



MARYLAND DEPARTMENT OF VETERANS AFFAIRS
RESPONSE TO DEPARTMENT OF LEGISLATIVE SERVICES
ANALYSIS AND RECOMMENDATIONS

FY 2018 Operating Budget

HOUSE APPROPRIATIONS COMMITTEE
March 2, 2017

SUBCOMMITTEE ON PUBLIC SAFETY AND ADMINISTRATION
Room 145, HOB

SENATE BUDGET AND TAXATION COMMITTEE
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SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES
3 West, Miller

Introduction

The Maryland Department of Veterans Affairs (Veterans Affairs) appreciates this opportunity to update the Committee on the activities of the Department over the past year as we fulfill our mission: to deliver services and programs to assist veterans, their families and survivors in obtaining Federal, State, and local benefits provided by law in recognition of their service to state and country. We also welcome this chance to respond to questions raised in the Department of Legislative Services' analysis of the FY 2018 Governor's Allowance.

This document contains the following information:

- A profile of the Maryland Department of Veterans Affairs.
- A brief history of the Department.
- A summary of services provided by the Department.
- Demographic trends among Maryland's veterans.

This document also contains the Department's response to questions and issues raised in the Department of Legislative Services' analysis. **The questions are in bold type and *the Secretary's responses in bold italics.***

The Maryland Department of Veterans Affairs concurs with the Governor's Allowance for FY 2018.

The Maryland Department of Veterans Affairs strongly opposes the recommendation of the Department of Legislative Services to reduce general funds for the Maryland Environmental Service Cost Allocation by appropriating \$150,000 in Federal funds.

The Maryland Department of Veterans Affairs opposes the recommendation of the Department of Legislative Services to add language to the Federal fund appropriation providing that no portion of the appropriation made for the purpose of the Veterans Home Program may be expended for a feasibility study of a Western Maryland Veterans Home.

Agency Profile

Purpose

The mission and purpose of the Maryland Department of Veterans Affairs (Veterans Affairs) is to deliver services and programs to assist veterans, their families and survivors in obtaining Federal, State, and local benefits provided by law in recognition of their service to state and country. The agency fulfills this mission by providing leadership and direction to the veteran community, while exercising responsible management of available resources.

Core Functions

- Provide the most effective possible **statewide benefits counseling** to veterans, their dependents and survivors; assist in the preparation, development, and submission of claims for adjudication to the U.S. Department of Veterans Affairs.
- Honor the memory of Maryland veterans in **State veterans cemeteries** that will come to be considered as national shrines.
- Provide the finest assisted living and skilled nursing residential care to qualified Maryland veterans and eligible spouses at the **Charlotte Hall Veterans Home**.
- Maintain and protect the **State's veterans memorials**.
- Ensure through effective **outreach and advocacy** that veterans and their dependents are increasingly informed and educated about the various benefits and services to which they are entitled as a result of their service.

At A Glance

Maryland Veteran Population: 423,470*

- In FY 2016, Veterans Affairs' Service Program processed 4,865 claims.
- In FY 2016, Marylanders were awarded in excess of \$29 million in Federal veterans' benefits as a direct result of the efforts of the department's veterans service offices.
- In FY 2016, Veterans Affairs provided 3,478 State Veterans Cemetery interments: 2,170 veterans and 1,308 dependents.
- In FY 2016, average Veterans Home occupancy rate was 87%; average census 395 of 454 available beds.

*Source: USDVA website, accessed 2/08/2017 (estimate for FY 2016)

A successful veterans' **Service Program** requires knowledge of relevant US Department of Veterans Affairs (USDVA) rules and operating policies and procedures. Employees must have the skills to apply the required knowledge within USDVA systems to successfully provide veterans and their families with all of the services needed to obtain their benefits and entitlements.

A successful veterans' **Cemeteries Program** requires knowledge of relevant U.S. Department of Veterans Affairs National Cemetery Administration policies and procedures regarding capital construction, land management, and building and equipment maintenance and procurement. These increasingly demanding standards provide direction to the Department's goal of maintaining Maryland's veterans' cemeteries as national shrines.

A successful **Veterans Home Program** providing assisted living and skilled nursing residential care program for veterans requires knowledge of relevant U.S. Department of Veterans Affairs and State of Maryland laws, operating policies and procedures, and facility management standards to ensure safe and proper health care to an aging, predominantly male, veteran resident population.

A successful **Memorials Program** requires the skills necessary to maintain such landmarks as reverent symbols of the sacrifices made by veterans.

A successful veterans' **Outreach and Advocacy Program** requires an understanding of the needs of veterans and communication skills to reach veterans and advocate for them.

