

D55P
Department of Veterans Affairs – Capital

Capital Budget Summary

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

Projects	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
Cheltenham Veterans Cemetery Burial Expansion and Improvements	\$3.360	\$11.538	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
State Veterans Home in Central Maryland	0.000	0.000	0.000	4.653	30.589	33.156	0.000
Total	\$3.360	\$11.538	\$0.000	\$4.653	\$30.589	\$33.156	\$0.000

Fund Source	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
GO Bonds	\$0.000	\$0.000	\$0.000	\$1.629	\$10.707	\$11.604	\$0.000
PAYGO GF	1.360	0.000	0.000	0.000	0.000	0.000	0.000
PAYGO FF	2.000	11.538	0.000	3.024	19.882	21.552	0.000
Total	\$3.360	\$11.538	\$0.000	\$4.653	\$30.589	\$33.156	\$0.000

CIP: *Capital Improvement Program*
FF: federal funds
GF: general funds
GO: general obligation
PAYGO: pay-as-you-go
SF: special funds

Key Observations

Capital projects in fiscal 2020 continue the Maryland Department of Veterans Affairs' (MDVA) expansion of the State's veteran cemetery capacity, while the proposed second veteran home in the State is further delayed due to challenges in finding a location for the home.

Summary of Recommended PAYGO Actions

1. Concur with Governor's allowance.

Performance Measures and Outputs

According to current MDVA data, the Cheltenham Veterans Cemetery is at or below its overall capacity for veteran burials. The U.S. Department of Veterans Affairs (VA) reports that, as of August 2018, 18,414 veterans and their eligible dependents have been interred at Cheltenham Veterans Cemetery. This proposed expansion would add 6,500 burial sites to the cemetery, which averages 511 first-casketed burials annually. If this rate of burials remains constant, the Cheltenham Veterans Cemetery would have sufficient space until 2030 at which time it would have interred over 25,000 veterans.

Budget Overview

MDVA 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 VA, the State has been able to expand and update State veterans cemeteries.

States request grant funds from VA 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 two projects:

- ***Cheltenham Veterans Cemetery:*** totals \$14.9 million, \$3.36 million in prior authorizations and \$11.5 million in federal funds for construction and equipment in fiscal 2020; and

- ***New State Veterans Home:*** totals \$68.4 million, 35% in general obligation (GO) bonds and 65% in federal funds.

Cheltenham Veterans Cemetery

Cheltenham Veterans Cemetery opened in 1978 and, based on federal data last updated in August 2018, has interred over 18,000 veterans and their eligible dependents on the cemetery's 102 acres. On average, 511 first-casketed burials and 160 cremains burials occur annually at Cheltenham Veterans Cemetery. MDVA reports that Cheltenham Veterans Cemetery has run out of space for traditional burials and that this project will add 6,500 casketed gravesites and 1,300 burial sites for cremated remains. This project will also provide two above-ground columbarium structures and three concrete foundations for future expansion.

The fiscal 2020 budget includes \$11,538,000 in federal funds that completes the proposed funding for the project. The State previously appropriated \$1,360,000 in general funds for project design in fiscal 2017 for which the State will be reimbursed by VA once the construction bid has been approved by the Board of Public Works. An initial allocation of federal funds in the amount of \$2.0 million was added through a fiscal 2019 supplemental budget appropriation to reflect what was anticipated to be a late fiscal 2019 construction start. The federal funds budgeted for fiscal 2020 would fully fund the construction phase that is now scheduled to begin in June 2019 and be completed by October 2020.

Project elements include the following:

- Demolition of the current administration building and construction of a new, 2,200 net square feet (nsf) administration building. The current administration building on the cemetery grounds does not meet VA's minimum criteria of 1,600 nsf nor does it contain a break room, restrooms, or storage space for staff nor meeting, gathering, or welcoming spaces for families and other visitors.
- Renovation of the maintenance complex. The size of the current maintenance building was designed to support 372 burials annually and the perpetual care of 3,718 gravesites. Cheltenham Veterans Cemetery is projected to conduct 511 burials annually and currently has the perpetual care of over 18,000 veterans, requiring the need for a large maintenance facility to store the equipment required for this increased workload. This project will also add a three-bay vehicle and equipment garage. Overall, the renovated maintenance facility will be a 5,230 nsf facility, nearly doubling the size of the current maintenance space.
- Phased construction with the first phase encompassing the immediate construction of 6,500 casketed gravesites to include 6,000 pre-placed crypts and 500 in-ground burial plots and the construction of a new roadway, a new and irrigation system, and stormwater drainage for the new gravesites. The second phase includes the 1,300 burial sites for cremated remains and 450 columbarium niches.

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement – State-owned Projects Fiscal 2020-2024 (\$ in Millions)

	2020	2021	2022	2023	2024
Cheltenham Veterans Cemetery					
Estimated Operating Cost	\$0.000	\$0.008	\$0.010	\$0.010	\$0.000
Estimated Staffing	0.000	0.000	0.000	0.0000	0.0000

The current Operating Impact Statement for the Cheltenham Veterans Cemetery shows increases in operating costs due to the new irrigation system associated with the cemetery expansion. Additionally, with the expansion of the cemetery, MDVA projects an increase in contract services for grounds maintenance. MDVA will be funding these operating increases with federal funds.

Summary of Other Projects in the Capital Improvement Program

Projects Deferred in Fiscal 2020

The construction of a new veterans home first appeared in the 2016 CIP, which programmed a new 120-bed skilled nursing facility to serve the State’s aging veteran population. Currently, the State’s only veterans home is in St. Mary’s County, and the proposed facility would provide a more centrally located facility to better serve the State’s veteran population. In the current CIP, the estimated cost is \$68.4 million, 65% of which is federally funded, with the remaining \$23.9 million funded through GO bonds. VA has selected this project for a State Home Construction grant that is providing the federal funds for the home. Previous CIPs tentatively programmed the location of the new veterans home in Baltimore County in part due to proximity to the Baltimore VA Medical Center. However, the current CIP now programs the location as an unspecified central Maryland location and has delayed the project until fiscal 2022 to allow for site selection (see **Exhibit 1**). **MDVA should comment on the region and locations being considered for the home, factors impacting the site selection, and the cause for the delays related to site selection.**

Exhibit 1
New Veterans Home Funding Schedule
2018 CIP Compared to 2019 CIP
Fiscal 2020-2024
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
2018 CIP	\$4,420	\$29,059	\$31,694	\$0.000	\$0.000	\$65,173
2019 CIP	0	0	4,653	30,589	33,156	68,398
Difference	-\$4,420	-\$29,059	-\$27,041	\$30,589	\$33,156	\$3,225

CIP: *Capital Improvement Program*

Source: Department of Budget and Management, 2017 and 2018 *Capital Improvement Program*

PAYGO Recommended Actions

1. Concur with Governor's allowance for the Cheltenham Veterans Cemetery.