

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5649**

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2003; 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:

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PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-2003

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, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

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For Fiscal Year Ending
September 30, 2003

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.....	\$	104,265,300
5	Interdepartmental grant revenues:		
6	Total interdepartmental grants and intradepartmental		
7	transfers.....	\$	200,000
8	ADJUSTED GROSS APPROPRIATION.....	\$	104,065,300
9	Federal revenues:		
10	Total federal revenues.....		38,614,500
11	Special revenue funds:		
12	Total local revenues.....		0
13	Total private revenues.....		530,000
14	Total other state restricted revenues.....		23,437,600
15	State general fund/general purpose.....	\$	41,483,200
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.....	\$	9,734,500
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.....	\$	13,767,700
26	Appropriated from:		

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1	Interdepartmental grant revenues:	
2	IDG-challenge grant.....	200,000
3	Federal revenues:	
4	DOD-DOA-NGB.....	3,564,500
5	Special revenue funds:	
6	Rental fees.....	350,000
7	Mackinac Bridge authority.....	40,000
8	Private donations.....	105,000
9	State general fund/general purpose..... \$	9,508,200
10	Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES	
11	Full-time equated classified positions.....229.0	
12	Military training sites and support facilities--229.0	
13	FTE positions..... \$	14,930,200
14	Military training sites and support facilities test	
15	projects.....	<u>100,000</u>
16	GROSS APPROPRIATION..... \$	15,030,200
17	Appropriated from:	
18	Federal revenues:	
19	DOD-DOA-NGB.....	12,140,400
20	Special revenue funds:	
21	Test project fees.....	100,000
22	State general fund/general purpose..... \$	2,789,800
23	Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
24	Departmentwide accounts..... \$	1,830,000
25	Special maintenance-state.....	401,200
26	Special maintenance-federal.....	4,300,000

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1	Military retirement.....	2,500,000
2	Counternarcotic operations.....	50,000
3	Starbase grant.....	<u>600,000</u>
4	GROSS APPROPRIATION..... \$	9,681,200
5	Appropriated from:	
6	Federal revenues:	
7	DOD-DOA-NGB.....	6,171,800
8	Federal counternarcotic revenues.....	50,000
9	Special revenue funds:	
10	State general fund/general purpose..... \$	3,459,400
11	Sec. 105. VETERANS SERVICE ORGANIZATIONS	
12	American legion..... \$	886,000
13	Disabled American veterans.....	732,400
14	Marine corps league.....	336,300
15	American veterans of World War II and Korea.....	464,800
16	Veterans of foreign wars.....	886,000
17	Michigan paralyzed veterans of America.....	165,700
18	Purple heart.....	157,900
19	Veterans of World War I.....	100
20	Polish legion of American veterans.....	41,200
21	Jewish veterans of America.....	41,200
22	State of Michigan council Vietnam veterans of America	159,500
23	Catholic war veterans.....	<u>41,200</u>
24	GROSS APPROPRIATION..... \$	3,912,300
25	Appropriated from:	
26	State general fund/general purpose..... \$	3,912,300

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1	Sec. 106. GRAND RAPIDS VETERANS' HOME		
2	Full-time equated classified positions.....	536.0	
3	Grand Rapids veterans' home--536.0 FTE positions.....	\$	42,264,700
4	Board of managers.....		<u>300,000</u>
5	GROSS APPROPRIATION.....	\$	42,564,700
6	Appropriated from:		
7	Federal revenues:		
8	DVA-VHA.....		11,910,000
9	HHS-HCFA, Medicare, hospital insurance.....		692,900
10	Special revenue funds:		
11	Private-veterans' home post and posthumous funds.....		300,000
12	Income and assessments.....		13,925,700
13	Lease revenue.....		35,000
14	State general fund/general purpose.....	\$	15,701,100
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...	\$	12,832,800
18	Board of managers.....		<u>125,000</u>
19	GROSS APPROPRIATION.....	\$	12,957,800
20	Appropriated from:		
21	Federal revenues:		
22	DVA-VHA.....		3,356,100
23	HHS-HCFA, Medicare, hospital insurance.....		208,700
24	Special revenue funds:		
25	Private-veterans' home post and posthumous funds.....		125,000
26	Income and assessments.....		4,068,800

