

**D55P00**  
**Department of Veterans Affairs**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$7,648	\$8,120	\$8,659	\$539	6.6%
Adjustments	0	25	37	12	
<b>Adjusted General Fund</b>	<b>\$7,648</b>	<b>\$8,145</b>	<b>\$8,696</b>	<b>\$551</b>	<b>6.8%</b>
Special Fund	1,070	3,005	3,714	709	23.6%
Adjustments	0	-309	5	314	
<b>Adjusted Special Fund</b>	<b>\$1,070</b>	<b>\$2,695</b>	<b>\$3,719</b>	<b>\$1,023</b>	<b>38.0%</b>
Federal Fund	18,570	17,488	18,742	1,254	7.2%
Adjustments	0	-13	5	18	
<b>Adjusted Federal Fund</b>	<b>\$18,570</b>	<b>\$17,475</b>	<b>\$18,747</b>	<b>\$1,272</b>	<b>7.3%</b>
<b>Adjusted Grand Total</b>	<b>\$27,288</b>	<b>\$28,315</b>	<b>\$31,162</b>	<b>\$2,847</b>	<b>10.1%</b>

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 budget contains two deficiency appropriations for the Maryland Department of Veterans Affairs (MDVA). There is a negative deficiency of \$301,500 in special funds in the Veterans Home Program to account for mid-year implementation of a new management contract. A general fund deficiency of \$98,046 is included for the deputy secretary position, funding for which was not included in the fiscal 2018 budget.
- The fiscal 2019 adjusted allowance increases by \$2.8 million, or 10.1%, compared to the fiscal 2018 adjusted working appropriation. Accounting for the first full year under a new management contract at Charlotte Hall Veterans Home (CHVH) contributes to a majority of the increase in special funds (\$874,067) and federal funds (\$1,265,025). Six new positions in the Cemetery Program drive the increase in general funds.

Note: Numbers may not sum to total due to rounding.

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## ***Personnel Data***

	<b><u>FY 17 Actual</u></b>	<b><u>FY 18 Working</u></b>	<b><u>FY 19 Allowance</u></b>	<b><u>FY 18-19 Change</u></b>
Regular Positions	83.00	83.00	90.00	7.00
Contractual FTEs	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>87.50</b>	<b>87.50</b>	<b>94.50</b>	<b>7.00</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	3.98	4.79%
Positions and Percentage Vacant as of 12/31/17	2.00	2.41%

- The fiscal 2019 allowance adds 7.0 positions to MDVA. Six of the new positions are cemetery caretakers, and 1 is a nurse consultant at CHVH.
- Turnover expectancy at MDVA decreases from 7.04% to 4.79% in fiscal 2019.
- As of December 2017, MDVA has a vacancy rate of 2.41%, or 2.0 positions. To meet the turnover expectancy of 4.79%, MDVA needs to maintain 3.98 vacant positions, excluding the new positions.

## ***Analysis in Brief***

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### **Major Trends**

***Service to Maryland’s Veterans:*** The MDVA Service Program provides information, guidance, and assistance to veterans in obtaining federal, State, and local benefits. The State’s veteran population has been gradually decreasing over the past several years though the number of benefits claims filed has grown. Claims filed decreased in the two most recent years.

***CHVH:*** CHVH is a State-operated long-term health care facility for veterans located in St. Mary’s County. The home’s performance generally exceeds the State average for long-term care facilities for comparable measures.

***Maryland Veterans Well-being:*** The State has an active role in ensuring that veterans are well taken care of following the commitment that they made to serve the nation. Maryland veterans perform well in many key indicators of well-being compared to other veterans and other Marylanders.

### **Issues**

***CHVH Staffing Report:*** Narrative in the 2017 *Joint Chairmen’s Report* requested that MDVA assess vacancies at CHVH and determine overpayments made to the contractor as a result. This issue discusses the findings of the report.

### **Operating Budget Recommended Actions**

	<b><u>Funds</u></b>	<b><u>Positions</u></b>
1. Delete 6 new cemetery caretaker positions and associated funding.	\$ 260,532	6.0
<b>Total Reductions</b>	<b>\$ 260,532</b>	<b>6.0</b>

*D55P00 – Department of Veterans Affairs*

**D55P00**  
**Department of Veterans Affairs**

***Operating Budget Analysis***

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**Program Description**

The Maryland Department of Veterans Affairs (MDVA) provides a variety of administrative, outreach, and support services to the State's veterans and their families, dependents, and survivors. The department also manages veterans cemeteries, maintains three veterans war memorials in cooperation with local jurisdictions, and operates and manages the Charlotte Hall Veterans Home (CHVH) in St. Mary's County. The department's goals are to:

- aid veterans in the preparation of claims for benefits to which they are entitled, such as service-connected disability compensation, educational assistance, home loans, death benefits, and medical care;
- operate and maintain the five veterans cemeteries to provide interment for eligible Maryland veterans and their dependents;
- provide upkeep and maintenance for Maryland's war memorials;
- operate the State's veterans home at CHVH for Maryland veterans who are unable to take care of themselves due to disability or advanced age or who are in need of nursing home care; and
- coordinate outreach and advocacy efforts to inform veterans, their dependents, and their survivors of their benefits and entitlements by law.