The Maryland Department of Veterans Affairs strives daily to fulfill its mission. In FY 2016, the Service Program generated the highest dollar benefits award total since FY 2011. The Cemeteries Program once again exceeded the prior year's totals with 3,478 interments of veterans and dependents. Charlotte Hall Veterans Home continued its proud tradition of providing dignified assisted living and skilled nursing care to its residents. We are proud to bring our best to the service of Maryland's veterans every day.

History

The Maryland Veterans Commission was created by the General Assembly in 1924. Initially it was charged with the responsibility of providing financial relief to indigent veterans and widows. The Commission's objective remained essentially the same until the beginning of World War II. At that time the Veterans Administration began to recognize the need for providing adequate counsel for veterans in claims before the Veterans Administration. To assist in providing this service, the Veterans Administration provided the Maryland Veterans Commission with free office space in their principal offices.

In 1946, the Veterans Administration eliminated all of their offices serving Maryland except for the regional offices located in Washington D.C. (which housed the claims files for Prince George' and Montgomery Counties) and the Baltimore Regional Office which serviced the veterans' claims for all other counties in Maryland. To fill the void created by the consolidation, increased service had to be provided by the Commission. Today Veterans Affairs maintains 11 service offices across the State.

In 1973, the Legislature authorized the beginning of the State Veterans Cemetery Program.

In 1999, the Legislature created the Maryland Department of Veterans Affairs as an executive agency with the mission of assisting veterans, active duty service members, their families and dependents, in securing benefits earned through military service.

In 2006, the Legislature authorized the beginning of the State Veterans Outreach and Advocacy program.

How We Serve Veterans

Service Program

The Veterans Affairs Service Program assists veterans and their eligible dependents in acquiring benefits rightfully earned through military service to their country. The Service Program provides general information to veterans seeking assistance, regardless of representation, in all matters pertaining to veterans' disability benefits and rights. Veterans Affairs is the designated agency of the State of Maryland to represent the State and its veterans before the U.S. Department of Veterans Affairs (USDVA). The agency represents veterans in filing USDVA disability claims and during USDVA appeals processes, and assists dependents with survivor benefits.

The Maryland Department of Veterans Affairs is tasked with helping veterans obtain the most benefits they are entitled to. The agency employs Veterans Benefits Specialists accredited by the USDVA to represent veterans with disability claims and appeals. Veterans Affairs enjoys established relationships with other accredited individuals outside the agency, who submit claims to the USDVA through Veterans Affairs. The agency's Veterans Benefits Specialists also help veterans and their families with questions regarding benefits, survivor and dependent needs, USDVA paperwork, and medical issues.

The Service Program currently has Veterans Benefits Specialists located in veterans' service centers throughout Maryland to aid and serve veterans and their eligible dependents. In addition, Veterans Affairs has itinerant offices throughout our State to bring services closer to veterans and their dependents.

Cemeteries Program

The State of Maryland, through the Cemeteries Program of the Maryland Department of Veterans Affairs, offers Maryland veterans and their eligible dependents a final resting place at one of five state veterans cemeteries located throughout Maryland. The program is the largest of its kind in the nation. It bases its standard of excellence on striving to ensure that our state cemeteries are maintained as national shrines to those who have gone before.

A Pre-Interment Program is available, through which veterans may indicate their desire to be buried in one of the state's cemeteries and verify their eligibility for such burial on a pre-need basis. Veterans Affairs' cemeteries provide interment services Monday through Friday year round and are open to the public 365 days each year.

There are five State Veterans Cemeteries located across our State:

Cheltenham State Veterans Cemetery is located on U.S. Route 301, approximately 8 miles south of Upper Marlboro, Maryland. The site consists of 112 acres and was formerly used for agricultural purposes. In FY 2016, the Cheltenham Veterans Cemetery conducted 951 interments. Cheltenham is the final resting place for over 25,200 Maryland veterans and their dependents. The cemetery opened for burials in July 1978 and is expected to provide a total of 50,000 burial sites. The Chapel at the cemetery was dedicated to the memory of Senator Edward T. Conroy, who was instrumental in the passage of legislation enabling the development of Maryland's State Veterans Cemeteries.

Crownsville State Veterans Cemetery at Crownsville is located off State Route 178 on Sunrise Beach Road. The 103-acre site, originally used for farming, is surrounded by a peaceful Severn River residential community. Near the center of the state cemetery is a one-acre old family cemetery dating back to 1875, retained by the heirs and assigns of the Carter family in perpetuity. The Crownsville Veterans Cemetery opened in 1980 and has interred more than 22,400 Maryland veterans and their dependents. When fully developed, the site is expected to provide more than 48,000 burial plots.

