

D55P00
Department of Veterans Affairs

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$9,603	\$9,925	\$8,842	-\$1,083	-10.9%
Special Fund	342	228	627	400	175.5%
Federal Fund	<u>4,948</u>	<u>7,883</u>	<u>7,379</u>	<u>-503</u>	<u>-6.4%</u>
Total Funds	\$14,892	\$18,035	\$16,849	-\$1,187	-6.6%

- The allowance anticipates that the Department of Veterans Affairs (DVA) will revert \$800,000 of general funds in fiscal 2007. General funds are available due to changes in the permissible uses of federal per diem payments. Previously, per diems for assisted living/domiciliary residents at Charlotte Hall Veterans Home offset charges to Medicaid for client care. Use of per diem payments as a Medicaid offset is no longer permitted. Those federal funds, no longer used as a Medicaid offset, may instead be used for non-domiciliary care purposes thereby freeing general funds for the anticipated reversion.
- DVA's budget decreases by \$1,186,619, or 6.6% in the fiscal 2008 allowance. If the large decrease due to one-time health insurance savings and the anticipated reversion is removed from the calculation, the agency has an overall decrease of \$178,665, or 1.0%.

Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	66.00	66.00	66.00	0.00
Contractual FTEs	<u>4.32</u>	<u>4.32</u>	<u>4.38</u>	<u>0.06</u>
Total Personnel	70.32	70.32	70.38	0.06

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	2.30	3.49%
Positions Vacant as of 12/31/06	1.00	1.52%

Note: Numbers may not sum to total due to rounding.

For further information contact: Lori J. O'Brien

Phone: (410) 946-5530

- There is a 1.0 full-time equivalent (FTE) position vacant as of December 31, 2006; however, the agency reports that 3.0 FTE additional vacancies occurred immediately after the vacancy data were reported, increasing the vacancy rate to 6.06%. The turnover rate budgeted by the agency requires that 2.3 FTE positions remain open through fiscal 2007.

Analysis in Brief

Major Trends

Cemetery Program: The number of burial sites used, or total number of burials completed, is anticipated to increase from 63,712 in fiscal 2006 to 70,237 in fiscal 2008. At the same time, the number of complaints received is expected to decrease.

Charlotte Hall Veterans Home: The Charlotte Hall population exhibits a lower incidence of decline in daily living skills, antipsychotic drug use, symptoms of depression, use of physical restraints, cognitive impairment, and behavioral symptoms affecting others than populations in other State long-term care facilities. The proportion of residents who spend a majority of time in a bed or a chair, of which there is a higher incidence than other facilities, reflects the availability of a hospice program for terminally ill residents.

Issues

Charlotte Hall Veterans Home and the New Per Diem Calculation: New rules which provide that U.S. Department of Veterans Affairs payments may no longer be used to offset Medicaid payments, but instead be used for other purposes, has resulted in decreased general fund expenditures in fiscal 2008.

Outreach and Advocacy Program: Legislation adopted during the fiscal 2006 session will result in accelerated outreach and advocacy activity in order to better inform Maryland veterans about available State services, benefits, and assistance. This could result in larger numbers of benefit claims, more veterans availing themselves of burials offered through the cemetery program, or greater numbers of residents in the Charlotte Hall Veterans Home. **The agency is asked to discuss the program and possible outcomes.**

Charlotte Hall and Performance Contracting: The contract to manage Charlotte Hall is very large at \$123.7 million over five years (with the option of one 2-year renewal). Unfortunately, there are no performance standards or incentives to ensure that, apart from the point at which the contract is renewed, desired performance outcomes are reached. **The agency is asked to discuss the lack of performance standards and incentives.**

Recommended Actions

1. Adopt committee narrative requiring the development of performance standards and incentives to be included in the next Request for Proposals to manage Charlotte Hall Veterans Home.

