

**DA07**  
**Department of Aging – Capital**

***Capital Budget Summary***

---

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

<b>Program</b>	<b>2020 Approp.</b>	<b>2021 Approp.</b>	<b>2022 Request</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
----------------	-------------------------	-------------------------	-------------------------	--------------------------	--------------------------	--------------------------	--------------------------

Senior Centers Capital Program	\$0.818	\$0.344	\$1.105	\$1.600	\$1.600	\$1.600	\$1.600
<b>Total</b>	<b>\$0.818</b>	<b>\$0.344</b>	<b>\$1.105</b>	<b>\$1.600</b>	<b>\$1.600</b>	<b>\$1.600</b>	<b>\$1.600</b>

<b>Fund Source</b>	<b>2020 Approp.</b>	<b>2021 Approp.</b>	<b>2022 Request</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
--------------------	-------------------------	-------------------------	-------------------------	--------------------------	--------------------------	--------------------------	--------------------------

GO Bonds	\$0.818	\$0.344	\$1.105	\$1.600	\$1.600	\$1.600	\$1.600
<b>Total</b>	<b>\$0.818</b>	<b>\$0.344</b>	<b>\$1.105</b>	<b>\$1.600</b>	<b>\$1.600</b>	<b>\$1.600</b>	<b>\$1.600</b>

GO: general obligation

***Key Observations***

---

- ***Low Program Utilization:*** Senior Center Capital Grants Program (SCCGP) is funded below the programmed amount for the third consecutive year; all eligible applications are funded.
- ***Focus on Facility Renewal:*** Recent program utilization focus is on facility renewal projects and not the expansion of programming space for seniors.
- ***Large Unencumbered and Unexpended Balances:*** The SCCGP has outstanding projects from fiscal 2015 through 2021. Although \$7.3 million has been authorized, just \$1.0 million has been expended over this seven-year period.

---

For further information contact: Grace M. Pedersen

Phone: (410) 946-5530

## Summary of Recommended Bond Actions

---

1. Department of Aging

Adopt committee narrative.