Eastern Shore Veterans Cemetery at Hurlock, Maryland, is located two miles south of Preston and about five miles northwest of Hurlock on State Route 331. Eastern Shore Veterans Cemetery opened for operation in December 1976 and has used approximately 6,900 of the 14,000 available burial sites. Donated by the citizens of Dorchester County, the site was formerly a 35-acre wheat field. The design of this cemetery is unique. The

layout of the burial sites is based on a system of radials and concentric circles centered on the American flag in the plaza area at the Chapel.

Garrison Forest Veterans Cemetery is the most active of Maryland's five Veterans Cemeteries, conducting 1,245 interments in FY 2016. Currently, this cemetery is the nation's third-busiest State Veterans Cemetery. Since December 1983, when the facility opened, more than 39,300 veterans and their dependents have selected this cemetery as a final resting place of the available 46,000 burial sites at this location. The Garrison Forest Veterans Cemetery is located on Garrison Forest Road, near the former Rosewood State Hospital, in Owings Mills, Maryland. Formerly used for agricultural purposes, the site consists of 110 acres bounded by woodlands.

Rocky Gap Veterans Cemetery is a 27-acre site located within the Rocky Gap State Park, just off State Route 68 in Allegany County. The Rocky Gap Veterans Cemetery is approximately 10 miles east of Cumberland and is arguably the most beautiful of the five State Veterans' Cemeteries. Approaching the cemetery, visitors are treated to views of the park's lake and mountainous backdrop. Over 4,500 veterans and their dependents are interred at the cemetery. Rocky Gap Veterans Cemetery has approximately 6,000 burial sites available.

In its analysis of the FY 2018 Governor's Allowance, the Department of Legislative Services referenced the FY 2015 closeout audit report from the Office of Legislative Audits as well as the fiscal compliance audit released in December 2016, with specific reference to the backlog of plot allowance payments due from the U.S. Department of Veterans Affairs and the lack of timeliness of payment requests submitted by the agency. The analysis states the following: **"MDVA should provide the monthly request dates for all months from March through December and provide an update on remaining outstanding requests detailing whether MDVA is making an effort to submit requests in a timely manner."**

In response, the Secretary states the following:

As of the end of February 2017, the U.S. Department of Veterans Affairs, as a result of persistent follow-up by the Maryland Department of Veterans Affairs, has completed payment of all plot allowance requests submitted for burials through July 2015.

Plot allowance requests for March through December 2016 are dated as follows. (The elapsed time includes completion of schedules by each cemetery, submission of all schedules to eligibility specialist at Garrison Forest Veterans Cemetery for review and tally, and submission to Annapolis office for signature.) The average elapsed time of 39 days between end of burial month

and request date is notably improved over the timing of earlier requests as noted in the audit.

- **March:** 5/12/2016
- **April:** 6/01/2016
- **May:** 7/20/2016
- **June:** 8/15/2016
- **July:** 8/17/2016
- **August:** 10/14/2016
- **September:** 11/15/2016
- **October:** 12/19/2016
- **November:** 12/19/2016
- **December:** 2/13/2017

Veterans Home Program

The Charlotte Hall Veterans Home (CHVH) provides assisted living and skilled nursing residential care for honorably discharged veterans and eligible spouses of veterans.

The Home is situated on 126 beautiful acres in St. Mary's County, and offers a continuum of care from the 168-bed assisted living program to the 286-bed skilled nursing program. Charlotte Hall Veterans Home also offers memory care in secure units. The Home is Medicare/Medicaid certified, and all veterans receive a per diem subsidy from the U.S. Department of Veterans Affairs that reduces their cost of care. The Home is inspected annually, as required by the Office of Health Care Quality of the Maryland Department of Health & Mental Hygiene, and by the U.S. Department of Veterans Affairs.

The State of Maryland, through Veterans Affairs, contracts with a private healthcare management contractor to operate the Home. Veterans Affairs works closely with the management contractor's staff to ensure our veterans receive the best possible care in a clean, caring environment. The staff understands and respects the sacrifices veterans have made and the privilege of living out the Home's motto: "Serving Those Who Served".

In its analysis of the FY 2018 Governor's Allowance, the Department of Legislative Services states the following: "The fiscal 2017 working appropriation assumes bed-lease fund revenue to cover expenses for personnel, building and road maintenance, information technology, and various contractual expenses. The fiscal 2018 allowance assumes bed-lease fund revenue to cover those same expenses as well as a portion of operation expenses not covered by the management contract. **The department should provide an explanation of plans to cover expenses related to bed-lease fund revenue in fiscal 2017 and 2018.**"

In response, the Secretary states that the bed lease revenue is intended to fund expenses now supported by retained Federal funds. Veterans Affairs will have the ability to retain certain Federal funds as it does now, up to such time as the new management contract based on the bed lease model goes into effect. One method of funding such expenses (bed lease revenue) will replace another (retained Federal revenue) at that moment. Expenses at Charlotte Hall Veterans Home that are to be funded

from the bed lease revenue will be evaluated as to their urgency and, if appropriate, deferred until after the new contract takes effect.