**Performance Analysis: Managing for Results**

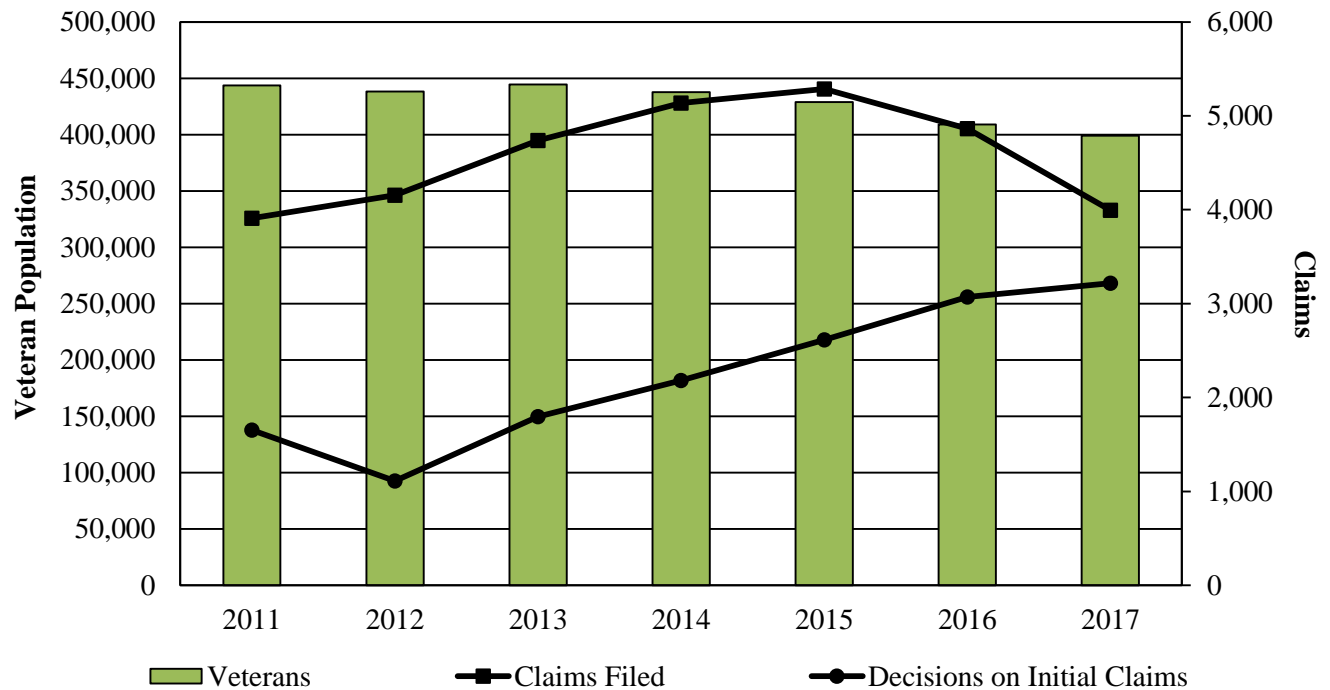
The Managing for Results submission for MDVA tracks performance measures for all aspects of the department's mission. Two of the most important functions are service to Maryland's veterans and the well-being of residents at CHVH. Additional measures of veteran well-being across the State are also discussed.

**1. Service to Maryland's Veterans**

The MDVA Service Program provides information, guidance, and assistance to veterans, their dependents, and their survivors in applying for and obtaining federal, State, and local benefits and entitlements granted by law. These benefits include disability compensation, pension, death benefits, educational assistance, home loans, and medical care. As shown in **Exhibit 1**, Maryland's veteran population has declined steadily since the peak reached after the return of those who served in

Operation Enduring Freedom and Operation Iraqi Freedom. Maryland’s veteran population numbered 399,000 in fiscal 2017, and declines are expected to continue in the future.

