

**SUBSTITUTE FOR  
HOUSE BILL NO. 5597**

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 1999; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 1999, from the funds indicated in this part. The following is a summary of the appropriations in this part:

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For Fiscal Year Ending  
September 30, 1999

**1 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

**2 APPROPRIATION SUMMARY:**

3	Full-time equated unclassified positions.....	7.0	
4	Full-time equated classified positions.....	1,072.0	
5	GROSS APPROPRIATION.....		\$ 85,810,700
6	Total interdepartmental grants and intradepartmental		
7	transfers.....		0
8	ADJUSTED GROSS APPROPRIATION.....		\$ 85,810,700
9	Federal revenues:		
10	Total federal revenues.....		27,970,100
11	Special revenue funds:		
12	Total local revenues.....		0
13	Total private revenues.....		375,000
14	Total other state restricted revenues.....		20,941,600
15	State general fund/general purpose.....		\$ 36,524,000
16	<b>Sec. 102. HEADQUARTERS AND ARMORIES</b>		
17	Full-time equated unclassified positions.....	7.0	
18	Full-time equated classified positions.....	105.0	
19	Headquarters and armories--105.0 FTE positions.....		9,438,400
20	Adjutant general.....		110,800
21	Deputy director, army national guard.....		104,100
22	Deputy director, air national guard.....		103,100
23	Deputy director, veterans affairs.....		104,100
24	Legislative liaison.....		68,100
25	Public information officer.....		64,900
26	Special project personnel.....		6,600

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1	Military appeals tribunal.....	900
2	Michigan emergency volunteers and civil air patrol...	15,000
3	State active duty.....	60,000
4	GROSS APPROPRIATION..... \$	10,076,000
5	Appropriated from:	
6	Federal revenues:	
7	DOD-DOA-NGB.....	1,685,900
8	Special revenue funds:	
9	Armory rentals.....	350,000
10	Mackinac bridge authority.....	40,000
11	State general fund/general purpose..... \$	8,000,100
12	<b>Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES</b>	
13	Full-time equated classified positions.....229.0	
14	Military training sites and support facilities--229.0	
15	FTE positions.....	11,655,200
16	Military training sites and support facilities test	
17	projects.....	100,000
18	GROSS APPROPRIATION..... \$	11,755,200
19	Appropriated from:	
20	Federal revenues:	
21	DOD-DOA-NGB.....	10,087,100
22	Special revenue funds:	
23	Test project fees.....	100,000
24	State general fund/general purpose..... \$	1,568,100
25	<b>Sec. 104. DEPARTMENTWIDE APPROPRIATIONS</b>	
26	Departmentwide accounts.....	2,069,500

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1	Special maintenance-state.....	436,200
2	Special maintenance-federal.....	2,302,000
3	Equipment safety training.....	59,800
4	Military contingency fund.....	100
5	Military retirement.....	2,166,900
6	Counter narcotic operations.....	50,000
7	Starbase grant.....	250,000
8	GROSS APPROPRIATION.....	\$ 7,334,500
9	Appropriated from:	
10	Federal revenues:	
11	DOD-DOA-NGB.....	3,824,000
12	DOJ-DEA.....	50,000
13	State general fund/general purpose.....	\$ 3,460,500
14	<b>Sec. 105. VETERANS SERVICE ORGANIZATIONS</b>	
15	American legion.....	738,800
16	Disabled American veterans.....	670,800
17	Marine corps veterans.....	308,100
18	American veterans of World War II and Korea.....	425,700
19	Veterans of foreign wars.....	811,500
20	Michigan paralyzed veterans of America.....	151,700
21	Purple heart.....	144,700
22	Veterans of World War I.....	100
23	Polish legion of American veterans.....	37,800
24	Jewish veterans of America.....	37,800
25	State of Michigan council - Vietnam veterans of	
26	Michigan.....	146,100

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1	Catholic war veterans.....	12,100
2	GROSS APPROPRIATION..... \$	3,485,200
3	Appropriated from:	
4	State general fund/general purpose..... \$	3,485,200
5	<b>Sec. 106. GRAND RAPIDS VETERANS' HOME</b>	
6	Full-time equated classified positions.....569.0	
7	Grand Rapids veterans' home--569.0 FTE positions.....	36,200,300
8	Board of managers.....	300,000
9	GROSS APPROPRIATION..... \$	36,500,300
10	Appropriated from:	
11	Federal revenues:	
12	HHS-HCFA, medicare, hospital insurance.....	374,700
13	DVA-VHA.....	8,821,200
14	Special revenue funds:	
15	Private-veterans' home post and posthumous funds.....	300,000
16	Income and assessments.....	12,022,900
17	State general fund/general purpose..... \$	14,981,500
18	<b>Sec. 107. D.J. JACOBETTI VETERANS' HOME</b>	
19	Full-time equated classified positions.....153.0	
20	D.J. Jacobetti veterans' home--153.0 FTE positions...	11,639,200
21	Board of managers.....	75,000
22	GROSS APPROPRIATION..... \$	11,714,200
23	Appropriated from:	
24	Federal revenues:	
25	HHS-HCFA, medicare, hospital insurance.....	294,000
26	DVA-VHA.....	2,833,200

