

Legislative Analysis



COUNTY VETERAN SERVICE FUND ELIGIBILITY

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House Bill 6377 as introduced
Sponsor: Rep. Roger Hauck
Committee: Appropriations
Complete to 9-20-22

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

SUMMARY:

House Bill 6377 would amend section 3a of 1953 PA 192, which created the County Veteran Service Fund and grant program. The bill would set in perpetuity the minimum level of county funding for veteran service operations that is required to qualify to receive funding from the County Veteran Service Fund grant program to 70% of a county's total funding for veterans services in fiscal year (FY) 2017-18. The act currently sets this funding level as the minimum qualifying threshold for FYs 2020-21 and 2021-22 only. Under current law, beginning at the start of FY 2022-23, the minimum qualifying funding level is set to revert back to the minimum funding required prior to FY 2020-21, which was 100% of a county's total funding for veterans services in FY 2017-18.

MCL 35.623a

BACKGROUND

The County Veteran Service Fund and the grant program created with it by 2018 PA 210 were established to give direct and flexible funding to county Departments of Veterans Affairs to provide veteran service operations. "Veteran service operations" is broadly defined in the act as "assistance and programming of any kind to meet the needs of veterans in this state." Dependent upon availability of money in the fund, grants are awarded to qualifying applicants at a base level of \$50,000 and an additional amount based on a per-capita formula using the number of veterans residing in each county.

To qualify for a grant, counties must meet certain criteria, including, but not limited to, maintaining a minimum level of county funding for veteran service operations and providing no less than 20 hours per week toward veteran service operations. In response to new hardships counties faced with the COVID-19 pandemic, the minimum level of county funding, which serves as a "maintenance of effort" requirement, was reduced under 2021 PA 34 from the full amount of a county's total funding for veterans service operations in FY 2017-18 to 70% of that amount for FYs 2020-21 and 2021-22, but expiring in FY 2022-23.

FISCAL IMPACT:

A decrease in the minimum required county funding level would reduce costs in future fiscal years for certain counties and increase expenditures made from the state restricted County Veteran Service Fund. The bill would not likely result in the need for any increase in state appropriations to the fund over the coming fiscal years to maintain existing county veteran service operations. The fund receives an annual General Fund/General Purpose appropriation. \$4.0 million is appropriated in the current fiscal year, and \$4.3 million is appropriated in FY 2022-23. The statutory grant distribution formula disburses nearly the full balance of the fund

each year to all qualifying applicants. Due to counties not spending the full grant amounts, grant balances are returned to the fund resulting in an annual carry forward balance. The current balance of the fund is approximately \$3.6 million.

The bill would make it easier for counties to qualify for grants in future years, potentially resulting in additional grants being issued from the fund and decreases in county veterans services spending. In FY 2021-22, 67 counties were issued grants. Although the formula requires nearly the full balance of the fund to be awarded as grants, additional grant awards would result in a higher percentage of total grant funding being expended and a decrease in grant funding returning to the fund balance.

It is not known if the reduction of the minimum required county funding level would result in counties decreasing funding for veteran service operations by 30%, however most presumably would. Three counties were identified by the Michigan Veterans Affairs Agency (MVAA) as having to increase their Department of Veterans Affairs budgets in order to qualify for a grant in FY 2022-23. These counties increased their budgets by the following amounts: Clare – \$17,600, Wayne – \$10,200, and Kalkaska – \$3,100. Data on funding levels of county Departments of Veterans Affairs was not available from the MVAA at the time of this analysis.

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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.