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D55P00
Department of Veterans Affairs

Operating Budget Analysis

Program Description

The Department of Veterans Affairs (DVA) provides a variety of administrative and support services to the State's veterans, their families, dependents, and survivors. The department also manages five veterans' cemeteries, maintains three veterans' war memorials in cooperation with local jurisdictions, and operates and manages Charlotte Hall Veterans Home.

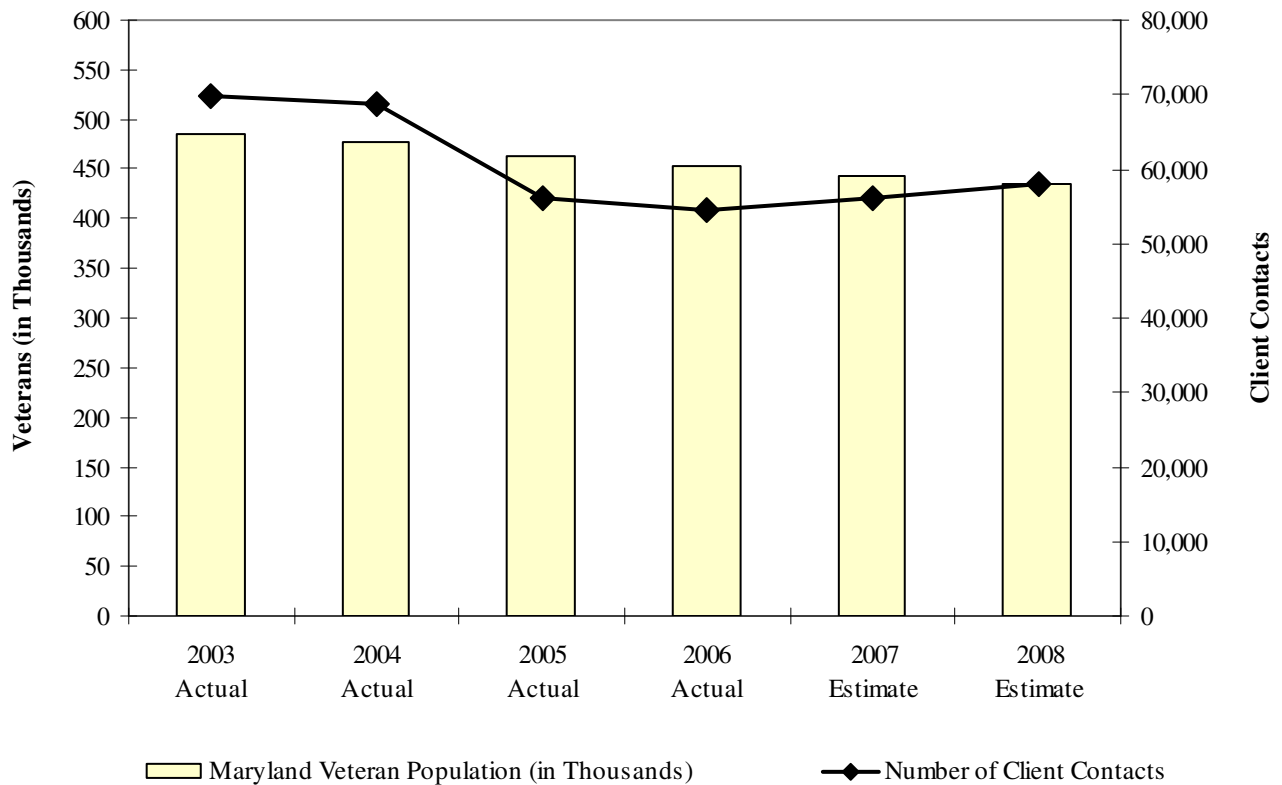
The department's goals are to:

- aid veterans in the preparation of claims for benefits to which they are entitled such as educational assistance, death benefits, and medical care;
- operate and maintain the five veterans' cemeteries;
- provide upkeep and maintenance for Maryland's war memorials; and
- provide and operate the State veterans' home at Charlotte Hall.

