

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

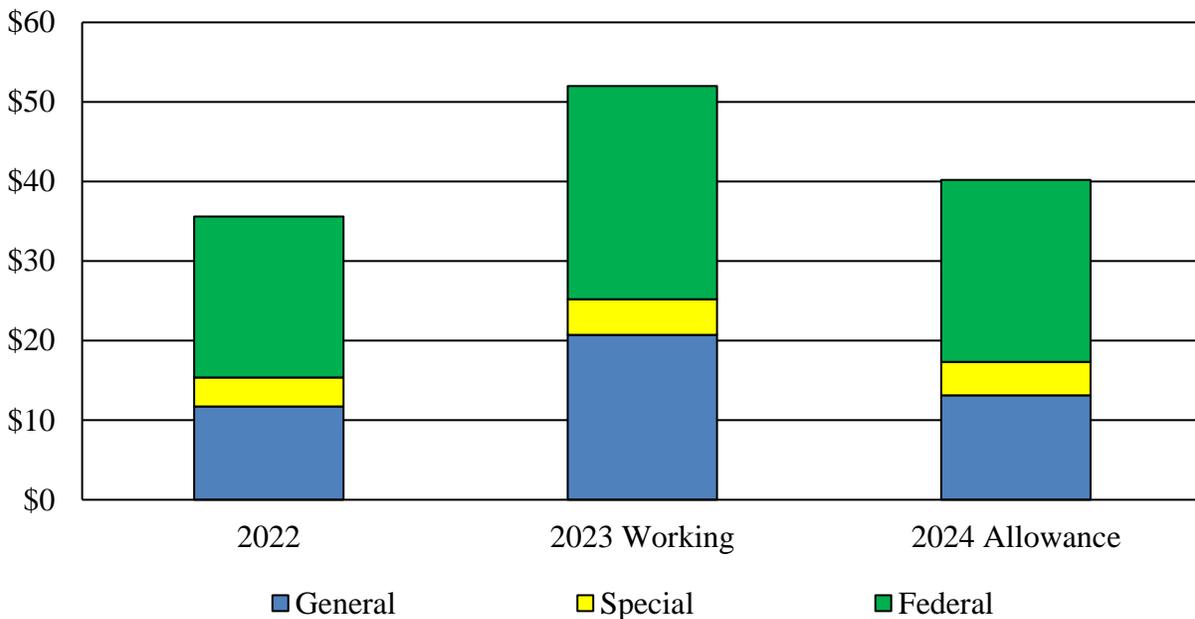
**Program Description**

The Maryland Department of Veterans Affairs (MDVA) delivers services and programs to assist Maryland’s veterans, their families, and survivors in obtaining State, federal, and local benefits provided by law in recognition for their service. MDVA also assures the quality maintenance of veterans’ cemeteries and memorials to honor Maryland’s veterans. MDVA also manages Charlotte Hall Veterans Home (CHVH), an assisted living and skilled nursing facility for veterans and their eligible spouses who are unable to care for themselves due to disability, advancing age, or who have requirements for nursing home care. Additionally, MDVA engages in public awareness and outreach to veterans, their families, and other stakeholders throughout the State to further engage and encourage statewide participation in addressing problems faced by Maryland’s veterans.

***Operating Budget Summary***

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**Fiscal 2024 Budget Decreases \$11.8 Million, or 22.7%, to \$40.2 Million  
(\$ in Millions)**



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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- The decrease of \$11.8 million in MDVA’s fiscal 2024 allowance compared to the fiscal 2023 working appropriation after accounting for proposed deficiency appropriations is driven primarily by the end of supplements provided to the CHVH contractor in recent years using State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA), which totals \$3.9 million in fiscal 2023 and one-time funding of \$8.2 million to raise and realign headstones across Maryland’s veteran cemeteries.

