

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 266

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; 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
4 amounts listed in this part are appropriated for the department of
5 military and veterans affairs for the fiscal year ending September 30,
6 2004, from the funds indicated in this part. The following is a
7 summary of the appropriations in this part:

Senate Bill No. 266 (H-1) as amended June 11, 2003

1 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

2 APPROPRIATION SUMMARY:

3	Full-time equated unclassified positions.....	7.0	
4	Full-time equated classified positions.....	1,072.0	
5	GROSS APPROPRIATION.....	\$	[103,115,000]
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers.....		200,000
9	ADJUSTED GROSS APPROPRIATION.....	\$	[102,915,000]
10	Federal revenues:		
11	Total federal revenues.....		40,627,900
12	Special revenue funds:		
13	Total local revenues.....		0
14	Total private revenues.....		1,870,600
15	Total other state restricted revenues.....		23,800,100
16	State general fund/general purpose.....	\$	[36,616,400]
17	Sec. 102. HEADQUARTERS AND ARMORIES		
18	Full-time equated unclassified positions.....	7.0	
19	Full-time equated classified positions.....	140.0	
20	Headquarters and armories--99.5 FTE positions.....	\$	[8,961,100]
21	Unclassified military personnel.....		660,200
22	Military appeals tribunal.....		800
23	Michigan emergency volunteers.....		4,900
24	State active duty.....		70,000
25	Challenge program--40.5 FTE positions.....		<u>3,296,800</u>
26	GROSS APPROPRIATION.....	\$	[12,993,800]
27	Appropriated from:		

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1	Interdepartmental grant revenues:	
2	IDG, challenge grant.....	200,000
3	Federal revenues:	
4	DOD-DOA-NGB.....	3,542,500
5	Special revenue funds:	
6	Rental fees.....	350,000
7	Mackinac Bridge authority.....	40,000
8	Private donations.....	1,445,600
9	State general fund/general purpose..... \$	[7,415,700]
10	Sec. 103. MILITARY TRAINING SITES AND SUPPORT	
11	FACILITIES	
12	Full-time equated classified positions.....229.0	
13	Military training sites and support	
14	facilities--229.0 FTE positions..... \$	14,860,100
15	Military training sites and support facilities test	
16	projects.....	<u>100,000</u>
17	GROSS APPROPRIATION..... \$	14,960,100
18	Appropriated from:	
19	Federal revenues:	
20	DOD-DOA-NGB.....	12,140,400
21	Special revenue funds:	
22	Test project fees.....	100,000
23	State general fund/general purpose..... \$	2,719,700
24	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
25	Departmentwide accounts..... \$	1,741,000
26	Special maintenance - state.....	351,100
27	Special maintenance - federal.....	4,300,000

1	Military retirement.....	2,499,900
2	Counternarcotic operations.....	50,000
3	Starbase grant.....	<u>600,000</u>
4	GROSS APPROPRIATION..... \$	9,542,000
5	Appropriated from:	
6	Federal revenues:	
7	DOD-DOA-NGB.....	6,170,600
8	Federal counternarcotic revenues.....	50,000
9	State general fund/general purpose..... \$	3,321,400
10	Sec. 105. VETERANS SERVICE ORGANIZATIONS	
11	American legion..... \$	885,900
12	Disabled American veterans.....	732,300
13	Marine corps league.....	336,200
14	American veterans of World War II and Korea.....	464,700
15	Veterans of foreign wars.....	885,900
16	Michigan paralyzed veterans of America.....	165,600
17	Purple heart.....	157,800
18	Veterans of World War I.....	100
19	Polish legion of American veterans.....	41,100
20	Jewish veterans of America.....	41,100
21	State of Michigan council - Vietnam veterans of	
22	America.....	159,400
23	Catholic war veterans.....	<u>41,100</u>
24	GROSS APPROPRIATION..... \$	3,911,200
25	Appropriated from:	
26	State general fund/general purpose..... \$	3,911,200
27	Sec. 106. GRAND RAPIDS VETERANS' HOME	

