

**SENATE 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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HB 5597 as amended May 26, 1998

For Fiscal Year Ending
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1	DEPARTMENT OF MILITARY AND VETERANS AFFAIRS		
2	Full-time equated unclassified positions.....	7.0	
3	Full-time equated classified positions.....	1,042.0	
4	GROSS APPROPRIATION.....	\$	85,881,700
5	Total interdepartmental grants and intradepartmental		
6	transfers.....	\$	0
7	ADJUSTED GROSS APPROPRIATION.....	\$	85,881,700
8	Total federal revenues.....		27,970,100
9	Total local revenues.....		0
10	Total private revenues.....		375,000
11	Total other state restricted revenues.....		20,941,600
12	State general fund/general purpose.....	\$	36,595,000
13	Sec. 102. HEADQUARTERS AND ARMORIES		
14	Full-time equated unclassified positions.....	7.0	
15	Full-time equated classified positions.....	105.0	
16	Headquarters and armories--105.0 FTE positions.....	\$	9,438,400
17	Unclassified military personnel.....		561,800
18	Military appeals tribunal.....		900
19	Michigan emergency volunteers and civil air patrol...		25,000
20	State active duty.....		<u>60,000</u>
21	GROSS APPROPRIATION.....	\$	10,086,100
22	Appropriated from:		
23	Federal revenues:		
24	DOD-DOA-NGB.....		1,685,900
25	Special revenue funds:		
26	Armory rentals.....		350,000

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1	Mackinac bridge authority.....		40,000
2	State general fund/general purpose.....	\$	8,010,200
3	Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES		
4	Full-time equated classified positions.....	229.0	
5	Military training sites and support facilities--	229.0	
6	FTE positions.....	\$	11,655,200
7	Enlisted per diem payments.....		340,000
8	Military training sites and support facilities test		
9	projects.....		<u>100,000</u>
10	GROSS APPROPRIATION.....	\$	12,095,200
11	Appropriated from:		
12	Federal revenues:		
13	DOD-DOA-NGB.....		10,087,100
14	Special revenue funds:		
15	Test project fees.....		100,000
16	State general fund/general purpose.....	\$	1,908,100
17	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS		
18	Departmentwide accounts.....	\$	2,069,500
19	Special maintenance-state.....		436,200
20	Special maintenance-federal.....		2,302,000
21	Equipment safety training.....		59,800
22	Military contingency fund.....		100
23	Military retirement.....		2,166,900
24	Counternarcotic operations.....		50,000
25	Starbase grant.....		<u>250,000</u>
26	GROSS APPROPRIATION.....	\$	7,334,500

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1	Appropriated from:		
2	Federal revenues:		
3	DOD-DOA-NGB.....		3,824,000
4	DOJ-DEA.....		50,000
5	Special revenue funds:		
6	State general fund/general purpose.....	\$	3,460,500
7	Sec. 105. VETERANS SERVICE ORGANIZATIONS		
8	American legion.....	\$	731,700
9	Disabled American veterans.....		664,400
10	Marine corps veterans.....		305,200
11	American veterans of World War II and Korea.....		421,600
12	Veterans of foreign wars.....		803,700
13	Michigan paralyzed veterans of America.....		150,300
14	Purple heart.....		143,300
15	Veterans of World War I.....		100
16	Polish legion of American veterans.....		37,500
17	Jewish veterans of America.....		37,500
18	State of Michigan council Vietnam veterans of America		98,900
19	Catholic war veterans.....		<u>11,900</u>
20	GROSS APPROPRIATION.....	\$	3,406,100
21	Appropriated from:		
22	State general fund/general purpose.....	\$	3,406,100
23	Sec. 106. GRAND RAPIDS VETERANS' HOME		
24	Full-time equated classified positions.....		539.0
25	Grand Rapids veterans' home--539.0 FTE positions.....	\$	36,000,300
26	Board of managers.....		<u>300,000</u>

