

SUMMARY: CONFERENCE REPORT
FY 2002-03 Military and Veterans Affairs Budget
House Bill 5649

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
FY 2001-02 Year-to-Date*	1,090.5	\$100,267,975	\$110,000	\$36,386,100	\$0	\$480,000	\$23,252,400	\$40,039,475
Exec Rec**	1,135.0	107,837,500	200,000	47,214,500	0	530,000	23,437,600	36,455,400
House	1,135.0	107,837,600	200,000	47,214,500	0	530,000	23,437,600	36,455,500
Senate	1,079.0	104,265,300	200,000	38,614,500	0	530,000	23,437,600	41,483,200
Conf Cmte	1,079.0	103,364,700	200,000	39,114,500	0	530,000	23,437,600	40,082,600
Change from Year-to-Date	(11.5)	3,096,725	90,000	2,728,400	0	50,000	185,200	43,125
Change from Exec Rec	(56.0)	(4,472,800)	0	(8,100,000)	0	0	0	3,627,200
Change from House	(56.0)	(4,472,900)	0	(8,100,000)	0	0	0	3,627,100
Change from Senate	0.0	(900,600)	0	500,000	0	0	0	(1,400,600)

*As of February 7, 2002

**Figures do not reflect revisions to Exec Rec

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 also 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.

Major Budget Changes from FY 2001-02 YTD Approps.:

1. Grants to Veterans Service Organizations
Exec Rec restored grants to pre-executive order levels.
House concurred. Senate concurred and increased grant to Catholic War Veterans from \$13,300 to \$41,200.
Conf Cmte concurred with Senate.

75.0% Reductions under EO 2001-9

Marine Corps League	\$252,225
Purple Heart	118,425
Jewish Veterans of America	30,900
Polish Legion of American Veterans	30,900
Catholic War Veterans	9,975
Veterans of World War I (placeholder)	100

13.9% Reductions under EO 2001-9

American Legion	120,800
Veterans of Foreign Wars	120,800
Disabled American Veterans	99,800
AMVETS	63,400
Paralyzed Veterans of America	22,600
Vietnam Veterans of America	21,700
TOTAL GRANT RESTORATIONS	\$891,625

Exec Rec

\$891,625
GF/GP \$891,625

House

\$891,625
\$891,625

Senate

\$919,525
\$919,525

Conf Cmte

\$919,525
\$919,525

Major Budget Changes from FY 2001-02 YTD Approps.:

		Exec Rec	House	Senate	Conf Cmte
2. Military Retirement	Gross	\$175,100	\$175,100	\$175,100	\$175,100
<u>Exec Rec</u> reflected projected cost increases for (1) statutorily-required \$600 payments to retired National Guard members and (2) special duty officer retirement payments. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		GF/GP \$175,100	\$175,100	\$175,100	\$175,100
3. D.J. Jacobetti Veterans Home – Cost Increases	Gross	\$87,500	\$87,500	\$87,500	\$87,500
<u>Exec Rec</u> reflected projected cost increases for electric utility and housekeeping services at the home. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		GF/GP \$87,500	\$87,500	\$87,500	\$87,500
4. Grand Rapids Veterans Home – Medicaid	FTEs	55.0	55.0	0.0	0.0
<u>Exec Rec</u> projected \$8.6 million in Medicaid reimbursements, partially offset by \$5.0 million GF/GP reduction. Reflected 55 new positions necessary to meet Medicaid certification standards. (Also, see Item 1 under <i>Supplemental Items</i> section below.) <u>House</u> concurred. <u>Senate</u> eliminated these adjustments based on indications that plan was no longer feasible. <u>Conf Cmte</u> concurred with Revised <u>Exec Rec</u> , which reflected offset of only \$500,000 GF/GP with Medicaid revenue.		Gross \$3,600,000	\$3,600,000	\$0	\$0
	Federal	8,600,000	8,600,000	0	500,000
	GF/GP	(\$5,000,000)	(\$5,000,000)	\$0	(\$500,000)
5. Economic Adjustments	Gross	\$1,115,700	\$1,115,700	\$1,115,700	\$1,115,700
<u>Exec Rec</u> included 2.0% increase for salaries and wages and other standard adjustments. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		Federal 371,900	371,900	371,900	371,900
	Restr	278,200	278,200	278,200	278,200
	GF/GP	\$465,600	\$465,600	\$465,600	\$465,600
6. Lump Sum Payments	Gross	(\$331,600)	(\$331,600)	(\$331,600)	(\$331,600)
<u>Exec Rec</u> removed \$375 lump sum payments made to state employees in current year. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		Federal (124,200)	(124,200)	(124,200)	(124,200)
	Restr	(77,300)	(77,300)	(77,300)	(77,300)
	GF/GP	(\$130,100)	(\$130,100)	(\$130,100)	(\$130,100)
7. 1997 Early Retirement	Gross	(\$76,100)	(\$76,100)	(\$76,100)	(\$76,100)
<u>Exec Rec</u> removed appropriation (made over five-year period) for leave payouts associated with 1997 early retirement package. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		Federal (17,300)	(17,300)	(17,300)	(17,300)
	Restr	(15,700)	(15,700)	(15,700)	(15,700)
	GF/GP	(\$43,100)	(\$43,100)	(\$43,100)	(\$43,100)
8. 2002 Early Retirement	Gross	\$0	\$0	(\$100)	(\$463,200)
<u>Senate</u> included \$100 placeholder for savings from 2002 early retirement legislation. <u>Conf Cmte</u> included negative appropriation reflecting 1:4 replacement of GF/GP-funded early retirees—with an exemption for direct care workers at the two veterans homes (1:1 replacement); reductions to be applied to specific line items through legislative transfer process.		GF/GP \$0	\$0	(\$100)	(\$463,200)
9. Budgetary Savings	Gross	\$0	\$0	\$0	(\$409,600)
<u>Conf Cmte</u> included negative appropriation equal to 1.0% of Revised <u>Exec Rec</u> GF/GP; reductions to be applied to specific line items through legislative transfer process.		GF/GP \$0	\$0	\$0	(\$409,600)
10. Headquarters and Armories	Gross	\$0	\$0	\$0	(\$27,900)
<u>Conf Cmte</u> reduced Headquarters and Armories line item to offset grant increase for Catholic War Veterans (see item 1 above).		GF/GP \$0	\$0	\$0	(\$27,900)
11. Information Technology	FTEs	(10.0)	(10.0)	(11.0)	(11.0)
<u>Exec Rec</u> transferred \$775,100 in appropriations for information technology functions to new appropriations unit; funds to be passed through as an IDG to new Department of Information Technology (DIT). Reflected transfer of ten positions to DIT's authority. <u>House</u> concurred. <u>Senate</u> reflected Revised <u>Exec Rec</u> by transferring an additional \$451,800 and 1.0 FTE. <u>Conf Cmte</u> concurred with Senate.		Gross \$0	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Approps.:

		<u>Exec Rec</u>	<u>House</u>	<u>Senate</u>	<u>Conf Cmte</u>
12. National Guard Maintenance	Gross	\$1,998,000	\$1,998,000	\$1,998,000	\$1,998,000
<u>Exec Rec</u> reflected expected increase in federal funding for maintenance at National Guard facilities. <u>House</u> , <u>Senate</u> , and <u>Conf Cmte</u> concurred.		1,998,000	1,998,000	1,998,000	1,998,000
	Federal GF/GP	\$0	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:**Sec. 207. Contingency Funds**

Exec Rec increased federal contingency funds from \$2.9 million to \$5.0 million and restricted contingency funds from \$1.5 million to \$2.0 million. (Contingency funds are available for subsequent transfers to other line items, subject to approval by the appropriations committees.) House, Senate, and Conf Cmte concurred.