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1	Special revenue funds:	
2	Private-veterans' home post and posthumous funds.....	75,000
3	Income and assessments.....	3,737,300
4	State general fund/general purpose..... \$	4,774,700
5	<b>Sec. 108. MICHIGAN VETERANS' TRUST FUND</b>	
6	Full-time equated classified positions.....16.0	
7	Veterans' affairs directorate administration--3.0 FTE	
8	positions.....	253,900
9	Administration--13.0 FTE positions.....	944,900
10	Veterans' trust fund grants.....	3,746,500
11	GROSS APPROPRIATION..... \$	4,945,300
12	Appropriated from:	
13	Special revenue funds:	
14	Michigan veterans' trust fund.....	4,691,400
15	State general fund/general purpose..... \$	253,900

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PART 2

17

PROVISIONS CONCERNING APPROPRIATIONS

18 **GENERAL SECTIONS**

19

Sec. 201. (1) Pursuant to section 30 of article IX of the state

20

constitution of 1963, total state spending from state sources for fiscal

21

year 1998-99 is estimated at \$57,465,600.00 in this act and state spend-

22

ing from state sources paid to local units of government for fiscal year

23

1998-99 is estimated at \$60,000.00. The itemized statement below

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1 identifies appropriations from which spending to units of local  
2 government will occur:

3 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
4 GRANTS

5	Headquarters and armories - payments in lieu of taxes \$	<u>60,000</u>
6	TOTAL..... \$	60,000

7 (2) If it appears to the principal executive officer of a department  
8 or branch that state spending to local units of government will be less  
9 than the amount that was projected to be expended under subsection (1),  
10 the principal executive officer shall immediately give notice of the  
11 approximate shortfall to the state budget director, the senate and house  
12 appropriations committees, and the senate and house fiscal agencies.

13 Sec. 202. The expenditures and funding sources authorized under  
14 this act are subject to the management and budget act, 1984 PA 431,  
15 MCL 18.1101 to 18.1594.

16 Sec. 203. (1) In addition to the funds appropriated in this act,  
17 there is appropriated an amount not to exceed \$1,900,000.00 for federal  
18 contingency funds. These funds are not available for expenditure until  
19 they have been transferred to another line item in this act pursuant to  
20 section 393(2) of the management and budget act, 1984 PA 431,  
21 MCL 18.1393.

22 (2) In addition to the funds appropriated in this act, there is  
23 appropriated an amount not to exceed \$1,000,000.00 for state restricted  
24 contingency funds. These funds are not available for expenditure until  
25 they have been transferred to another line item in this act pursuant to  
26 section 393(2) of the management and budget act, 1984 PA 431,  
27 MCL 18.1393.

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1 (3) In addition to the funds appropriated in this act, there is  
2 appropriated an amount not to exceed \$100,000.00 for local contingency  
3 funds. These funds are not available for expenditure until they have  
4 been transferred to another line item in this act pursuant to  
5 section 393(2) of the management and budget act, 1984 PA 431,  
6 MCL 18.1393.

7 (4) In addition to the funds appropriated in this act, there is  
8 appropriated an amount not to exceed \$100,000.00 for private contingency  
9 funds. These funds are not available for expenditure until they have  
10 been transferred to another line item in this act pursuant to section  
11 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

12 Sec. 204. The department of civil service shall bill departments or  
13 agencies, or both, at the end of the first fiscal quarter for the 1%  
14 charges authorized by section 5 of article XI of the state constitution  
15 of 1963. Payments shall be made for the total amount of the billing by  
16 the end of the second fiscal quarter.

17 Sec. 205. As used in this act:

18 (a) "Department" means the department of military and veterans  
19 affairs.

20 (b) "Director" means the director of the department of military and  
21 veterans affairs.

22 (c) "DOD" means the United States department of defense.

23 (d) "DOD-DOA-NGB" means the DOD department of the army, national  
24 guard bureau.

25 (e) "DOJ" means the United States department of justice.

26 (f) "DOJ-DEA" means the DOJ drug enforcement agency.