## Budget Overview

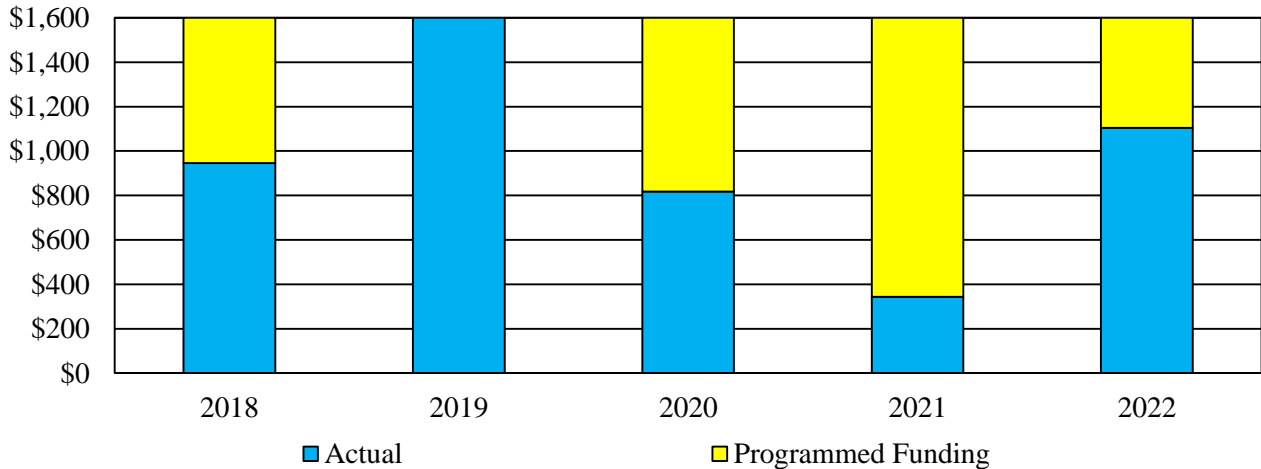
---

### Underutilization

The fiscal 2022 allowance provides \$1.1 million in general obligation bonds for three projects through the SCCGP, which is estimated to leverage \$12.5 million in local matching funds. As shown in **Exhibit 1**, the proposed fiscal 2022 funding level is significantly lower than the \$1.6 million programmed in the previous year’s *Capital Improvement Program* (CIP). This represents the third consecutive year that the funding proposed is less than what was programmed in the prior year’s CIP, which suggests that the program is underutilized. It is noteworthy that the annual supporting budget detail for the program consistently indicates that all eligible applications are funded at the level requested by local governments, which suggests limited demand for the program or gaps in program outreach by the department.

---

**Exhibit 1**  
**SCCGP Actual and Programmed Funding**  
**Fiscal 2018-2022**  
**(\$ in Thousands)**



SCCGP: Senior Center Capital Grant Program

Source: Governor’s Fiscal 2022 Budget Books

---

## Growing Trend of Funding Facility Renewal Projects

Two of the three projects proposed for fiscal 2022 continue a trend of funding facility renewal type improvements. From fiscal 2020 through what is proposed for fiscal 2022, only one of nine projects results in the construction and expansion of programming space for seniors.

While facility renewal projects are allowable under the program, it raises concern that State funds are not supporting the expansion of program space but instead are used as a source of emergency facility renewal funds that should be accounted for in local government long-range budget plans. There is concern that local governments are not adequately budgeting for the lifecycle replacement of important building systems and are turning to the State to meet emergent needs. **Exhibit 2** summarizes the context provided for each facility renewal project proposed in fiscal 2020 through 2022.

### Exhibit 2 Summary of Facility Renewal Justifications Fiscal 2020-2022

<u>Fiscal</u>	<u>Project</u>	<u>Justification</u>
2022	Overlea-Fullerton Senior Center HVAC Equipment Replacement	<ul style="list-style-type: none"> <li>Existing HVAC system 34 years old</li> <li>Six repair requests in 2 years</li> </ul>
	Edgemere Senior Center HVAC Equipment Replacement	<ul style="list-style-type: none"> <li>Existing HVAC system 23 years old</li> <li>16 repair requests in 5 years</li> </ul>
2021	Parkville Senior Center Plumbing System Replacement	<ul style="list-style-type: none"> <li>Existing plumbing 96 years old</li> <li>In 2018, a pipe burst</li> <li>In 2019, two service calls were made</li> <li>Maintenance continually repairing plumbing</li> </ul>
	Victory Villa Senior Center HVAC Equipment Replacement	<ul style="list-style-type: none"> <li>Six service calls in 1 year</li> </ul>
2020	Alteaze Senior Center Heating System	<ul style="list-style-type: none"> <li>15 issues with steam system in 1 year</li> <li>Numerous costly and time consuming repairs</li> <li>Several winter programs canceled because of insufficient heat</li> </ul>
	Cockeysville Senior Center Roof Replacement	<ul style="list-style-type: none"> <li>40 roof issues in 1 year</li> <li>Programs canceled because of roof leaks</li> </ul>

Source: Governor’s Fiscal 2020-2022 Budget Books

## Large Unencumbered and Unexpended Balances

As shown in **Exhibit 3**, the Maryland Department of Aging (MDOA) reports that 40% of funds authorized since fiscal 2019 are unencumbered. Similarly, only 14% of the \$7.2 million of program authorizations dating as far back as fiscal 2015 are reported as having been expended. In fact, no expenditures have been made for funds authorized after fiscal 2018. Historically, the department has reported low encumbrances and expenditures, often citing the limited role that it plays in the execution of projects funded through the program. Project administration and execution are local government functions, and fund encumbrances are only booked after grant agreements are fully executed and brought to the Board of Public Works (BPW) for approval. Expenditures are only booked when a grantee presents evidence of expenditure, requests reimbursement, and draws down grant funds. While it is reasonable to expect expenditures to take two to three years, 77% of funds authorized from fiscal 2015 through 2018 remain unexpended. The department should shoulder some responsibility to ensure that grants funded through the program are completed and the grant funds disbursed.

