

FY 2022 Annual Report on the Michigan Veterans Trust Fund



In accordance with provisions of Section 405, Public Act 87 of 2021, the Department of Military and Veterans Affairs submits the following information concerning operations of the Michigan Veterans Trust Fund (MVTF) from October 1, 2021 through September 30, 2022. Specific data to report for FY22 identified in the Public Act is included in Enclosures 1 through 5.

Emergency Grant Program

The Board of Trustees appointed by the Governor administers the Emergency Grant Program (EGP) which makes available grants to honorably discharged wartime era veterans and their dependents with unforeseen, short-term financial emergent needs. "Emergent need" has been defined as "an unforeseen circumstance causing a temporary or short-term financial emergency or hardship that a grant will resolve." Additionally, the applicant must demonstrate the ability to maintain financial obligations in the future.

History

The MVTF was established in 1946 with a corpus of \$50 million to help World War II veterans overcome unexpected expenses ranging from utility bills to home repairs to mortgage assistance and to get back on their feet financially. Veterans of subsequent conflict eras have also been made eligible for the EGP.

Between 1946 and 1996, on occasion, the legislature utilized portions of the MVTF for purposes not related to the initial establishment of the MVTF. In 1996, constitutional protections were added to the Trust Fund corpus. As a result, the Board of Trustees now has sole fiscal authority over the MVTF and the corpus has recovered its original value as of 2010 and has grown through careful investments ending the fiscal year at about \$64.2 million. The Board endeavors to continue to grow the corpus to safeguard the trust fund for future generations of veterans.

Fund Allocation

In accordance with Section 5, Public Act 9 of 1946 - MCL 35.605 funds are allocated in the following manner. Initially, the Trustees approve and budget the administrative operating expenses of the fund from the anticipated earnings. Previously, the MVTF would distribute emergency grant funds by allocating 50 percent of the emergency grant budget to the 83 counties based on the ratio of the county's war era veterans to the state's total war era veteran population. A U.S. Department of Veterans Affairs report served as the source document and funds were distributed to the counties on a quarterly basis. County allocations continue to be calculated at the State office based on county populations of war-time era veterans, but no

disbursements are made to the counties. The decision by the Board of Trustees to utilize current technologies to make grant payments from the State office made the disbursement of funds to the county treasurers' offices unnecessary and inefficient. The Trustees hold a 50 percent reserve for payment of grants once the initial county allocation has been expended in support of individual grants.

Unexpended funds remaining at the end of the fiscal year are reinvested into the corpus.

Applications and grants

County and regional/district committees composed of veterans appointed by the Board of Trustees analyze the merits of each application and vote to approve or deny according to policies established by the Board of Trustees. Approved applications are paid by the MVTF State office to the vendor providing the service to the applicant (no money is paid directly to an applicant). Applicants who receive notification that their application was denied are provided instructions for how they may appeal the decision to the Board of Trustees.

EMERGENCY GRANT PROGRAM 5-YEAR COMPARISON					
	Applications Total	Approved	% Approved <i>(Withdrawn applications not included)</i>	Amount Requested	Grants Distributed
FY 2017-18	1,618	679	42%	\$2,511,791	\$864,122
FY 2018-19	1,557	900	58%	\$1,830,809	\$1,259,082
FY 2019-20	1,125	541	71%	\$2,843,920	\$1,033,575
FY 2020-21	760	426	74%	\$2,177,095	\$1,303,008
FY 2021-22	1,298	482	79%	\$2,656,635	\$1,513,467

The MVTF has no direct control over the number of applications it receives in any given year. It is generally true that the MVTF has experienced increased applications when the economy is doing poorly, and the number of applications decreases when the economy is performing well. In addition, the success of the Michigan Veterans Resource Service Center (MVRSC) within the Michigan Veterans Affairs Agency (MVAA) suggests that more veterans are receiving assistance from other resources to address their emergent needs without applying to the MVTF. The MVRSC has a mission to facilitate access for veterans to all available resources whether they be federal, state, or county; private or government; non-profit or corporate. The MVTF's relationship with the MVRSC is discussed in greater detail below.

