

Act No. 96
Public Acts of 1999
Approved by the Governor
July 1, 1999
Filed with the Secretary of State
July 1, 1999
EFFECTIVE DATE: July 1, 1999

STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999

Introduced by Senators Hoffman, Gougeon, McManus, Steil and Goschka

ENROLLED SENATE BILL No. 369

AN ACT to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2000; 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:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2000, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	11.0		
Full-time equated classified positions	1,077.0		
GROSS APPROPRIATION		\$	94,962,000
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			0
ADJUSTED GROSS APPROPRIATION		\$	94,962,000
Federal revenues:			
Total federal revenues			32,477,400
Special revenue funds:			
Total local revenues			0
Total private revenues			375,000
Total state restricted revenues			22,409,100
State general fund/general purpose		\$	39,700,500

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	11.0	
Full-time equated classified positions	140.0	
Headquarters and armories—105.0 FTE positions		\$ 9,803,200
Unclassified military personnel		760,900
Military appeals tribunal		900
Michigan emergency volunteers		5,000
State active duty		60,100
Challenge program—35.0 FTE positions		2,556,100
GROSS APPROPRIATION		\$ 13,186,200
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		3,722,600
Special revenue funds:		
Armory rentals		350,000
Mackinac bridge authority		40,000
State general fund/general purpose		\$ 9,073,600

Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES

Full-time equated classified positions	229.0	
Military training sites and support facilities—229.0 FTE positions		\$ 14,060,700
Enlisted per diem payments		100
Military training sites and support facilities test projects		100,000
GROSS APPROPRIATION		\$ 14,160,800
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		10,439,900
Special revenue funds:		
Test project fees		100,000
State general fund/general purpose		\$ 3,620,900

Sec. 104. DEPARTMENTWIDE APPROPRIATIONS

Departmentwide accounts		\$ 2,127,700
Special maintenance - state		436,200
Special maintenance - federal		2,302,000
Military retirement		2,166,900
Counter narcotic operations		50,000
Starbase grant		250,000
GROSS APPROPRIATION		\$ 7,332,800
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB		3,824,000
DOJ-DEA		50,000
Special revenue funds:		
State general fund/general purpose		\$ 3,458,800

Sec. 105. VETERANS SERVICE ORGANIZATIONS

American legion		\$ 835,800
Disabled American veterans		690,900
Marine corps league		317,300
American veterans of World War II and Korea		438,500
Veterans of foreign wars		835,800
Michigan paralyzed veterans of America		156,300
Purple heart		149,000
Veterans of World War I		100
Polish legion of American veterans		38,900
Jewish veterans of America		38,900
State of Michigan council - Vietnam veterans of America		150,500

		For Fiscal Year Ending Sept. 30, 2000
Catholic war veterans	\$	12,500
GROSS APPROPRIATION	\$	3,664,500
Appropriated from:		
State general fund/general purpose	\$	3,664,500

Sec. 106. GRAND RAPIDS VETERANS' HOME

Full-time equated classified positions	539.0	
Grand Rapids veterans' home—539.0 FTE positions	\$	38,853,600
Board of managers		300,000
GROSS APPROPRIATION	\$	39,153,600
Appropriated from:		
Federal revenues:		
DVA-VHA		10,603,500
HHS-HCFA, Medicare, hospital insurance		412,200
Special revenue funds:		
Private - veterans' home post and posthumous funds		300,000
Income and assessments		12,954,100
Lease revenue		75,000
State general fund/general purpose	\$	14,808,800

Sec. 107. D.J. JACOBETTI VETERANS' HOME

Full-time equated classified positions	153.0	
D.J. Jacobetti veterans' home—153.0 FTE positions	\$	12,356,300
Board of managers		75,000
GROSS APPROPRIATION	\$	12,431,300
Appropriated from:		
Federal revenues:		
DVA-VHA		3,118,700
HHS-HCFA, Medicare, hospital insurance		306,500
Special revenue funds:		
Private - veterans' home post and posthumous funds		75,000
Income and assessments		4,198,600
State general fund/general purpose	\$	4,732,500

Sec. 108. MICHIGAN VETERANS' TRUST FUND

Full-time equated classified positions	16.0	
Veterans' affairs directorate administration—3.0 FTE positions	\$	341,400
Administration—13.0 FTE positions		944,900
Veterans' trust fund grants		3,746,500
GROSS APPROPRIATION	\$	5,032,800
Appropriated from:		
Special revenue funds:		
Michigan veterans' trust fund		4,691,400
State general fund/general purpose	\$	341,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1999-2000 is estimated at \$62,109,600.00 in this act and state spending from state sources paid to local units of government for fiscal year 1999-2000 is estimated at \$111,900.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes	\$	61,900
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MICHIGAN VETERANS' TRUST FUND

Veterans' affairs directorate administration	\$	50,000
TOTAL	\$	111,900

(2) If it appears to the principal executive officer of a department or branch that state spending to local units of government will be less than the amount that was projected to be expended under subsection (1), the principal executive officer shall immediately give notice of the approximate shortfall to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies.

