

D55P
Department of Veterans Affairs – Capital

Capital Budget Summary

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

<i>Projects</i>	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
Rocky Gap Veterans Cemetery Burial Expansion	\$0.400	\$3.891	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
State Veterans Home in Baltimore County	0.000	0.000	0.000	0.000	0.000	4.550	62.603
Total	\$0.400	\$3.891	\$0.000	\$0.000	\$0.000	\$4.550	\$62.603

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
GO Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$1.600	\$21.903
PAYGO GF	0.400	0.080	0.000	0.000	0.000	0.000	0.000
PAYGO FF	0.000	3.811	0.000	0.000	0.000	2.950	40.700
Total	\$0.400	\$3.891	\$0.000	\$0.000	\$0.000	\$4.550	\$62.603

Note: The Governor's allowance also includes a \$45,000 general fund deficiency appropriation for the Eastern Shore Veterans Cemetery for design of a burial expansion, discussed further in this analysis.

CIP: *Capital Improvement Program*

Summary of Recommended PAYGO Actions

1. Rocky Gap Veterans Cemetery Burial Expansion
Approve funding for the Rocky Gap Veterans Cemetery.
2. Eastern Shore Veterans Cemetery
Approve the deficiency appropriation for the Eastern Shore Veterans Cemetery.

Budget Overview

Maryland operates five veterans cemeteries throughout the State to provide interment to eligible veterans and their dependents. The cemeteries are located in Crownsville (Crownsville Veterans Cemetery), Cheltenham (Cheltenham Veterans Cemetery), Owings Mills (Garrison Forest Veterans Cemetery), Hurlock (Eastern Shore Veterans Cemetery), and Flintstone (Rocky Gap Veterans Cemetery). Through grants from the U.S. Department of Veterans Affairs (USDVA), the State has been able to expand and update its State veterans cemeteries.

The Maryland Department of Veterans Affairs (MDVA) has identified needs for all five of its cemeteries over the next 5 to 20 years, mainly consisting of the development of new grave sites and columbaria installations. States request grant funds from USDVA for expansion of veterans cemeteries. All requested projects are then ranked on a number of factors, and the inclusion of State funds for design helps to increase the priority ranking and makes it more likely to be funded.

The *Capital Improvement Program* (CIP) includes funding for one project at Rocky Gap Veterans Cemetery totaling \$3.9 million, \$0.1 million in general funds for design and \$3.8 million in federal funds for construction. State outlays for veterans cemeteries are reimbursed by the federal government when the grants are approved by USDVA.

Deficiency Appropriation

The Governor's allowance also includes a \$45,000 general fund deficiency appropriation for additional design funds at the Eastern Shore Veterans Cemetery. This project received initial design funds in fiscal 2014 and construction funds in fiscal 2015, but bids for design were higher than expected, and more was needed to cover the approved contract.

Rocky Gap Veterans Cemetery

The Rocky Gap Veterans Cemetery opened in 1981 in Rocky Gap State Park and currently sits on 43 acres. There are 3,898 developed gravesites, 3,623 of which are used, leaving a capacity of 275 remaining. It is expected that demand will exceed capacity before fiscal 2018.

The fiscal 2016 allowance includes an additional \$0.1 million in general funds for design and \$3.8 million in federal funds for construction. The project previously received \$0.4 million for design in fiscal 2015, and the additional \$0.1 million is due to added environmental regulations that had to be included in the project design.

The expansion will develop four additional acres for approximately 1,100 casketed gravesites, 200 in-ground burial sites for cremated remains, and an above-ground columbaria with 300 niches for cremated remains, which can be expanded as needed. In addition to expanding the number of gravesites, the project will update and expand administrative office space, which is currently too small and poorly configured for current operations. Maintenance and storage capacity will also be expanded,

as the current facilities have not been updated since the cemetery first opened in 1981, and are now too small for the amount of equipment and materials needed for a cemetery the size of Rocky Gap.

Summary of Other Projects in the Capital Improvement Program

New Veterans Home in Baltimore County

The 2015 CIP adds a new project for MDVA in fiscal 2020, a new State veterans home. The State currently operates a veterans home located in St. Mary's County, Charlotte Hall Veterans Home. Opened in 1985, it has a bed capacity of 454, split between skilled nursing and assisted living and is typically around 90% capacity.

The capital budget programs \$4.6 million (\$1.6 general obligation (GO) bonds, \$3.0 in federal funds) in fiscal 2020 for the planning of a new veterans home in Baltimore County with 120 skilled nursing beds. Baltimore County is closer to Maryland's veteran population, their families, and the Baltimore Veterans Administration Medical Center. In recent years, veteran population has also expressed interest in a new veterans home closer to where they currently reside.

The USDVA has selected this project for inclusion in the State Home Construction Grant, committing the federal government to 65% of project costs and the State to the other 35%. Total costs are estimated to be \$67.2 million, with Maryland's share \$23.5 million in GO bonds, most of which will likely be authorized in fiscal 2021 or 2022. The project has already been approved by the USDVA and is on a priority list with others nationwide. MDVA expects that, with the inclusion of State funds, this project could reach high enough to move forward as early as fiscal 2018. However, design is delayed until fiscal 2020 due to constraints on the capital budget.

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement (\$ in Millions)

	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
Rocky Gap Veterans Cemetery Burial Expansion					
Estimated Operating Cost	\$0.000	\$0.026	\$0.027	\$0.028	\$0.029
Eastern Shore Veterans Cemetery Burial Expansion					
Estimated Operating Cost	0.000	0.004	0.008	0.008	0.008
Total Operating Impact					
Estimated Operating Cost	\$0.000	\$0.030	\$0.035	\$0.036	\$0.037

The two projects receiving funding in the fiscal 2016 allowance are expected to have a minimal impact on the State’s operating budget. Modest personnel, grounds management, and maintenance costs are expected to add \$30,000 to MDVA’s budget in fiscal 2017 and \$37,000 in fiscal 2020. Spending is split between general and federal funds at roughly 40% each, with the remaining 20% covered with special funds. No additional personnel are expected as a result of these projects.

PAYGO Recommended Actions

1. Approve funding for the Rocky Gap Veterans Cemetery.
2. Approve the deficiency appropriation for the Eastern Shore Veterans Cemetery.