**Exhibit 3**  
**Prior Year Unencumbered Balances**  
**Fiscal 2015-2021**  
**(\$ in Thousands)**

	<u>Total Authorized</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Remaining Unencumbered Funds</u>	<u>Remaining Unexpended Funds</u>
2015	\$881	\$81	\$881	\$0	\$800
2016	1,012	212	1,012	0	800
2017	1,680	600	1,680	0	1,080
2018	946	146	946	0	800
2019	1,600	0	800	800	1,600
2020	818	0	518	300	818
2021	344	0	344	0	344
<b>Total</b>	<b>\$7,281</b>	<b>\$1,039</b>	<b>\$6,181</b>	<b>\$1,100</b>	<b>\$6,242</b>

Source: Department of Budget and Management

**Exhibit 4** provides a list of the project grants dating back to fiscal 2015 that account for the reported encumbrance and expenditure activity. **The agency should be prepared to indicate when it expects contract agreements to be executed for the Harford Road Senior Center Project and the Hampton Park Senior Center Project. In addition, the agency should indicate when it expects the \$5.1 million authorized before fiscal 2020 to be expended. Finally, the agency should indicate whether it expects to expend \$800,000 authorized in fiscal 2015 before the authorization expires at the end of this fiscal year.**

**Exhibit 4**  
**Project Unencumbered and Unexpended Balances**  
**Fiscal 2015-2021**  
**(\$ in Thousands)**

	<u>Project</u>	<u>Total Authorized</u>	<u>Remaining Unencumbered Funds</u>	<u>Remaining Unexpended Funds</u>
2015	Chesapeake Grove Intergenerational Center	\$800	\$0	\$800
	Taneytown Senior Center Parking Lot Expansion	81	0	0
2016	Baltimore County Parking Lot Improvements	131	0	0
	District Heights Senior Day Facility	800	0	800
	Cash Flow Adjustment	81	0	0
2017	Harford Road Senior Center	500	0	500
	Elkridge 50+ Center	580	0	580
	Cash Flow Adjustment	600	0	0
2018	Taneytown Senior Center Parking Lot Expansion	146	0	0
	Garvey Senior Activity Center	800	0	800
2019	Hampton Park Senior Activity Center Expansion	800	800	800
	St. Michaels Family YMCA and Senior Center	800	0	800
2020	Alteaze Senior Center Heating System	328	0	328
	Cockeysville Senior Center Roof Replacement	90	0	90
	Harford Road Senior Center Life Safety Renovations Project	300	300	300
	Washington County Senior Activities Center Expansion – Small Building Renovation	100	0	100
2021	Parkville Senior Center Plumbing System Replacement	263	0	263
	Victory Villa Senior Center HVAC Equipment Replacement	81	0	81
	<b>Total</b>	<b>\$7,281</b>	<b>\$1,100</b>	<b>\$6,242</b>

YMCA: Young Men’s Christian Association

Source: Governor’s Fiscal 2016-2022 Budget Books

**Severn Intergenerational Center – New Construction**

The Severn Intergenerational Center is being constructed on the grounds of Van Bokkelen Elementary School in Severn. Half of the facility will be used as senior center and the other half by the Boys & Girls Club.

In addition to the proposed \$800,000 grant, the maximum amount any single project may receive through the program, the State authorized a \$1.0 million miscellaneous capital grant in the 2020 session for the project, which increases the State’s financial participation to almost 19%. Construction of the project is expected to be completed in the second quarter of fiscal 2022. With the \$14 million project 10 months from completion, the degree to which an \$800,000 State grant will influence the project’s successful completion is unclear.