Sec. 202. The appropriations made and the expenditures authorized under this act and the departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,900,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 204. A department or agency billed by the department of civil service for the 1% charge authorized by section 5 of article XI of the state constitution of 1963 by the end of the first fiscal quarter shall pay the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DOJ" means the United States department of justice.
- (f) "DOJ-DEA" means the DOJ drug enforcement agency.
- (g) "DVA" means the United States department of veterans' affairs.
- (h) "DVA-VHA" means the DVA veterans' health administration.
- (i) "FTE" means full-time equated.
- (j) "HHS" means the United States department of health and human services.
- (k) "HHS-HCFA" means the HHS health care financing administration.

Sec. 206. (1) Beginning October 1, 1999, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and are prohibited from filling any vacant state classified civil service positions. The hiring freeze imposed under this subsection does not apply to internal transfers from 1 position to another within a department or to positions that are funded 80% or more from federal or restricted funds.

(2) The state budget director shall grant an exception to the hiring freeze if the state budget director believes that not granting the exception to the hiring freeze will render a state department or agency unable to deliver basic services. The state budget director shall report by the fifteenth of each month to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the reasons for the exceptions.

Sec. 207. Money appropriated in part 1 shall not be used for the purchase of foreign goods or services if competitively priced American goods or services of comparable quality are available.

Sec. 208. The department may provide advice and assistance to nonprofit organizations in the state who seek the acquisition of surplus military equipment for display or museum purposes.

Sec. 209. (1) The director shall take all reasonable steps to ensure businesses in depressed and deprived communities compete for and perform contracts to provide services or supplies, or both, for the department.

(2) The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 210. (1) The department shall submit to the department of management and budget, the house and senate appropriations committees, the house and senate fiscal agencies, and the house and senate standing committees having jurisdiction over technology issues, periodic reports on the department's efforts to change the department's computer software and hardware as necessary to perform properly in the year 2000 and beyond. These reports shall identify actual progress in comparison to the department's approved work plan for these efforts.

(2) Beginning with the report on April 1, 2000, the department shall submit to the department of management and budget, the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the senate and house standing committees having jurisdiction over technology issues quarterly reports identifying for the immediately preceding quarter any problems with information systems, any occurrences of information system failure as a result of noncompliance with year 2000 standards, and any previously unidentified area of impact. These reports shall identify all systems needing corrective action and the contractual obligations of all accountable parties. These reports shall give the status of the progress made in repairing and testing applications, the status of all vendor-supplied solutions to problems, information on the activation of manual or contract processes used to correct problems, and an itemization of the additional costs incurred.

(3) The department may present progress billings to the department of management and budget for the costs incurred in changing computer software and hardware as necessary to perform properly in the year 2000 and beyond. At the time progress billings are presented for reimbursement, the department shall identify and forward as appropriate the funding sources that should support the work performed, and the department of management and budget shall forward the appropriate funding.

Sec. 212. Money appropriated in part 1 for enlisted per diem payments shall be unappropriated if section 1 of 1953 PA 140, MCL 32.261, is repealed.

Sec. 213. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate house and senate appropriations subcommittees and the house and senate fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate house and senate appropriations subcommittees and the house and senate fiscal agencies within 30 months.

Sec. 214. The department shall create and retain reports for all money appropriated under section 101.

Sec. 215. All reports required in this act shall be made available to the public primarily through Internet access, unless a printed version is requested. The department shall provide electronic notification to all legislative offices for specific reports requested by the legislature.

Sec. 216. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$2,000,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

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

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

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of

at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

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

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

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

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

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

(10) The amount appropriated in section 103 for the national guard educational assistance program shall not be expended unless 1953 PA 140, MCL 32.261 to 32.262, is repealed.

Sec. 217. In conjunction with the department of transportation, the department of military and veterans affairs shall develop plans for the maintenance, scheduling, and use of all state-owned, noncombat aircraft. It is the intent of the legislature that these plans maximize the cost-efficient use of the state transportation air fleet. The departments shall prepare a joint report, coordinated by the department of transportation, on the development of these plans.