In its analysis of the FY 2018 Governor's Allowance, the Department of Legislative Services further states the following: **“Due to MDVA’s stance that a Western Maryland veterans home is not feasible, DLS recommends that the \$150,000 in federal funds intended for a feasibility study be used to offset general fund increases in Maryland Environmental Services (MES) cost allocation resulting in a \$150,000 general fund reduction.”**

In response, the Secretary first states Veterans Affairs’ opposition to the reassignment of any Federal fund balance to offset any general fund allowance submitted by the Governor. The ability to retain additional Federal funds in the Veterans Home Program will cease in conjunction with the implementation of the new management contract. Any Federal fund balance at that time will be retained and/or spent based on the program’s identified needs and in accordance with its existing or amended appropriation. The Charlotte Hall Veterans Home is a 454-bed facility with identified physical plant improvement projects whose total costs far exceed any Federal fund balance that will exist upon implementation of the new management contract.

Second, the agency’s budget request incorrectly identified the target of the Federal funds as a feasibility study for a home in Western Maryland. The target should have been identified as the balance of funding for a feasibility study for the new home in Baltimore County, already on the Capital Improvement Plan. The agency concurs that a feasibility study for Western Maryland is not the most pressing need for funding at this time. Funding the study for a new home in Baltimore County is a more pressing need.

In its analysis of the FY 2018 Governor's Allowance, the analysis from the Department of Legislative Services refers to three repeat audit findings from the recently-released fiscal compliance audit covering the period of December 8, 2012, through March 6, 2016. Veterans Affairs responded in full to each finding as part of the audit process, and restates its responses to each repeat finding below:

Finding 2: Unsupported federal fund revenue transactions totaling \$1 million were recorded to offset deficit balances as of June 30, 2015.

Response: Veterans Affairs concurs with the recommendation and is already in compliance. The expenditures creating the deficit balances occurred over a decade ago, and the resulting deficit was fully eliminated as a result of a deficiency appropriation approved by the Legislature in 2016.

Finding 4: MDVA did not always use the appropriate payment method for disbursement transactions and did not always document that goods or services were received prior to payment.

Response:

a. Veterans Affairs concurs with the recommendation and notes the progress in compliance with State procurement guidelines since hiring its first-ever procurement officer in 2015. Still, existing staffing and resource levels, and the geographical dispersion of Veterans Affairs staff across the State, present significant obstacles to full and timely compliance. Veterans Affairs will seek to achieve substantial compliance with the recommendation by the end of FY 2018.

b. Veterans Affairs concurs with the recommendation and has already implemented processes to document receipt of goods and services prior to payment. Veterans Affairs will continue to take steps necessary to achieve full compliance by the end of FY 2017.

Finding 6: MDVA did not record collections upon receipt and independent deposit verifications were either not performed or were performed by individuals who processed or had access to the related collections.

Response:

a. Veterans Affairs concurs with recommendation and is already in compliance. All collections are recorded immediately upon

receipt in both a receipt log and in the State's accounting system.

b. Veterans Affairs concurs with recommendation and is currently performing documented verifications that collections initially recorded are subsequently deposited.

Demographic Trends

There are over 423,000 veterans living in Maryland as of FY 2016, according to the website of the U.S. Department of Veterans Affairs. Two segments of the veteran population have grown at high rates:

1. Veterans over age 75 (accounting for the aging Korea and Vietnam Era Veterans, as well as those of the World War II Era); and
2. Returning veterans

Veterans over age 75

Several unique characteristics affect service needs for these veterans:

- Increase in number of veterans needing long-term assisted living care;
- Presence of wartime disabilities, both physical and mental; and
- Increase in veterans considered medically indigent.

Returning Veterans

Veterans returning from the recent conflicts in Iraq and Afghanistan have unique needs and characteristics. Maryland has experienced one of the largest mobilizations of "citizen soldiers", those individuals serving in our State National Guard or Armed Forces Reserve Units, in our nation's history. Along with some of Maryland's returning citizen soldiers, a number of veterans of the active duty component will face challenges, including the following:

- Combat wounds;
- Head injuries / Traumatic Brain Injury;
- Post Traumatic Stress Disorder (PTSD);
- Reintegration and transition;
- Employment or re-employment challenges;
- Risk of becoming homeless;
- Significant family readjustment issues following active duty; or
- Long-term care needs.

As service members transition following overseas deployments, many will need assistance with ongoing medical, mental health or reintegration issues. Some may require assistance with re-employment, education or emergency help to overcome a financial crisis. Along with other State agencies committed to veterans' assistance programs, Veterans Affairs is helping veterans to meet these challenges.