### **Fiscal 2023**

#### **Proposed Deficiency**

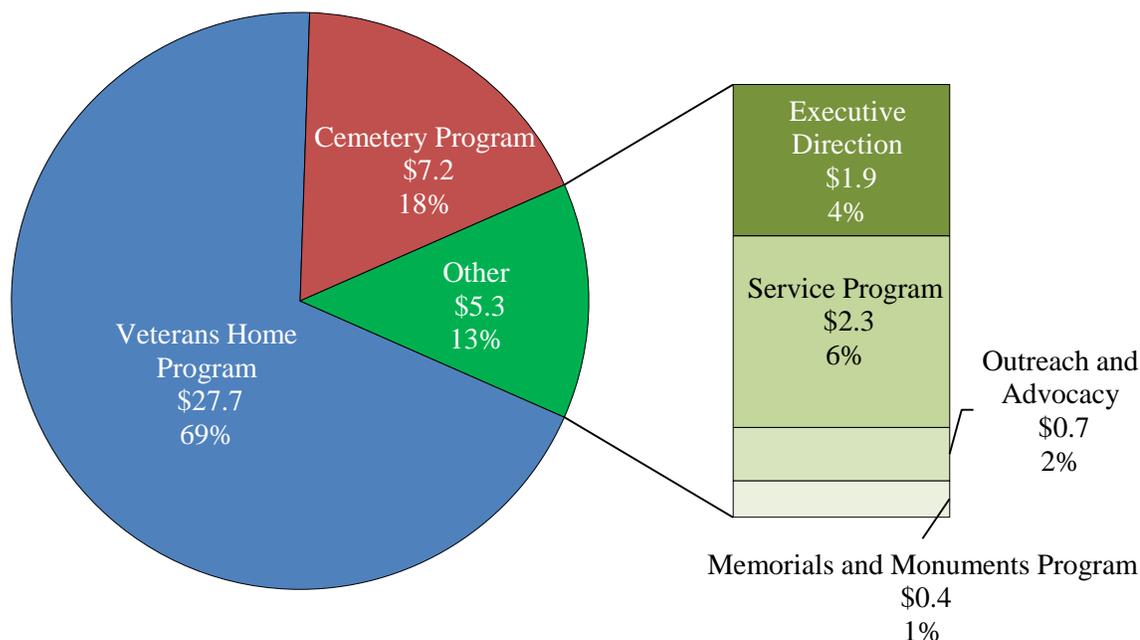
The fiscal 2023 allowance includes three proposed fiscal 2023 deficiency appropriations totaling \$172,259 for MDVA, which include;

- \$77,410 in general funds to fund supplies, equipment, and 1 additional regular position in the Veterans Service Program;
- \$59,838 in federal funds for 1 contractual full-time equivalent (FTE) to provide consulting for the construction of the Sykesville Veterans Home; and
- \$35,011 in general funds for a contractual FTE, supplies, and equipment to support the Commission to Establish a Maryland Women Veterans Memorial as required by Chapter 423 of 2022.

### **Fiscal 2024 Overview of Agency Spending**

The fiscal 2024 allowance for MDVA totals \$40.2 million, 87% of which relates to the management and operation of CHVH and the veterans’ cemeteries, as shown in **Exhibit 1**. Within the \$27.7 million fiscal 2024 allowance for CHVH, \$25.1 million (91%) is used for the contract providing care of veterans at the facility, of which \$21 million is funded by federal fund reimbursements. The fiscal 2024 allowance also includes \$7.2 million for the cemetery program, which supports the five veterans’ cemeteries across Maryland that provide a final resting place for veterans, National Guardsmen, reservists, and their eligible dependents.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management.

Source: Governor’s Fiscal 2024 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 2**, the fiscal 2024 allowance of MDVA decreases by \$11.8 million compared to fiscal 2023 adjusted for deficiency appropriations including an allocation of the 4.5% cost-of-living adjustment provided in November 2022. This is primarily due to the removal of two one-time costs that include:

- \$8.2 million for the raising and realigning of headstones at the veterans’ cemeteries; and
- \$3.9 million in federal ARPA funds to assist the contractor providing services at CHVH in addressing revenue losses.