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1 (g) "DVA" means the United States department of veterans' affairs.

2 (h) "DVA-VHA" means the DVA veterans' health administration.

3 (i) "FTE" means full-time equated.

4 (j) "HHS" means the United States department of health and human  
5 services.

6 (k) "HHS-HCFA" means the HHS health care financing administration.

7 Sec. 206. (1) Pursuant to the department provisions of civil serv-  
8 ice rules and regulations and applicable collective bargaining agree-  
9 ments, an individual seeking employment with the department shall submit  
10 to a controlled substance test administered by the department.

11 (2) An individual seeking employment with the department who refuses  
12 to take a controlled substance test or who tests positive for the illegal  
13 use of a controlled substance on such a test shall be denied employment  
14 by the department for a minimum of 1 year.

15 Sec. 207. (1) Beginning October 1, 1998, there is a hiring freeze  
16 imposed on the state classified civil service. State departments and  
17 agencies are prohibited from hiring any new full-time state classified  
18 civil service employees and are prohibited from filling any vacant state  
19 classified civil service positions. The hiring freeze imposed under this  
20 subsection does not apply to internal transfers from 1 position to  
21 another within a department or to positions that are funded 80% or more  
22 from federal or restricted funds.

23 (2) The state budget director shall grant an exception to the hiring  
24 freeze imposed under subsection (1) if the state budget director believes  
25 that not granting the exception to the hiring freeze will render a state  
26 department or agency unable to deliver basic services. The state budget  
27 director shall report by the fifteenth of each month to the chairpersons

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1 of the senate and house appropriations committees the number of  
2 exceptions to the hiring freeze approved during the previous month and  
3 the justification for each exception.

4       Sec. 208. Money that is appropriated in this act shall not be used  
5 for the purchase of foreign goods or services if competitively priced  
6 American goods or services of comparable quality are available. By May  
7 1, 1998, the department of military and veterans affairs shall submit a  
8 report to the department of management and budget, the speaker and minor-  
9 ity leader of the house of representatives, the majority and minority  
10 leaders of the senate, and the chairpersons of the house and senate  
11 appropriations committees on efforts to comply with this section.

12       Sec. 209. (1) The director shall take all reasonable steps to  
13 ensure that businesses in depressed and deprived communities compete for  
14 and perform contracts to provide services or supplies, or both, for the  
15 department.

16       (2) The director shall strongly encourage firms with which the  
17 department contracts to subcontract with certified businesses in  
18 depressed and deprived communities for services or supplies, or both.

19       Sec. 210. (1) The department shall submit to the department of man-  
20 agement and budget, the house and senate appropriations committees, the  
21 house and senate fiscal agencies, and the house and senate standing com-  
22 mittees having jurisdiction over technology issues, periodic reports on  
23 the department's efforts to change the department's computer software and  
24 hardware as necessary to perform properly in the year 2000 and beyond.  
25 These reports shall identify actual progress in comparison to the  
26 department's approved work plan for these efforts.

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Sub. H.B. 5597 (H-1) as amended March 31, 1998

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1 (2) The department may present progress billings to the department  
2 of management and budget for the costs incurred in changing computer  
3 software and hardware as necessary to perform properly in the year 2000  
4 and beyond. At the time progress billings are presented for reimburse-  
5 ment, the department shall identify and forward as appropriate the fund-  
6 ing sources that should support the work performed.

[Sec. 211. Within 10 working days of the formal presentation of the executive budget, each principal department/agency shall identify and report to the house and senate standing committees on appropriations and to the house and senate fiscal agencies the source of all federal funds and restricted funds that the principal department/agency received as a grant or transferred to another principal department/agency.]

### 7 HEADQUARTERS AND ARMORIES

8 Sec. 301. The department may charge a reasonable rental fee for  
9 renting an armory. The fee shall include the cost of overtime compensa-  
10 tion, insurance coverage, and any maintenance required.

[Sec. 302. Of the funds appropriated in section 102 for Michigan emergency volunteer and civil air patrol, \$10,000.00 shall be appropriated for the civil air patrol and \$5,000.00 shall be appropriated for the Michigan emergency volunteers.]

### 11 DEPARTMENTWIDE APPROPRIATIONS

12 Sec. 401. Money appropriated in this act for the military duty con-  
13 tingency fund shall be used to fund nonfederally supported missions of  
14 the national guard when called to state duty.