EGP Structure

The MVTF ensures that every veteran has access to the EGP through the operations of its 70 local trust fund committees with 65 organized on a County Model and 5 on a Regional/District Model (MCL 35.606a authorizes consolidating counties into districts).

County Model Administrative Operations

In the County Model, applications continue to be taken by an authorized agent and submitted to the county MVTF committee as before. However, instead of contacting vendors to coordinate payments, creating and processing vouchers, and balancing a separate MVTF account, counties now simply forward the completed application with the local committee decision to the State office to make payments and file for record-keeping.

By removing fiscal responsibilities and the administrative requirement for counties to maintain a separate MVTF account to pay emergency grants, the workload previously contracted through service agreements with the counties has been significantly reduced. With this change, counties are no longer burdened with the responsibilities of managing the EGP. Rather, they simply assist their veterans in need to access a resource that a committee of their local veterans may approve to provide emergency assistance.

Regional/District Model Administrative Operations

The Regional/District Model leverages available technology to increase access to the EGP while reducing the reliance on authorized agents and service agreements at the county level. It consolidates several county level committees into a regional/district committee with a representative from each county and an application review process that is completed online weekly. This process eliminates the need and cost of the physical meetings associated with the County Model. Upon completion of the committee's review of the applications, the MVTF State office staff sends out notifications of decisions and makes the appropriate grant payments.

The Regional/District Model relies on a collaborative relationship with the MVAA's MVRSC to receive phone calls for emergency assistance and then triage the request to the best available resource for that veteran's situation. This collaboration leads to a broader consideration of all available resources (federal, state, local, private, etc.) and facilitates coordination to address the needs of the veteran which may be more complex than what was initially identified. The Regional/District Model recognizes that the EGP is a great resource whose impact can be amplified when applying the MVAA's philosophy of "No Wrong Door" for serving and caring for our veterans, by guiding them to the best resource for their situation.

Accountability and Transparency

In May 2019, the Office of Auditor General released its latest audit which credited the MVTF with achieving a 25 percent reduction in "administrative expenses" over the previous two

years. This achievement came as a result of cost saving measures tested in the Regional/District Model Pilot conducted in 2016 and fully implemented in FY 2018.

In addition to exploring cost-savings, the Director and the Board set about to align more closely the MVTF's financial reporting with that of other trust funds within Michigan state government. A comparison revealed that while other State-chartered trust funds either separated program costs from administrative costs or elected not to report any administrative costs, the MVTF was unintentionally inflating its administrative costs by reporting all expenses as administrative costs. In consultation with the DTMB Office of Internal Auditors, the MVTF has now begun to separate program costs from administrative costs in its reporting.

MVTF EXPENDITURES 5-YEAR COMPARISON					
Fiscal Year	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Treasury/Security Lending Fees	\$105,694	\$105,653	\$124,657	\$102,637	\$125,061
State Admin Costs	\$90,202*	\$93,315*	\$88,793*	\$94,867*	\$88,631*
State Program Costs	\$528,190*	\$585,042*	\$572,908*	\$690,762*	\$836,296
County Program Costs	\$52,766*	\$64,647*	\$44,833*	\$34,334*	\$48,073
Special Program Grants	<i>n/a</i>	\$2,000	\$8,000	\$484,640	\$308,000
Grants	\$864,122	\$1,259,082	\$1,030,786	\$1,303,008	\$1,513,467

**Program costs have been separated from Administrative costs beginning in FY 2018.*

Financial Condition of MVTF Corpus

An amendment to the State Constitution in August 2002 allows the State of Michigan's trusts to contain equity and corporate bond holdings. This permits the State Treasurer, acting in accordance with the authority of Article IX, Section 37 of the State Constitution, to work in conjunction with the Board to maintain the corpus at or above its original value of \$50 million, to provide earnings with which to fund the EGP (both program expenses and administrative expenses) and additional projects or programs that the Board chooses to fund in accordance with its constitutional powers. Additionally, the Board has a goal to grow the corpus so that it remains a viable source of benefits for future generations of Michigan veterans.