**Exhibit 2**  
**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 2022 Actual	\$11,712	\$3,649	\$20,223	\$35,585
Fiscal 2023 Working Appropriation	20,718	4,479	26,804	52,002
Fiscal 2024 Allowance	<u>13,121</u>	<u>4,221</u>	<u>22,876</u>	<u>40,218</u>
Fiscal 2023-2024 Amount Change	-\$7,598	-\$258	-\$3,928	-\$11,784
Fiscal 2023-2024 Percent Change	-36.7%	-5.8%	-14.7%	-22.7%
<b>Where It Goes:</b>				<b><u>Change</u></b>
<b>Personnel Expenses</b>				
Regular employee salaries .....				\$112
Employee and retiree health insurance .....				270
Annualization of November 2022 4.5% COLA .....				59
Employee retirement .....				86
Turnover adjustments .....				84
Other fringe benefit adjustments .....				-19
<b>Other Changes</b>				
Cemetery program fuel costs budgeted at 2022 actual level, increased electricity prices.....				80
MES costs for CHVH, determined by DBM.....				62
Funding for contractual outreach program advertising with Maryland Public Television .....				22
Cell phone expenditures from providing employees in the service and cemetery programs with mobile phones.....				20
End of MOU between CHVH and MES for the development of a water management plan.....				-80
End of supplement to the CHVH contractor using State Fiscal Recovery Funds .				-3,939
Removal of one-time costs to raise and realign headstones at the veterans' cemeteries .....				-8,205
Other adjustments .....				-336
<b>Total</b>				<b>-\$11,784</b>

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CHVH: Charlotte Hall Veterans Home  
 COLA: cost-of-living adjustment  
 DBM: Department of Budget and Management  
 MES: Maryland Environmental Service  
 MOU: memorandum of understanding

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within DBM. Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

***Personnel Data***

	<b><u>FY 22</u></b> <b><u>Actual</u></b>	<b><u>FY 23</u></b> <b><u>Working</u></b>	<b><u>FY 24</u></b> <b><u>Allowance</u></b>	<b><u>FY 23-24</u></b> <b><u>Change</u></b>
Regular Positions	117.00	119.00	120.00	1.00
Contractual FTEs	<u>5.15</u>	<u>6.75</u>	<u>7.50</u>	<u>0.75</u>
<b>Total Personnel</b>	<b>122.15</b>	<b>125.75</b>	<b>127.50</b>	<b>1.75</b>

***Vacancy Data: Regular***

Turnover and Necessary Vacancies, Excluding New Positions	4.88	4.10%
Positions and Percentage Vacant as of 12/31/22	15.00	12.61%
Vacancies Above Turnover	10.12	

- The fiscal 2024 allowance reflects 1 regular position that was added by deficiency appropriation for fiscal 2023. The deficiency appropriation includes an added veterans benefit specialist II for the Bel Air Service Program office as well as 2 contractual FTE positions. In addition, the fiscal 2024 increase of a new 0.75 contractual FTE reflects FTEs added through deficiency appropriation. One contractual FTE will serve as a consultant for the new veterans home, while the other is a short-term contract to support the Commission to Establish a Maryland Women Veterans Memorial.
- MDVA has 15 total vacant positions with 10.12 vacancies over its budgeted turnover. Ten (66%) of these positions are housed within the cemetery program and of those 10 positions, 9 are veteran cemetery caretaker positions. **MDVA should comment on efforts to fill their vacancies.**