Performance Analysis: Managing for Results

DVA's Service Program provides information, guidance, and assistance to veterans, their dependents, and survivors in applying for and obtaining federal, State, and local benefits and entitlements granted by law. These benefits include disability compensation, pension, death benefits, educational assistance, home loans, and medical care. The population of Maryland veterans has decreased from 485,116 in fiscal 2003 to 452,837 in fiscal 2006, as have the number of contacts from veterans, dependents, and survivors to DVA, as shown in **Exhibit 1**. DVA has estimated that though the veteran population is projected to decrease further in fiscal 2007 and 2008, the number of client contacts will rise with the resolution of veterans service officer (VSO) staffing issues. DVA recently trained two new VSOs, which meant that those officers were not working at full performance levels during the past year. In addition, one VSO was on an extended sick leave during fiscal 2006. In addition, in response to a U.S. Department of Veterans Affairs report that only 33% of veterans are aware of their veterans' benefits, Maryland's DVA is devoting more resources to increased Outreach and Advocacy Program efforts to raise awareness. **DVA is asked to comment on the status of VSO staffing issues and on the plan to reach out to Maryland veterans.**

Exhibit 1
Maryland Veteran Population and DVA Client Contacts
Fiscal 2003-2008

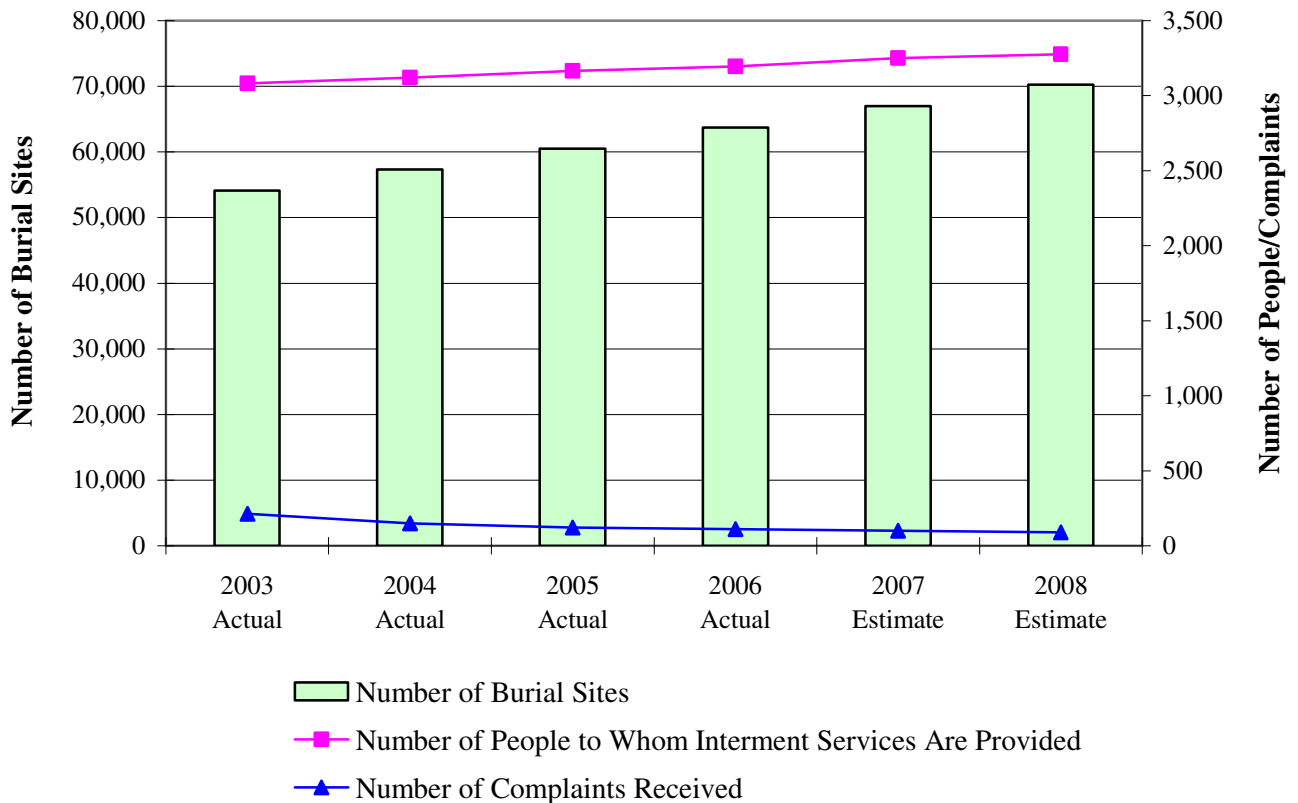


Source: Department of Veterans Affairs

Cemetery Program

Performance data for the department's Cemetery Program is provided in **Exhibit 2**. The number of burial sites used, or total number of burials completed, have increased from 54,137 in fiscal 2003 to 63,712 in fiscal 2006 and are anticipated to grow to 70,237 by fiscal 2008. The number of veterans' burials is growing at a relatively fast pace with the aging of the World War II population and is expected to continue to grow with increased Outreach and Advocacy Program efforts. The number of people who are eligible to be interred at a veterans' cemetery in Maryland and are actually