**Exhibit 1**  
**Maryland Veteran Population and Claims Filed**  
**Fiscal 2011-2017**

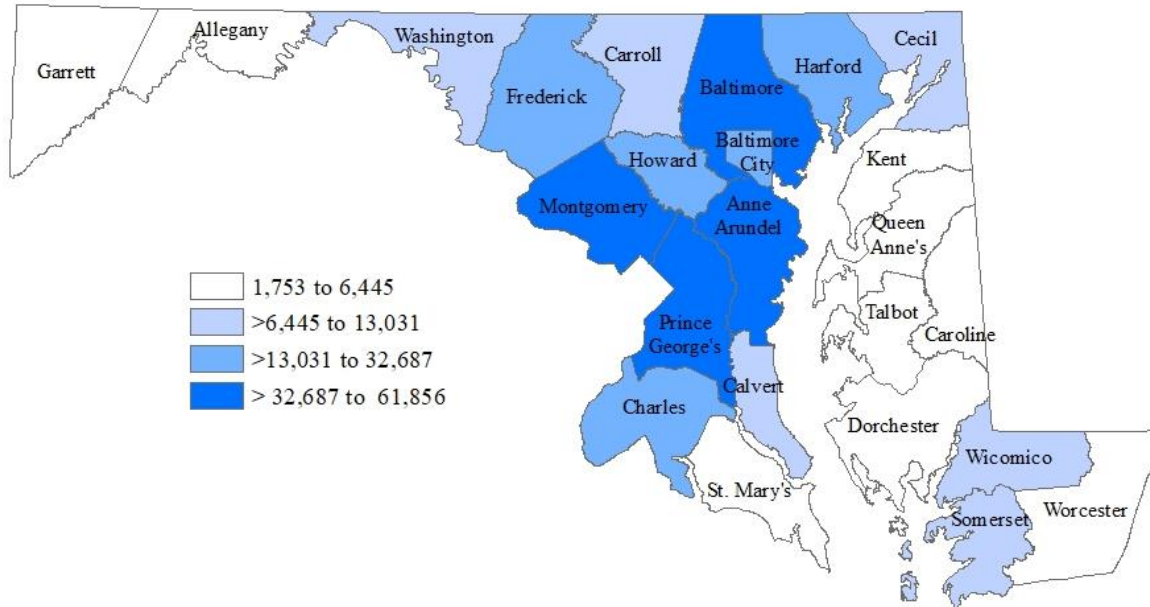


Source: Maryland Department of Veterans Affairs

Declines in the veteran population are a nationwide phenomenon. The U.S. Department of Veterans Affairs (VA) National Center for Veterans Analysis and Statistics expects this trend to continue in the foreseeable future, estimating that the nationwide veteran population will decrease by 1.8% annually through 2045. VA expects the decrease to become more pronounced in Maryland, where the veteran population is expected to decrease by 2.2% annually through 2045.

As shown in **Exhibit 2**, with respect to geographic location, the largest concentration of veterans in 2015 was in Prince George’s, Anne Arundel, Baltimore, and Montgomery counties, respectively. Nearly 52.0% of the total veteran population resided in those four counties. Veterans in the three western Maryland counties (Allegany, Garrett, and Washington) accounted for just 5.0% of the total veteran population, and the nine Eastern Shore counties accounted for just 8.8% of the total veteran population. The VA reports that only 15.2% of veterans live in rural areas in the State, compared to 24.0% of veterans nationally.

**Exhibit 2**  
**Veteran Population by Jurisdiction**  
**Calendar 2015**



Source: U.S. Department of Veterans Affairs

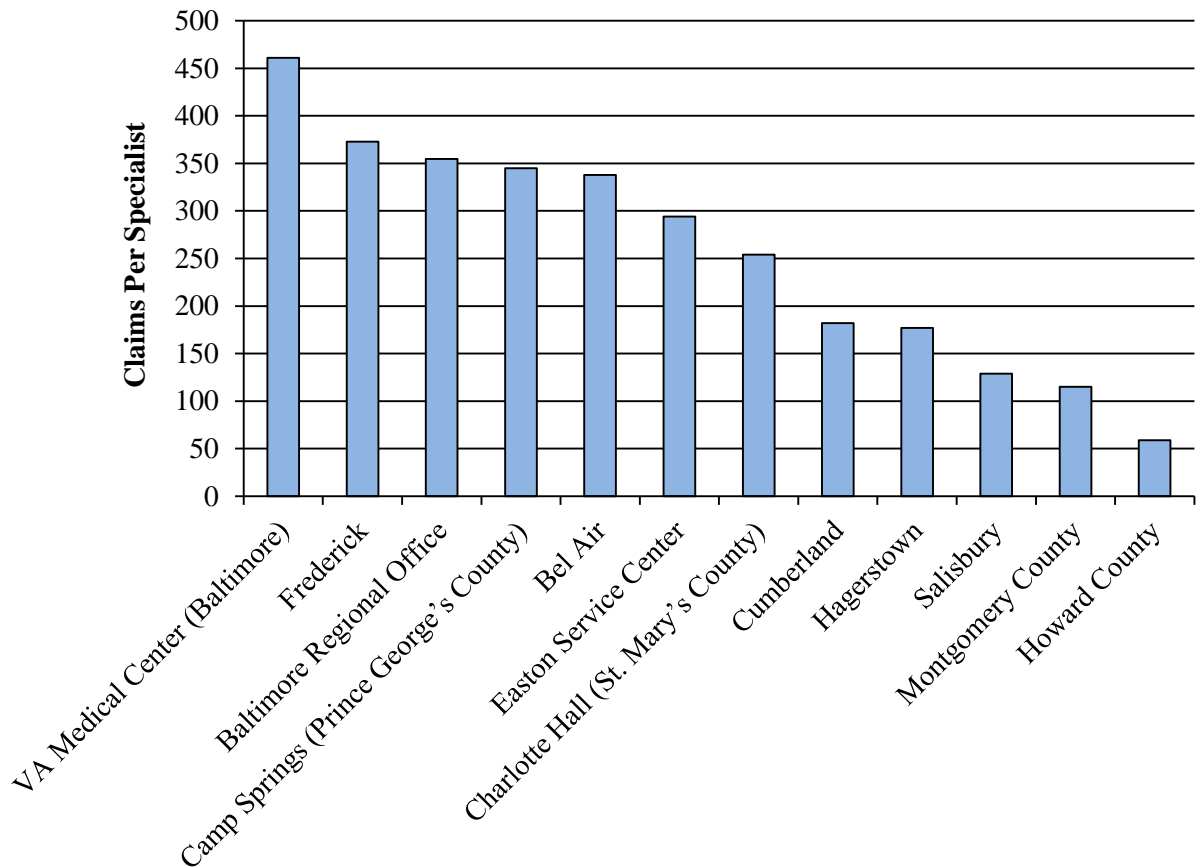
As also shown in Exhibit 1, the number of claims filed by veterans or on their behalf decreased by 18% in fiscal 2017 compared to fiscal 2016. This is the second year in a row in which claims filed decreased. MDVA attributes this to the difficulty in retaining veteran benefits specialists at the service centers and to federal actions that made it easier for veterans to file claims online.