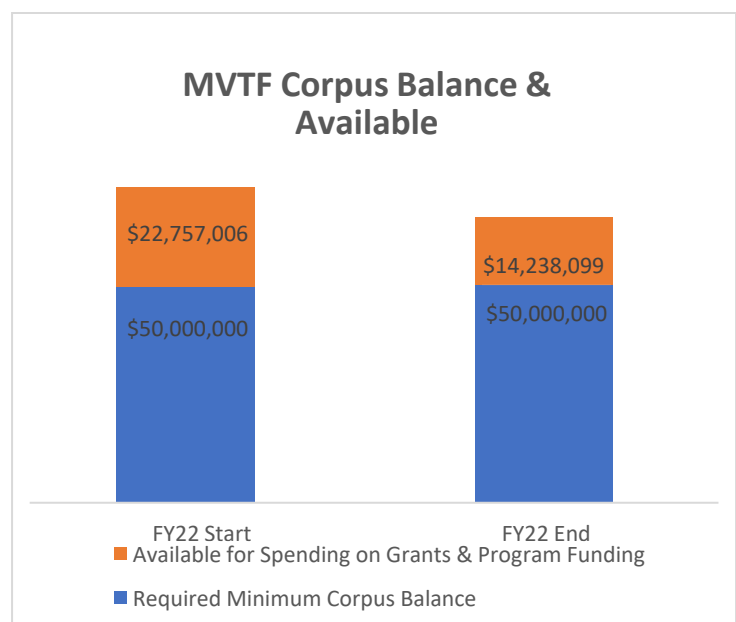
Corpus (in millions)	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Beginning balance	\$58.2	\$61.1	\$63.7	\$65.4	\$72.8
Ending balance	\$61.1	\$63.7	\$65.4	\$72.8	\$64.2

As stewards of the MVTF, the Board of Trustees works closely with the Treasury Department to increase the earnings potential of the corpus without exposing it to unacceptable risks. In 2016, at the request of the Board, Treasury adjusted the investment strategy to accept a slightly increased level of investment risk to achieve greater gains to the corpus and improve its financial position in anticipation of the demands that will be placed upon it in the future. As a result, the corpus grew over the last several years with strong stock market gains until last year when the corpus experienced a loss due to the struggling economy and stock market performance.

CORPUS VALUE				
(as of September 30, 2022)	Cost/Book Value	% of total	Market Value	% of total
Short Term Investments	\$2,529,351	3.84	\$2,529,351	3.94
Total Fixed Income	\$19,774,156	29.97	\$17,021,846	26.5
Equities	\$23,483,902	35.59	\$19,121,317	29.77
Real Estate	\$2,761,396	4.19	\$2,985,158	4.65
Alternative Investments	\$17,426,516	26.41	\$22,580,426	35.15
Total	\$65,975,322	100	\$64,238,099	100

Actions to Preserve the Fund

Over the years, the Board of Trustees has cut its program and administrative costs by various means including the reduction of full-time staff. Staffing has fallen from a high of 23 in 1983 to the current level of six full-time employees. More recently, the MVTF Director and the Board of Trustees have begun leveraging technology to modernize operations that reduce program and administrative costs while also preparing for success in the future.



This initiative has enabled the MVTF to centralize all payment processing in the State office eliminating costly and redundant processes established decades ago that also placed additional administrative burdens on the counties. In addition, the MVTF converted the 166 spreadsheets it was using to administer the EGP into one database and converted to a completely paperless system of record retention by leveraging the MVAA's chosen customer relationship management platform, Salesforce, to manage applications, committee voting, grant payments, and veteran contact information. In 2022, the MVTF began the development of an electronic application that will be fully integrated into the Salesforce platform and will expand the use of digital communications with county veterans' affairs offices. This application is expected to be deployed in 2023.

