

**Summary: As Passed by the House**  
**MILITARY AND VETERANS AFFAIRS FY 2003-04**  
**Senate Bill 266 (H-1)**



**Analyst: Kyle I. Jen**  
**Telephone: 373-8080**

**Budget Overview**

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The department's budget includes administrative and maintenance costs associated with these responsibilities, as well as several National Guard-related programs, such as the Challenge Program and the National Guard Education Assistance Program. The department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund. Spending for veterans programs makes up roughly 62 percent of the department's FY 2002-03 budget.

**Summary of Major Budget Issues**

**Challenge Program** – The Executive Recommendation eliminated \$1.3 million GF/GP in state matching funds for the Challenge Program, a voluntary boot camp-style program for high school dropouts funded by the federal National Guard Bureau on a 60/40 federal/state basis. The GF/GP funds were replaced with authorization for private grant funds. Under this proposal, the program would be discontinued if sufficient private funds are not identified. The Senate restored the GF/GP funds, eliminated the additional private authorization, and added boilerplate language encouraging the department identify alternate revenue sources for the program. The House concurred with the Executive Recommendation, with a \$100 net point of difference from the Senate.

**Veterans Homes**– The Executive Recommendation reduced the GF/GP appropriations for the veterans homes in Grand Rapids and Marquette by a total of \$176,700, largely to reflect additional savings from the 2002 early retirement package, increased authorization for federal funding from the U.S. Department of Veterans Affairs at the two homes by a total of \$142,300, and increased authorization for restricted income and assessment revenue by a total of \$134,500. The Senate and House concurred (again, with \$100 points of difference).

**FY 2003-04 Recommendations**

	<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Executive</b>	<b>Senate</b>	<b>House</b>	<b>Enacted</b>	<b>Difference: House to 2002-03 YTD</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$200,000	\$200,000	\$200,000	\$200,000		\$0	0.0
<b>Federal</b>	40,623,800	40,627,900	40,627,900	40,627,900		4,100	0.0
<b>Local</b>	0	0	0	0		0	--
<b>Private</b>	530,000	1,870,700	530,000	1,870,600		1,340,600	152.9
<b>Restricted</b>	23,646,700	23,800,100	23,800,100	23,800,100		153,400	0.6
<b>GF/GP</b>	38,328,308	36,598,800	37,939,500	36,616,400		(\$1,711,908)	(4.5)
<b>Gross</b>	<b>\$103,328,808</b>	<b>\$103,097,500</b>	<b>\$103,097,500</b>	<b>\$103,115,000</b>		<b>(\$213,808)</b>	<b>(0.2)</b>
<b>FTEs</b>	1,079.0	1,079.0	1,079.0	1,079.0		0.0	0.0

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>YTD FY 2002-03</b>	<b>House Change</b>
<b>1. Challenge Program</b>	<b>Gross</b>	<b>\$3,296,900</b>	<b>(\$100)</b>
Executive Recommendation replaced \$1.3 million in GF/GP	IDG	200,000	0
funding for the Challenge Program—a voluntary boot camp-style	Federal	1,651,200	0
program for high school dropouts funded by the federal National	Private	105,000	1,340,600
Guard Bureau on a 60/40 federal/state basis—with authorization	GF/GP	\$1,340,700	(\$1,340,700)
for private funding. Under this proposal, the program would be			
discontinued if sufficient private funds are not identified. Senate			
restored GF/GP and eliminated additional private authorization.			
House concurred with Executive Recommendation, with a net			
\$100 point of difference from the Senate. (Also, see boilerplate			
section 302(2).)			
<b>Executive: \$0</b>			
<b>Senate: \$0</b>			
<b>2. Civil Air Patrol</b>	<b>Gross</b>	<b>\$86,000</b>	<b>(\$86,000)</b>
Executive Recommendation eliminated a grant to the Michigan	GF/GP	\$86,000	(\$86,000)
wing of the Civil Air Patrol, which serves as the official auxiliary			
of the U.S. Air Force. (These funds were appropriated in a FY			
2002-03 supplemental budget bill.) Senate and House concurred.			
<b>Executive: (\$86,000)</b>			
<b>Senate: (\$86,000)</b>			
<b>3. Prepaid Phone Cards</b>	<b>Gross</b>	<b>\$0</b>	<b>\$20,000</b>
House added funds for the distribution of prepaid phone cards to	GF/GP	\$0	\$20,000
National Guard members and military reservists on active duty			
overseas (see new boilerplate sections 303 and 303a).			
<b>Executive: \$0</b>			
<b>Senate: \$0</b>			
<b>4. Early Retirement Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$259,800)</b>
Executive Recommendation reflected two types of adjustments	GF/GP	NA	(\$259,800)
related to 2002 early retirement package: (1) removal of funds for			
one-time leave payouts and (2) annualization of savings for			
October 2002 retirees. Senate and House concurred.			
<b>Executive: (\$259,800)</b>			
<b>Senate: (\$259,800)</b>			
<b>5. Information Technology Reduction</b>	<b>Gross</b>	<b>\$1,157,408</b>	<b>(\$69,808)</b>
Executive Recommendation applied reduction to funds	Federal	520,100	0
appropriated as IDG to Department of Information Technology for	Restricted	141,600	0
information technology services. Senate and House concurred.	GF/GP	\$495,708	(\$69,808)
<b>Executive: (\$69,808)</b>			
<b>Senate: (\$69,808)</b>			
<b>6. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$101,800</b>
Executive Recommendation included economic adjustments for	Federal	NA	37,300
food and utility costs at veterans homes (positive \$113,800) and	Restricted	NA	37,700
worker's compensation (negative \$12,000). Senate and House	GF/GP	NA	\$26,800
concurred.			
<b>Executive: \$101,800</b>			
<b>Senate: \$101,800</b>			