The MDVA Service Program has difficulty competing with the federal government, which offers similar jobs for much higher salaries. MDVA indicated that the two most recent departures for this reason left a position with a salary of approximately \$41,000 for a federal position with a salary of over \$86,000. When a veteran specialist does leave, the entire office can virtually shut down. Ten of 12 service centers only have 1 specialist.

**Exhibit 3** shows the workload of benefits specialists at each of the MDVA local service centers. The exhibit shows the number of claims filed per benefits specialist at each location in fiscal 2017. In terms of claims filed, it ranges from 59 claims per specialist at the Howard County service center to 461 claims at the VA Medical Center in Baltimore. The Baltimore Regional Office filed the highest number of claims overall (1,064) and is the only office with more than 2 specialists. The

Howard County office is newly opened in fiscal 2017, which may explain the relatively low number of claims filed.

**Exhibit 3**  
**Claims Filed Per Veterans Benefit Specialist**  
**Fiscal 2017**



Source: Maryland Department of Veterans Affairs

## 2. CHVH

CHVH, which opened in 1985, is a State-operated long-term health care facility located in St. Mary's County. Clinical care and health care management at CHVH are provided by a private contractor but is overseen by the director and other MDVA staff. CHVH currently has 454 beds designated for assisted living and skilled nursing long-term care for Maryland veterans and eligible spouses who are unable to care for themselves due to age or disability. The home provides shelter,



sustenance, medical care, and the social services necessary to maintain residents’ quality of life. While CHVH is open to both men and women, the majority of residents are male.

**Exhibit 4** includes measures reported by MDVA. In two measures, the rate of pressure ulcers for residents who are deemed at high risk for developing one and the percent of residents immunized against influenza, CHVH outperforms the State average. CHVH has a higher percent of residents with behavioral symptoms affecting others. This is attributed to the predominantly male population with military service and probable related trauma served by CHVH thus skewing the comparison to other nursing facilities.

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**Exhibit 4**  
**CHVH: Quality of Life Indicators**  
**Fiscal 2014-2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>High-risk Patients with Pressure Ulcers</b>				
Charlotte Hall	5.2%	4.7%	5.8%	7.4%
State Average	7.7%	7.8%	7.8%	7.8%
<b>Residents Given Influenza Vaccination</b>				
Charlotte Hall	100.0%	98.0%	98.0%	99.0%
State Average	93.0%	89.0%	91.0%	90.0%
<b>Residents with Behavioral Symptoms Affecting Others</b>				
Charlotte Hall	47.5%	43.3%	43.3%	43.5%
State Average	19.5%	19.4%	18.9%	16.6%

CHVH: Charlotte Hall Veterans Home

Source: Maryland Department of Veterans Affairs

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High-risk patients with pressure ulcers increased significantly in fiscal 2017 despite continuing to outperform the State average. MDVA indicated that, in response, the wound care team at CHVH has been expanded from 1 licensed practical nurse to also include 1 registered nurse (RN). MDVA is also utilizing other health practices to reduce areas of pressure in high-risk residents.

### **3. Maryland Veterans Well-being**

The State has an active role in ensuring that veterans are well taken care of following the commitment that they made to serve the nation. As shown in **Exhibit 5**, Maryland veterans perform

well in many key indicators of well-being compared to other veterans nationwide. This is also the case when Maryland veterans are compared to nonveteran Marylanders, with one exception – disability status.

