

D55P
Department of Veterans Affairs – Capital

Capital Budget Summary

State-owned *Capital Improvement Program*
(\$ in Millions)

Projects	Prior Auth.	2023 Request	2024 Est.	2025 Est.	2026 Est.	2027 Est.	Beyond CIP
New State Veterans Home	\$0.000	63.261	\$0.000	36.133	71.135	10.216	\$0.000
Garrison Forest Veterans Cemetery Expansion and Improvement	0.000	0.000	1.654	7.500	7.384	0.000	0.000
Total	\$0.000	\$63.261	\$1.654	\$43.633	\$78.519	\$10.216	\$0.000

Fund Source	Prior Auth.	2023 Request	2024 Est.	2025 Est.	2026 Est.	2027 Est.	Beyond CIP
PAYGO GF	\$0.000	63.261	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
PAYGO FF	0.000	0.000	0.000	43.633	78.519	10.216	0.000
GO Bonds	0.000	0.000	1.654	0.000	0.000	0.000	0.000
Total	\$0.000	\$63.261	\$1.654	\$43.633	\$78.519	\$10.216	\$0.000

CIP: *Capital Improvement Program*

FF: federal funds

GF: general funds

GO: general obligation

PAYGO: pay-as-you-go

PAYGO Recommended Actions

1. Concur with the Governor’s Allowance for \$63,261,000 in general funds from the Dedicated Purpose Account for the construction of a new State Veterans Home.

Summary of Fiscal 2023 Funded State-owned Projects

New State Veterans Home

The only State-owned project for the Maryland Department of Veterans Affairs (MDVA) funded in fiscal 2023 is the construction of a new State Veterans Home. This new home will be a 128-bed skilled nursing facility in Sykesville, Maryland. Currently, the only State veterans’ home, Charlotte Hall Veterans Home (CHVH), is in St. Mary’s County. The new home will be more centrally located and closer to health care facilities, including the Veterans Administration (VA) Medical Center in Baltimore and other private hospitals in the central Maryland region. This project is eligible for a federal grant to fund 65% of total expenditures. The State’s general fund commitment to the new home is budgeted in the Dedicated Purpose Account (DPA).

Funding Stream for State’s Contribution to Veterans Home

MDVA has previously expressed that State funding is required upfront in order to receive federal funds and support for the construction of the new veterans’ home. The Governor included the State’s share of these funds in the DPA in the fiscal 2023 operating budget. The DPA was established in 1986 to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies.

MDVA will have until the end of fiscal 2027 to spend the amounts budgeted in the DPA. Any unspent balance after fiscal 2027 will revert to the Rainy Day Fund. In order to access the funds in the DPA, MDVA will need to process a budget amendment to transfer funds to the pay-as-you-go appropriation. The current plan for the new home has the project being completed by September 2026, which would place all project expenditures within the window outlined under the statutory restrictions of the DPA. **Exhibit 1** shows the project’s current anticipated timeline, including State and federal funding availability as proposed under the Governor’s allowance.

Exhibit 1
Timeline for Funding and Completion of New State Veterans Home
Fiscal 2023-2027

<u>Year</u>	<u>Date</u>	<u>Project and/or Funding Milestone</u>
2023	July 1, 2022	State share of project expenditures appropriated in DPA. Project design starts.
2023	April 15, 2023	MDVA applies to federal government for remaining project funds.
2024	August 1, 2023	MDVA submits proof of full funding of State’s share, environmental surveys and assessments, and 35% design completion deliverables.
2024	November 2023	End of 16-month planning phase.
2024	March 2024	Construction start date.
2024	June 30, 2024	MDVA submits remaining design deliverables, bid advertisements and MOU with USDVA.
2025	September 30, 2024	USDVA makes award and MDVA can submit for reimbursement.
2027	September 2026	Project completed.
2027	June 30, 2027	Any remaining amounts in DPA revert to Rainy Day Fund.