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1	GROSS APPROPRIATION.....	\$	36,300,300
2	Appropriated from:		
3	Federal revenues:		
4	DVA-VHA.....		8,821,200
5	HHS-HCFA, medicare, hospital insurance.....		374,700
6	Special revenue funds:		
7	Private-veterans' home post and posthumous funds.....		300,000
8	Income and assessments.....		12,022,900
9	State general fund/general purpose.....	\$	14,781,500
10	Sec. 106. D.J. JACOBETTI VETERANS' HOME		
11	Full-time equated classified positions.....153.0		
12	D.J. Jacobetti veterans' home--153.0 FTE positions...	\$	11,639,200
13	Board of managers.....		<u>75,000</u>
14	GROSS APPROPRIATION.....	\$	11,714,200
15	Appropriated from:		
16	Federal revenues:		
17	DVA-VHA.....		2,833,200
18	HHS-HCFA, Medicare, hospital insurance.....		294,000
19	Special revenue funds:		
20	Private-veterans' home post and posthumous funds.....		75,000
21	Income and assessments.....		3,737,300
22	State general fund/general purpose.....	\$	4,774,700
23	Sec. 108. MICHIGAN VETERANS' TRUST FUND		
24	Full-time equated classified positions.....16.0		
25	Veterans' affairs directorate administration--3.0		
26	FTE positions.....	\$	253,900

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1	Administration---13.0 FTE positions.....	944,900
2	Veterans' trust fund grants.....	<u>3,746,500</u>
3	GROSS APPROPRIATION..... \$	4,945,300
4	Appropriated from:	
5	Special revenue funds:	
6	Michigan veterans' trust fund.....	4,691,400
7	State general fund/general purpose..... \$	253,900

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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

13 Sec. 201. (1) Pursuant to section 30 of article IX of the state
14 constitution of 1963, total state spending from state sources for fiscal
15 year 1998-99 is estimated at \$57,536,600.00 in this act and state spend-
16 ing from state sources paid to local units of government for fiscal year
17 1998-99 is estimated at \$60,000.00. The itemized statement below identi-
18 fies appropriations from which spending to units of local government will
19 occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

GRANTS

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

24 (2) If it appears to the principal executive officer of a department
25 or branch that state spending to local units of government will be less
26 than the amount that was projected to be expended under subsection (1),
27 the principal executive officer shall immediately give notice of the

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1 approximate shortfall to the state budget director, the senate and house
2 appropriations committees, and the senate and house fiscal agencies.

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

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

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

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

24 (4) In addition to the funds appropriated in this act, there is
25 appropriated an amount not to exceed \$100,000.00 for private contingency
26 funds. These funds are not available for expenditure until they have

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1 been transferred to another line item in this act pursuant to section
2 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

8 Sec. 205. As used in this act:

9 (a) "Department" means the department of military and veterans
10 affairs.

11 (b) "Director" means the director of the department of military and
12 veterans affairs.

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

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

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

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

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

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

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

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

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

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

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

5 Sec. 207. (1) Beginning October 1, 1998, there is a hiring freeze
6 imposed on the state classified civil service. State departments and
7 agencies are prohibited from hiring any new full-time state classified
8 civil service employees and are prohibited from filling any vacant state
9 classified civil service positions. The hiring freeze imposed under this
10 subsection does not apply to internal transfers from 1 position to
11 another within a department or to positions that are funded 80% or more
12 from federal or restricted funds.

13 (2) The state budget director shall grant an exception to the hiring
14 freeze imposed under subsection (1) if the state budget director believes
15 that not granting the exception to the hiring freeze will render a state
16 department or agency unable to deliver basic services. The state budget
17 director shall report by the fifteenth of each month to the chairpersons
18 of the senate and house appropriations committees the number of excep-
19 tions to the hiring freeze approved during the previous month and the
20 justification for each exception.

21 Sec. 208. Money that is appropriated in this act shall not be used
22 for the purchase of foreign goods or services if competitively priced
23 American goods or services of comparable quality are available. By May
24 1, 1998, the department of military and veterans affairs shall submit a
25 report to the department of management and budget, the speaker and minor-
26 ity leader of the house of representatives, the majority and minority

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1 leaders of the senate, and the chairpersons of the house and senate
2 appropriations committees on efforts to comply with this section.

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

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

10 Sec. 210. (1) The department shall submit to the department of man-
11 agement and budget, the house and senate appropriations committees, the
12 house and senate fiscal agencies, and the house and senate standing com-
13 mittees having jurisdiction over technology issues, periodic reports on
14 the department's efforts to change the department's computer software and
15 hardware as necessary to perform properly in the year 2000 and beyond.
16 These reports shall identify actual progress in comparison to the
17 department's approved work plan for these efforts.

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

24 Sec. 211. Within 10 working days of the formal presentation of the
25 executive budget, each principal department/agency shall identify and
26 report to the house and senate standing committees on appropriations and
27 to the house and senate fiscal agencies the source of all federal funds

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1 and restricted funds that the principal department/agency received as a
2 grant or transferred to another principal department/agency.