15 Sec. 402. The Michigan veterans' memorial park commission may  
16 receive and expend gifts, contributions, and bequests from any person,  
17 public or private corporation, organization, foundation, governmental  
18 entity, or any other source for the purpose of establishing a veterans'  
19 memorial park as described in Executive Order No. 1992-12. Money con-  
20 tributed to the Michigan veterans' memorial park commission shall be  
21 deposited in the state treasury through the department and shall be  
22 available for expenditure. Project costs authorized by this act shall  
23 not exceed the gifts, contributions, and bequests received. Money under

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1 this section and any specific work orders or projects adopted by the  
2 Michigan veterans' memorial park commission in accordance with  
3 section 451(4) of the management and budget act, 1984 PA 431,  
4 MCL 18.1451, do not lapse at the end of this fiscal year but are avail-  
5 able for expenditure until September 30, 2000. Expenditures shall be in  
6 accordance with methods and procedures approved by the Michigan veterans'  
7 memorial park commission, the department, and appropriate state  
8 agencies.

9       Sec. 403. Money available from the Michigan national guard armory  
10 construction fund created in section 382a of the Michigan military act,  
11 1967 PA 150, MCL 32.782a, is appropriated for expenditure for the pur-  
12 poses specified in that section.

13 **VETERANS SERVICE ORGANIZATIONS**

14       Sec. 501. (1) Money appropriated in section 105 for grants to vet-  
15 erans service organizations shall be used only for salaries, wages,  
16 related personnel costs, training, and equipment for accredited veteran  
17 service advocacy officers and necessary support and managerial staff.  
18 Training shall be provided for service advocacy officers and shall be  
19 conducted by accredited advocacy officers.

20       (2) To receive a grant from the money appropriated in section 105, a  
21 veterans service organization shall meet the following eligibility  
22 requirements:

23       (a) Be congressionally chartered by the United States congress.

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1 (b) Be an active participating member of the Michigan veterans  
2 organizations' rehabilitation and veterans service committee and abide by  
3 its rules, guidelines, and programs.

4 (c) Demonstrate the receipt of monetary or service support from its  
5 own organization.

6 (d) Comply with the department's and the legislature's requirements  
7 of accounting audits, service work activity, accounting of recoveries,  
8 listing of volunteer hours, budget requests, and other requirements spec-  
9 ified in subsection (3).

10 (e) For a veterans service organization founded after September 30,  
11 1989, be in operation and providing service to Michigan veterans for not  
12 less than 2 years before receiving an initial state grant. During this  
13 2-year period of time, the organization shall file a listing of service  
14 work activity and an accounting of recoveries with the department, the  
15 senate and house fiscal agencies, and the senate and house subcommittees  
16 on military affairs on forms as prescribed by the department.

17 (3) A veterans service organization receiving a grant from the money  
18 appropriated in section 105 shall file with the department a certified  
19 accounting of its expenditures within 120 days after the organization's  
20 fiscal year end. Each organization shall provide a detailed budget  
21 request for the fiscal year ending September 30, 2000 to the department  
22 by November 15, 1998 within the format as prescribed by the department to  
23 be used in the development of the budget ending September 30, 2000. Each  
24 veterans service organization shall provide 5 copies of a listing of all  
25 service activity, an accounting of recoveries, and a listing of volunteer  
26 hours for the fiscal year ending September 30, 1998 to the department by  
27 January 31, 1999. The listing of volunteer hours shall include the

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1 hours, services, and donations provided to residents of the Grand Rapids  
2 veterans' home and the D. J. Jacobetti veterans' home. A veterans serv-  
3 ice organization receiving a grant from the money appropriated in  
4 section 105 shall use the forms recommended by the Michigan veterans  
5 organizations' rehabilitation and veterans service committee for filing  
6 reports required by this act. The department shall forward information  
7 required under this section to the senate and house fiscal agencies and  
8 to the senate and house appropriations subcommittees on military  
9 affairs.

10 Sec. 502. It is the intent of the legislature that money appropri-  
11 ated in section 105 for veterans service organizations shall include  
12 funding to provide services to veterans of World War I.

13 **VETERANS' HOMES**

14 Sec. 601. Appropriations in this act for the Grand Rapids veterans'  
15 home and the D. J. Jacobetti veterans' home shall not be used for any  
16 purpose other than for veterans and veterans' families.

17 Sec. 602. The Grand Rapids veterans' home and the D. J. Jacobetti  
18 veterans' home, together with the department and the department of man-  
19 agement and budget, shall produce and deliver to the senate and house  
20 appropriations subcommittees on state police and military affairs an  
21 annual written report. The report shall include an accounting of member  
22 populations and bed space available; a description and accounting of  
23 services and activities provided to members; financial information; cur-  
24 rent state nursing home licensure status; the steps required for medicaid  
25 certification, including a listing of any personnel, equipment, supplies,

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1 or budgetary increases required; and whether or not steps are being taken  
2 toward medicaid certification. The annual report shall be submitted to  
3 the senate and house appropriations subcommittees on military affairs no  
4 later than February 1, 1999.

