

**SUBSTITUTE FOR
SENATE BILL NO. 237**

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2002; 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:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

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, 2002, 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, 2002

1	DEPARTMENT OF MILITARY AND VETERANS AFFAIRS	
2	Full-time equated unclassified positions.....	7.0
3	Full-time equated classified positions.....	1,086.0
4	GROSS APPROPRIATION.....	\$ 102,818,700
5	Total interdepartmental grants and intradepartmental	
6	transfers.....	\$ 110,000
7	ADJUSTED GROSS APPROPRIATION.....	\$ 102,708,700
8	Total federal revenues.....	36,188,100
9	Total local revenues.....	0
10	Total private revenues.....	480,000
11	Total other state restricted revenues.....	23,255,800
12	State general fund/general purpose.....	\$ 42,784,800
13	Sec. 102. HEADQUARTERS AND ARMORIES	
14	Full-time equated unclassified positions.....	7.0
15	Full-time equated classified positions.....	149.0
16	Headquarters and armories--105.0 FTE positions.....	\$ 10,513,500
17	Unclassified military personnel.....	647,400
18	Military appeals tribunal.....	900
19	State active duty.....	69,900
20	Challenge program--44.0 FTE positions.....	<u>3,270,700</u>
21	GROSS APPROPRIATION.....	\$ 14,507,400
22	Appropriated from:	
23	Interdepartmental grant revenues:	
24	IDG-challenge grant.....	110,000
25	Federal revenues:	
26	DOD-DOA-NGB.....	3,935,700

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1	Special revenue funds:	
2	Rental fees.....	350,000
3	Mackinac Bridge authority.....	40,000
4	Private donations.....	105,000
5	State general fund/general purpose..... \$	9,966,700
6	Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES	
7	Full-time equated classified positions.....229.0	
8	Military training sites and support facilities--229.0	
9	FTE positions..... \$	15,565,600
10	Military training sites and support facilities test	
11	projects.....	<u>100,000</u>
12	GROSS APPROPRIATION..... \$	15,665,600
13	Appropriated from:	
14	Federal revenues:	
15	DOD-DOA-NGB.....	12,115,600
16	Special revenue funds:	
17	Test project fees.....	100,000
18	State general fund/general purpose..... \$	3,450,000
19	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
20	Departmentwide accounts..... \$	2,150,200
21	Special maintenance-state.....	616,200
22	Special maintenance-federal.....	2,302,000
23	Military retirement.....	2,324,900
24	Counter narcotic operations.....	50,000
25	Starbase grant.....	<u>402,000</u>
26	GROSS APPROPRIATION..... \$	7,845,300

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1	Appropriated from:	
2	Federal revenues:	
3	DOD-DOA-NGB.....	3,976,000
4	DOJ-DEA.....	50,000
5	State general fund/general purpose..... \$	3,819,300
6	Sec. 105. VETERANS SERVICE ORGANIZATIONS	
7	American legion..... \$	886,000
8	Disabled American veterans.....	732,400
9	Marine corps league.....	336,300
10	American veterans of World War II and Korea.....	464,800
11	Veterans of foreign wars.....	886,000
12	Michigan paralyzed veterans of America.....	165,700
13	Purple heart.....	157,900
14	Veterans of World War I.....	100
15	Polish legion of American veterans.....	41,200
16	Jewish veterans of America.....	41,200
17	State of Michigan council Vietnam veterans of America	159,500
18	Catholic war veterans.....	<u>13,300</u>
19	GROSS APPROPRIATION..... \$	3,884,400
20	Appropriated from:	
21	State general fund/general purpose..... \$	3,884,400
22	Sec. 106. GRAND RAPIDS VETERANS' HOME	
23	Full-time equated classified positions.....539.0	
24	Grand Rapids veterans' home--539.0 FTE positions..... \$	42,474,500
25	Board of managers.....	<u>300,000</u>
26	GROSS APPROPRIATION..... \$	42,774,500

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1	Appropriated from:	
2	Federal revenues:	
3	DVA-VHA.....	11,881,100
4	HHS-HCFA, Medicare, hospital insurance.....	663,100
5	Special revenue funds:	
6	Private-veterans' home post and posthumous funds.....	300,000
7	Income and assessments.....	13,876,000
8	Lease revenue.....	35,000
9	State general fund/general purpose..... \$	16,019,300
10	Sec. 107. D.J. JACOBETTI VETERANS' HOME	
11	Full-time equated classified positions.....153.0	
12	D.J. Jacobetti veterans' home--153.0 FTE positions... \$	12,942,600
13	Board of managers.....	<u>75,000</u>
14	GROSS APPROPRIATION..... \$	13,017,600
15	Appropriated from:	
16	Federal revenues:	
17	DVA-VHA.....	3,366,600
18	HHS-HCFA, Medicare, hospital insurance.....	200,000
19	Special revenue funds:	
20	Private-veterans' home post and posthumous funds.....	75,000
21	Income and assessments.....	4,080,100
22	State general fund/general purpose..... \$	5,295,900
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..... \$	352,600