Sec. 212. National Guard Education Assistance Program

Exec Rec adjusted disbursement limit for tuition payments to \$1.3 million, reflecting funds allocated for program. House concurred. Senate increased limit to \$2.0 million. Conf Cmte concurred with Senate.

Sec. 213. Armory Closure or Consolidation

House added new language requiring department to consult with appropriations subcommittees regarding the projected closing or consolidation of any National Guard armories. Senate and Conf Cmte concurred.

Sec. 259. Information Technology – User Fees

Exec Rec added new language providing that funds appropriated for Information Technology be paid as user fees to the Department of Information Technology, subject to an interagency agreement. House, Senate, and Conf Cmte concurred.

Sec. 260. Information Technology – Work Projects

Exec Rec added new language stating that funds appropriated for Information Technology may be designated as work projects under the Management and Budget Act. House, Senate, and Conf Cmte concurred.

Sec. 261. Early Retirement and Budgetary Savings

Senate added new language providing for transfer of negative appropriation for early retirement savings to line items in which savings are realized. Conf Cmte included similar language addressing both early retirement and budgetary savings.

Sec. 302(2). Challenge Program – Payment by Parents

Exec Rec added new language allowing department to charge a parent or guardian of a Challenge Program participant an amount up to the per-student state share of program costs based on “a demonstrated ability to pay.” House specified threshold of 400% of federal poverty income guidelines. Senate decreased threshold to 200% of federal guidelines. Conf Cmte concurred with Senate.

Sec. 303. Oak Park Armory Reappraisal

Exec Rec removed current-year language calling for a reappraisal of the Oak Park Armory property and granting the City of Oak Park the right to purchase the property at a price equal to the appraised value. House concurred. Senate restored the section and added language stating that section does amend the Michigan Military Act. Conf Cmte concurred with Senate.

Sec. 304. Challenge Program – Partnership with Family Independence Agency (FIA)

Exec Rec added new language directing department to partner with FIA to identify eligible youth for the program, with such youth to be given priority for enrollment in the program. House, Senate, and Conf Cmte concurred.

Sec. 703(2). Veterans Trust Fund Report

Exec Rec removed current-year language requiring trust fund annual report to include information on emergency grant denials. House concurred. Senate restored current-year language. Conf Cmte concurred with Senate.

Various Sections Removed

Various other sections were removed by the Exec Rec, with concurrence by House, Senate, and Conf Cmte:

Sec. 401. Appropriates funds from National Guard Armory Construction Fund.

Sec. 502. Requires provision of services to veterans of World War I.

Sec. 604. Specifies work project status for veterans home board of managers appropriations.

Sec. 701. Provides for veterans benefit review hearing.

Supplemental Items for FY 2001-02 (Included in House Bill 5649):

		<u>Exec Rec</u>	<u>House</u>	<u>Senate</u>	<u>Conf Cmte</u>
1. Grand Rapids Veterans Home – Medicaid	FTEs	55.0	55.0	0.0	0.0
<u>Exec Rec</u> included appropriation for initial expenditures to meet increased staffing (primarily nursing) and other requirements associated with Medicaid certification. <u>House</u> concurred. <u>Senate</u> removed appropriation. <u>Conf Cmte</u> concurred with Senate (<u>Revised Exec Rec</u> withdrew request for appropriation; instead requested \$585,000 GF/GP reduction offset by Medicaid/Medicare revenue—reflected in Senate-passed version of House Bill 4373).	Gross	\$300,000	\$300,000	\$0	\$0
	GF/GP	\$300,000	\$300,000	\$0	\$0
2. Grants to Veterans Service Organizations	Gross	\$0	\$891,625	\$0	\$0
<u>House</u> restored grant reductions applied by Executive Order 2001-9. See Item 1 under <i>Changes from FY 2001-02</i> section above for list of restored amounts. <u>Senate</u> removed appropriations. <u>Conf Cmte</u> concurred with Senate (appropriations included in Senate-passed version of House Bill 4373).	GF/GP	\$0	\$891,625	\$0	\$0