

## VETERANS TRUST FUND ADMINISTRATION

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**House Bill 4642 as introduced**  
**Sponsor: Rep. Nancy Jenkins**  
**Committee: Military and Veterans Affairs**  
**Complete to 6-17-15**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

According to the information from the Department of Military and Veterans Affairs, the trustees of the Michigan Veterans Trust Fund administer a discretionary fund that provides temporary financial assistance to veterans for emergency purposes. The program, through county committees, dispenses grants to veterans and their families to relieve temporary, emergent financial crisis or hardship. The trustees represent the interests of the veterans community in both an advisory and advocacy role.

House Bill 4642 would amend the Veterans Trust Fund Act to do all of the following:

#### **Regional Committees**

The bill would eliminate references in the act to county and district committees and replace them with references to regional committees. The board of trustees of the Trust Fund would be required to establish up to 10 regional committees for administration of the allocated money on the local level by October 1, 2016, and be required to report to the Legislature the structure of the regional committees no later than August 1, 2016. Membership of these committees is described later in the summary.

#### **Eligibility**

The bill strikes current language regarding eligibility for benefits and replaces it by specifying that an individual who satisfies any of the following criteria would be eligible to apply for benefits from the Fund:

- Is both a resident of this state and a veteran.
- Is a resident of this state and is either an unremarried spouse or an unmarried dependent of a deceased individual who met all of the conditions set specified in the bill.
- Is a resident of this state and is either an unremarried spouse or an unmarried dependent of a member of the armed forces of the United States who was killed in action or who is missing in action.

#### **Board of Trustees**

As now, each member of the Board of Trustees would need to be a veteran and would appointed by the Governor. Under the bill, the board members would have to accurately represent the varied veteran population in this state and include members representing different conflicts and a variety of population demographics to include age, race, gender, and ethnicity. The members would be appointed as follows:

Department Director. The director of the Department of Military and Veterans Affairs (or a designee) would be a voting member of the board and serve as chairperson if the director is eligible for appointment under Section 38 of Article IX of the State Constitution of 1963 and was appointed by the Governor. The director would serve at the pleasure of the Governor. If the director (or designee) is not eligible for appointment under the State Constitution of 1963, he or she would serve as an ex-officio, non-voting member of the board. (The constitution requires that board members be veterans honorably discharged.)

Other Board Members. Under the bill, the board would have one representative from each of the following: American Legion, Veterans of Foreign Wars (VFW), Disabled American Veterans (DAV), any other congressionally chartered veterans organization **or recognized veterans organization**; and three independent members who may or may not be a member of one or more congressionally chartered veterans organization or **recognized veterans organizations** but would not represent any congressionally chartered veterans organization or **recognized veterans organizations** of which they are a member. (The **bolded text** is proposed new language; the other provisions are in the act currently.) The term "recognized veterans organization" is defined to mean an organization recognized by the US Department of Veterans Affairs.

### **Terms of Office**

Each member would hold office for not more than four terms of three years each and hold office at the pleasure of the Governor. As now, members representing the various veterans organizations would be appointed by the Governor from a list of at least three individuals recommended by the respective organizations.

### **Initial Staggered Terms**

The following would apply to the initial appointment of a board member:

- (a) For the first members appointed from the American Legion or VFW on or after the effective date of the bill, the initial term shall be for one year. Any subsequent terms for those members and any succeeding members would be as prescribed in the act.
- (b) For a member appointed from the DAV and other veterans organizations after the bill's effective date, the initial term shall be for a period of two years. Any subsequent terms for those members and any succeeding members would be as specified in the act.
- (c) For independent members appointed after the bill's effective date, the initial term for one member shall be one year, and the initial term for one member would be two years. Any subsequent terms for those members and any succeeding members would be as prescribed in the act.

### **Fund Administration**

Section 4 of the act specifies that the board is a policy-making body on the state level and lists its powers and duties. The bill would specifically add the administration of the Trust Fund to the powers and duties section (and repeal Section 4b, which currently gives the board the power to administer the Fund). The bill also would require the board to submit

to the DVMA and the Legislature the quarterly fiscal report and the annual report of operations that currently are provided only to the Governor.

### **Fund Interest and Earnings**

The bill would rewrite Section 5 regarding the allocation of the earnings of the Fund. Under the bill, the interest and earnings of the Trust Fund would be expended, upon appropriation, for the purposes determined by the board and for allocation to regional committees. Interest and earnings not expended for those purposes could be expended for the benefit of veterans or their spouses or dependents at the discretion of the board, and/or annual administrative and operating costs of managing the fund. Money in the fund, including interest and earnings of the fund, could not be expended for costs incurred by the auditor general. (The board determines the purposes for which available moneys in the Trust Fund in excess of \$50 million are to be allocated.)

### **Membership of Regional Committees**

Each member appointed to a regional committee must have demonstrated knowledge, skills, and experience in public service, business, or finance. (This is now the case with the county committees being replaced.) The committee members, as a whole, would have to accurately represent the varied veteran population of the state and include members representing different conflicts, as well as a variety of population demographics, including age, race, gender, and ethnicity.

Committee member appointment. As now with county committees, one member each would be appointed by the board of trustees to represent the American Legion, VFW, DAV, and another recognized veterans organization. The bill would require one representative of the National Association of County Veterans Service Officers to be included. Currently, at least one independent member is required for county committees; the bill would require instead no more than two representatives who may or may not be members of one or more chartered veterans organization or recognized veterans organization but who in any case could not represent such an organization.

Members appointed to a regional committee would be appointed by the Board of Trustees on recommendation of the respective organizations. For a member appointed to represent the listed and recognized veterans organizations, a recommendation for appointment would need to come from the state headquarters or association of the congressionally chartered veterans organization or recognized veterans organization. A person seeking an independent appointment would submit a request to the regional committee.

Mileage Reimbursement. Members of the regional committee would serve without compensation but would be entitled to mileage reimbursement for attending scheduled meetings or meetings to make a determination on a grant. Currently, the act provides "actual and necessary expenses"; the bill provides only mileage reimbursement.

Office Space. As now with county committees, the county would be required to provide suitable office space for the regional committee.

### **Distribution of Funds to Counties**

The act requires the state treasurer to distribute funds to county treasurers at the direction of the board of trustees of the Trust Fund. The bill would require this be done no later than October 1 of each year. Further, the bill specifies that any unexpended, unencumbered funds remaining with a county veterans trust fund after October 1 of each year be returned to the department for DVMA.

### **Definitions**

The bill would move all the definitions in the act into a new separate Section 1.

### **FISCAL IMPACT:**

The bill would have an indeterminate, yet probable minimal, impact on state government. The regional committees could reduce the administrative costs of the trust fund. There would be costs to the department in crafting the regional committee plan. Any possible cost reductions or increases are difficult to calculate because the regional plan would not have to be implemented until October 2016.

The bill would have no fiscal impact on local governments.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.