

DA07
Department of Aging – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)

Program	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
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Senior Centers Capital Program	\$1.600	\$0.818	\$0.344	\$1.600	\$1.600	\$1.600	\$1.600
Total	\$1.600	\$0.818	\$0.344	\$1.600	\$1.600	\$1.600	\$1.600

Fund Source	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
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GO Bonds	\$1.600	\$0.818	\$0.344	\$1.600	\$1.600	\$1.600	\$1.600
Total	\$1.600	\$0.818	\$0.344	\$1.600	\$1.600	\$1.600	\$1.600

GO: general obligation

Key Observations

- The program funds two projects that address facility renewal rather than expanding programming and service space.
- The fiscal 2021 allowance is the second year in a row and the third in the past four years that the proposed funding level is below what was programmed.

Summary of Recommended Bond Actions

	<u>Funds</u>
1. Department of Aging	
Adopt committee narrative.	
2. Senior Centers Capital Grant Program	\$300,000 GO
Reduce the appropriation by the amount of unallocated funds from prior years.	
Total General Obligation Reductions/Additions	\$300,000

Summary of Issues

- Project proposals are for facility renewal and not for the purpose of expanding services.
- Allowance does not account for funding available in prior years.

Program Description

The Senior Centers Capital Grant Program (SCCGP) provides financial assistance to local governments for the planning, acquisition, design, construction, renovation, improvement, and capital equipping of senior centers. Currently, there are 112 senior centers in the State that provide core health, social, nutrition, education, and recreational services. Programs beyond these core services are determined by the needs and preferences of the population served by the center.

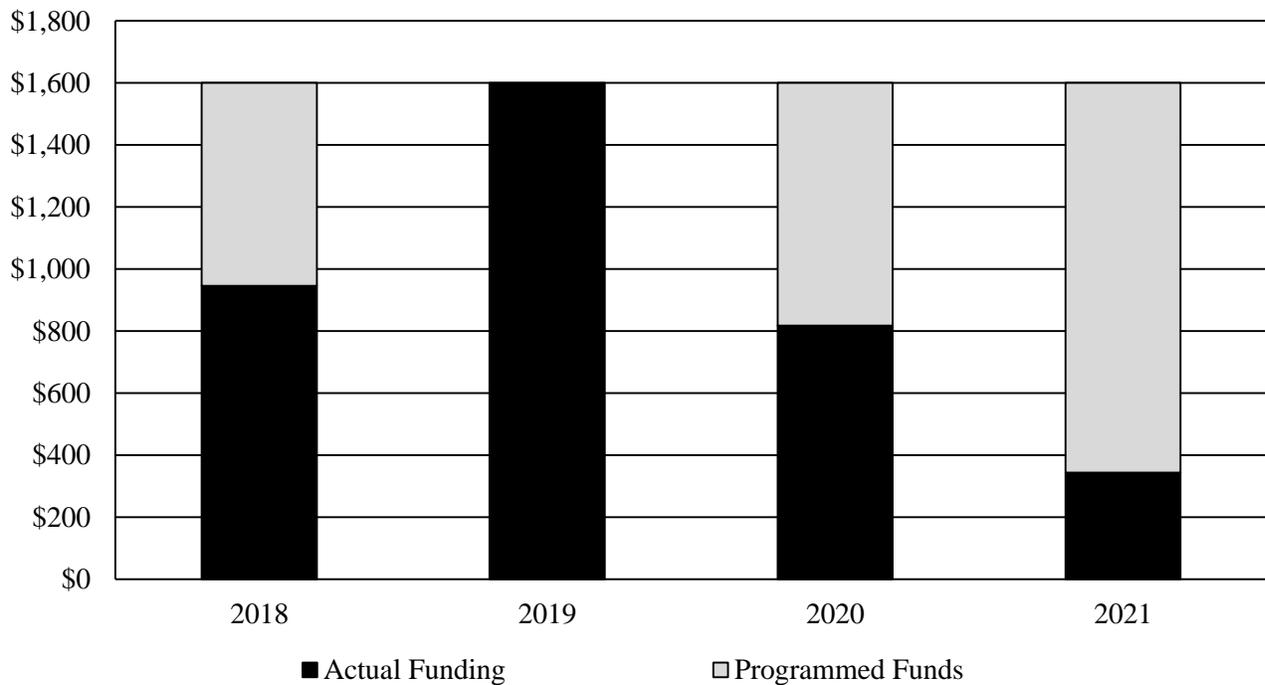
To be considered for funding, total project costs must be at least \$100,000. The State may provide a grant of up to 50% of the project cost, not to exceed \$800,000 in any 15-year period, after the application of any federal grants received for the project. The Board of Public Works may authorize a grant that exceeds 50% of the project cost after any federal grant is applied under certain circumstances. Local governments are required to match State funds for a project on a dollar-for-dollar basis. Local governments can receive grants for multiple projects at a given senior center so long as the sum of the grants made for any single senior citizen activities center does not exceed \$800,000 in any 15-year period.

Prior to fiscal 2019, there was a lifetime limit of \$800,000 in State funding for any senior center. Chapter 116 of 2017 altered this limit to the current standard of \$800,000 in State funding in any 15-year period. Fiscal 2020 was the first year in which funds were programmed under the new terms affecting the maximum grant funding that a senior center may receive.

Budget Overview

Exhibit 1 shows the fiscal 2018 through 2021 funding levels compared to what was programmed for each year in the prior year’s *Capital Improvement Program* (CIP). Including the proposed fiscal 2021 allowance, the funding levels are below programmed levels in three of the past four fiscal years.