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1	State general fund/general purpose.....	\$	5,199,200
2	Sec. 108. MICHIGAN VETERANS' TRUST FUND		
3	Full-time equated classified positions.....	16.0	
4	Veterans' affairs directorate administration--	3.0 FTE	
5	positions.....	\$	344,200
6	Administration--	13.0 FTE positions.....	1,030,000
7	Veterans' trust fund grants.....		<u>3,746,500</u>
8	GROSS APPROPRIATION.....	\$	5,120,700
9	Appropriated from:		
10	Special revenue funds:		
11	Michigan veterans' trust fund.....		4,776,500
12	State general fund/general purpose.....	\$	344,200
13	Sec. 109. INFORMATION TECHNOLOGY		
14	Information technology services and projects.....	\$	<u>1,230,800</u>
15	GROSS APPROPRIATION.....	\$	1,230,800
16	Appropriated from:		
17	Federal revenues:		
18	DOD-DOA-NGB.....		394,900
19	DVA-VHA.....		125,200
20	Special revenue funds:		
21	Income and assessments.....		141,600
22	State general fund/general purpose.....	\$	569,100
23	Sec. 110. EARLY RETIREMENT SAVINGS		
24	Early retirement savings.....	\$	<u> </u>
	(100)		
25	GROSS APPROPRIATION.....	\$	
	(100)		
26	Appropriated from:		

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1 State general fund/general purpose.....
(100)

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PART 2

5

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

6

GENERAL SECTIONS

7

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$64,920,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

13

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

14

MILITARY TRAINING SITES AND SUPPORT FACILITIES

15

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

16

MICHIGAN VETERANS' TRUST FUND

17

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

18

TOTAL..... \$ 120,000

19

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

21

Sec. 203. As used in this act:

22

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

24

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

26

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

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

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

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

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

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

8 (i) "HHS-HCFA" means the HHS health care financing administration.

9 (j) "IDG" means interdepartmental grant.

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

15 Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on
16 the state classified civil service. State departments and agencies are
17 prohibited from hiring any new full-time state classified civil service
18 employees and prohibited from filling any vacant state classified civil
19 service positions. This hiring freeze does not apply to internal trans-
20 fers of classified employees from 1 position to another within a
21 department.

22 (2) The state budget director shall grant exceptions to this hiring
23 freeze when the state budget director believes that the hiring freeze
24 will result in rendering a state department or agency unable to deliver
25 basic services, cause loss of revenue to the state, result in the inabil-
26 ity of the state to receive federal funds, or necessitate additional
27 expenditures that exceed any savings from maintaining a vacancy. The

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1 state budget director shall report by the last business day of each month
2 to the chairpersons of the senate and house of representatives standing
3 committees on appropriations the number of exceptions to the hiring
4 freeze approved during the previous month and the justification for the
5 exception.

6 Sec. 206. (1) In addition to the funds appropriated in part 1,
7 there is appropriated an amount not to exceed \$5,000,000.00 for federal
8 contingency funds. These funds are not available for expenditure until
9 they have been transferred to another line item in this act under
10 section 393(2) of the management and budget act, 1984 PA 431,
11 MCL 18.1393.

12 (2) In addition to the funds appropriated in part 1, there is appro-
13 priated an amount not to exceed \$2,000,000.00 for state restricted con-
14 tingency funds. These funds are not available for expenditure until they
15 have been transferred to another line item in this act under
16 section 393(2) of the management and budget act, 1984 PA 431,
17 MCL 18.1393.

18 (3) In addition to the funds appropriated in part 1, there is appro-
19 priated an amount not to exceed \$100,000.00 for local contingency funds.
20 These funds are not available for expenditure until they have been trans-
21 ferred to another line item in this act under section 393(2) of the man-
22 agement and budget act, 1984 PA 431, MCL 18.1393.

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

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

9 Sec. 208. Unless otherwise specified, the department shall use the
10 Internet to fulfill the reporting requirements of this act. This may
11 include transmission of reports via electronic mail to the recipients
12 identified for each reporting requirement or it may include placement of
13 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 priced
16 and of comparable quality American goods or services, or both, are
17 available.