3 Sec. 212. Money appropriated in part 1 for enlisted per diem pay-
4 ments shall be unallotted if section 1 of 1953 PA 140, MCL 32.261, is
5 repealed.

6 HEADQUARTERS AND ARMORIES

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

10 Sec. 302. Of the funds appropriated in section 102 for Michigan
11 emergency volunteers and civil air patrol, \$20,000.00 shall be appropri-
12 ated for the civil air patrol and \$5,000.00 shall be appropriated for the
13 Michigan emergency volunteers. The appropriations for the civil air
14 patrol shall be used for the purchase of search and rescue equipment.

15 DEPARTMENTWIDE APPROPRIATIONS

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

19 Sec. 402. The Michigan veterans' memorial park commission may
20 receive and expend gifts, contributions, and bequests from any person,
21 public or private corporation, organization, foundation, governmental
22 entity, or any other source for the purpose of establishing a veterans'
23 memorial park as described in Executive Order No. 1992-12. Money

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1 contributed to the Michigan veterans' memorial park commission shall be
2 deposited in the state treasury through the department and shall be
3 available for expenditure. Project costs authorized by this act shall
4 not exceed the gifts, contributions, and bequests received. Money under
5 this section and any specific work orders or projects adopted by the
6 Michigan veterans' memorial park commission in accordance with
7 section 451(4) of the management and budget act, 1984 PA 431,
8 MCL 18.1451, do not lapse at the end of this fiscal year but are avail-
9 able for expenditure until September 30, 2000. Expenditures shall be in
10 accordance with methods and procedures approved by the Michigan veterans'
11 memorial park commission, the department, and appropriate state
12 agencies.

13 Sec. 403. Money available from the Michigan national guard armory
14 construction fund created in section 382a of the Michigan military act,
15 1967 PA 150, MCL 32.782a, is appropriated for expenditure for the pur-
16 poses specified in that section.

17 **VETERANS SERVICE ORGANIZATIONS**

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

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

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

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

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

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

14 (e) For a veterans service organization founded after September 30,
15 1989, be in operation and providing service to Michigan veterans for not
16 less than 2 years before receiving an initial state grant. During this
17 2-year period of time, the organization shall file a listing of service
18 work activity and an accounting of recoveries with the department, the
19 senate and house fiscal agencies, and the senate and house subcommittees
20 on military affairs on forms as prescribed by the department.

21 (3) A veterans service organization receiving a grant from the money
22 appropriated in section 105 shall file with the department a certified
23 accounting of its expenditures within 120 days after the organization's
24 fiscal year end. Each organization shall provide a detailed budget
25 request for the fiscal year ending September 30, 2000 to the department
26 by November 15, 1998 within the format as prescribed by the department to
27 be used in the development of the budget ending September 30, 2000. Each

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1 veterans service organization shall provide 5 copies of a listing of all
2 service activity, an accounting of recoveries, and a listing of volunteer
3 hours for the fiscal year ending September 30, 1998 to the department by
4 January 31, 1999. The listing of volunteer hours shall include the
5 hours, services, and donations provided to residents of the Grand Rapids
6 veterans' home and the D. J. Jacobetti veterans' home. A veterans serv-
7 ice organization receiving a grant from the money appropriated in
8 section 105 shall use the forms recommended by the Michigan veterans
9 organizations' rehabilitation and veterans service committee for filing
10 reports required by this act. The department shall forward information
11 required under this section to the senate and house fiscal agencies and
12 to the senate and house appropriations subcommittees on military
13 affairs.

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

17 **VETERANS' HOMES**

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

21 Sec. 602. The Grand Rapids veterans' home and the D. J. Jacobetti
22 veterans' home, together with the department and the department of man-
23 agement and budget, shall produce and deliver to the senate and house
24 appropriations subcommittees on state police and military affairs an
25 annual written report. The report shall include an accounting of member

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1 populations and bed space available; a description and accounting of
2 services and activities provided to members; financial information; cur-
3 rent state nursing home licensure status; the steps required for medicaid
4 certification, including a listing of any personnel, equipment, supplies,
5 or budgetary increases required; and whether or not steps are being taken
6 toward medicaid certification. The annual report shall be submitted to
7 the senate and house appropriations subcommittees on military affairs no
8 later than February 1, 1999.

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

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

19 **VETERANS' TRUST FUND**

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

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

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

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

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

 Sec. 704. The Michigan veterans affairs directorate administration and the
Michigan veterans trust fund administration shall take steps to assist the county
veterans counselors of the state to obtain training necessary for the execution
of their duties.