## ***Key Observations***

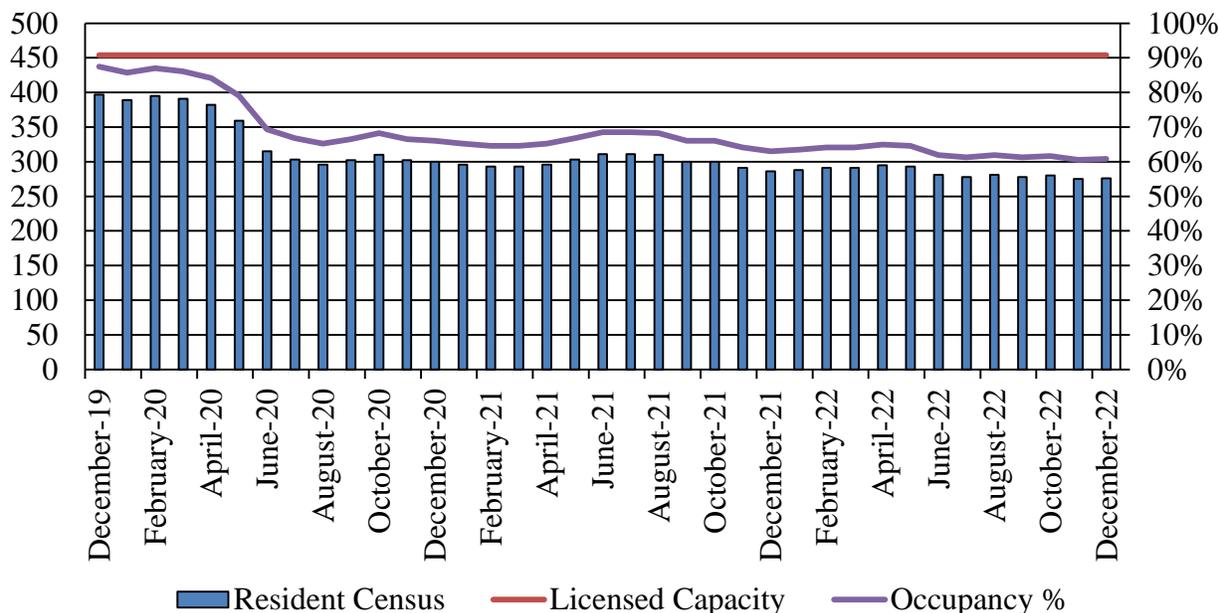
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### **1. CHVH Population Continues Operating Under Capacity**

CHVH, which opened in 1985, is a State-owned, long-term health care facility in St. Mary’s County offering assisted living and skilled nursing care for eligible veterans and their spouses who are unable to care for themselves due to disability, advancing age, or who have requirements for nursing home care. Clinical care and health care management at CHVH are provided by a private contractor but are overseen by the director and other MDVA staff. The home provides shelter, sustenance, medical care, and the social services necessary to maintain the residents’ quality of life. Unfortunately, like many other nursing homes and other elder care facilities in the State, CHVH was hit particularly hard by the COVID-19 pandemic.

CHVH has struggled with a low resident census levels since the beginning of the COVID-19 pandemic when the home was unable to admit new residents and faced fatalities as a result of the disease. These factors combined with hesitancy to admit family members due to concerns around health and safety in communal living environments exacerbated the decline in population at the home, resulting in a decline in occupancy rate from 397 residents, or 87%, in December 2019 to 276 residents, or 61%, in December 2022, as shown in **Exhibit 3**. Residency levels have dipped below typical occupancy rates and have continued to function under capacity for three years.

**Exhibit 3  
CHVH Resident Census  
December 2019 to December 2022**



CHVH: Charlotte Hall Veterans Home

Source: Maryland Department of Veterans Affairs; Department of Legislative Services

Due to the current funding model at CHVH, the reduction in resident census has a direct impact on the contractor that provides daily care to veterans living in the home and the day-to-day operations therein. Prior to fiscal 2018, MDVA would receive a per diem from the U.S. Department of Veterans Affairs based on beds filled and would then pay the contractor. In fiscal 2018, MDVA implemented a new funding model so that the federal fund reimbursement would be sent in its entirety to the management contractor, serving as a more predictable funding model than the per diem model utilized prior. The contractor pays MDVA a bed lease of \$18 per bed per day, or \$2,982,780 annually, whether or not the bed is filled. The bed lease payment from the contractor then enters the bed lease special fund established by Chapter 317 of 2016, allowing for sufficient funds for MDVA to use for additional needs at CHVH.

