for armory improvements.

Sec. 702. Grand Rapids Home for Veterans Medicaid Certification Reserve Fund – DELETED

House includes language that creates the Medicaid certification reserve fund within the state treasury and appropriates \$5.0 million GF/GP to the fund, and stipulates that the funds can only be expended upon appropriation or legislative transfer. Conference deletes.

Sec. 1201. Anticipated Appropriations – RETAINED

Specifies estimated expected revenue and revenue adjustments based upon the January 2016 Consensus Revenue Estimating Conference. Executive deletes. House, Senate, and Conference retain.

Sec. 1202. Michigan Veterans Affairs Agency Outreach – RETAINED

Requires the Michigan Veterans Affairs Agency to report the percentage of Michigan veterans contacted in quarterly subcommittee hearings. Executive deletes. House, Senate, and Conference retain.

Major Boilerplate Changes From FY 2015-16

Sec. 1203. Michigan Veterans Affairs Agency Service Claims – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed claims, as determined by the USDVA. Executive deletes. House, Senate, and Conference retain.