Exhibit 1
SCCGP Actual and Programmed Funding
Fiscal 2018-2021
(\$ in Thousands)



SCCGP: Senior Center Capital Grant Program

Source: Governor’s Fiscal 2021 Budget Books

The fiscal 2021 request is just 22% of the \$1.6 million programmed in the 2019 CIP for this program. **The agency should comment on the low number of qualifying applications and the reason that these requests are increasingly for facility renewal.**

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The fiscal 2021 budget provides \$344,000 in general obligation (GO) bonds for two projects through the SCCGP, which is estimated to leverage \$343,000 in local matching funds. Baltimore County is the only jurisdiction receiving funding in fiscal 2021.

Parkville Senior Center — Plumbing System Replacement

The plumbing system at the Parkville Senior Center is original to the facility built in 1925 and not up to current standards. Maintenance frequently has to service the plumbing and repair water damage caused by the plumbing. In the past, leaks have caused flooding and interrupted programming.

**Authorization Uses
(\$ in Millions)**

Fund Uses	Prior Approp.	2021 Request	Future Estimated	Estimated Total
Planning	\$0.000	\$0.025	\$0.000	\$0.025
Construction	0.000	0.500	0.000	0.500
Total	\$0.000	\$0.525	\$0.000	\$0.525

**Authorization Sources
(\$ in Millions)**

Fund Uses	Prior Approp.	2021 Request	Future Estimated	Estimated Total
State: 50.10%	\$0.000	\$0.263	\$0.000	\$0.263
Matching Fund: 49.90%	0.000	0.262	0.000	0.262
Total	\$0.000	\$0.525	\$0.000	\$0.525

The estimated total project cost is \$525,000 with \$263,000, or 50.1%, in fiscal 2021 State funds. State funds will be used for both planning and construction on this project. It is anticipated that the construction will begin in January 2021 and will end before the close of the fiscal year.

Victory Villa Senior Center — HVAC Equipment Replacement

The HVAC equipment system at the Victory Villa Senior Center has reached the end of its operational life, requiring six service calls in the past year. In the past, unpredictable temperature regulation may have deterred attendance in programming.

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**Authorization Uses
(\$ in Millions)**

Fund Uses	Prior Approp.	2021 Request	Future Estimated	Estimated Total
Planning	\$0.000	\$0.020	\$0.000	\$0.020
Construction	0.000	0.142	0.000	0.142
Total	\$0.000	\$0.162	\$0.000	\$0.162

**Authorization Sources
(\$ in Millions)**

Fund Uses	Prior Approp.	2021 Request	Future Estimated	Estimated Total
State: 50.10%	\$0.000	\$0.081	\$0.000	\$0.081
Matching Fund: 49.90%	0.000	0.081	0.000	0.081
Total	\$0.000	\$0.162	\$0.000	\$0.162

The estimated total project cost is \$162,000 with \$81,000, or 50%, in fiscal 2021 State funds. State funds will be used for both planning and construction on this project. It is anticipated that the construction will begin in December 2020 and will end by March 2021.

Issues

1. Funding Supports Facility Renewal, Not Expanded Programming and Service Delivery Space

The projects proposed for fiscal 2021 and half of the projects funded in the previous two years fund facility renewal projects. While these projects are technically eligible for SCCGP funding, they do not expand services or encourage innovative programming in senior centers throughout the State.

Senior centers primarily receive operating funding from local governments but also through State grants. The financial management of senior centers should ideally include accounting for depreciation of critical building systems. Rather than waiting for systems to reach the end of their useful life, local governments should be more proactive in addressing these needs through planned facility maintenance and renewal schedules and budgets that do not rely on the use of the very limited general obligation (GO) bonds annually programmed for the Senior Citizens Activities Centers Capital Improvements Grants Program. With 112 senior centers operated by local governments throughout the State, the program is not ideally situated or funded to be the source of facility renewal funding. Instead, the program should focus on expanding programming and service delivery space and the number of senior citizens served in the catchment areas.

The Department of Legislative Services (DLS) recommends committee narrative requesting that the agency coordinate a comprehensive building condition assessment of the inventory of senior centers operated by local governments throughout the State to identify opportunities for proactive financial management and attention to maintenance risks that will prevent interruption of services.

2. Availability of Unencumbered Balance

The worksheets provided by the Department of Budget and Management in support of the fiscal 2021 funding request indicates an unencumbered balance of \$300,000 that is not programmed for previously approved projects. To the extent that these funds are available, the funds should be used for the fiscal 2021 projects in lieu of authorizing additional GO bonds to the program. **DLS recommends reducing the appropriation by the amount of the unencumbered balance.**

GO Bond Recommended Actions

1. Adopt the following narrative.

Statewide Building Condition Assessment: Many of the projects that received funding in recent years are facility renewal projects instead of projects to expand or innovate services and programming. As these projects are frequently brought before the General Assembly with urgent need and an established history of interrupted service, the committees request that instead of relying on the availability of funding in the State budget, that the agency guide the locally funded senior centers in proactively managing their assets. To do this, the committees request that the Maryland Department of Aging (MDOA) coordinate a statewide building condition assessment of all senior centers that identifies facility components that are approaching the end of their useful life (roof, plumbing, HVAC, etc.), to facilitate improved local government planning.

Information Request	Author	Due Date
Statewide building condition assessment	MDOA	November 1, 2020

2. Reduce the appropriation by the amount of unallocated funds from prior years.

DA0701A	Senior Centers Capital Grant Program	\$ 44,000
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
344,000	-300,000	44,000

Explanation: There is \$300,000 in unallocated funds that is available from prior years. This recommendation reduces the appropriation by the amount of available funds from prior years.

Total General Obligation Bonds Reductions/Additions	\$300,000
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