Exhibit 2
Maryland Veterans Cemetery Services
Fiscal 2003-2008



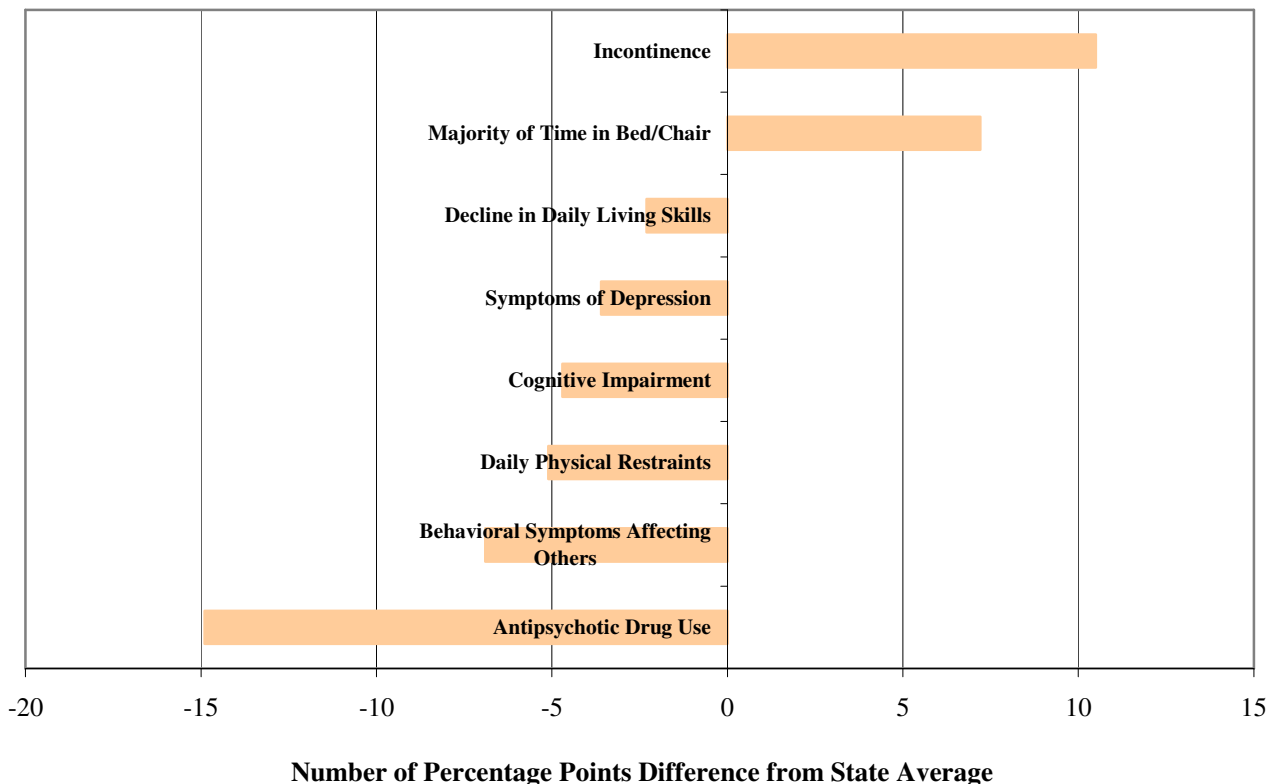
Source: Department of Veterans Affairs

interred at one of them dropped slightly from 21% in fiscal 2003 to 19% in fiscal 2006. The agency is anticipating that in fiscal 2007 21% of the eligible population will avail themselves of that opportunity. The number of complaints related to the cemetery program is expected to decrease from 213 during fiscal 2003 to 110 in fiscal 2006 and are projected to decrease to 90 by fiscal 2008. Two of the reasons that complaints decreased through fiscal 2006 were greater attention to burial procedures and maintenance of burial sites by the agency. **The agency is asked to comment on its plans to ensure continued improvement in these areas.**

Charlotte Hall Veterans Home

The Charlotte Hall Veterans Home provides assisted living and skilled nursing long-term care to Maryland veterans and eligible spouses who are unable to take care of themselves due to age or disability. The home provides support and services required for shelter, sustenance, medical care, and the social services necessary to maintain a resident's quality of life. **Exhibit 3** compares characteristics of the Charlotte Hall resident population to the resident population at all of Maryland's long-term care facilities. The Charlotte Hall population exhibits a lower incidence of decline in daily living skills, symptoms of depression, cognitive impairment, behavior symptoms affecting others, and antipsychotic drug use. Its residents also require physical restraints less often than residents in other State facilities, reflecting both the population and the facility's commitment to maintaining resident dignity and quality of life. Charlotte Hall has a policy of not using restraints except in the most extreme cases; in fact, during fiscal 2006, virtually no residents were physically restrained.

