

MICHIGAN VETERANS  
FACILITY AUTHORITY  
Future Operating Model

## SUMMARY OF THE FUTURE MVFA OPERATING MODEL

Below is an outline of the intended future operating model for the MVFA. Some of the elements of this model are outside of the MVFA Board's authority to establish unilaterally and will likely require gubernatorial and/or legislative action to put into effect.

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### GOVERNANCE

- MVFA is statutorily designated to be part of the Executive Branch and will operate within one of its gubernatorial-established principal departments. Currently, that department is the Department of Military and Veteran Affairs (DMVA).
- Additionally, MVFA is governed by a 9-member volunteer Board of Directors. Eight of those directors must have professional knowledge, skill, or experience in long-term care, health care licensure or finance, or medicine; the ninth director is the DMVA director or his/her designee from within the Department. Additional requirements of the make-up of the board are as follows:
  - Three members are appointed by the Governor with the advice and consent of the Senate and represent the interests of one or more congressionally chartered veterans' organizations.
  - Three members are appointed by the Governor with the advice and consent of the Senate, one of whom shall be a resident of the Upper Peninsula.
  - One member is appointed by the Governor from a list of 2 or more individuals selected by the Majority Leader of the Senate.
  - One member is appointed by the Governor from a list of 2 or more individuals selected by the Speaker of the House of Representatives.
  - One year after the second facility operated by MVFA is open and housing veterans, the Director of the Department shall then serve as a nonvoting member of the board. A new member who is a veteran and who has professional knowledge, skill, or experience in long-term care, health care licensure or finance, or medicine shall be appointed by the Governor with the advice and consent of the Senate.
  - Starting on January 1, 2019, the Director is no longer the chairperson of the board. The board shall select a new chairperson who is not the Director or his or her designee.
- The Board will establish committees and make policies as necessary to complete its work and fulfill its statutory and fiduciary responsibilities.

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### LEADERSHIP

- It is the Board's intention to establish a Chief Executive Officer (CEO)/Executive Director position within MVFA to whom it will delegate its authority to carry out its strategic direction.
- It is further intended that the CEO/Executive Director position shall be a full-time, unclassified position under the state's Civil Service rules and be compensated at a rate commensurate to his/her duties and experience. The unclassified position will be secured through either legislative or administrative action to designate one of the Department's allotted unclassified positions to be the MVFA CEO/Executive Director.

- In addition, the Board shall actively participate in the selection of the person to be CEO/Executive Director and recommend that individual to the Director of the Department (or the individual whom he/she has designated as the Appointing Authority for the position).
- The CEO/Executive Director position administratively reports to the Director of the Department or his/her designee. However, it is the intention of the Board that the CEO/Executive Director position also be accountable to the Board for fulfilling its statutory responsibilities and implementing its strategic direction.
- It is the Board's intention that, once hired, the CEO/Executive Director be designated the Appointing Authority for all other MVFA staff positions.
- It is anticipated that the CEO/Executive Director would then – consistent with state Civil Service rules – hire an executive management team to support him/her in implementing the Board's strategic direction. This team would be responsible for both overseeing the operation of MVFA facilities and ensuring that the administrative capabilities are in place to support those operations (see below).

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## SOURCING OF SITE OPERATIONS

- It is the Board's intention that MVFA apply a consistent approach for sourcing operations across all its facilities.
- Direct care positions will be filled by State of Michigan employees operating under the relevant Civil Service rules and collective bargaining agreements provided that this staffing model can be accomplished in a fiscally sustainable manner. As such, MVFA will seek to reduce the pension legacy costs that it is currently obligated to pay.
- Other, non-direct care functions such as food service, housekeeping, and security will be evaluated as to the feasibility, financial and performance benefits, and risks of securing those services through a contract with one or more organizations outside of State government.
- In cases where the CEO/Executive Director and Board determine that the expected financial and performance benefits of contracting for a function or set of functions outweigh the risks, the CEO/Executive Director will then proceed with the necessary steps in this process, including obtaining the appropriate waivers from Civil Service.
- In the event MVFA awards a contract(s) to a vendor or group of vendors to carry out designated functions, the duration, performance conditions, and financial arrangements of the contract will be structured to ensure that MVFA receives the quality of services it requires to meet the needs of its veterans, enhance its financial sustainability, and maintain the flexibility it needs to adapt to changing circumstances.

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## ADMINISTRATIVE FUNCTIONS

- MVFA's authorizing legislation indicates that "the staffing, budgeting, procurement, and related administrative functions of the authority may be performed under the direction and supervision of the director of the department." While this language appears to imply that MVFA has the authority to establish its own administrative functions, it is the Board's intention that MVFA will initially rely on the State's administrative capabilities.
- MVFA will pay for its use of the State's administrative functions through the financial reimbursement arrangements that exist between those agencies and state agencies like MVFA for which the services are provided.

- Within the context of those arrangements, MVFA will seek to build strong, performance-oriented relationships with the State administrative functions that support MVFA, particularly in human resources, procurement, and technology.
- In addition, MVFA will seek to develop accountability mechanisms with those State agencies through written service agreements that include measurable performance measures and service standards, monthly reporting requirements, financial consequences for performance that falls below established expectations, and incentives when performance exceeds those levels.
- The Board will also expect and challenge MVFA senior staff who oversee the agency's administrative functions to operate with a forward-looking, entrepreneurial mindset that positions MVFA for a future state in which it may take advantage of its statutorily provided flexibility to become more independent in how it secures its procurement, technology, and financial management services. It is understood that because of its legal status as a part of the executive branch, MVFA will remain dependent on the State for providing its human resource function.

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## TRANSITION AND COMMUNICATION PLAN OF EXISTING HOMES

- Currently, the two existing State Veterans Homes at Grand Rapids and Marquette are operated under the supervision of the Board of Managers. It is MVFA's intention that the responsibility for overseeing these existing homes will be transferred to MVFA prior to the opening of the first new home. The Board of Managers and MVFA will establish a memorandum of understanding (MOU) for the transition of the existing homes to MVFA consistent with that timing.
- In addition to the transfer of control of the existing homes to the authority, MVFA will develop and implement a transition plan for the existing Grand Rapids campus. In doing so, the MVFA Board will consider recommendations from the Campus Workgroup, together with all other relevant information.