The Trust Fund of the Future

The EGP has been experiencing a declining number of applications over the last several years. There are a number of factors contributing to the declining application count including the nearly complete loss of our World War II and Korean War veterans along with the aging and depleting ranks of our Vietnam-era veterans with their diminished life expectancy rates largely attributed to Agent Orange related illnesses. Even as the number of veterans decline, it is important to remember that nearly every veteran that has been released from active duty in the last 30 years is eligible for the EGP and the last wartime era veteran eligible to apply to the EGP has not been born yet. As the younger generations of veterans age and the MVAA continues its aggressive information campaign to ensure that every Michigan veteran knows about the benefits for which they are entitled, we fully anticipate that utilization of the EGP will likely increase in the future and especially as the economy continues to struggle.

Many veterans and dependents could have averted the financial crisis that prompted their EGP application by becoming educated about budget matters and getting help to manage their finances responsibly. To this end, in 2019, the Board of Trustees partnered with GreenPath Financial Wellness, a Michigan non-profit, to provide a dedicated phone line for all Michigan veterans (including peacetime veterans) seeking assistance to achieve financial wellness and making available their suite of educational resources and trained counselors. As participation in this program continues to grow, this partnership shows promise in assisting Michigan veterans to achieve and maintain financial wellness and self-sufficiency.

In its strategic plan, the Board of Trustees has identified goals for how the MVTF can shape and positively impact the veteran community of the future. The Board recognizes the need to exercise vigilant oversight of the corpus and to be diligent to assess and address the needs of future generations of veterans while prioritizing the function and operations of the EGP. The Board believes that the MVTF of the future will have a greater impact by developing, supporting, and leveraging partnerships with organizations that are experiencing success in helping veterans and their families to thrive. Enclosure 5 is taken from the MVAA FY22 Annual Report and details

some of the additional accomplishments of the MVTF in support of the strategic plan (some of the data in this enclosure has been updated in this report). The MVTF's strategic plan can be viewed at the MVAA website.

Please feel free to request specific information about the Michigan Veterans Trust Fund, as desired.

Sincerely,

A handwritten signature in cursive script that reads "Lindell L. Holm".

Lindell L. Holm
Director, Michigan Veterans Trust Fund

Enclosures

1. Grant assistance data by category and county
2. Statistical data of applications and grant by county
3. County program costs
4. Reasons for denial
5. Applications by Era and MVTF Accomplishment (excerpt from MVAA FY21 Annual Report)

Grant Assistance by County & Category

County	Home Repair	Medical	Miscellaneous	Shelter	Transportation	Utilities	Grand Total
Allegan	2			2	3	6	13
Alpena	2			1	1	2	6
Antrim	1	1		4	4	3	13
Arenac	1						1
Bay	5			2		1	8
Benzie	2						2
Berrien	9			3	5	14	31
Calhoun	6			12	8	24	50
Charlevoix					2	4	6
Cheboygan	1			1	1		3
Chippewa		1		3	4	5	13
Clinton			1			1	2
Crawford	2			1	2	1	6
Dickinson	2				1	2	5
Eaton	4			5	4	8	21
Genesee	8	1		7	1	7	24
Gladwin	2			3	1	4	10
Grand Traverse	5			4	1	1	11
Gratiot	1	5		1	4	9	20
Houghton	3	1	1	8	11	23	47
Ingham	6	1		19	16	24	66
Iosco	4	1		1			6
Isabella				3		2	5
Jackson	5			3	4	5	17
Kalamazoo				2	7	2	11
Kent	1			8	7	4	20
Lake	1					1	2
Lapeer	4			9	2	5	20
Leelanau	1						1
Lenawee				2	1	2	5
Livingston					1		1
Mackinac		3		2	3		8
Macomb	6	4	3	25	21	27	86
Marquette	2	1		1		2	6
Mason	2						2
Mecosta	2	1		5	2	7	17
Menominee	1					4	5
Midland	2	2		3	1	5	13
Monroe				9	3	9	21
Montmorency	1	1		5		1	8
Muskegon	14			14	7	10	45
Newaygo	10	5		3	3	3	24
Oakland	10	1	4	15	14	24	68

