

Summary: Conference Report
MILITARY AND VETERANS AFFAIRS FY 2003-04
Senate Bill 266 (S-1) CR-1*
Replaces summary of Senate Bill 266 (S-1) CR-1 dated 6/25/03



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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 to identify alternate revenue sources for the program. The **House** concurred with the Executive Recommendation, with a \$100 net point of difference from the Senate. The **Conference Report** includes \$600,000 GF/GP, with remaining \$740,700 in state matching funds appropriated from private funds.

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). The **Conference Report** also concurs.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Conference	Difference: Conf. to 2002-03 YTD	
						Amount	%
IDG/IDT	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	0.0
Federal	40,623,800	40,627,900	40,627,900	40,627,900	40,627,900	4,100	0.0
Local	0	0	0	0	0	0	--
Private	530,000	1,870,700	530,000	1,870,600	1,270,700	740,700	139.8
Restricted	23,646,700	23,800,100	23,800,100	23,800,100	23,800,100	153,400	0.6
GF/GP	38,328,308	36,598,800	37,939,500	36,616,400	37,198,800	(\$1,129,508)	(2.9)
Gross	\$103,328,808	\$103,097,500	\$103,097,500	\$103,115,000	\$103,097,500	(\$231,308)	(0.2)
FTEs	1,079.0	1,079.0	1,079.0	1,079.0	1,079.0	0.0	0.0

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD FY 2002-03</u>	<u>Conference Change</u>
1. Challenge Program	Gross \$3,296,900	\$0
Executive Recommendation replaced \$1.3 million in GF/GP funding 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—with authorization 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. Conference Report includes \$600,000 GF/GP, with remaining \$740,700 in state matching funds appropriated from private funds (Also, see boilerplate section 302(2).)	IDG 200,000	0
	Federal 1,651,200	0
	Private 105,000	740,700
	GF/GP \$1,340,700	(\$740,700)
Executive: \$0 [negative \$1,340,700 GF/GP]		
Senate: \$0 [no change GF/GP]		
House: (\$100) [negative \$1,340,700 GF/GP]		
2. Civil Air Patrol	Gross \$86,000	(\$86,000)
Executive Recommendation eliminated a grant to the Michigan 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. Conference Report also concurs.	GF/GP \$86,000	(\$86,000)
Executive: (\$86,000)		
Senate: (\$86,000)		
House: (\$86,000)		
3. Prepaid Phone Cards	Gross \$0	\$0
House added GF/GP funds for the distribution of prepaid phone cards to National Guard members and military reservists on active duty overseas (see new boilerplate sections 303 and 303a). Conference Report does not include these funds.	GF/GP \$0	\$0
Executive: \$0		
Senate: \$0		
House: \$20,000		
4. Early Retirement Adjustments	Gross NA	(\$259,800)
Executive Recommendation reflected two types of adjustments 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. Conference Report also concurs.	GF/GP NA	(\$259,800)
Executive: (\$259,800)		
Senate: (\$259,800)		
House: (\$259,800)		
5. Information Technology Reduction	Gross \$1,157,408	(\$69,808)
Executive Recommendation applied reduction to funds appropriated as IDG to Department of Information Technology for information technology services. Senate and House concurred. Conference Report also concurs.	Federal 520,100	0
	Restricted 141,600	0
	GF/GP \$495,708	(\$69,808)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Conference Change</u>
Executive: (\$69,808)			
Senate: (\$69,808)			
House: (\$69,808)			
6. Economic Adjustments	Gross	NA	\$101,800
Executive Recommendation included economic adjustments for food and utility costs at veterans homes (positive \$113,800) and worker's compensation (negative \$12,000). Senate and House concurred. Conference Report also concurs.	Federal	NA	37,300
	Restricted	NA	37,700
	GF/GP	NA	\$26,800
Executive: \$101,800			
Senate: \$101,800			
House: \$101,800			
7. Grand Rapids Veterans Home — Medicaid	Gross	\$500,000	(\$150,000)
Executive Recommendation decreased appropriation of Medicaid revenue for Grand Rapids Veterans Home to reflect projected collections. Senate and House concurred. Conference Report also concurs.	Federal	500,000	(150,000)
Executive: (\$150,000)			
Senate: (\$150,000)			
House: (\$150,000)			
8. Grand Rapids Veterans Home — VA Payments	Gross	\$12,917,400	\$118,000
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. Conference Report also concurs.	Federal	12,917,400	118,000
Executive: \$118,000			
Senate: \$118,000			
House: \$118,000			
9. Jacobetti Veterans Home — Income and Assessments	Gross	\$4,068,000	\$115,700
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. Conference Report also concurs.	Restricted	4,068,800	115,700
Executive: \$115,700			
Senate: \$115,700			
House: \$115,700			

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** and **Conference Report**.

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, House, or Conference Report**.

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. **Conference Report** concurs with House.

Sec. 214. Military Cemeteries – NEW

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**. **Conference Report** includes modified version of Senate language with same purpose.

Sec. 302(2). Challenge Program Revenue Sources – NEW

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**. **Conference Report** concurs with Senate.

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. **Conference Report** also concurs.

Sec. 303. (Conf. Report) 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. **Conference Report** includes consolidated/modified section that, rather than earmarking funds, encourages the state program family office to promote and inform private individuals, businesses, and organizations regarding the distribution of phone cards and other services to such individuals.