1	Full-time equated classified positions.....	536.0	
2	Grand Rapids veterans' home--536.0 FTE positions....	\$	42,096,600
3	Board of managers.....		<u>300,000</u>
4	GROSS APPROPRIATION.....	\$	42,396,600
5	Appropriated from:		
6	Federal revenues:		
7	DVA-VHA.....		13,050,600
8	HHS-Medicaid.....		350,600
9	HHS-Medicare.....		689,100
10	Special revenue funds:		
11	Private - veterans' home post and posthumous funds..		300,000
12	Income and assessments.....		14,146,600
13	Lease revenue.....		35,000
14	State general fund/general purpose.....	\$	13,824,700
15	Sec. 107. D.J. JACOBETTI VETERANS' HOME		
16	Full-time equated classified positions.....	151.0	
17	D.J. Jacobetti veterans' home--151.0 FTE positions..	\$	12,945,500
18	Board of managers.....		<u>125,000</u>
19	GROSS APPROPRIATION.....	\$	13,070,500
20	Appropriated from:		
21	Federal revenues:		
22	DVA-VHA.....		3,867,100
23	HHS-Medicare.....		206,600
24	Special revenue funds:		
25	Private - veterans' home post and posthumous funds..		125,000
26	Income and assessments.....		4,191,500
27	State general fund/general purpose.....	\$	4,680,300

Sec. 108. VETERANS' AFFAIRS DIRECTORATE

Full-time equated classified positions.....	16.0	
Veterans' affairs directorate administration--	3.0	
FTE positions.....		\$ 294,100
Veterans' trust fund administration--	13.0 FTE	
positions.....		1,030,000
Veterans' trust fund grants.....		<u>3,746,500</u>
GROSS APPROPRIATION.....		\$ 5,070,600
Appropriated from:		
Special revenue funds:		
Michigan veterans' trust fund.....		4,776,500
State general fund/general purpose.....		\$ 294,100

Sec. 109. INFORMATION TECHNOLOGY

Information technology services and projects.....		\$ <u>1,170,200</u>
GROSS APPROPRIATION.....		\$ 1,170,200
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		416,900
DVA-VHA.....		135,700
HHS-Medicare.....		7,800
Special revenue funds:		
Income and assessments.....		160,500
State general fund/general purpose.....		\$ 449,300

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

1 GENERAL SECTIONS

2 Sec. 201. Pursuant to section 30 of article IX of the state
 3 constitution of 1963, total state spending from state resources under
 4 part 1 for fiscal year 2003-2004 is [\$60,416,500.00] and state spending
 5 from state resources to be paid to local units of government for
 6 fiscal year 2003-2004 is \$120,000.00. The itemized statement below
 7 identifies appropriations from which spending to units of local
 8 government will occur:

9 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**10 MILITARY TRAINING SITES AND SUPPORT FACILITIES**

11 Payments in lieu of taxes..... \$ 70,000

12 MICHIGAN VETERANS' TRUST FUND

13 County counselor travel expenses..... \$ 50,000

14 TOTAL..... \$ 120,000

15 Sec. 202. The appropriations authorized under this act are
 16 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 17 18.1594.

18 Sec. 203. As used in this act:

19 (a) "Department" means the department of military and veterans
 20 affairs.

21 (b) "Director" means the director of the department of military
 22 and veterans affairs.

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

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

26 (e) "DVA" means the United States department of veterans' affairs.

27 (f) "DVA-VHA" means the DVA veterans' health administration.

1 (g) "FTE" means full-time equated.

2 (h) "HHS" means the United States department of health and human
3 services.

4 (i) "IDG" means interdepartmental grant.

5 Sec. 204. The department of civil service shall bill departments
6 and agencies at the end of the first fiscal quarter for the 1% charge
7 authorized by section 5 of article XI of the state constitution of
8 1963. Payments shall be made for the total amount of the billing by
9 the end of the second fiscal quarter.