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
Planning	\$0.000	\$1.500	\$0.000	\$1.500
Construction	1.000	7.983	0.000	7.983
Equipment	0.000	0.017	0.000	0.017
<b>Total</b>	<b>\$0.000</b>	<b>\$9.500</b>	<b>\$0.000</b>	<b>\$9.500</b>

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
State: 19.0%	\$1.000	\$0.800	\$0.000	\$0.800
Matching Fund: 81.0%	0.000	8.700	0.000	8.700
<b>Total</b>	<b>\$0.000</b>	<b>\$9.500</b>	<b>\$0.000</b>	<b>\$9.500</b>

### Edgemere Senior Center – HVAC Equipment Replacement

This \$500,000 project replaces the HVAC system for the Edgemere Senior Center in Sparrows Point. The previous system is 23 years old and has needed 16 repairs over the past 5 years.

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
Planning	\$0.000	\$0.080	\$0.000	\$0.080
Construction	0.000	0.268	0.000	0.268
Equipment	0.000	0.152	0.000	0.152
<b>Total</b>	<b>\$0.000</b>	<b>\$0.500</b>	<b>\$0.000</b>	<b>\$0.500</b>

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
State: 50.0%	\$0.000	\$0.250	\$0.000	\$0.250
Matching Fund: 50.0%	0.000	0.250	0.000	0.250
<b>Total</b>	<b>\$0.000</b>	<b>\$0.500</b>	<b>\$0.000</b>	<b>\$0.500</b>

### Overlea-Fullerton Senior Center – HVAC Equipment Replacement

This \$110,000 project replaces the HVAC system for the Overlea-Fullerton Senior Center in Baltimore County. The previous system is 34 years old and has needed six repairs over the past 2 years.

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
Planning	\$0.000	\$0.016	\$0.000	\$0.016
Construction	0.000	0.080	0.000	0.080
Equipment	0.000	0.014	0.000	0.014
<b>Total</b>	<b>\$0.000</b>	<b>\$0.110</b>	<b>\$0.000</b>	<b>\$0.110</b>

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

<b>Fund Uses</b>	<b>Prior Approp.</b>	<b>2022 Request</b>	<b>Future Estimated</b>	<b>Estimated Total</b>
State: 50.0%	\$0.000	\$0.055	\$0.000	\$0.055
Matching Fund: 50.0%	0.000	0.055	0.000	0.055
<b>Total</b>	<b>\$0.000</b>	<b>\$0.110</b>	<b>\$0.000</b>	<b>\$0.110</b>

## ***Updates***

---

### **1. Months-long Senior Center Closures**

All senior centers in the State have been closed since March 2020. However, some virtual services continue to be offered.

### **2. Pandemic Modifications to Senior Centers Not Funded through the SCCGP**

Though some senior centers have incurred expenses to install Plexiglas, add doors, improve technology equipment for virtual programming, and replace kitchen equipment and generators, none of these building modifications are funded in the fiscal 2022 allowance for SCCGP. Instead, MDOA reports that senior centers have used Coronavirus Aid, Relief, and Economic Security Act (CARES) funds to cover some of these costs. At the time of this writing, MDOA did not indicate whether the CARES funds were drawn from State or local allocations or how much CARES funding was used. MDOA also indicates that some planned future projects' funding may be affected due to the pandemic's fiscal impacts on local governments.



## ***GO Bond Recommended Actions***

---

1. Adopt the following narrative:

**Update on Program Administration and Outreach:** Given the importance of senior centers to the communities they serve, the committees are concerned about the underutilization of the Senior Center Capital Grants Program. The committees request the Maryland Department of Aging (MDOA) provide an update that includes the following information:

- a summary of MDOA’s administrative and outreach activities performed throughout each month of the annual grant cycle;
- the department’s current understanding of the capital needs of senior centers throughout the State, including any data to support this evaluation;
- factors that affect local government’s participation in the program, including any data that supports these findings; and
- a vision statement, describing how the department plans to administer the program, and once achieved, how the department envisions senior centers throughout the State will be supported by this program.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Update on program administration and outreach	MDOA	October 1, 2021

## ***Program Description***

---

The SCCGP provides financial assistance to local governments for the planning, acquisition, design, construction, renovation, improvement, and capital equipping of senior centers. Currently, there are 119 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. BPW 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.