DPA: Dedicated Purpose Account

MOU: memorandum of understanding

MDVA: Maryland Department of Veteran Affairs

USDVA: U.S. Department of Veterans Affairs

Source: Maryland Department of Veteran Affairs, Department of Budget and Management, Department of Legislative Services

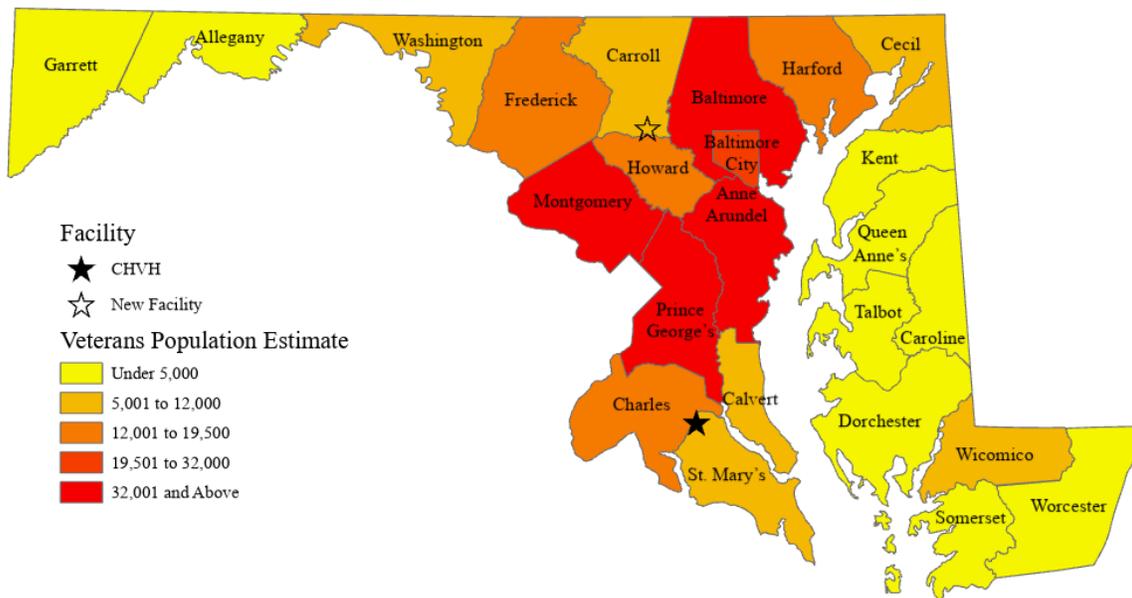
Securing of State funds upfront for the project places Maryland’s new State veterans’ home on the U.S. Department of Veterans Affairs (USDVA) “priority list” as defined under 38 CFR § 59.50, which defines the highest priority category as one that is:

An application from a State that has made sufficient funds available for the project for which the grant is requested so that such project may proceed upon approval of the grant without further action required by the State (such as subsequent issuance of bonds) to make such funds available for the project. To meet this criteria, the State must provide to VA a letter from an authorized State budget official certifying that the State funds are, or will be, available for the project, so that if VA awards the grant, the project may proceed without further State action to make such funds available (such as further action to issue bonds). If the certification is based on an Act authorizing the project and making available the State’s matching funds for the project, a copy of the Act must be submitted with the certification.

New State Veterans Home – Projected Needs

MDVA has identified two primary needs for the new veterans’ home: location; and the inadequate and insufficient space of the current home. In terms of location, with the only existing home being in St. Mary’s County, it is further from hospitals and where the State’s veterans are currently located. **Exhibit 2** shows the State’s veterans population by county, the location of the current home, and the planned location of the future home.