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

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

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1 Sec. 212. (1) Of the funds appropriated in section 103 for military
2 training sites and support facilities, there shall be established a
3 Michigan national guard education assistance program. Disbursements to
4 the educational assistance program shall not exceed \$2,000,000.00 without
5 legislative approval. Under the program, a member of the national guard
6 who is in active service and who enrolls as a full- or part-time student
7 at a public or private state college or university may be eligible to
8 receive up to an equivalent of 50% of the total cost of tuition not to
9 exceed \$2,000.00, as education assistance, in any academic year.

10 (2) An eligible person means a member of the Michigan national guard
11 who is in active service, as defined in section 105 of the Michigan mili-
12 tary act, 1967 PA 150, MCL 32.505. An eligible person does not include a
13 member of the Michigan national guard or air national guard who is absent
14 without leave or who is under charges as described in the Michigan code
15 of military justice of 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 and
21 veterans affairs, office of the adjutant general for education assistance
22 and shall provide evidence of attendance and completion of the course of
23 study with a grade of at least 2.0 on a 4.0 scale, or its equivalent.
24 The adjutant general shall approve the application for reimbursement if
25 the applicant meets the definition of an eligible person under
26 subsection (2) and other criteria as established by the adjutant
27 general.

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

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

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

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

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

20 (10) A portion of the funds for the Michigan national guard educa-
21 tion assistance program may be used by the department for the purpose of
22 promoting the program and for encouraging those persons the department
23 wishes to have enlist or reenlist in the Michigan national guard.

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

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1 Sec. 259. From the funds appropriated in part 1 for information
2 technology, the department shall pay user fees to the department of
3 information technology for technology-related services and projects.
4 User fees shall be subject to provisions of an interagency agreement
5 between the department and the department of information technology.

6 Sec. 260. Amounts appropriated in part 1 for information technology
7 may be designated as work projects and carried forward to support tech-
8 nology projects under the direction of the department of information
9 technology. Funds designated in this manner are not available for expen-
10 diture until approved as work projects under section 451a of the manage-
11 ment and budget act, 1984 PA 431, MCL 18.1451a.

12 Sec. 261. The negative appropriation in part 1 for early retirement
13 savings represents savings from the state's 2002 early retirement
14 program. Not later than November 15, 2002, the state budget director
15 shall request legislative transfers under section 393(2) of the manage-
16 ment and budget act, 1984 PA 431, MCL 18.1393, to apply the early retire-
17 ment savings to the appropriated line items affected by the early retire-
18 ment program.

19 **HEADQUARTERS AND ARMORIES**

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

1 revenue, and unexpended funds remaining at the close of the fiscal year
2 shall not lapse to the general fund but shall be carried forward to the
3 subsequent fiscal year.

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

13 Sec. 303. (1) The department shall obtain a new appraisal to
14 determine the fair market value of the Oak Park armory property. The results of
15 that appraisal shall be forwarded to the city of Oak Park. For a period
16 of 60 days following receipt of the appraisal by the city, the city of
17 Oak Park shall have the right to purchase the armory property at a price
18 equal to the appraised value under the appraisal obtained pursuant to
19 this section. Any agreement regarding the sale of the property to the
20 city of Oak Park shall comply with the provisions of section 382 of the
21 Michigan military act, 1967 PA 150, MCL 32.782, and shall include a
22 restriction that the city not receive any remuneration from the subse-
23 quent resale of the property to an outside party beyond the purchase
24 price paid by the city and any reasonable expenses incurred by the city
25 in developing the property. If the city has not formally notified the
26 department within 60 days of its decision to purchase the property, the
27 department shall proceed with the sale of the property under the

1 provisions of the Michigan military act, 1967 PA 150, MCL 32.501 to
2 32.851. Proceeds from the sale of the property shall be deposited in the
3 Michigan national guard armory construction fund, as provided in section
4 382a of the Michigan military act. 1967 PA 150. MCL 32.782a.

(2) This section is a special regulation adopted by the legislature
as authorized by section 356 of the Michigan military act. 1967 PA 150.
MCL 32.756 and does not amend the Michigan military act, 1967 PA 150, MCL
32.501 to 32.851.

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

9 **VETERANS SERVICE ORGANIZATIONS**

10 Sec. 501. (1) Money appropriated in section 105 for grants to vet-
11 erans service organizations shall be used only for salaries, wages,
12 related personnel costs, training, and equipment for accredited veteran
13 service advocacy officers and necessary support and managerial staff.
14 Training shall be provided for service advocacy officers and shall be
15 conducted by accredited advocacy officers.