According to a response submitted by MDVA in response to the 2022 *Joint Chairmen’s Report (JCR)*, revenue losses have combined with inflation, higher contractor staff wages, and COVID-19-related costs to adversely impact the contractor. **Exhibit 4** shows that the decline in revenue collected due to the decrease in the resident count has been substantially larger than the decline in expenditures. In fiscal 2022, expenditures at CHVH outpaced the revenue collected by \$4.1 million.

**Exhibit 4  
Census Count and Funding at CHVH  
Fiscal 2019-2022**

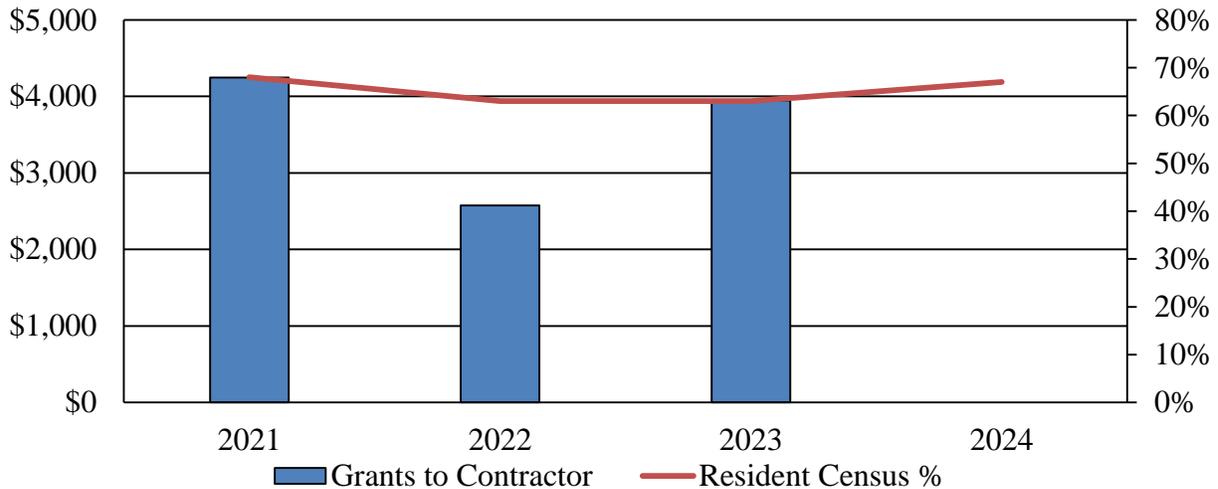
	<u>2019</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
<b>Resident Count</b>	408	289	-119	-29.20%
<b>Revenue</b>	\$46,749,709	\$39,098,416	-\$7,651,293	-16.40%
<b>Expenditures</b>	45,199,000	43,222,000	-1,977,000	-4.40%

CHVH: Charlotte Hall Veterans Home

Source: Maryland Department of Veterans Affairs

The combined impacts led to MDVA providing funding to the contractor in recent years to offset these impacts, using federal COVID-19 relief funds (Coronavirus Response and Relief Supplemental Appropriations Act funds in fiscal 2021 and ARPA funds in fiscal 2022 and 2023), as shown in **Exhibit 5**.

**Exhibit 5  
Additional Revenue Support for CHVH Contractor  
Fiscal 2021-2023  
(\$ in Thousands)**



CHVH: Charlotte Hall Veterans Home

Note: The fiscal 2023 resident census percentage is an average of available occupancy rates from July 2022 through December 2022. The fiscal 2024 resident census percentage is an estimate provided in the Maryland Department of Veterans Affairs Managing for Results submission.

