

Act No. 307
Public Acts of 1998
Approved by the Governor
July 27, 1998
Filed with the Secretary of State
July 29, 1998
EFFECTIVE DATE: July 29, 1998

STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998

**Introduced by Reps. McBryde, Oxender, Geiger, Gilmer, Johnson, Middleton, Bankes, Godchaux,
Jansen, Bobier and Jellema
Reps. Anthony, Baade, Basham, Bodem, Callahan, DeHart, DeVuyst, Goschka, Hale, Kukuk, Law,
London, Owen, Profit, Prusi, Raczkowski, Richner, Schroer, Scott, Scranton, Varga, Vaughn and
Voorhees named co-sponsors**

ENROLLED HOUSE BILL No. 5597

AN ACT 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:

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:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	1,042.0	
GROSS APPROPRIATION	\$	85,810,700
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	85,810,700
Federal revenues:		
Total federal revenues		27,970,100
Special revenue funds:		
Total local revenues		0
Total private revenues		375,000
Total other state restricted revenues		20,941,600
State general fund/general purpose	\$	36,524,000

(159)†

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	105.0	
Headquarters and armories—105.0 FTE positions		\$ 9,438,400
Unclassified military personnel		561,800
Military appeals tribunal		900
Michigan emergency volunteers and civil air patrol		25,000
State active duty		60,000
GROSS APPROPRIATION		\$ 10,086,100
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		1,685,900
Special revenue funds:		
Armory rentals		350,000
Mackinac bridge authority		40,000
State general fund/general purpose		\$ 8,010,200

Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES

Full-time equated classified positions	229.0	
Military training sites and support facilities—229.0 FTE positions		\$ 11,655,200
Enlisted per diem payments		340,000
Military training sites and support facilities test projects		100,000
GROSS APPROPRIATION		\$ 12,095,200
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		10,087,100
Special revenue funds:		
Test project fees		100,000
State general fund/general purpose		\$ 1,908,100

Sec. 104. DEPARTMENTWIDE APPROPRIATIONS

Departmentwide accounts		\$ 2,069,500
Special maintenance-state		436,200
Special maintenance-federal		2,302,000
Equipment safety training		59,800
Military contingency fund		100
Military retirement		2,166,900
Counternarcotic operations		50,000
Starbase grant		250,000
GROSS APPROPRIATION		\$ 7,334,500
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		3,824,000
DOJ-DEA		50,000
Special revenue funds:		
State general fund/general purpose		\$ 3,460,500

Sec. 105. VETERANS SERVICE ORGANIZATIONS

American legion		\$ 738,800
Disabled American veterans		670,800
Marine corps veterans		308,100
American veterans of World War II and Korea		425,700
Veterans of foreign wars		811,500
Michigan paralyzed veterans of America		151,700
Purple heart		144,700
Veterans of World War I		100
Polish legion of American veterans		37,800
Jewish veterans of America		37,800

		For Fiscal Year Ending Sept. 30, 1999
State of Michigan council - Vietnam veterans of America.....	\$	146,100
Catholic war veterans.....		12,100
GROSS APPROPRIATION.....	\$	3,485,200
Appropriated from:		
State general fund/general purpose	\$	3,485,200
Sec. 106. GRAND RAPIDS VETERANS' HOME		
Full-time equated classified positions.....	539.0	
Grand Rapids veterans' home—539.0 FTE positions	\$	35,850,200
Board of managers		300,000
GROSS APPROPRIATION.....	\$	36,150,200
Appropriated from:		
Federal revenues:		
HHS-HCFA, Medicare, hospital insurance.....		374,700
DVA-VHA		8,821,200
Special revenue funds:		
Private-veterans' home post and posthumous funds		300,000
Income and assessments		12,022,900
State general fund/general purpose	\$	14,631,400
Sec. 107. D.J. JACOBETTI VETERANS' HOME		
Full-time equated classified positions.....	153.0	
D.J. Jacobetti veterans' home—153.0 FTE positions	\$	11,639,200
Board of managers		75,000
GROSS APPROPRIATION.....	\$	11,714,200
Appropriated from:		
Federal revenues:		
DVA-VHA		2,833,200
HHS-HCFA, Medicare, hospital insurance		294,000
Special revenue funds:		
Private-veterans' home post and posthumous funds		75,000
Income and assessments		3,737,300
State general fund/general purpose	\$	4,774,700
Sec. 108. MICHIGAN VETERANS' TRUST FUND		
Full-time equated classified positions.....	16.0	
Veterans' affairs directorate administration—3.0 FTE positions	\$	253,900
Administration—13.0 FTE positions		944,900
Veterans' trust fund grants		3,746,500
GROSS APPROPRIATION.....	\$	4,945,300
Appropriated from:		
Special revenue funds:		
Michigan veterans' trust fund		4,691,400
State general fund/general purpose	\$	253,900

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1998-99 is estimated at \$57,465,600.00 in this act and state spending from state sources paid to local units of government for fiscal year 1998-99 is estimated at \$60,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

GRANTS

Headquarters and armories - payments in lieu of taxes	\$	60,000
TOTAL	\$	60,000

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

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

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

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

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

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

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

Sec. 205. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DOJ" means the United States department of justice.
- (f) "DOJ-DEA" means the DOJ drug enforcement agency.
- (g) "DVA" means the United States department of veterans' affairs.
- (h) "DVA-VHA" means the DVA veterans' health administration.
- (i) "FTE" means full-time equated.
- (j) "HHS" means the United States department of health and human services.
- (k) "HHS-HCFA" means the HHS health care financing administration.