10 Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on
11 the state classified civil service. State departments and agencies
12 are prohibited from hiring any new full-time state classified civil
13 service employees and prohibited from filling any vacant state
14 classified civil service positions. This hiring freeze does not apply
15 to internal transfers of classified employees from 1 position to
16 another within a department.

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

1 Sec. 207. Sixty days before beginning any effort to privatize,
2 the department shall submit a complete project plan to the appropriate
3 senate and house of representatives appropriations subcommittees and
4 the senate and house fiscal agencies. The plan shall include the
5 criteria under which the privatization initiative will be evaluated.
6 The evaluation shall be completed and submitted to the appropriate
7 senate and house of representatives appropriations subcommittees and
8 the senate and house fiscal agencies within 30 months.

9 Sec. 208. Unless otherwise specified, the department shall use
10 the Internet to fulfill the reporting requirements of this act. This
11 may include transmission of reports via electronic mail to the
12 recipients identified for each reporting requirement or it may include
13 placement of reports on an Internet or Intranet site.

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

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

25 Sec. 211. The departments and agencies receiving appropriations
26 in part 1 shall receive and retain copies of all reports funded from
27 appropriations in part 1. The department shall follow all federal

1 guidelines and state laws regarding short-term and long-term retention
2 of records.

3 Sec. 212. (1) Of the funds appropriated in section 103 for
4 military training sites and support facilities, there shall be
5 established a Michigan national guard education assistance program.
6 Disbursements to the educational assistance program shall not exceed
7 \$1,300,000.00 without legislative approval. Under the program, a
8 member of the national guard who is in active service and who enrolls
9 as a full- or part-time student at a public or private state college
10 or university may be eligible to receive up to an equivalent of 50% of
11 the total cost of tuition not to exceed \$2,000.00, as education
12 assistance, in any academic year.

13 (2) As used in this section, an eligible person means a member of
14 the Michigan national guard who is in active service, as defined in
15 section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An
16 eligible person does not include a member of the Michigan national
17 guard or air national guard who is absent without leave or who is
18 under charges as described in the Michigan code of military justice of
19 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

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

24 (4) An eligible person shall apply to the department of military
25 and veterans affairs, office of the adjutant general for education
26 assistance and shall provide evidence of attendance and completion of
27 the course of study with a grade of at least 2.0 on a 4.0 scale, or

1 its equivalent. The adjutant general shall approve the application
2 for reimbursement if the applicant meets the definition of an eligible
3 person under subsection (2) and other criteria as established by the
4 adjutant general.

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

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

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

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

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

26 (10) A portion of the funds for the Michigan national guard
27 education assistance program may be used by the department for the

1 purpose of promoting the program and for encouraging those persons the
2 department wishes to have enlist or reenlist in the Michigan national
3 guard.

4 Sec. 213. The department shall consult with the house and senate
5 appropriations subcommittees on military and veterans affairs
6 regarding the projected closing or consolidation of any national guard
7 armories.

8 Sec. 221. From the funds appropriated in part 1 for information
9 technology, the department shall pay user fees to the department of
10 information technology for technology-related services and projects.
11 User fees shall be subject to provisions of an interagency agreement
12 between the department and the department of information technology.

13 Sec. 223. Amounts appropriated in part 1 for information
14 technology may be designated as work projects and carried forward to
15 support technology projects under the direction of the department of
16 information technology. Funds designated in this manner are not
17 available for expenditure until approved as work projects under
18 section 451a of the management and budget act, 1984 PA 431, MCL
19 18.1451a.

20 **HEADQUARTERS AND ARMORIES**

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

25 Sec. 302. (1) The funds appropriated in this act for private
26 donations to the challenge program shall be considered state

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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.