Grant Assistance by County & Category

Oceana	4	1	1	5	4	7	22
Otsego	1			1	1	7	10
Ottawa	1	2		6	5	4	18
Roscommon	4			1		1	6
Saginaw	4		1	8	10	17	40
Schoolcraft	3						3
St. Clair	1			3	1	5	10
Washtenaw	1			6		4	11
Wayne	12	1	1	42	27	46	129
(blank)	1			1	1	3	6
Shiawassee						2	2
Cass	2						2
St. Joseph	2			2	3	1	8
Baraga						2	2
Clare	1						1
Wexford	1			1	1		3
Ogemaw		1					1
Iron						1	1
Missaukee				1			1
Osceola				1			1
Ionia					2		2
Grand Total	166	34	12	264	200	352	1028

2022 EGP APPLICATIONS

County	Approved	Partial	Recommend Approval	Dis- approved	Ineligible	Withdrawn	Grand Total
Allegan	4	2				11	17
Alpena	2	1		1		1	5
Antrim	4			3		1	8
Arenac				1		1	2
Bay	5			2		4	11
Benzie	2						2
Berrien	12	4				2	18
Calhoun	21	1		4		4	30
Charlevoix	2						2
Cheboygan	2						2
Chippewa	6						6
Clinton	1					2	3
Crawford	5			1		1	7
Dickinson	4			1		1	6
Eaton	10			1		24	35
Genesee	10	4		4		3	21
Gladwin	7			2		1	10
Grand Traverse	6			4		1	11
Gratiot	7					4	11
Hillsdale						2	2
Houghton	17						17
Ingham	31	1		4		4	40
Ionia				1		3	4
Iosco	1	1		2		1	5
Isabella	3						3
Jackson	7	1		2		43	53
Kalamazoo	4			2		23	29
Kent	7	2		4	1	48	62
Lake	1					4	5
Lapeer	14			1		1	16
Leelanau	1						1
Lenawee	2			1		4	7
Livingston						7	7
Mackinac	5			2			7
Macomb	42	1		4		5	52
Marquette	4						4
Mason	2					1	3
Mecosta	6	2			1	11	20
Menominee	2			1		1	4
Midland	5	1		3		3	12
Monroe	4				1	9	14
Montcalm						6	6
Montmorency	1			2		1	4

Muskegon	25	2		6	1	26	60
Newaygo	6			9		8	23
Oakland	27	2		11		60	100
Oceana	13	1		1		1	16
Ogemaw				1			1
Osceola	1					5	6
Oscoda						3	3
Otsego	7						7
Ottawa	12		1			3	16
Presque Isle						1	1
Roscommon	3	1		2		8	14
Saginaw	24	1		3		3	31
Schoolcraft	2	1					3
Shiawassee	1					2	3
St. Clair	5	1		2		1	9
Washtenaw	4	2				24	30
Wayne	39	4	1	23	2	224	293
(blank)	1			3		55	59
Cass	1			1			2
St. Joseph	1			2		2	5
Clare	1					1	2
Unknown						3	3
Van Buren						5	5
Baraga	1						1
Wexford	1			1		1	3
Out of State						1	1
Tuscola						4	4
Manistee						1	1
Branch						3	3
Missaukee	1					3	4
Barry						2	2
Alcona						2	2
Iron	1						1
Grand Total	446	36	2	118	6	690	1298