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**Exhibit 5**  
**Comparing Maryland Veterans to Nonveterans and Nationwide Veterans**  
**Calendar 2016**

	<b>Maryland</b>		<b>U.S.</b>
	<b><u>Nonveterans</u></b>	<b><u>Veterans</u></b>	<b><u>Veterans</u></b>
Median Per Capita Income	\$36,526	<b>\$54,194</b>	\$39,494
Educational Attainment (Bachelor’s or Higher)	39.4%	<b>37.8%</b>	28.3%
Labor Force Participation Rate	80.0%	<b>81.6%</b>	75.9%
Unemployment Rate	5.4%	<b>3.8%</b>	4.7%
At or Below Federal Poverty Level	9.1%	<b>5.4%</b>	6.9%
Disability Status	12.5%	<b>21.9%</b>	29.3%

Source: 2016 American Community Survey 1-year Estimates; U.S. Census Bureau

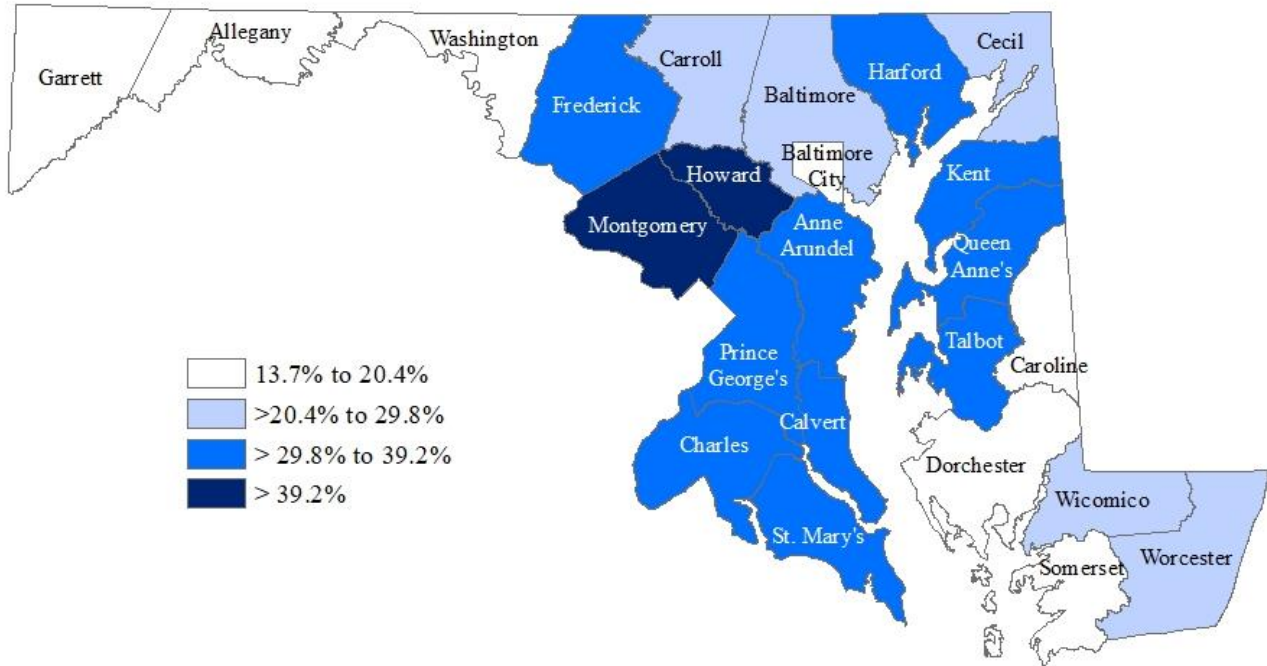
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Disability status as reported in the American Community Survey (ACS) is not comparable to a service-connected disability, which VA uses in determinations for eligibility for disability compensation and other programs. Approximately 16.4% of Maryland veterans have a service-connected disability, while about 18.2% of veterans nationwide have a service-connected disability. Although slightly lower, the rate of Maryland veterans with a service-connected disability is much closer to their counterparts in other states than when looking at overall disability status. The nature of military service can lead to both physical and mental disability. The ACS estimates that 21.9% of Maryland veterans have a disability compared to 12.5% of nonveterans. This includes both mental and physical disability, which are not distinguished in the ACS.

Maryland veterans outperform nonveterans in median per capita income, labor force participation, percent unemployed, and percent at or below the poverty level. Nonveterans appear to have attained a bachelor’s degree or higher at a slightly higher rate than veterans, although it falls within the margin of error, and the two groups are essentially equal in educational attainment.

The percentage of veterans with a bachelor’s degree or higher varies greatly by jurisdiction, as shown in **Exhibit 6**. Veterans in Montgomery and Howard counties have the highest educational attainment.

