

Act No. 54
Public Acts of 2001
Approved by the Governor
July 20, 2001
Filed with the Secretary of State
July 23, 2001
EFFECTIVE DATE: July 23, 2001

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2001**

Introduced by Senators Hoffman, North, DeBeaussaert, Gougeon, Johnson, McManus and Goschka

ENROLLED SENATE BILL No. 237

AN ACT 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:

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, 2002, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Full-time equated unclassified positions	7.0		
Full-time equated classified positions	1,083.5		
GROSS APPROPRIATION		\$	102,059,600
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			110,000
ADJUSTED GROSS APPROPRIATION		\$	101,949,600
Federal revenues:			
Total federal revenues			36,386,100
Special revenue funds:			
Total local revenues			0
Total private revenues			480,000
Total other state restricted revenues			23,252,400
State general fund/general purpose		\$	41,831,100

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	7.0		
Full-time equated classified positions	146.5		
Headquarters and armories—105.0 FTE positions		\$	10,417,300
Unclassified military personnel			647,400

		For Fiscal Year Ending Sept. 30, 2002
Military appeals tribunal.....	\$	900
Michigan emergency volunteers		5,000
State active duty.....		70,100
Challenge program—41.5 FTE positions		3,170,700
GROSS APPROPRIATION.....	\$	14,311,400
Appropriated from:		
Interdepartmental grant revenues:		
IDG - challenge grant		110,000
Federal revenues:		
DOD-DOA-NGB.....		3,935,700
Special revenue funds:		
Rental fees		350,000
Mackinac Bridge authority		40,000
Private donations.....		105,000
State general fund/general purpose	\$	9,770,700
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	\$	15,492,600
Military training sites and support facilities test projects		100,000
GROSS APPROPRIATION.....	\$	15,592,600
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		12,115,600
Special revenue funds:		
Test project fees		100,000
State general fund/general purpose	\$	3,377,000
Sec. 104. DEPARTMENTWIDE APPROPRIATIONS		
Departmentwide accounts.....	\$	2,019,200
Special maintenance - state		501,200
Special maintenance - federal.....		2,302,000
Military retirement		2,324,900
Counternarcotic operations.....		50,000
Starbase grant.....		600,000
GROSS APPROPRIATION.....	\$	7,797,300
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		4,174,000
DOJ-DEA.....		50,000
State general fund/general purpose	\$	3,573,300
Sec. 105. VETERANS SERVICE ORGANIZATIONS		
American legion	\$	886,000
Disabled American veterans.....		732,400
Marine corps league		336,300
American veterans of World War II and Korea.....		464,800
Veterans of foreign wars.....		886,000
Michigan paralyzed veterans of America.....		165,700
Purple heart.....		157,900
Veterans of World War I		100
Polish legion of American veterans.....		41,200
Jewish veterans of America.....		41,200
State of Michigan council Vietnam veterans of America		159,500
Catholic war veterans.....		13,300
GROSS APPROPRIATION.....	\$	3,884,400
Appropriated from:		
State general fund/general purpose	\$	3,884,400

Sec. 106. GRAND RAPIDS VETERANS' HOME

Full-time equated classified positions.....	539.0	
Grand Rapids veterans' home—539.0 FTE positions	\$	42,142,000
Board of managers		300,000
GROSS APPROPRIATION.....	\$	42,442,000
Appropriated from:		
Federal revenues:		
DVA-VHA		11,881,100
HHS-HCFA, Medicare, hospital insurance.....		663,100
Special revenue funds:		
Private - veterans' home post and posthumous funds		300,000
Income and assessments		13,876,000
Lease revenue		35,000
State general fund/general purpose	\$	15,686,800