Sec. 206. (1) Pursuant to the department provisions of civil service rules and regulations and applicable collective bargaining agreements, an individual seeking employment with the department shall submit to a controlled substance test administered by the department.

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

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

(2) The state budget director shall grant an exception to the hiring freeze imposed under subsection (1) if the state budget director believes that not granting the exception to the hiring freeze will render a state department or agency

unable to deliver basic services. The state budget director shall report by the fifteenth of each month to the chairpersons of the senate and house appropriations committees the number of exceptions to the hiring freeze approved during the previous month and the justification for each exception.

Sec. 208. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available.

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

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

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

(2) The department may present progress billings to the department of management and budget for the costs incurred in changing computer software and hardware as necessary to perform properly in the year 2000 and beyond. At the time progress billings are presented for reimbursement, the department shall identify and forward as appropriate the funding sources that should support the work performed.

Sec. 211. Within 10 working days after formal presentation of the executive budget, the state budget director shall report to the members of the senate and house standing committees on appropriations and the senate and house fiscal agencies on the amounts and sources of all capped federal funds, special revenue funds as defined in the state of Michigan's comprehensive annual financial report, and the healthy Michigan fund. The report shall also contain an accounting of the state departments or agencies in which the executive budget proposed to spend the funds.

Sec. 212. Money appropriated in part 1 for enlisted per diem payments shall be unappropriated if section 1 of 1953 PA 140, MCL 32.261, is repealed.

Sec. 213. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate setting. The notification shall include all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(2) For personal service contracts of \$100,000.00 or more, the department of management and budget shall provide a monthly report to the senate and house standing committees on appropriations and to the senate and house fiscal agencies on all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(3) The department of management and budget shall provide a monthly listing to the senate and house standing committees on appropriations and to the senate and house fiscal agencies of all bid requests or requests for proposal that were issued.

(4) Each principal executive department and agency shall provide a monthly summary listing of information to the senate and house standing committees on appropriations and to the senate and house fiscal agencies that identifies any authorizations for personal service contracts that are provided to the department of civil service pursuant to delegated authority granted to each principal executive department and agency related to personal service contracts.

Sec. 214. If a department enters into a personal services contract with any temporary service agency or similar contractor that hires or subcontracts with a person who retired from employment in the department under the early retirement program under section 19f of the state employees' retirement act, 1943 PA 240, MCL 38.19f, the retired state employee shall be limited to 500 hours for professional, technical, or clerical services and 250 hours for management

services. This limitation does not apply to computer technology services. This provision only applies during a 24-month period after the date of retirement. This section applies to each principal executive department and agency.

Sec. 215. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate house and senate appropriations subcommittees and the house and senate fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate house and senate appropriations subcommittees and the house and senate fiscal agencies within 30 months.

HEADQUARTERS AND ARMORIES

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

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

DEPARTMENTWIDE APPROPRIATIONS

Sec. 401. Money appropriated in this act for the military duty contingency fund shall be used to fund nonfederally supported missions of the national guard when called to state duty.

Sec. 402. The Michigan veterans' memorial park commission may receive and expend gifts, contributions, and bequests from any person, public or private corporation, organization, foundation, governmental entity, or any other source for the purpose of establishing a veterans' memorial park as described in Executive Order No. 1992-12. Money contributed to the Michigan veterans' memorial park commission shall be deposited in the state treasury through the department and shall be available for expenditure. Project costs authorized by this act shall not exceed the gifts, contributions, and bequests received. Money under this section and any specific work orders or projects adopted by the Michigan veterans' memorial park commission in accordance with section 451(4) of the management and budget act, 1984 PA 431, MCL 18.1451, do not lapse at the end of this fiscal year but are available for expenditure until September 30, 2000. Expenditures shall be in accordance with methods and procedures approved by the Michigan veterans' memorial park commission, the department, and appropriate state agencies.

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

VETERANS SERVICE ORGANIZATIONS

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

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

(a) Be congressionally chartered by the United States Congress.

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

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

(d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

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

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department a certified accounting of its expenditures within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2000 to the department by November 15, 1998 within the format as prescribed by the department to be used in the development of the budget ending September 30, 2000. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 1998 to the department by January 31, 1999. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies and to the senate and house appropriations subcommittees on military affairs.

Sec. 502. It is the intent of the legislature that money appropriated in section 105 for veterans service organizations shall include funding to provide services to veterans of World War I.

VETERANS' HOMES

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

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house appropriations subcommittees on military affairs no later than February 1, 1999.

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

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

VETERANS' TRUST FUND

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

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

Sec. 703. (1) By April 1, 1999, the department shall submit to the senate and house appropriations subcommittees on military affairs a detailed annual report of the Michigan veterans' trust fund for fiscal year 1997-98. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized

agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

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

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during 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.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.