**Exhibit 6**  
**Percent of Veterans with Bachelor’s Degrees or Higher by Jurisdiction**  
**Calendar 2015**



Source: American Community Survey, 5-year Estimates, U.S. Census Bureau

## Fiscal 2018 Actions

### Proposed Deficiency

The fiscal 2019 allowance contains two proposed fiscal 2018 deficiency appropriations:

- a negative deficiency of \$301,500 in special funds in the Veterans Home Program to account for mid-year implementation of a new management contract; and
- a general fund deficiency of \$98,046 for the deputy secretary position. The Department of Budget and Management (DBM) authorized hiring for this position in fiscal 2017, but funding was not included in the fiscal 2018 budget.

## Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency’s share of this reduction is \$73,266 in general funds, \$7,683 in special funds, and \$12,891 in federal funds.

### Proposed Budget

As shown in **Exhibit 7**, the fiscal 2019 adjusted allowance increases by \$2.8 million, or 10.1%, compared to the fiscal 2018 adjusted working appropriation. Accounting for the first full year under a new management contract at CHVH contributes to a majority of the increase in special funds and federal funds. Six new positions in the Cemetery Program drives the increase in general funds.

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**Exhibit 7**  
**Proposed Budget**  
**Department of Veterans Affairs**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2017 Actual	\$7,648	\$1,070	\$18,570	\$27,288
Fiscal 2018 Working Appropriation	8,145	2,695	17,475	28,315
Fiscal 2019 Allowance	<u>8,696</u>	<u>3,719</u>	<u>18,747</u>	<u>31,162</u>
Fiscal 2018-2019 Amount Change	\$551	\$1,023	\$1,272	\$2,847
Fiscal 2018-2019 Percent Change	6.8%	38.0%	7.3%	10.1%

**Where It Goes:**

**Personnel Expenses**

New positions (7.0 FTEs).....	\$329
Turnover adjustments .....	90
Retirement contributions .....	56
General salary increase.....	47
Other adjustments.....	-1

**Cemetery Program**

Equipment replacement .....	131
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**Charlotte Hall Veterans Home**

Federal fund pass through to management contractor (excluding personnel) .....	1,466
Full-year implementation of bed-lease fund management contract (excluding personnel)	808
Payment of Maryland Environmental Services cost allocation.....	202
Replace aging furniture in residents’ rooms.....	78

*D55P00 – Department of Veterans Affairs*

**Where It Goes:**

Feasibility study (fiscal 2018 restricted funds).....	-150
DoIT assuming IT support responsibility .....	-195
<b>Other</b>	<b>-\$14</b>
<b>Total</b>	<b>\$2,847</b>

DoIT: Department of Information Technology

FTE: full-time equivalent

IT: information technology

Note: Numbers may not sum to total due to rounding.

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**Personnel**

Personnel costs in the allowance increase by \$520,753 compared to the fiscal 2018 working appropriation. This increase is driven by the creation of 7 new positions (\$329,377) and budgeting turnover to more closely align it with actual vacancy rates.

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in DBM’s statewide program and will be distributed to agencies during the fiscal year. This agency’s share of the general salary increase is \$47,000.

**Cemetery Caretakers**

The allowance adds 6 new cemetery caretaker positions in the Cemetery Program. VA’s National Cemeteries Administration recently changed standards at state veterans cemeteries mandating that all cemetery expansions transition from the traditional burial site to the installation of pre-placed burial crypts. Pre-placed crypts are considered more cost effective, use space more efficiently, and facilitate burials in winter months. Although pre-placed crypts are currently only in use in Crownsville, they will soon be used at the Eastern Shore Veterans Cemetery and Rocky Gap Veterans Cemetery.

MDVA indicates that burials utilizing pre-placed crypts require additional manual labor compared to the traditional burial method. The caskets must be lowered by hand, which necessitates a team of 5 employees. However, there are large benefits to using pre-placed crypts in terms of manual labor, specifically in the winter months. Pre-placed crypts require only the removal of dirt 18 inches deep to facilitate a burial. Traditional burials require the caretakers to dig the entire grave. **Therefore, the Department of Legislative Services recommends the deletion of the 6 new positions.**

## **RN Consultant**

The allowance adds 1 RN consultant position to CHVH. CHVH currently has no staff with medical expertise that can protect the interests of the State by providing medical oversight to the management contractor. The employee would also develop funding requests and apply for grants.

## **CHVH Funding Model**

Prior to fiscal 2018, MDVA received a per diem reimbursement in federal funds from VA for each veteran that is in the care of CHVH. MDVA subsequently paid the contractor that manages the home and retained additional federal funds for later use. MDVA found this funding model unpredictable in terms of the amount of the federal fund reimbursement year to year. For instance, veterans can be reclassified by VA, which can significantly change the reimbursement amount.