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1	Administration---13.0 FTE positions.....	1,024,800
2	Veterans' trust fund grants.....	<u>3,746,500</u>
3	GROSS APPROPRIATION..... \$	5,123,900
4	Appropriated from:	
5	Special revenue funds:	
6	Michigan veterans' trust fund.....	4,774,700
7	State general fund/general purpose..... \$	349,200

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10 PART 2

11 PROVISIONS CONCERNING APPROPRIATIONS

12 **GENERAL SECTIONS**

13 Sec. 201. Pursuant to section 30 of article IX of the state consti-
14 tution of 1963, total state spending from state resources under part 1
15 for fiscal year 2001-2002 is \$66,040,600.00 and state spending from state
16 resources to be paid to local units of government for fiscal year
17 2001-2002 is \$120,000.00. The itemized statement below identifies appro-
18 priations from which spending to units of local government will occur:

19 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

20 MILITARY TRAINING SITES AND SUPPORT FACILITIES

21	Payments in lieu of taxes.....	\$	70,000
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22 MICHIGAN VETERANS' TRUST FUND

23	County counselor travel expenses.....	\$	<u>50,000</u>
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24	TOTAL.....	\$	120,000
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25 Sec. 202. The appropriations authorized under this act are subject
26 to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

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1 Sec. 203. As used in this act:

2 (a) "Department" means the department of military and veterans
3 affairs.

4 (b) "Director" means the director of the department of military and
5 veterans affairs.

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

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

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

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

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

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

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

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

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

17 Sec. 204. The department of civil service shall bill departments
18 and agencies at the end of the first fiscal quarter for the 1% charge
19 authorized by section 5 of article XI of the state constitution of 1963.
20 Payments shall be made for the total amount of the billing by the end of
21 the second fiscal quarter.

22 Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on
23 the state classified civil service. State departments and agencies are
24 prohibited from hiring any new full-time state classified civil service
25 employees and prohibited from filling any vacant state classified civil
26 service positions. This hiring freeze does not apply to internal

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1 transfers of classified employees from 1 position to another within a
2 department.

3 (2) The state budget director shall grant exceptions to this hiring
4 freeze when the state budget director believes that the hiring freeze
5 will result in rendering a state department or agency unable to deliver
6 basic services, cause loss of revenue to the state, result in the inabil-
7 ity of the state to receive federal funds, or necessitate additional
8 expenditures that exceed any savings from maintaining a vacancy. The
9 state budget director shall report by the last business day of each month
10 to the chairpersons of the senate and house of representatives standing
11 committees on appropriations the number of exceptions to the hiring
12 freeze approved during the previous month and the justification for the
13 exception.

14 Sec. 206. (1) In addition to the funds appropriated in part 1,
15 there is appropriated an amount not to exceed \$2,900,000.00 for federal
16 contingency funds. These funds are not available for expenditure until
17 they have been transferred to another line item in this act under
18 section 393(2) of the management and budget act, 1984 PA 431,
19 MCL 18.1393.

20 (2) In addition to the funds appropriated in part 1, there is appro-
21 priated an amount not to exceed \$1,500,000.00 for state restricted con-
22 tingency funds. These funds are not available for expenditure until they
23 have been transferred to another line item in this act under
24 section 393(2) of the management and budget act, 1984 PA 431,
25 MCL 18.1393.

26 (3) In addition to the funds appropriated in part 1, there is
27 appropriated an amount not to exceed \$100,000.00 for local contingency

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1 funds. These funds are not available for expenditure until they have
2 been transferred to another line item in this act under section 393(2) of
3 the management and budget act, 1984 PA 431, MCL 18.1393.

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

9 Sec. 207. Sixty days before beginning any effort to privatize, the
10 department shall submit a complete project plan to the appropriate senate
11 and house of representatives appropriations subcommittees and the senate
12 and house fiscal agencies. The plan shall include the criteria under
13 which the privatization initiative will be evaluated. The evaluation
14 shall be completed and submitted to the appropriate senate and house of
15 representatives appropriations subcommittees and the senate and house
16 fiscal agencies within 30 months.