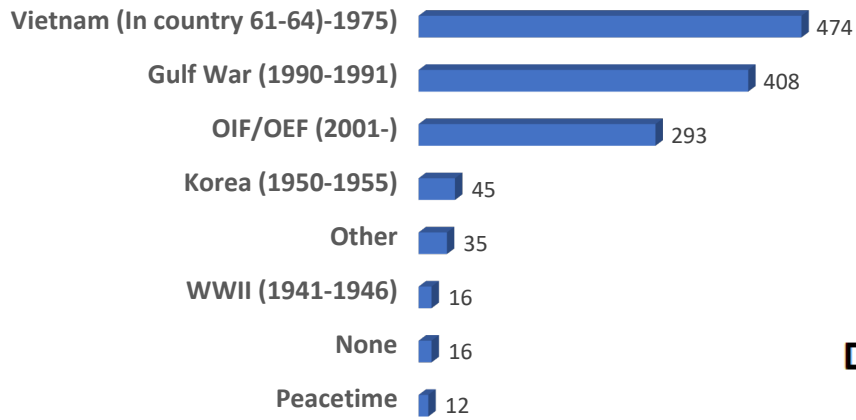
County Program Costs

County	Non Employee Mileage Reimbursement	Stipend	Other Purchased Services	Supplies	DTMB Print and Graphic Services	Grand Total
Alcona County						
Allegan County						
Alpena County						
Antrim County						
Barry County	\$914.85					\$ 914.85
Bay County						
Benzie County						
Berrien County						
Calhoun County			\$ 70.00			\$70.00
Cass County						
Charlevoix County						
Cheboygan County						
Chippewa County						
Clinton County						
Crawford County						
Dickinson County						
Eaton County	\$2,914.07					\$ 2,914.07
Genesee County					\$454.97	\$454.97
Gladwin County						
Grand Traverse County						
Gratiot County						
Houghton County						
Ingham County		\$ 17.84				\$17.84
Iosco County						
Isabella County						
Jackson County						
Kalamazoo County						
Kent County						
Lake County						
Lapeer County						
Leelanau County						
Lenawee County						
Mackinac County						
Macomb County						
Marquette County						
Mason County						
Mecosta County						
Menominee County						
Midland County						
Monroe County						
Montmorency County						

Muskegon County	\$1,356.45					\$1,356.45
Newaygo County						
Oakland County		\$11,540.55				\$11,540.55
Oceana County						
Otsego County						
Ottawa County						
Roscommon County						
Saginaw County		\$20,178.67	\$ 2,400.00	\$ 60.00		\$22,638.67
Schoolcraft County						
Shiawassee County						
St. Clair County	\$ 2,247.19					\$ 2,247.19
Washtenaw County	\$ 2,635.19					\$2,635.19
Wayne County		\$3,283.39				\$3,283.39
Wexford County						
(blank)						
Grand Total	\$10,067.75	\$ 35,020.45	\$2,470.00	\$ 60.00	\$454.97	\$ 48,073.17

Application Data

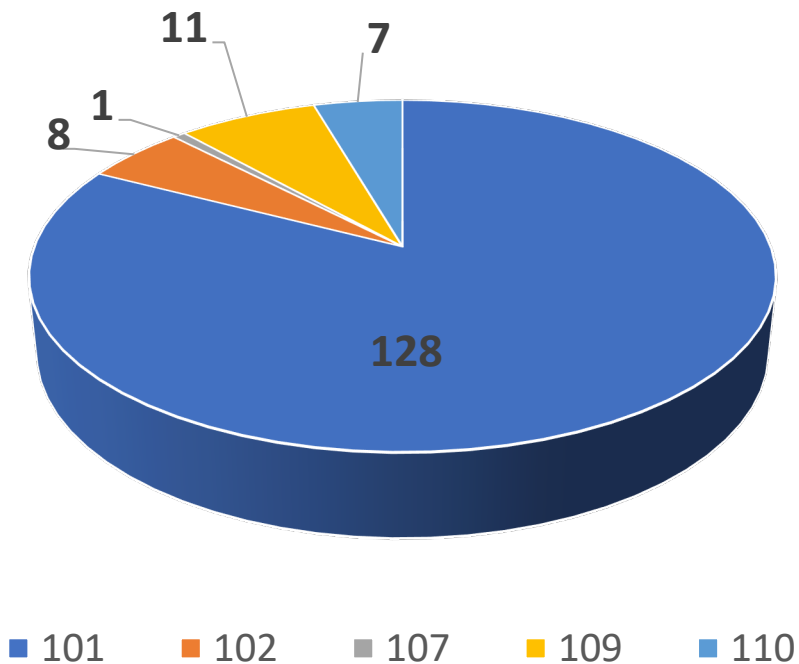
Applicant Period of Service



**Veterans and
Dependants assisted
with Grant**



Denial by Policy (BoT only)