Sec. 107. D.J. JACOBETTI VETERANS' HOME

Full-time equated classified positions.....	153.0	
D.J. Jacobetti veterans' home—153.0 FTE positions	\$	12,834,400
Board of managers		75,000
GROSS APPROPRIATION.....	\$	12,909,400
Appropriated from:		
Federal revenues:		
DVA-VHA		3,366,600
HHS-HCFA, Medicare, hospital insurance.....		200,000
Special revenue funds:		
Private - veterans' home post and posthumous funds		75,000
Income and assessments		4,080,100
State general fund/general purpose	\$	5,187,700

Sec. 108. MICHIGAN VETERANS' TRUST FUND

Full-time equated classified positions.....	16.0	
Veterans' affairs directorate administration—3.0 FTE positions	\$	351,200
Administration—13.0 FTE positions		1,024,800
Veterans' trust fund grants.....		3,746,500
GROSS APPROPRIATION.....	\$	5,122,500
Appropriated from:		
Special revenue funds:		
Michigan veterans' trust fund		4,771,300
State general fund/general purpose	\$	351,200

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2001-2002 is \$65,083,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2001-2002 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

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

County counselor travel expenses.....	\$	50,000
TOTAL	\$	120,000

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

Sec. 203. 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.
- (l) "IDG" means interdepartmental grant.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge 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. (1) Beginning October 1, a hiring freeze is 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 prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

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

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

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

(3) In addition to the funds appropriated in part 1, 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 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, 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 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 207. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house 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 senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. The department shall continue to pilot the use of the internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the internet or legislative intranet site. The senate and house of representatives appropriations subcommittees and senate and house fiscal agencies shall be notified in writing of the internet or intranet site of any such report. Quarterly, the department shall provide a cumulative listing of the reports

submitted during the most recent 3-month period along with the internet or intranet site of each report, and a list of those reports expected to be transmitted in the following quarter.

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

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

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

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

(2) An eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

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

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

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

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

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

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

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

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

HEADQUARTERS AND ARMORIES

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Sec. 302. The funds appropriated in this bill for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds 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.

Sec. 303. The department shall obtain a new appraisal to determine the fair market value of the Oak Park armory property. The results of that appraisal shall be forwarded to the city of Oak Park. For a period of 60 days following receipt of the appraisal by the city, the city of Oak Park shall have the right to purchase the armory property at a price equal to the appraised value under the appraisal obtained pursuant to this section. Any agreement regarding the sale of the property to the city of Oak Park shall comply with the provisions of section 382 of the Michigan military act, 1967 PA 150, MCL 32.782, and shall include a restriction that the city not receive any remuneration from the subsequent resale of the property to an outside party beyond the purchase price paid by the city and any reasonable expenses incurred by the city in developing the property. If the city has not formally notified the department within 60 days of its decision to purchase the property, the department shall proceed with the sale of the property under the provisions of the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851. Proceeds from the sale of the property shall be deposited in the Michigan national guard armory construction fund, as provided in section 382a of the Michigan military act, 1967 PA 150, MCL 32.782a.

DEPARTMENTWIDE APPROPRIATIONS

Sec. 401. 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 of representatives 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 an accounting of its expenditures, audited and certified by a certified public accountant, 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, 2003, to the department by November 15, 2001, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2003. 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, 2001, to the department by January 31, 2002. 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. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2001. 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 of representatives appropriations subcommittees on military affairs.

(4) The department shall review the existing guidelines for the administration of grants to veterans service organizations and forward any recommendations regarding changes or modifications to those guidelines to the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies by December 31, 2001.

Sec. 502. Appropriations 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 of representatives 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 of representatives appropriations subcommittees on military affairs no later than February 1, 2002.

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, 2002, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs a detailed annual report of the Michigan veterans' trust fund for fiscal year 2000-2001. 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 2000-2001, 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 2000-2001.

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.

Sec. 705. 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. 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(2) 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, 2003. Expenditures shall be in accordance with methods and procedures approved by the Michigan veterans' memorial park commission, the department, and appropriate state agencies.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Ray E. Randall

Clerk of the House of Representatives.

Approved

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Governor.