

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:

| | | | |
|----|--|---------|------------------|
| 1 | DEPARTMENT OF MILITARY AND VETERANS AFFAIRS | | |
| 2 | Full-time equated unclassified positions..... | 7.0 | |
| 3 | Full-time equated classified positions..... | 1,072.0 | |
| 4 | GROSS APPROPRIATION..... | \$ | 103,097,500 |
| 5 | Interdepartmental grant revenues: | | |
| 6 | Total interdepartmental grants and intradepartmental | | |
| 7 | transfers..... | \$ | 200,000 |
| 8 | ADJUSTED GROSS APPROPRIATION..... | \$ | 102,897,500 |
| 9 | Federal revenues: | | |
| 10 | Total federal revenues..... | | 40,627,900 |
| 11 | Special revenue funds: | | |
| 12 | Total local revenues..... | | 0 |
| 13 | Total private revenues..... | | 530,000 |
| 14 | Total other state restricted revenues..... | | 23,800,100 |
| 15 | State general fund/general purpose..... | \$ | 37,939,500 |
| 16 | Sec. 102. HEADQUARTERS AND ARMORIES | | |
| 17 | Full-time equated unclassified positions..... | 7.0 | |
| 18 | Full-time equated classified positions..... | 140.0 | |
| 19 | Headquarters and armories--99.5 FTE positions..... | \$ | 8,941,200 |
| 20 | Unclassified military personnel..... | | 660,300 |
| 21 | Military appeals tribunal..... | | 900 |
| 22 | Michigan emergency volunteers..... | | 5,000 |
| 23 | State active duty..... | | 70,100 |
| 24 | Challenge program--40.5 FTE positions..... | | <u>3,296,900</u> |
| 25 | GROSS APPROPRIATION..... | \$ | 12,974,400 |
| 26 | Appropriated from: | | |
| 27 | IDG-challenge grant..... | | 200,000 |

| | | |
|----|--|----------------|
| 1 | Federal revenues: | |
| 2 | DOD-DOA-NGB..... | 3,542,500 |
| 3 | Special revenue funds: | |
| 4 | Rental fees..... | 350,000 |
| 5 | Mackinac Bridge authority..... | 40,000 |
| 6 | Private donations..... | 105,000 |
| 7 | State general fund/general purpose..... \$ | 8,736,900 |
| 8 | Sec. 103. MILITARY TRAINING SITES AND SUPPORT | |
| 9 | FACILITIES | |
| 10 | Full-time equated classified positions.....229.0 | |
| 11 | Military training sites and support | |
| 12 | facilities--229.0 FTE positions..... \$ | 14,860,200 |
| 13 | Military training sites and support facilities test | |
| 14 | projects..... | <u>100,000</u> |
| 15 | GROSS APPROPRIATION..... \$ | 14,960,200 |
| 16 | Appropriated from: | |
| 17 | Federal revenues: | |
| 18 | DOD-DOA-NGB..... | 12,140,400 |
| 19 | Special revenue funds: | |
| 20 | Test project fees..... | 100,000 |
| 21 | State general fund/general purpose..... \$ | 2,719,800 |
| 22 | Sec. 104. DEPARTMENTWIDE APPROPRIATIONS | |
| 23 | Departmentwide accounts..... \$ | 1,741,100 |
| 24 | Special maintenance-state..... | 351,200 |
| 25 | Special maintenance-federal..... | 4,300,000 |
| 26 | Military retirement..... | 2,500,000 |
| 27 | Counternarcotic operations..... | 50,000 |