FY22 MICHIGAN VETERANS TRUST FUND (MVTF) ACCOMPLISHMENTS

Established by the state Legislature in 1946 to assist World War II veterans, the MVTF continues to provide emergency assistance to veterans and their families as a critical component of the Michigan Veterans Affairs Agency and the Michigan Department of Military and Veterans Affairs. The MVTF was established with \$50 million in post-World War II reserve funds; that corpus now sits at \$64.7 million.

In FY22, the MVTF distributed \$1.5 million in emergency grants, assisting nearly 1,200 veterans and dependents. The Trust Fund approved 61% of the emergency aid applications, reviews and appeals it handled. The average emergency grant was \$4,250.



65+ Peacetime Program

For the first time, the MVTF provided emergency assistance to eligible peacetime-era veterans 65 years and older under a new program launched in FY22. Similar to its Emergency Grant Program for wartime-era veterans, the 65+ Peacetime Program allows veterans who served in a peacetime era, have at least 180 days of service and were discharged under honorable conditions to apply for emergency assistance.

Michigan Veterans Entrepreneurial Lab

In partnership with Grand Valley State University, the MVTF continued to sponsor another year of

entrepreneurial training for veterans and their spouses interested in starting their own business. The 12 weeks of training culminates in a pitch competition with a grand prize of \$10,000. The support provided by the MVTF has enabled GVSU to expand the MVE Lab from the Grand Rapids area to Detroit, Ann Arbor, Muskegon and other locations.

Zero Day Career Training

The MVTF purchased a food trailer that will enable Zero Day to expand on its certified food-industry training for veterans. Breaking into the burgeoning food truck industry will allow veterans to capitalize on the growth of this industry and help them launch their own food truck businesses.

GreenPath Financial Wellness

Since 2019, the MVTF Board of Trustees has partnered with GreenPath Financial Wellness, a Michigan nonprofit, to assist all Michigan veterans – including peacetime-era veterans – in achieving financial wellness. GreenPath provides a dedicated phone line for veterans and offers its suite of educational resources and trained financial counselors. As the program grows, this partnership shows promise in assisting Michigan veterans to achieve and maintain financial wellness and self-sufficiency.

MVTF's 65+ PEACETIME PROGRAM HELPS FLINT VETERAN GET NEW FURNACE

Growing up poor in Alabama, Lloyd Clayton joined the Army Reserves while still in high school in 1957. The infantryman eventually went on active duty in 1959, serving in Panama before transitioning out of the service in 1961.

After moving quite a few times, Clayton and his wife eventually settled in Flint. Their home needed a ton of work, most importantly a new furnace, but after running into financial hardship, Clayton couldn't afford to make the repairs. He went to the Genesee County Department of Veterans Affairs to get help.

"I didn't know what to do," Clayton said. "The house was so cold last year. We were using space heaters and our electric bill was around \$600 a month. A Veteran Service Officer told me that the folks at the Michigan Veterans Trust Fund in Lansing could be of assistance."

Clayton was eligible for assistance because of the MVTF's new 65+ Peacetime Program. The assistance helps peacetime-era veterans overcome financial emergencies by covering utility bills, home repairs and rent and mortgage assistance.

Through the MVTF, Clayton was able to get a new furnace worth more than \$5,000 installed at no charge. He hopes his story resonates with other veterans who served during peacetime and were not eligible for MVTF emergency assistance in the past.

"If you're a veteran, you don't have to struggle," Clayton said. "All you have to do is ask."



▲ (Top photo, left to right) MVTF Director Lindell Holm, technician Jessica Green and Chairman of the Board Jim Dempsey. Green received the Warrior Citizen of the Year award at the 2021 Michigan Military & Veterans Gala. (Bottom photo, left to right) U.P. Veteran of the Year Tracey Tippet with Lindell Holm at the 2022 U.P. State Fair.