Source: Maryland Department of Veterans Affairs; Governor’s Budget Books; Department of Legislative Services

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The contractor has received over \$10 million to offset revenue losses since fiscal 2021, most recently with nearly \$4 million being provided in fiscal 2023. The fiscal 2024 allowance does not include funding for this purpose. **As the home has lost vital staffing numbers and therefore is unable to boost residency numbers until proper staffing has been hired, the Department of Legislative Services (DLS) recommends adopting committee narrative requesting MDVA to submit a report in collaboration with the CHVH contractor which details efforts to increase staffing and residency numbers and outline how the contractor has or is planning to adjust operations to accommodate the continued low revenue levels given the end of the operating grant.**

## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Update on Charlotte Hall Veterans Home (CHVH) Contractor Funding:** Given the reduced census numbers at CHVH and the challenges it poses to the revenues of the contractor tasked with day-to-day operations, the committees request that the Maryland Department of Veterans Affairs submit a report in collaboration with the CHVH contractor to outline efforts taken to increase the resident census at CHVH and how the contractor has or is planning to adjust operations to accommodate the continued low revenue levels given the end of the operating grant.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Update on CHVH population and funding	MDVA	August 1, 2023

**Appendix 1**  
**2022 Joint Chairmen’s Report Responses from Agency**

The 2022 JCR requested that MDVA prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on the Impact of COVID-19 on CHVH Operations and Contractor Revenue:*** MDVA submitted a report on September 22, 2022, regarding the COVID-19 pandemic response of CHVH and justification for continued revenue support for the contractor. Pandemic-related challenges in the home resulted in lower census numbers, causing a decline in revenue and an inability to meet its obligations to the contractor. Further discussion of this JCR response and the operations of CHVH can be found in **Key Observation 1**.

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

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	117.00	119.00	120.00	1.00	0.8%
02 Contractual	5.15	6.75	7.50	0.75	11.1%
<b>Total Positions</b>	<b>122.15</b>	<b>125.75</b>	<b>127.50</b>	<b>1.75</b>	<b>1.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 8,554,790	\$ 9,089,250	\$ 10,059,232	\$ 969,982	10.7%
02 Technical and Special Fees	195,070	315,388	379,497	64,109	20.3%
03 Communication	64,751	92,627	88,198	-4,429	-4.8%
04 Travel	33,061	53,226	46,776	-6,450	-12.1%
06 Fuel and Utilities	795,387	868,957	927,377	58,420	6.7%
07 Motor Vehicles	194,573	418,864	410,777	-8,087	-1.9%
08 Contractual Services	21,122,180	34,858,606	26,534,747	-8,323,859	-23.9%
09 Supplies and Materials	682,200	765,632	632,635	-132,997	-17.4%
10 Equipment – Replacement	710,447	392,634	353,276	-39,358	-10.0%
11 Equipment – Additional	110,528	260,548	267,096	6,548	2.5%
12 Grants, Subsidies, and Contributions	2,991,828	4,332,932	393,758	-3,939,174	-90.9%
13 Fixed Charges	64,026	86,183	90,044	3,861	4.5%
14 Land and Structures	65,821	72,389	34,495	-37,894	-52.3%
<b>Total Objects</b>	<b>\$ 35,584,662</b>	<b>\$ 51,607,236</b>	<b>\$ 40,217,908</b>	<b>-\$ 11,389,328</b>	<b>-22.1%</b>
<b>Funds</b>					
01 General Fund	\$ 11,712,479	\$ 20,426,140	\$ 13,120,761	-\$ 7,305,379	-35.8%
03 Special Fund	3,648,954	4,458,427	4,220,799	-237,628	-5.3%
05 Federal Fund	20,223,229	26,722,669	22,876,348	-3,846,321	-14.4%
<b>Total Funds</b>	<b>\$ 35,584,662</b>	<b>\$ 51,607,236</b>	<b>\$ 40,217,908</b>	<b>-\$ 11,389,328</b>	<b>-22.1%</b>

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments budgeted within the Department of Budget and Management.