

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



Analyst: Kent Dell

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	91,793,600	92,334,100	540,500	0.6
Local	1,522,400	1,528,400	6,000	0.4
Private	742,800	640,000	(102,800)	(13.8)
Restricted	24,696,000	22,332,600	(2,363,400)	(9.6)
GF/GP	58,243,600	63,067,500	4,823,900	8.3
Gross	\$177,100,200	\$180,004,400	\$2,904,200	1.6
FTEs	907.5	913.5	6.0	0.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Removal of FY 2016-17 One-Time Appropriations and Placeholders	Gross	\$4,100,100	(\$4,100,100)
Removes all FY 2016-17 one-time appropriations as well as a \$100 GF/GP placeholder for veterans' homes planning and \$300,000 GF/GP for housing construction at Camp Grayling.	GF/GP	\$4,100,100	(\$4,100,100)
2. National Guard Armory Maintenance (One-Time)	Gross	N/A	\$2,500,000
Includes a one-time appropriation of \$2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau.	GF/GP	N/A	\$2,500,000
3. National Guard Tuition Assistance Fund	Gross	\$60,000	\$3,947,000
Includes \$3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support of the National Guard Tuition Assistance Program.	GF/GP	\$60,000	\$3,947,000
4. National Guard Tuition Assistance Program – Program Restructure	FTE	1.0	(1.0)
Technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program.	Gross	\$3,505,000	(\$3,505,000)
	Restricted	3,505,000	(3,505,000)
	GF/GP	\$0	\$0
5. Armory and Land Sales	Gross	\$1,000,000	\$1,000,000
Increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund.	Restricted	1,000,000	1,000,000
	GF/GP	\$0	\$0
6. National Guard Operations – State Active Duty	Gross	\$338,200	\$30,000
Includes \$30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk.	IDG	101,800	0
	Federal	100,000	0
	Restricted	70,000	30,000
	GF/GP	\$66,400	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
7. Grand Rapids Home for Veterans – Staff and Training	Gross	\$49,229,000	\$820,000
Includes \$820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of \$2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards.	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	21,696,600	\$820,000
8. Grand Rapids Home for Veterans – Accounting Service Staff	FTE	355.0	(8.0)
Transfers the accounting service staff FTEs to the Department of Technology, Management and Budget.	Gross	\$49,229,000	\$0
	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	21,696,600	\$0
9. D.J. Jacobetti Home for Veterans – Staffing Increase	FTE	164.5	15.0
Includes 15.0 FTEs and \$800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements.	Gross	\$21,250,600	\$800,000
	Federal	8,305,600	0
	Restricted	5,000,400	0
	GF/GP	\$7,944,600	\$800,000
10. Michigan Veterans' Facility Authority	Gross	\$1,000,000	\$500,000
Includes \$500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans' Facility Authority.	GF/GP	\$1,000,000	\$500,000
11. Michigan Veterans Affairs Agency – Veterans License Plate Fund	Gross	\$7,057,300	\$50,000
Includes \$50,000 from the recently established Veterans License Plate Fund to support the ongoing operations of the Michigan Veterans Affairs Agency.	Restricted	0	50,000
	GF/GP	\$7,057,300	\$0
12. Technical Adjustments	FTE	N/A	0.0
Aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including:	Gross	N/A	(\$212,600)
<ul style="list-style-type: none"> • Reduction in private revenue authorization for the Michigan Youth Challenge Academy. • Reduction in rental fee revenue authorization for Headquarters and Armories. • Removes authorizations associated with IT payroll and accounting services center personnel across the budget. • Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring. • Net zero adjustments in authorizations and FTEs between line items. 	Federal	N/A	(4,900)
	Private	N/A	(102,800)
	Restricted	N/A	(101,800)
	GF/GP	N/A	(\$3,100)
13. Economic Adjustments	Gross	N/A	\$1,074,900
Reflects increased costs of \$1.1 million Gross (\$360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	N/A	545,400
	Local	N/A	6,000
	Restricted	N/A	163,400
	GF/GP	N/A	\$360,100

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Updated to reflect FY 2017-18 appropriations.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Updated to reflect FY 2017-18 costs.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature.

Sec. 233. Intention to Sell Department Property – DELETED

Requires the department to notify the Legislature sixty days prior to publically announcing the intention to sell department property.

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

Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year.

Major Boilerplate Changes From FY 2016-17

Sec. 300. Unclassified Positions – DELETED

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission.

Sec. 302. Michigan Youth Challenge Academy – REVISED

Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth Challenge Academy. Revised to allow unexpended private donations to be carried forward into the subsequent fiscal year.

Sec. 306. National Guard Tuition Assistance Program – REVISED

Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of \$4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program.

Sec. 311. Information Technology Services and Projects – DELETED

Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Revised to include the Michigan Veterans' Facility Authority.

Sec. 402. Veterans' Homes Service and Care Requirements – REVISED

Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Revised to include the Michigan Veterans' Facility Authority.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates.

Sec. 501. Land and Acquisitions – REVISED

Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Revised to remove sale and acquisition reporting requirements.

Sec. 605. Veterans' Homes Planning – DELETED

Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans homes.

Sec. 1201. Anticipated Appropriations – DELETED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year.

Sec. 1202. MVAA Outreach – DELETED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees.

Sec. 1203. MVAA Claims Services – DELETED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs.

Supplemental Recommendations for FY 2016-17 Appropriations

1. National Guard Tuition Assistance Program

Includes \$800,000 GF/GP to support the National Guard Tuition Assistance Program. Funds available in the National Guard Tuition Assistance Fund did not support the program demand in FY 2016-17.

	FY 2016-17 Recommendation
Gross	\$800,000
GF/GP	\$800,000