17 Sec. 208. The department shall continue to pilot the use of the
18 Internet to fulfill the reporting requirements of this act. This may
19 include transmission of reports via electronic mail to the recipients
20 identified for each reporting requirement or it may include placement of
21 reports on the Internet or legislative Intranet site. The senate and
22 house of representatives appropriations subcommittees and senate and
23 house fiscal agencies shall be notified in writing of the Internet or
24 Intranet site of any such report. Quarterly, the department shall pro-
25 vide a cumulative listing of the reports submitted during the most recent
26 3-month period along with the Internet or Intranet site of each report,

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1 and a list of those reports expected to be transmitted in the following
2 quarter.

3 Sec. 209. Funds appropriated in part 1 shall not be used for the
4 purchase of foreign goods or services, or both, if competitively priced
5 and of comparable quality American goods or services, or both, are
6 available.

7 Sec. 210. The director of each department receiving appropriations
8 in part 1 shall take all reasonable steps to ensure businesses in
9 deprived and depressed communities compete for and perform contracts to
10 provide services or supplies, or both. Each director shall strongly
11 encourage firms with which the department contracts to subcontract with
12 certified businesses in depressed and deprived communities for services,
13 supplies, or both.

14 Sec. 211. The department shall create and retain reports for all
15 money appropriated under part 1.

16 Sec. 212. (1) Of the funds appropriated in section 103 for military
17 training sites and support facilities, there shall be established a
18 Michigan national guard education assistance program. Disbursements to
19 the educational assistance program shall not exceed \$2,000,000.00 without
20 legislative approval. Under the program, a member of the national guard
21 who is in active service and who enrolls as a full- or part-time student
22 at a public or private state college or university may be eligible to
23 receive up to an equivalent of 50% of the total cost of tuition not to
24 exceed \$2,000.00, as education assistance, in any academic year.

25 (2) An eligible person means a member of the Michigan national guard
26 who is in active service, as defined in section 105 of the Michigan
27 military act, 1967 PA 150, MCL 32.505. An eligible person does not

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1 include a member of the Michigan national guard or air national guard who
2 is absent without leave or who is under charges as described in the
3 Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to
4 32.1148.

5 (3) The department of military and veterans affairs, office of the
6 adjutant general shall administer the education assistance program and
7 prescribe forms and procedures to effectively carry out the education
8 assistance program.

9 (4) An eligible person shall apply to the department of military and
10 veterans affairs, office of the adjutant general for education assistance
11 and shall provide evidence of attendance and completion of the course of
12 study with a grade of at least 2.0 on a 4.0 scale, or its equivalent.
13 The adjutant general shall approve the application for reimbursement if
14 the applicant meets the definition of an eligible person under
15 subsection (2) and other criteria as established by the adjutant
16 general.

17 (5) The education assistance program applies to any course of
18 instruction that is included in an associate, undergraduate, or postgrad-
19 uate degree program offered by a college or university of this state.

20 (6) The education assistance program applies to an eligible person
21 notwithstanding any other educational incentive or benefit received by
22 the eligible person under any other educational assistance program pro-
23 vided by any other state.

24 (7) An eligible person who successfully completes the course of
25 study with a grade of at least 2.0 on a 4.0 scale, or its equivalent,
26 shall be eligible for reimbursement.

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1 (8) The department of military and veterans affairs may use funds
2 from the appropriated funds to administer the education assistance
3 program.

4 (9) Reimbursed members who do not complete their national guard
5 obligation shall pay the state for money received from the state for
6 tuition. Members who fail to repay the state within the time limits
7 established by the adjutant general shall be indebted to the state. The
8 department shall work in conjunction with the department of treasury for
9 inclusion in the tax intercept program for amounts due the state.

10 (10) A portion of the funds for the Michigan national guard educa-
11 tion assistance program may be used by the department for the purpose of
12 promoting the program and for encouraging those persons the department
13 wishes to have enlist or reenlist in the Michigan national guard.

14 HEADQUARTERS AND ARMORIES

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

18 Sec. 302. The funds appropriated in this bill for private donations
19 to the challenge program shall be considered state restricted revenue,
20 and unexpended funds remaining at the close of the fiscal year shall not
21 lapse to the general fund but shall be carried forward to the subsequent
22 fiscal year.

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1 DEPARTMENTWIDE APPROPRIATIONS

2 Sec. 401. Money available from the Michigan national guard armory
3 construction fund created in section 382a of the Michigan military act,
4 1967 PA 150, MCL 32.782a, is appropriated for expenditure for the pur-
5 poses specified in that section.