Exhibit 3
Charlotte Hall Veterans Home Compared to State Average

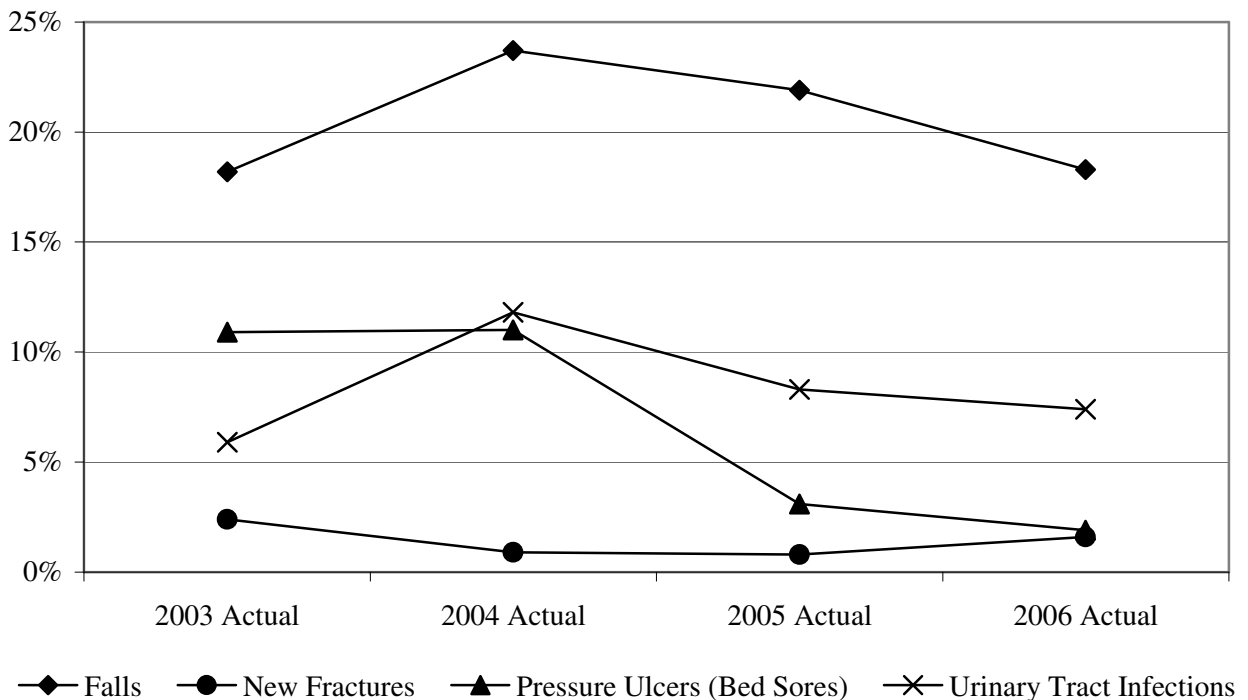


Source: Department of Veterans Affairs

The indicator to which Charlotte Hall compares least favorably to the rest of the State, incidents of incontinence, is assumed by DVA to be due to changes in the types of prevalent medical problems in the resident population, as well as the increased population itself. The other measure for which Charlotte Hall does not compare favorably, the proportion of residents who spend a majority of time in a bed or a chair, reflects the availability of a hospice program for terminally ill residents, the vast majority of whom are unable to leave their beds.

Indicators that are more reflective of the quality of care available at Charlotte Hall are shown in **Exhibit 4**. The exhibit presents trends in incidents (as a percentage of the population) of new fractures, pressure ulcers or bed sores, urinary tract infections, and falls for fiscal 2003 through 2006. The only indicator showing poorer performance in fiscal 2006 than in fiscal 2003 is urinary tract infections, and the incidents of these infections are declining again after increasing significantly in fiscal 2004. The incidence of falls is also declining after increasing significantly in fiscal 2004; the facility has a “Safe Fall” program that utilizes low beds, protective equipment, and increased supervision for recreational and therapeutic activities. In addition to the continued success of this program in reducing the number of falls, the incidence of breaks in fiscal 2006 resulting from those falls is three-quarters of that in comparable State facilities.

Exhibit 4
Quality of Care at Charlotte Hall