Sec. 218. The department's internal auditor shall prepare a report on his or her activities during the 1998-1999 fiscal year. This report shall include a list of each audit or investigation performed pursuant to sections 486(4) and 487 of the management and budget act, 1984 PA 431, MCL 18.1486 and 18.1487. The report shall identify the proportion of time spent on each of the statutory responsibilities listed in sections 485(4), 486(4), and 487 of the management and budget act, 1984 PA 431, MCL 18.1485, 18.1486, and 18.1487, and the time spent on all other activities performed in the internal audit function. The first report shall be due on March 1, 2000 and biennially thereafter beginning on May 1, 2001 and shall be delivered to the governor, the auditor general, the senate and house appropriations committees, the senate and house fiscal agencies, and the director.

HEADQUARTERS AND ARMORIES

Sec. 301. Money appropriated in this act for the military duty contingency fund shall be used to fund nonfederally supported missions of the national guard when called to state duty.

Sec. 302. The department may charge a reasonable rental fee for renting an armory. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

DEPARTMENTWIDE APPROPRIATIONS

Sec. 401. Money available from the Michigan national guard armory construction fund created in section 382a of the Michigan military act, 1967 PA 150, MCL 32.782a, is appropriated for expenditure for the purposes specified in that section.

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 requirements:

- (a) Be congressionally chartered by the United States Congress.
 - (b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.
 - (c) Demonstrate the receipt of monetary or service support from its own organization.
 - (d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).
 - (e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, and the senate and house subcommittees on military affairs on forms as prescribed by the department.
- (3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department a certified accounting of its expenditures within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2001 to the department by November 15, 1999 within the format as prescribed by the department to be used in the development of the budget ending September 30, 2001. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 1999 to the department by January 31, 2000. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D. J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 1999. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies and to the senate and house appropriations subcommittees on military affairs.

Sec. 502. It is the intent of the legislature that money appropriated in section 105 for veterans service organizations shall include funding to provide services to veterans of World War I.

VETERANS' HOMES

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

Sec. 602. The Grand Rapids veterans' home and the D. J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house appropriations subcommittees on military affairs no later than February 1, 2000.

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

Sec. 604. The money appropriated in this act for the boards of managers of the Grand Rapids veterans' home and the D. J. Jacobetti veterans' home shall be considered a work project account, and unexpended money 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.

VETERANS' TRUST FUND

Sec. 701. In compliance with the various veterans' benefit programs funded by this state, a veteran who is denied benefits as a result of lack of properly disseminated information or due to misinformation relative to benefit eligibility shall be provided a review hearing by the Michigan veterans' trust fund board.

Sec. 702. The department may receive and expend revenue deposited to the Vietnam veterans memorial monument fund created under section 3 of the Michigan Vietnam veterans memorial act, 1988 PA 234, MCL 35.1053.

Sec. 703. (1) By April 1, 2000, the department shall submit to the senate and house appropriations subcommittees on military affairs a detailed annual report of the Michigan veterans' trust fund for fiscal year 1998-99. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

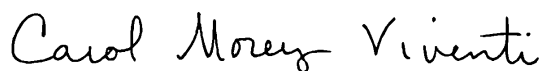
(2) The annual report required under subsection (1) shall provide detailed information on the number of emergency grant applications denied during fiscal year 1998-99, including an accounting of the reasons for denial. This information also shall include the number of persons denied an emergency grant because of individual ineligibility, because of insufficient funds, and because the applicant's request did not meet minimum program criteria.

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 1998-99.

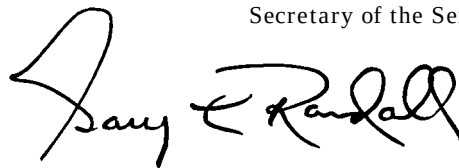
Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

Sec. 705. The Michigan veterans' memorial park commission may receive and expend gifts, contributions, and bequests from any person, public or private corporation, organization, foundation, governmental entity, or any other source for the purpose of establishing a veterans' memorial park as described in Executive Order No. 1992-12. Money contributed to the Michigan veterans' memorial park commission shall be deposited in the state treasury through the department and shall be available for expenditure. Project costs authorized by this act shall not exceed the gifts, contributions, and bequests received. Money under this section and any specific work orders or projects adopted by the Michigan veterans' memorial park commission in accordance with section 451(4) of the management and budget act, 1984 PA 431, MCL 18.1451, do not lapse at the end of this fiscal year but are available for expenditure until September 30, 2001. Expenditures shall be in accordance with methods and procedures approved by the Michigan veterans' memorial park commission, the department, and appropriate state agencies.

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved _____

Governor.