

FY 2016-17: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS



Summary: As Passed by House Article XIV, House Bill 5294 (H-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 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$99,300	\$101,800	\$101,800	\$101,800		\$2,500	2.5
Federal	90,208,600	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		25,000	1.7
Private	739,600	742,800	742,800	742,800		3,200	0.4
Restricted	23,221,500	24,696,000	23,596,000	24,696,000		374,500	1.6
GF/GP	53,187,300	57,143,600	51,543,800	57,643,600		(1,643,500)	(3.1)
Gross	\$168,953,700	\$176,000,200	\$169,300,400	\$176,710,200		\$346,700	0.2
FTEs	897.5	897.5	902.5	907.5		5.0	0.1

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." (3) Totals do not include \$5.0 million GF/GP appropriated through boilerplate section 702 to the Medicaid certification reserve fund.

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. 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.

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
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> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
2. Grand Rapids Home for Veterans Medicaid Certification Pilot (One-Time)	Gross	NA	\$100
<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> concurs in part and includes a \$100 placeholder and appropriates \$5.0 million GF/GP through boilerplate section 702 to a new Medicaid certification reserve fund.	GF/GP	NA	\$100
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> concurs.	Federal	21,773,000	0
	Restricted	8,717,100	(2,300,000)
	GF/GP	\$15,363,900	\$2,300,000

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>		<u>FY 2015-16 Year-to-Date (as of 2/10/16)</u>	<u>FY 2016-17 House Change</u>
4. Grand Rapids Home for Veterans Staffing Increase	FTE	355.0	5.0
<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.	Gross	\$45,854,000	\$500,000
	Federal	21,773,000	0
	Restricted	8,717,100	0
	GF/GP	\$15,363,900	\$500,000
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> concurs.	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> concurs.	Federal	29,764,200	(986,000)
	Restricted	13,598,400	0
	GF/GP	\$22,023,000	\$0
7. National Guard Tuition Assistance Program	Gross	\$3,741,600	(\$1,336,600)
<u>Executive</u> includes \$1.1 million GF/GP for the National Guard Tuition Assistance Fund and appropriates a total of \$3.5 million restricted from the National Guard Tuition Assistance Fund (\$1.1 million GF/GP and \$2.4 million expected to be remaining at the end of FY 2015-16). <u>House</u> concurs in part and appropriates \$2.4 million restricted from the National Guard Tuition Assistance Fund.	Restricted	0	2,405,000
	GF/GP	\$3,741,600	(\$3,741,600)
8. National Guard Armory Infrastructure Upgrades (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> concurs.	GF/GP	NA	\$2,500,000
9. 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> concurs.	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
10. Veterans Homes Planning	Gross	NA	\$100
<u>House</u> includes a \$100 placeholder for the purpose of possible capital outlay projects pertaining to this state's veterans homes.	GF/GP	NA	\$100
11. Early Out Deferred Sick Leave Payments	Gross	NA	(\$125,800)
<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> concurs.	Federal	NA	(46,100)
	Restricted	NA	(34,100)
	GF/GP	NA	(\$45,600)
12. Economic Adjustments	Gross	NA	\$2,175,000
<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> concurs.	IDG	NA	2,500
	Federal	NA	1,112,200
	Local	NA	25,000
	Private	NA	3,200
	Restricted	NA	308,600
	GF/GP	NA	\$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 deleted. House retains.

Sec. 216. Schedule of Programs Disclaimer – DELETED

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

Major Boilerplate Changes From FY 2015-16

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 deleted. House retains.

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

Authorizes the carry forward of one-time appropriations from the previous fiscal year. Executive deleted. House concurs.

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 deleted. House retains.

Sec. 300. Unclassified Positions – REVISED

Lists the authorized unclassified positions within the department. Executive revised 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 concurs.

Sec. 309. Starbase Grant – REVISED

Establishes the Starbase program. Executive revised to remove fourth graders as a target group for the program, specifying students in the fifth grade as the intended program targets. House concurs.

Sec. 310. National Guard Tuition Assistance Program – REVISED

Establishes the National Guard Tuition Assistance Program. Executive revised 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 concurs.

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 deleted. House retains.

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 revised 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 retains original language.

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 revised 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.

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 revised to combine with Sec. 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 in part, but retains original language regarding competency evaluated nursing assistances; removes minimum skilled nursing bed and domiciliary bed requirements for the Grand Rapids Home; and adds additional reporting requirements.

Sec. 501a. 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 included. House concurs.

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

House includes 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.

Sec. 502. Board of Managers (Grand Rapids and D.J. Jacobetti) – REVISED

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Executive revised to combine with Sec. 504. House concurs.

Sec. 503. D.J. Jacobetti Home for Veterans Service and Care Requirements – DELETED

Executive deleted and combined with Sec. 501. House concurs.

Sec. 504. Board of Managers (D.J. Jacobetti) – DELETED

Executive deleted and combined with Sec. 502. House concurs.

Major Boilerplate Changes From FY 2015-16

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 revised to remove language requiring the department to provide a listing of property sales. House retains 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.

Sec. 701. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Executive revised 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 concurs.

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

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.

Sec. 1201. Anticipated Appropriations – RETAINED

Specifies estimated expected revenue and revenue adjustments based upon the January 2016 Consensus Revenue Estimating Conference. Executive deleted. House retains.

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 deleted. House retains.

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 deleted. House retains.