Fiscal 2003-2006



Source: Department of Veterans Affairs

Fiscal 2007 Actions

Anticipated Reversion

DVA is anticipating an \$800,000 general fund reversion at the end of fiscal 2007 due to changes in the federal rules applying to Medicaid payments. U.S. Department of Veterans Affairs per diem payments had been used to offset Medicaid payments for assisted living/domiciliary residents at the Charlotte Hall Veterans Home in the past; however, that is no longer permitted. Those federal funds, which are no longer used as a Medicaid offset, can instead be used for non-domiciliary care purposes thereby freeing general funds.

Governor's Proposed Budget

Exhibit 5 shows the major changes in DVA's budget. The most significant changes are in the Charlotte Hall Veterans Home.

Exhibit 5
Governor's Proposed Budget
Department of Veterans Affairs
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2007 Working Appropriation	\$9,925	\$228	\$7,883	\$18,035
2008 Governor's Allowance	<u>8,842</u>	<u>627</u>	<u>7,379</u>	<u>16,849</u>
Amount Change	-\$1,083	\$400	-\$503	-\$1,187
Percent Change	-10.9%	175.5%	-6.4%	-6.6%

Where It Goes:

Personnel Expenses

Increments and salary upgrades, primarily for a two-grade upgrade for cemetery superintendents and reclassifications for cemetery office secretaries to administrative aides (approved in fiscal 2007 but not yet reflected in the working appropriation).....	\$109
Workers' compensation premium assessment	67
Retirement.....	48
Social Security and unemployment compensation	19
Other fringe benefit adjustments.....	7
Health insurance costs decline due to one-time savings	-202
Turnover adjustments.....	-18
Contractual positions (primarily increased turnover)	-4