Exhibit 2
Maryland Veterans Population and Home Locations



Source: U.S. Department of Veterans Affairs; Maryland Department of Veterans Affairs; Department of Legislative Services

The other limitation of the current space for Maryland veterans at CHVH is the space itself. The facility at CHVH has over 450 beds, 400 of which (prior to the pandemic) are generally occupied, making it one of the largest nursing home facilities in the State. However, even with this 400-plus bed facility, USDVA has identified a deficit in the number of veterans nursing home and long-term care beds in the State. CHVH, which opened in 1985, was built with a different model of care in mind. For instance, many of the beds at CHVH are double-occupancy rooms, which present certain challenges in filling spaces with mixed-gendered residents. The new home will be single occupancy rooms. Further, CHVH is limited with the services that it can offer onsite, such as dialysis treatments.

The plan for the new home will address many of these shortcomings of the prior facility and will be more in line with current standards of care practices, following USDVA’s *Small Home Model Design Guide*. This 350-page model, as outlined by USDVA and updated as recently as 2019, includes detailed operational criteria, construction considerations, and is responsive to trends identified by the USDVA’s Office of Geriatrics and Extended Care, such as increased gender diversity in the future aging veteran population.

A sample floorplan of this model design is shown in **Appendix 1**, as adapted from the USDVA *Small Home Model Design Guide*. The concepts used throughout this plan are meaningfully different than the design used during the construction of CHVH over 37 years ago.

Occupancy Trends at CHVH

As has been discussed in the previous two operating analysis, CHVH has faced a difficult period during the COVID-19 pandemic. CHVH, like many other nursing homes in the State had to take extra precautions and had resident fatalities. These fatalities, in conjunction with limitations on admissions for infection control, caused the resident census to decrease below historical levels of 90% occupancy. Although CHVH is now admitting new residents, occupancy has not yet recovered to those historical levels and is below 70% as recently as December 2021. The fiscal 2023 allowance does forecast the occupancy to begin to recover, with 80% forecasted. **Given the recent challenges with occupancy at the State’s current veterans home, the Department of Legislative Services is asking MDVA to comment on the efforts to increase resident occupancy at CHVH and ultimately how these strategies will be used to fill the new facility. Further, MDVA should comment on what impact the completion of the new facility will have on the future operations and use of CHVH.**

Summary of Out-year Projects in the Capital Improvement Program

Garrison Forest Veterans Cemetery Expansion

Future projects programmed in the *Capital Improvement Program* (CIP) include the expansion of Garrison Forest Veterans Cemetery, burial capacity, construction of associated facilities, and site improvements. This project will increase burial capacity for 6,660 Maryland veterans and eligible dependents with the addition of 4,500 preplaced crypts, 1,060 in-ground cremains plots, and 1,100 columbarium wall niches. The project scope also includes the construction of associated facilities and site improvements. This project will ultimately also be funded entirely with federal funds with USDVA providing \$16.5 million. The \$1.6 million in State general obligation bonds programmed under this CIP for planning in fiscal 2024 will ultimately be reimbursed by USDVA.

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement – State-owned Projects
Fiscal 2023-2027
(\$ in Millions)

	2023	2024	2025	2026	2027
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New State Veterans Home						
	Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.704	\$20.125
	Estimated Staffing	0	0	0	5	5

The State’s current veterans’ home, CHVH, is largely staffed and operated by a private contractor. MDVA anticipates using a similar staffing arrangement for the new home, which accounts for the relatively low number of State employees forecasted in MDVA’s operating impact estimates. In fiscal 2027, these contract costs for provision of care of Maryland veterans accounts for \$18 million of the \$20 million total operating impact. Other operating costs, such as fuel, utilities, and motor vehicles are estimated at half of what is currently spent for these purposes at CHVH.

Appendix 1 Sample Floor Plan of USDVA Small Home Design



Figure 2.6 The floor plan of Lebanon, OR State Veterans Home exemplifies principles of the Small House Model design, such as locating the kitchen in the center of the house and separating on-stage and off-stage spaces.

Source: U.S. Department of Veterans Affairs