In order to improve its ability to predict revenues, MDVA planned to change the funding model in fiscal 2017. Specifically, the federal fund reimbursement would be sent to the contractor in its entirety. The contractor would pay a bed lease of \$18 per bed per diem, or \$2,982,780, for a year. The result of the funding change is that MDVA would receive a reliable source of revenue through bed-lease payments.

The new special fund, established by Chapter 317 of 2016, may only be used to support the salaries and benefits of departmental staff of CHVH, improvements at CHVH, and any other operating expenses, as permitted by the State budget. Any interest earnings in the bed-lease fund are credited to the General Fund. After all approved expenses are paid, if the remaining fund balance at the end of the fiscal year is greater than 10% of the total budget for CHVH in that fiscal year, the remaining balance in excess of 10% of the total budget reverts to the General Fund.

Award of a management contract that would use the bed-lease funding model was delayed because a bidder filed an appeal with the Maryland State Board of Contract Appeals. On December 21, 2016, the Board of Public Works (BPW) approved a modification to the existing ‘pre bed-lease fund’ management contract that extended the contract to December 31, 2017, in order to ensure that there was no interruption of services at CHVH while the appeal process was underway. The modification allowed MDVA to terminate the contract at any time.

A new contract was approved by BPW on August 16, 2017, with a start date of October 1, 2017 – the second quarter of fiscal 2018. Increases in special funds are due to an increase in payments to the contractor under the new contract. In the previous contract, unrestricted contributions to the contractor totaled approximately \$2.8 million annually. Under the new contract, unrestricted contributions to the contractor total approximately \$4.0 million annually. The additional contribution is being paid using revenue from the bed-lease special fund. Increases in federal funds are to align federal fund expenditures to recent revenues, which must pass through to the contractor.

## *Issues*

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### 1. CHVH Staffing Report

The Office of Legislative Audits' (OLA) most recent fiscal compliance audit of MDVA identified that the department did not reduce payments to the vendor operating CHVH when required staffing was not provided. Two positions were vacant for the entire 15-month period (January 2015 through March 2016) that OLA reviewed, and 1 additional position was vacant for approximately 5 months. OLA estimated that MDVA could have reduced payments by \$180,000 in this period.

The 2017 *Joint Chairmen's Report* (JCR) requested that MDVA submit a report that provides historical vacancy rates at CHVH from the beginning of the then-current contract (October 2010) and monthly vacancy rates at CHVH for the period of April 2016 through June 2017. For all positions identified as vacant for greater than 45 days, it was requested that the department provide the date that each became vacant and the date that each was filled, if applicable. The narrative also requested that available salary information be provided for identified vacancies and the sum of payments made to the vendor that can be attributed to identified vacancies.

A report was submitted in September 2017. MDVA/CHVH reviewed staffing information from the contractor for the contract period of January 2011 through June 2017. However, the report was unresponsive. None of the requests listed in the JCR were met. Historical vacancy rates were not provided, no vacancy or filled dates were provided, and no salary information was provided.

Nevertheless, MDVA concluded that the OLA assessment of 2 long-term vacancies was the result of an error in the data provided to OLA. The review did find other long-term vacancies that were adequately explained by MDVA and notes times during the contract period when the contractor staffed CHVH above its budgeted allowance. MDVA concluded that the contractor met its contractual obligations in good faith during the duration of the contract.

The new CHVH management contract includes provisions that guarantee levels of quality and performance at CHVH. In the case of these provisions, there is a penalty levied against the contractor if the provision is not met. For example, one provision maintains that the contractor must maintain staff at levels proposed by the contractor and that the prorated salary of any position vacant for more than 45 days (with exceptions) will be deducted from monthly payments to the contractor. **The department should explain how it plans to hold the contractor accountable for vacancies in the current contract and how it will ensure that other performance-related provisions of the contract will be met.**

## Operating Budget Recommended Actions

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	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete 6 new cemetery caretaker positions and associated funding. These positions are justified by increased labor resulting from the use of pre-placed crypts instead of traditional burials. Evidence indicates that pre-placed crypts require less manual labor.	\$ 260,532	GF	6.0
<b>Total General Fund Reductions</b>	<b>\$ 260,532</b>		<b>6.0</b>



**Appendix 1**  
**Current and Prior Year Budgets**  
**Department of Veterans Affairs**  
**(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$7,684	\$1,519	\$18,262	\$0	\$27,465
Deficiency Appropriation	0	-663	663	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	69	308	17	0	393
Reversions and Cancellations	-104	-94	-373	0	-571
<b>Actual Expenditures</b>	<b>\$7,648</b>	<b>\$1,070</b>	<b>\$18,570</b>	<b>\$0</b>	<b>\$27,288</b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$8,120	\$3,756	\$16,736	\$0	\$28,612
Cost Containment	0	-752	752	0	0
Budget Amendments	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$8,120</b>	<b>\$3,005</b>	<b>\$17,488</b>	<b>\$0</b>	<b>\$28,612</b>

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

## **Fiscal 2017**

The fiscal 2017 legislative appropriation for the Maryland Department of Veteran Affairs (MDVA) decreased by \$177,098. This includes a deficiency appropriation to swap \$663,344 in special funds for federal funds in the Veterans Home Program to account for a delay in the implementation of a new contract.