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Where It Goes:

Charlotte Hall Veterans Home

New and replacement medical and dental equipment.....	252
Maryland Environmental Services charges (water and sewer)	96
Roof and other repairs.....	45
New audio-visual equipment	25
Direct care expenditures. If the \$800,000 anticipated reversion were removed from the calculation, the decrease would be \$1.5 million. The decline reflects the fiscal 2007 budget overstating the cost of care	-2,332
Other	-28

Other Changes

Various service contracts in the cemetery program, primarily for new grave liners, markers, and for a new grid system	474
New Outreach and Advocacy Program efforts (postage, printing, document management, and travel).....	103
Various contracts in the Service Program and the Memorials and Monuments Program.....	66
Supplies, materials, and replacement equipment.....	30
Replacement of the Secretary's and the Service Program director's cars (100,000 or more miles) and other vehicle-related charges	28
Fuel and utilities.....	11
Other	17

Total	-\$1,187
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Note: Numbers may not sum to total due to rounding.

Issues

1. Charlotte Hall Veterans Home and the New Per Diem Calculation

For a portion of fiscal 2007 and 2008, the per diem calculation has changed for federal reimbursement in the assisted living portion of Charlotte Hall. At the request of the U. S. Department of Veterans Affairs, "...[USVA] per diem payments to State Homes shall not be ...used to offset or reduce any other payment made to assist veterans" (Public Law 108-422, 118 Stat. 2379). As a result of this, federal funds for veterans that had previously been used to offset Medicaid payments will no longer be used as an offset. In fiscal 2007 and 2008, instead of offsetting Medicaid, the non-Medicaid federal funds that had been going to assisted living residents are to be used for other purposes, and offset the general fund obligation.

The practical result of this is that federal funds are freed up to be used for purposes other than purchase of care and, as a result, general funds are also freed up to be used for other purposes. First, in fiscal 2007, the agency anticipates a reversion of newly available general funds; second, in fiscal 2008, general funds decrease in the allowance, shown in **Exhibit 6**. The uses to which the federal funds that would have, in the past, been used as a Medicaid offset are described in **Exhibit 7**.

It is more difficult to predict the level of federal funding in the fiscal 2007 and 2008 Charlotte Hall budgets. There is a large increase in fiscal 2007, but it is likely that some of those federal funds will be cancelled, depending on the number of average daily residents during the year. In fact, in fiscal 2006, \$2.4 million was cancelled due to a lower-than-anticipated resident census; in fiscal 2005 \$1.3 million was cancelled. Accelerated service program efforts could result in greater interest in Charlotte Hall, but it is more likely that there will at least be some cancellation given past experience, resulting in a much smaller decrease in fiscal 2008 federal DVA funding, if any. It is more difficult to project fiscal 2008 federal need due to the effects of new Outreach and Advocacy Program efforts, described in Issue 2.

2. Outreach and Advocacy Program

The Veterans Advocacy and Education Act of 2006 (Chapter 290 of 2006) established and enhanced a number of benefits. It establishes the Veterans of the Afghanistan and Iraq Conflicts Scholarship, extends the public safety officer death benefit to Maryland residents who are killed in either conflict, establishes a Task Force to Study State Assistance to Veterans, and expands eligibility for the Edward T. Conroy Memorial Scholarship Program, which provides scholarships to the children of veterans with a service-related 100% disability. In addition, it requires DVA to develop and implement an outreach and advocacy program.