| | | | |
|----|--|----|----------------|
| 1 | Starbase grant..... | | <u>600,000</u> |
| 2 | GROSS APPROPRIATION..... | \$ | 9,542,300 |
| 3 | Appropriated from: | | |
| 4 | Federal revenues: | | |
| 5 | DOD-DOA-NGB..... | | 6,170,600 |
| 6 | Federal counternarcotic revenues..... | | 50,000 |
| 7 | Special revenue funds: | | |
| 8 | State general fund/general purpose..... | \$ | 3,321,700 |
| 9 | Sec. 105. VETERANS SERVICE ORGANIZATIONS | | |
| 10 | American legion..... | \$ | 886,000 |
| 11 | Disabled American veterans..... | | 732,400 |
| 12 | Marine corps league..... | | 336,300 |
| 13 | American veterans of World War II and Korea..... | | 464,800 |
| 14 | Veterans of foreign wars..... | | 886,000 |
| 15 | Michigan paralyzed veterans of America..... | | 165,700 |
| 16 | Purple heart..... | | 157,900 |
| 17 | Veterans of World War I..... | | 100 |
| 18 | Polish legion of American veterans..... | | 41,200 |
| 19 | Jewish veterans of America..... | | 41,200 |
| 20 | State of Michigan council Vietnam veterans of | | |
| 21 | America..... | | 159,500 |
| 22 | Catholic war veterans..... | | <u>41,200</u> |
| 23 | GROSS APPROPRIATION..... | \$ | 3,912,300 |
| 24 | Appropriated from: | | |
| 25 | State general fund/general purpose..... | \$ | 3,912,300 |
| 26 | Sec. 106. GRAND RAPIDS VETERANS' HOME | | |
| 27 | Full-time equated classified positions..... | | 536.0 |

| | | | |
|----|--|----|----------------|
| 1 | Grand Rapids veterans' home--536.0 FTE positions.... | \$ | 42,096,700 |
| 2 | Board of managers..... | | <u>300,000</u> |
| 3 | GROSS APPROPRIATION..... | \$ | 42,396,700 |
| 4 | Appropriated from: | | |
| 5 | Federal revenues: | | |
| 6 | DVA-VHA..... | | 13,050,600 |
| 7 | HHS-Medicaid..... | | 350,600 |
| 8 | HHS-Medicare..... | | 689,100 |
| 9 | Special revenue funds: | | |
| 10 | Private-veterans' home post and posthumous funds.... | | 300,000 |
| 11 | Income and assessments..... | | 14,146,600 |
| 12 | Lease revenue..... | | 35,000 |
| 13 | State general fund/general purpose..... | \$ | 13,824,800 |
| 14 | Sec. 107. D.J. JACOBETTI VETERANS' HOME | | |
| 15 | Full-time equated classified positions.....151.0 | | |
| 16 | D.J. Jacobetti veterans' home--151.0 FTE positions.. | \$ | 12,945,600 |
| 17 | Board of managers..... | | <u>125,000</u> |
| 18 | GROSS APPROPRIATION..... | \$ | 13,070,600 |
| 19 | Appropriated from: | | |
| 20 | Federal revenues: | | |
| 21 | DVA-VHA..... | | 3,867,100 |
| 22 | HHS-Medicare..... | | 206,600 |
| 23 | Special revenue funds: | | |
| 24 | Private-veterans' home post and posthumous funds.... | | 125,000 |
| 25 | Income and assessments..... | | 4,191,500 |
| 26 | State general fund/general purpose..... | \$ | 4,680,400 |
| 27 | Sec. 108. VETERANS' AFFAIRS DIRECTORATE | | |

| | | | |
|----|---|----|------------------|
| 1 | Full-time equated classified positions.....16.0 | | |
| 2 | Veterans' affairs directorate administration--3.0 | | |
| 3 | FTE positions..... | \$ | 294,200 |
| 4 | Veterans' trust fund administration--13.0 FTE | | |
| 5 | positions..... | | 1,030,000 |
| 6 | Veterans' trust fund grants..... | | <u>3,746,500</u> |
| 7 | GROSS APPROPRIATION..... | \$ | 5,070,700 |
| 8 | Appropriated from: | | |
| 9 | Special revenue funds: | | |
| 10 | Michigan veterans' trust fund..... | | 4,776,500 |
| 11 | State general fund/general purpose..... | \$ | 294,200 |
| 12 | Sec. 109. INFORMATION TECHNOLOGY | | |
| 13 | Information technology services and projects..... | \$ | <u>1,170,300</u> |
| 14 | GROSS APPROPRIATION..... | \$ | 1,170,300 |
| 15 | Appropriated from: | | |
| 16 | Federal revenues: | | |
| 17 | DOD-DOA-NGB..... | | 416,900 |
| 18 | DVA-VHA..... | | 135,700 |
| 19 | HHS-Medicare..... | | 7,800 |
| 20 | Special revenue funds: | | |
| 21 | Income and assessments..... | | 160,500 |
| 22 | State general fund/general purpose..... | \$ | 449,400 |