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>YTD FY 2002-03</b>	<b>House Change</b>
<b>7. Grand Rapids Veterans Home — Medicaid</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$150,000)</b>
Executive Recommendation decreased appropriation of Medicaid revenue for Grand Rapids Veterans Home to reflect projected collections. Senate and House concurred.	Federal	500,000	(150,000)
<b>Executive: (\$150,000)</b>			
<b>Senate: (\$150,000)</b>			
<b>8. Grand Rapids Veterans Home — VA Payments</b>	<b>Gross</b>	<b>\$12,917,400</b>	<b>\$118,000</b>
Executive Recommendation increased appropriation of revenue from U.S. Department of Veterans Affairs (VA) per diem payments for Grand Rapids Veterans Home to reflect projected collections and available carry forward revenue. Senate and House concurred.	Federal	12,917,400	118,000
<b>Executive: \$118,000</b>			
<b>Senate: \$118,000</b>			
<b>9. Jacobetti Veterans Home — Income and Assessments</b>	<b>Gross</b>	<b>\$4,068,000</b>	<b>\$115,700</b>
Executive Recommendation increased appropriation of revenue from income and assessment payments by residents at D.J. Jacobetti Veterans Home to reflect projected collections and available carry forward revenue. Senate and House concurred.	Restricted	4,068,800	115,700
<b>Executive: \$115,700</b>			
<b>Senate: \$115,700</b>			

*Note: House created \$100 points of difference from Senate in all GF/GP line items; \$100 changes are not reflected in figures above.*

### **Major Boilerplate Changes from FY 2002-03:**

#### ***Sec. 206. Contingency Funds – DELETED***

Executive Recommendation retained section appropriating federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item. Senate deleted selection, with concurrence by House.

#### ***Sec. 210. Appropriation of Unexpended General Funds – NEW/DELETED***

Executive Recommendation included new section appropriating up to one-half of the unexpended, unreserved portions of FY 2002-03 general fund appropriations, subject to the approval of the budget director, in order to promote administrative efficiencies. Section not included by Senate or House.

#### ***Sec. 212. National Guard Education Assistance Program – MODIFIED***

Executive Recommendation adjusted disbursement limit for National Guard Education Assistance Program from \$2.0 million to \$1.3 million (the actual funding amount contained in the budget). Senate retained \$2.0 million limit. House concurred with Executive Recommendation.

#### ***Sec. 214. Military Cemeteries – NEW/DELETED***

Senate added section requiring that, should funds become available and necessary legislation be enacted, the department allocate funds for state military cemeteries in Crawford and/or Dickinson counties. Section not included by House.

#### ***Sec. 302(2). Challenge Program Revenue Sources – NEW/DELETED***

Senate added language stating legislative intent that the department identify alternative revenue sources to replace GF/GP funding for the Challenge Program. New language not included by House.

***Sec. 303. (Current Year) Oak Park Armory – DELETED***

Executive Recommendation deleted section providing for reappraisal of Oak Park Armory property and granting City of Oak Park right to purchase property at appraisal value. Senate and House concurred.

***Secs. 303 and 303a. (House-Passed) Prepaid Phone Cards – NEW***

House added two new sections earmarking \$10,000 each for the distribution of prepaid phone cards to military reservists (303) and National Guard members (303a) on active duty overseas.