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

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

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

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

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1 (d) Comply with the department's and the legislature's requirements
2 of accounting audits, service work activity, accounting of recoveries,
3 listing of volunteer hours, budget requests, and other requirements spec-
4 ified in subsection (3).

5 (e) For a veterans service organization founded after September 30,
6 1989, be in operation and providing service to Michigan veterans for not
7 less than 2 years before receiving an initial state grant. During this
8 2-year period of time, the organization shall file a listing of service
9 work activity and an accounting of recoveries with the department, the
10 senate and house fiscal agencies, the senate and house of representatives
11 appropriations subcommittees on military affairs, and the state budget
12 office on forms as prescribed by the department.

13 (3) A veterans service organization receiving a grant from the money
14 appropriated in section 105 shall file with the department an accounting
15 of its expenditures, audited and certified by a certified public accoun-
16 tant, within 120 days after the organization's fiscal year end. Each
17 organization shall provide a detailed budget request for the fiscal year
18 ending September 30, 2004, to the department by November 15, 2002, within
19 the format as prescribed by the department to be used in the development
20 of the budget for the fiscal year ending September 30, 2004. Each veter-
21 ans service organization shall provide 5 copies of a listing of all serv-
22 ice activity, an accounting of recoveries, and a listing of volunteer
23 hours for the fiscal year ending September 30, 2002, to the department by
24 January 31, 2003. The listing of volunteer hours shall include the
25 hours, services, and donations provided to residents of the Grand Rapids
26 veterans' home and the D.J. Jacobetti veterans' home. Each veterans
27 service organization shall provide a copy of the most recent and

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1 completed internal revenue service form 990 to the department at the end
2 of the fiscal year ending September 30, 2002. A veterans service organi-
3 zation receiving a grant from the money appropriated in section 105 shall
4 use the forms recommended by the Michigan veterans organizations' reha-
5 bilitation and veterans service committee for filing reports required by
6 this act. The department shall forward information required under this
7 section to the senate and house fiscal agencies, the senate and house of
8 representatives appropriations subcommittees on military affairs, and the
9 state budget office.

10 VETERANS' HOMES

11 Sec. 601. Appropriations in this act for the Grand Rapids veterans'
12 home and the D.J. Jacobetti veterans' home shall not be used for any pur-
13 pose other than for veterans and veterans' families.

14 Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti
15 veterans' home, together with the department and the department of man-
16 agement and budget, shall produce and deliver to the senate and house of
17 representatives appropriations subcommittees on state police and military
18 affairs an annual written report. The report shall include an accounting
19 of member populations and bed space available; a description and account-
20 ing of services and activities provided to members; financial informa-
21 tion; current state nursing home licensure status; the steps required for
22 Medicaid certification, including a listing of any personnel, equipment,
23 supplies, or budgetary increases required; and whether or not steps are
24 being taken toward Medicaid certification. The annual report shall be

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1 submitted to the senate and house of representatives appropriations
2 subcommittees on military affairs no later than February 1, 2003.

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

8 **VETERANS' TRUST FUND**

9 Sec. 703. (1) By April 1, 2003, the department shall submit to the
10 senate and house of representatives appropriations subcommittees on mili-
11 tary affairs and the state budget office a detailed annual report of the
12 Michigan veterans' trust fund for fiscal year 2001-2002. The report
13 shall include information on grants provided from the emergency grant
14 program and the veterans survivor tuition program, including details con-
15 cerning the methodology of allocations, the selection of emergency grant
16 program authorized agents, and a detailed breakdown of trust fund expen-
17 ditures for that year. The report shall also provide an update on the
18 department's efforts to reduce program administrative costs.

19 (2) The annual report required under subsection (1) shall provide
20 detailed information on the number of emergency grant applications denied
21 during fiscal year 2000-2001, including an accounting of the reasons for
22 denial. This information also shall include the number of persons denied
23 an emergency grant because of individual ineligibility, because of insuf-
24 ficient funds, and because the applicant's request did not meet minimum
25 program criteria.

1 (3) The annual report required under subsection (1) shall contain
2 information on the veterans survivors tuition program, including the
3 number of participants, where the participants attended school, payments
4 made to each school, the average grade point and number of college cred-
5 its earned by each participant, the number of participants suspended by
6 the program, and the number of participants who earned a degree during
7 fiscal year 2001-2002.

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