The MDVA budget increased by \$393,403 through budget amendments. The appropriation increased by \$87,018 (\$67,472 in general funds, \$2,391 in special funds, and \$17,155 in federal funds) through an amendment that allocates centrally budgeted salary increments across State agencies. An amendment that authorized the use of interment fees to pay for equipment and other cemetery expenses added \$305,191 in special funds to the Cemetery Program. An amendment to realign telecommunications expenditures across State agencies increased the general fund appropriation by \$1,194.

MDVA reverted \$103,958 in general funds that were intended for personnel (\$44,168), 1 vacant executive-level position (\$23,729), payment to Baltimore for the War Memorial Building (\$34,748), and administrative costs (\$1,295). MDVA canceled \$8,649 in special funds and \$195,015 in federal funds that were originally intended for operation of the Cemeteries Program. An additional \$85,358 in special funds and \$177,520 in federal funds were canceled that were originally intended for CHVH.

## **Fiscal 2018**

A budget amendment swapped \$751,824 in special funds for federal funds in the Veterans Home Program to account for a delay in the implementation of a new contract.

**Appendix 2  
Object/Fund Difference Report  
Department of Veterans Affairs**

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	83.00	83.00	90.00	7.00	8.4%
02 Contractual	4.50	4.50	4.50	0.00	0%
<b>Total Positions</b>	<b>87.50</b>	<b>87.50</b>	<b>94.50</b>	<b>7.00</b>	<b>8.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 5,390,649	\$ 5,547,853	\$ 6,025,921	\$ 478,068	8.6%
02 Technical and Spec. Fees	94,526	181,512	153,347	-28,165	-15.5%
03 Communication	81,567	101,007	94,422	-6,585	-6.5%
04 Travel	41,510	38,588	40,532	1,944	5.0%
06 Fuel and Utilities	578,214	488,300	682,827	194,527	39.8%
07 Motor Vehicles	397,025	134,308	229,807	95,499	71.1%
08 Contractual Services	20,022,220	21,051,683	22,669,086	1,617,403	7.7%
09 Supplies and Materials	262,987	352,504	352,156	-348	-0.1%
10 Equipment – Replacement	128,476	202,064	298,378	96,314	47.7%
11 Equipment – Additional	19,073	4,000	25,784	21,784	544.6%
12 Grants, Subsidies, and Contributions	175,000	180,000	176,828	-3,172	-1.8%
13 Fixed Charges	63,304	64,784	63,100	-1,684	-2.6%
14 Land and Structures	33,218	265,806	302,739	36,933	13.9%
<b>Total Objects</b>	<b>\$ 27,287,769</b>	<b>\$ 28,612,409</b>	<b>\$ 31,114,927</b>	<b>\$ 2,502,518</b>	<b>8.7%</b>
<b>Funds</b>					
01 General Fund	\$ 7,648,416	\$ 8,119,852	\$ 8,659,009	\$ 539,157	6.6%
03 Special Fund	1,069,710	3,004,581	3,713,758	709,177	23.6%
05 Federal Fund	18,569,643	17,487,976	18,742,160	1,254,184	7.2%
<b>Total Funds</b>	<b>\$ 27,287,769</b>	<b>\$ 28,612,409</b>	<b>\$ 31,114,927</b>	<b>\$ 2,502,518</b>	<b>8.7%</b>

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 3  
Fiscal Summary  
Department of Veterans Affairs**

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 Service Program	\$ 1,482,000	\$ 1,552,657	\$ 1,548,577	-\$ 4,080	-0.3%
02 Cemetery Program	4,273,332	4,160,882	4,574,030	413,148	9.9%
03 Memorials and Monuments Program	413,774	406,473	409,626	3,153	0.8%
05 Veterans Home Program	19,930,895	21,417,883	23,390,588	1,972,705	9.2%
08 Executive Direction	980,528	859,742	985,628	125,886	14.6%
11 Outreach and Advocacy	207,240	214,772	206,478	-8,294	-3.9%
<b>Total Expenditures</b>	<b>\$ 27,287,769</b>	<b>\$ 28,612,409</b>	<b>\$ 31,114,927</b>	<b>\$ 2,502,518</b>	<b>8.7%</b>
General Fund	\$ 7,648,416	\$ 8,119,852	\$ 8,659,009	\$ 539,157	6.6%
Special Fund	1,069,710	3,004,581	3,713,758	709,177	23.6%
Federal Fund	18,569,643	17,487,976	18,742,160	1,254,184	7.2%
<b>Total Appropriations</b>	<b>\$ 27,287,769</b>	<b>\$ 28,612,409</b>	<b>\$ 31,114,927</b>	<b>\$ 2,502,518</b>	<b>8.7%</b>

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.