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS

25 GENERAL SECTIONS

1 Sec. 201. Pursuant to section 30 of article IX of the state
 2 constitution of 1963, total state spending from state resources under
 3 part 1 for fiscal year 2003-2004 is \$61,739,600.00 and state spending
 4 from state resources to be paid to local units of government for
 5 fiscal year 2003-2004 is \$120,000.00. The itemized statement below
 6 identifies appropriations from which spending to units of local
 7 government will occur:

8 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

9 MILITARY TRAINING SITES AND SUPPORT FACILITIES

| | | | |
|----|---------------------------------------|----|---------------|
| 10 | Payments in lieu of taxes..... | \$ | 70,000 |
| 11 | MICHIGAN VETERANS' TRUST FUND | | |
| 12 | County counselor travel expenses..... | \$ | <u>50,000</u> |
| 13 | TOTAL..... | \$ | 120,000 |

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

17 Sec. 203. As used in this act:

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

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

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

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

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

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

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

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

3 (i) "IDG" means interdepartmental grant.

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

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

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

27 Sec. 207. Sixty days before beginning any effort to privatize,

1 the department shall submit a complete project plan to the appropriate
2 senate and house of representatives appropriations subcommittees and
3 the senate and house fiscal agencies. The plan shall include the
4 criteria under which the privatization initiative will be evaluated.
5 The evaluation shall be completed and submitted to the appropriate
6 senate and house of representatives appropriations subcommittees and
7 the senate and house fiscal agencies within 30 months.

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

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

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

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

26 Sec. 212. (1) Of the funds appropriated in section 103 for
27 military training sites and support facilities, there shall be

1 established a Michigan national guard education assistance program.
2 Disbursements to the educational assistance program shall not exceed
3 \$2,000,000.00 without legislative approval. Under the program, a
4 member of the national guard who is in active service and who enrolls
5 as a full- or part-time student at a public or private state college
6 or university may be eligible to receive up to an equivalent of 50% of
7 the total cost of tuition not to exceed \$2,000.00, as education
8 assistance, in any academic year.

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

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

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

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

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

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

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

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

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

27 Sec. 213. The department shall consult with the house and senate

1 appropriations subcommittees on military and veterans affairs
2 regarding the projected closing or consolidation of any national guard
3 armories.

4 Sec. 214. The department shall appropriate funds for state
5 military cemeteries in Crawford and Dickinson counties if necessary
6 legislation and funding become available.

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

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

19 HEADQUARTERS AND ARMORIES

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

24 Sec. 302. (1) The funds appropriated in this act for private
25 donations to the challenge program shall be considered state
26 restricted revenue, and unexpended funds remaining at the close of the

1 fiscal year shall not lapse to the general fund but shall be carried
2 forward to the subsequent fiscal year.

3 (2) It is the intent of the legislature that the department make
4 every effort to identify alternative sources of revenue to replace the
5 \$1,340,700.00 in state general fund/general purpose funding provided
6 in this act for the challenge program.

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

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

21 **VETERANS SERVICE ORGANIZATIONS**

22 Sec. 501. (1) Money appropriated in section 105 for grants to
23 veterans service organizations shall be used only for salaries, wages,
24 related personnel costs, training, and equipment for accredited
25 veteran service advocacy officers and necessary support and managerial
26 staff. Training shall be provided for service advocacy officers and

1 shall be conducted by accredited advocacy officers.

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

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

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

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

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

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

24 (3) A veterans service organization receiving a grant from the
25 money appropriated in section 105 shall file with the department an
26 accounting of its expenditures, audited and certified by a certified
27 public accountant, within 120 days after the organization's fiscal

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

22 **VETERANS' HOMES**

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

26 Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti

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

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

19 **VETERANS' TRUST FUND**

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

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

5 (2) The annual report required under subsection (1) shall provide
6 detailed information on the number of emergency grant applications
7 denied during fiscal year 2002-2003, including an accounting of the
8 reasons for denial. This information also shall include the number of
9 persons denied an emergency grant because of individual ineligibility,
10 because of insufficient funds, and because the applicant's request did
11 not meet minimum 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,
15 payments made to each school, the average grade point and number of
16 college credits earned by each participant, the number of participants
17 suspended by the program, and the number of participants who earned a
18 degree during fiscal year 2002-2003.

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