6 VETERANS SERVICE ORGANIZATIONS

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

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

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

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

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

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

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1 (e) For a veterans service organization founded after September 30,
2 1989, be in operation and providing service to Michigan veterans for not
3 less than 2 years before receiving an initial state grant. During this
4 2-year period of time, the organization shall file a listing of service
5 work activity and an accounting of recoveries with the department, the
6 senate and house fiscal agencies, and the senate and house of representa-
7 tives subcommittees on military affairs on forms as prescribed by the
8 department.

9 (3) A veterans service organization receiving a grant from the money
10 appropriated in section 105 shall file with the department a certified
11 accounting of its expenditures within 120 days after the organization's
12 fiscal year end. Each organization shall provide a detailed budget
13 request for the fiscal year ending September 30, 2003 to the department
14 by November 15, 2001 within the format as prescribed by the department to
15 be used in the development of the budget for the fiscal year ending
16 September 30, 2003. Each veterans service organization shall provide 5
17 copies of a listing of all service activity, an accounting of recoveries,
18 and a listing of volunteer hours for the fiscal year ending September 30,
19 2001 to the department by January 31, 2002. The listing of volunteer
20 hours shall include the hours, services, and donations provided to resi-
21 dents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans'
22 home. Each veterans service organization shall provide a copy of the
23 most recent and completed internal revenue service form 990 to the
24 department at the end of the fiscal year ending September 30, 2001. A
25 veterans service organization receiving a grant from the money appropri-
26 ated in section 105 shall use the forms recommended by the Michigan
27 veterans organizations' rehabilitation and veterans service committee for

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1 filing reports required by this act. The department shall forward
2 information required under this section to the senate and house fiscal
3 agencies and to the senate and house of representatives appropriations
4 subcommittees on military affairs.

5 Sec. 502. Appropriations in section 105 for veterans service organ-
6 izations shall include funding to provide services to veterans of World
7 War I.

8 **VETERANS' HOMES**

9 Sec. 601. Appropriations in this act for the Grand Rapids veterans'
10 home and the D.J. Jacobetti veterans' home shall not be used for any pur-
11 pose other than for veterans and veterans' families.

12 Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti
13 veterans' home, together with the department and the department of man-
14 agement and budget, shall produce and deliver to the senate and house of
15 representatives appropriations subcommittees on state police and military
16 affairs an annual written report. The report shall include an accounting
17 of member populations and bed space available; a description and account-
18 ing of services and activities provided to members; financial informa-
19 tion; current state nursing home licensure status; the steps required for
20 Medicaid certification, including a listing of any personnel, equipment,
21 supplies, or budgetary increases required; and whether or not steps are
22 being taken toward Medicaid certification. The annual report shall be
23 submitted to the senate and house of representatives appropriations sub-
24 committees on military affairs no later than February 1, 2002.

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

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

11 **VETERANS' TRUST FUND**

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

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

20 Sec. 703. (1) By April 1, 2002, the department shall submit to the
21 senate and house of representatives appropriations subcommittees on mili-
22 tary affairs a detailed annual report of the Michigan veterans' trust
23 fund for fiscal year 2000-2001. The report shall include information on
24 grants provided from the emergency grant program and the veterans
25 survivor tuition program, including details concerning the methodology of

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1 allocations, the selection of emergency grant program authorized agents,
2 and a detailed breakdown of trust fund expenditures for that year. The
3 report shall also provide an update on the department's efforts to reduce
4 program administrative costs.

5 (2) The annual report required under subsection (1) shall provide
6 detailed information on the number of emergency grant applications denied
7 during fiscal year 2000-2001, including an accounting of the reasons for
8 denial. This information also shall include the number of persons denied
9 an emergency grant because of individual ineligibility, because of insuf-
10 ficient funds, and because the applicant's request did not meet minimum
11 program criteria.

12 (3) The annual report required under subsection (1) shall contain
13 information on the veterans survivors tuition program, including the
14 number of participants, where the participants attended school, payments
15 made to each school, the average grade point and number of college cred-
16 its earned by each participant, the number of participants suspended by
17 the program, and the number of participants who earned a degree during
18 fiscal year 2000-2001.

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

23 Sec. 705. The Michigan veterans' memorial park commission may
24 receive and expend gifts, contributions, and bequests from any person,
25 public or private corporation, organization, foundation, governmental
26 entity, or any other source for the purpose of establishing a veterans'
27 memorial park as described in Executive Order Nos. 1992-11 and 1992-12.

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1 Money contributed to the Michigan veterans' memorial park commission
2 shall be deposited in the state treasury through the department and shall
3 be 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(2) 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, 2003. 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.