5 Sec. 603. The money appropriated in this act for the boards of man-  
6 agers may be expended for facility improvements, the purchase and repair  
7 of equipment and furnishings, member services, and other purposes that  
8 benefit the Grand Rapids veterans' home and the D. J. Jacobetti veterans'  
9 home.

10 Sec. 604. The money appropriated in this act for the boards of man-  
11 agers of the Grand Rapids veterans' home and the D. J. Jacobetti  
12 veterans' home shall be considered a work project account, and unexpended  
13 money remaining at the close of the fiscal year shall not lapse to the  
14 general fund but shall be carried forward to the subsequent fiscal year.

15 Sec. 605. No money shall be expended for the operation of the Grand  
16 Rapids veterans' home special needs unit, which began operations in March  
17 of 1998, unless individuals who are state employees perform the work.

18 Sec. 606. The department shall not initiate the privatization of  
19 state services until a privatization pilot program of not less than 12  
20 months in duration is completed. Not less than 30 days before beginning  
21 a privatization pilot program, the department shall submit a plan for the  
22 pilot program to the appropriate senate and house appropriations subcom-  
23 mittees and to the senate and house fiscal agencies. The department  
24 shall include in the plan a complete set of baseline data for comparative  
25 evaluation of the pilot program at the end of the program term. The com-  
26 parative evaluation of the pilot program shall include the administrative  
27 costs of the privatization contract.

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1       Sec. 607. (1) The department shall submit an annual report to the  
2 appropriate senate and house appropriations subcommittees and to the  
3 senate and house fiscal agencies regarding the special needs unit at the  
4 Grand Rapids veterans' home. The department shall include all of the  
5 following information in the report required under this subsection:

6       (a) Each of the following from the department of consumer and indus-  
7 try services:

8       (i) A statement of deficiency.

9       (ii) A citation issued by the department of consumer and industry  
10 services.

11       (iii) Each incident investigated by the department of consumer and  
12 industry services.

13       (b) Verification of all of the following for each subcontracted  
14 employee, as appropriate:

15       (i) State certification.

16       (ii) Valid state license.

17       (iii) Completion of the nurse aide training program.

18       (iv) File for the Michigan nurse aide registry.

19       (c) Reports of required inspections by the DVA.

20       (2) The department shall submit the report required by subsection  
21 (1) by March 15, 1999. Unless the report required under subsection (1)  
22 has been received by March 15, 1999 by the entities described in subsec-  
23 tion (1), the department shall not expend funds appropriated under this  
24 act for full-time equated unclassified positions.

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### 1 VETERANS' TRUST FUND

2       Sec. 701. In compliance with the various veterans' benefit programs  
3 funded by this state, a veteran who is denied benefits as a result of  
4 lack of properly disseminated information or due to misinformation rela-  
5 tive to benefit eligibility shall be provided a review hearing by the  
6 Michigan veterans' trust fund board.

7       Sec. 702. The department may receive and expend revenue deposited  
8 to the Vietnam veterans memorial monument fund created under section 3 of  
9 the Michigan Vietnam veterans memorial act, 1988 PA 234, MCL 35.1053.

10       Sec. 703. (1) By April 1, 1999, the department shall submit to the  
11 senate and house appropriations subcommittees on military affairs a  
12 detailed annual report of the Michigan veterans' trust fund for fiscal  
13 year 1997-98. The report shall include information on grants provided  
14 from the emergency grant program and the veterans survivor tuition pro-  
15 gram, including details concerning the methodology of allocations, the  
16 selection of emergency grant program authorized agents, and a detailed  
17 breakdown of trust fund expenditures for that year. The report shall  
18 also provide an update on the department's efforts to reduce program  
19 administrative costs.

20       (2) The annual report required under subsection (1) shall provide  
21 detailed information on the number of emergency grant applications denied  
22 during fiscal year 1997-98, including an accounting of the reasons for  
23 denial. This information also shall include the number of persons denied  
24 an emergency grant because of individual ineligibility, because of insuf-  
25 ficient funds, and because the applicant's request did not meet minimum  
26 program criteria.

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1 (3) The annual report required under subsection (1) shall contain  
2 information on the veterans survivors tuition program, including the  
3 number of participants, where the participants attended school, payments  
4 made to each school, the average grade point and number of college cred-  
5 its earned by each participant, the number of participants suspended by  
6 the program, and the number of participants who earned a degree during  
7 fiscal year 1997-98.