(2) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

[Sec. 303. From the funds appropriated in section 102 for headquarters and armories, \$10,000.00 shall be expended by the department for distribution of prepaid phone cards by the state family program office to Army, Navy, Air Force, Marine Corps., and Coast Guard Reservists deployed overseas on active duty.]

Sec. 303a. From the funds appropriated in section 102 for headquarters and armories, \$10,000.00 shall be expended by the department for distribution of prepaid phone cards by the state family program office to national guard members deployed overseas on active duty.]

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. Such eligible youth shall be given priority for enrollment in the program.

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

1 requirements:

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

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

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

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

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

21 (3) A veterans service organization receiving a grant from the
22 money appropriated in section 105 shall file with the department an
23 accounting of its expenditures, audited and certified by a certified
24 public accountant, within 120 days after the organization's fiscal
25 year end. Each organization shall provide a detailed budget request
26 for the fiscal year ending September 30, 2005, to the department by
27 November 15, 2003, within the format as prescribed by the department

1 to be used in the development of the budget for the fiscal year ending
2 September 30, 2005. Each veterans service organization shall provide
3 5 copies of a listing of all service activity, an accounting of
4 recoveries, and a listing of volunteer hours for the fiscal year
5 ending September 30, 2003, to the department by January 31, 2004. The
6 listing of volunteer hours shall include the hours, services, and
7 donations provided to residents of the Grand Rapids veterans' home and
8 the D.J. Jacobetti veterans' home. Each veterans service organization
9 shall provide a copy of the most recent and completed internal revenue
10 service form 990 to the department at the end of the fiscal year
11 ending September 30, 2003. A veterans service organization receiving
12 a grant from the money appropriated in section 105 shall use the forms
13 recommended by the Michigan veterans organizations' rehabilitation and
14 veterans service committee for filing reports required by this act.
15 The department shall forward information required under this section
16 to the senate and house fiscal agencies, the senate and house of
17 representatives appropriations subcommittees on military affairs, and
18 the state budget office.

19 **VETERANS' HOMES**

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

23 Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti
24 veterans' home, together with the department and the department of
25 management and budget, shall produce and deliver to the senate and
26 house of representatives appropriations subcommittees on state police

1 and military affairs an annual written report. The report shall
2 include an accounting of member populations and bed space available; a
3 description and accounting of services and activities provided to
4 members; financial information; current state nursing home licensure
5 status; the steps required for Medicaid certification, including a
6 listing of any personnel, equipment, supplies, or budgetary increases
7 required; and whether or not steps are being taken toward Medicaid
8 certification. The annual report shall be submitted to the senate and
9 house of representatives appropriations subcommittees on military
10 affairs no later than February 1, 2004.

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

16 **VETERANS' TRUST FUND**

17 Sec. 703. (1) By April 1, 2004, the department shall submit to
18 the senate and house of representatives appropriations subcommittees
19 on military affairs and the state budget office a detailed annual
20 report of the Michigan veterans' trust fund for fiscal year
21 2002-2003. The report shall include information on grants provided
22 from the emergency grant program and the veterans survivor tuition
23 program, including details concerning the methodology of allocations,
24 the selection of emergency grant program authorized agents, and a
25 detailed breakdown of trust fund expenditures for that year. The
26 report shall also provide an update on the department's efforts to

1 reduce program administrative costs.

2 (2) The annual report required under subsection (1) shall provide
3 detailed information on the number of emergency grant applications
4 denied during fiscal year 2002-2003, including an accounting of the
5 reasons for denial. This information also shall include the number of
6 persons denied an emergency grant because of individual ineligibility,
7 because of insufficient funds, and because the applicant's request did
8 not meet minimum program criteria.

9 (3) The annual report required under subsection (1) shall contain
10 information on the veterans survivors tuition program, including the
11 number of participants, where the participants attended school,
12 payments made to each school, the average grade point and number of
13 college credits earned by each participant, the number of participants
14 suspended by the program, and the number of participants who earned a
15 degree during fiscal year 2002-2003.

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