The program is charged with ensuring that veterans are informed of available federal and State services, benefits, and assistance and to bring issues related to veterans' needs to the attention of the Governor and the General Assembly. The program is also to assist veterans and their dependents

Exhibit 6
Net Effect of Additional Federal Dollars
Charlotte Hall Veterans Home
Fiscal 2006-2008
(\$ in Thousands)

	<u>Actual</u> <u>2006</u>	<u>Working</u> <u>Appropriation</u> <u>2007</u>	<u>Allowance</u> <u>2008</u>
Average Daily Residents (ADR)	327	348	388
General Funds			
Direct Client-care Items ¹	\$5,468	\$5,786	\$4,010
Indirect Client-care Items ²	590	564	848
Deficiency Appropriation		-800	
Total General Funds	6,058	5,549	4,858
Total Federal Funds (Direct Client-care Items) ¹	4,280	7,200	6,657
Special Funds (Donations)	180	79	231
Total Funds	\$10,517	\$12,829	\$11,747

¹ Includes general funds used for the same purposes for which federal funds are used: the provision of shelter, sustenance, and incidental medical care on an ambulatory self-care basis to assist eligible veterans disabled by age or illness to attain physical, mental, and social well-being through rehabilitative programs; federal funds used for nursing home care are for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care or domiciliary care but who require skilled nursing care and related medical services.

² Examples are personnel costs, automobile costs, office equipment, etc.

Source: Department of Veterans Affairs; Department of Budget and Management

Exhibit 7
New Federal Spending
Charlotte Hall Veterans Home
Fiscal 2008 Allowance

<u>Amount</u>	<u>Description</u>
\$50,000	Food services – augment resident menus with a premium meal each week
650,000	Medical care (physician) – additional physician services over and above what Health Management Resources of Maryland, LLC (HMR), the contractor, is required to provide as part of residents’ primary care (dermatology, podiatry, psychiatric, optometry, vascular, nurse practitioners, etc.)
150,000	Medical care (dental) – free dental care for all residents
100,000	Hospital care for indigent residents
350,000	U.S. Department of Veterans Affairs Clinical Patients’ Records System (CPRS) – lease cost of software, hardware, tech support, and training
60,000	ComPASS System – annual technical support fee for a process management system
347,376	Non-dataprocessing contracts – free haircuts, free cable television, recreational trips, and activities
25,000	Audio-visual equipment – resident televisions, headsets, common area televisions, computer games, videos, etc.
25,000	Dental equipment
50,000	Medical equipment
\$1,807,376	Total

Source: Department of Veterans Affairs

in accessing benefits. A director for the program is to be appointed by the Secretary of Veterans Affairs to administer and coordinate the program and to develop mechanisms for outreach. DVA must also develop and maintain a database of Maryland veterans. Notwithstanding these new requirements, the service program at DVA has not added new positions or transferred positions in fiscal 2007, nor are positions added in the fiscal 2008 allowance. Further, salary upgrades or reclassifications are not provided to recognize the additional responsibilities that will fall to existing positions. **The Department of Legislative Services (DLS) recommends that DVA discuss how its current workforce will absorb these new responsibilities in the budget year.**

The Veterans Advocacy and Education Act of 2006 also requires that DVA report annually on the outreach and advocacy program, the benefits that have been requested and received by veterans and their families, the status of various veterans programs, and the estimated impact of the current military actions on future needs. There is an additional \$103,475 in the fiscal 2008 budget for postage, printing, document management, and travel related to this new responsibility. **DLS recommends that DVA discuss what early plans are for the use of these funds.**

DVA anticipates that although the veteran population has decreased from 485,000 in fiscal 2003 to 453,000 in fiscal 2006 and is projected to decrease to 434,000 in fiscal 2008, more veterans will avail themselves of existing services when they are better informed of their existence. A recent U.S. Department of Veterans Affairs (USDVA) survey reported that currently approximately 33% of U.S. veterans are informed of available USDVA and state veterans' program services. Better informed Maryland veterans could mean that many more will avail themselves of benefit claims through the service program, burial services through the cemetery program, or of assisted living, nursing home, or hospice care through Charlotte Hall Veterans Home. **DLS recommends that DVA discuss what it expects in terms of potential outcomes of the outreach and advocacy program.**

3. Charlotte Hall and Performance Contracting

Charlotte Hall Veterans Home

Charlotte Hall Veterans Home opened in 1985. By 2003 there were, and continue to be, 226 assisted living care and 278 comprehensive care beds available. Assisted living services are for relatively independent residents and comprehensive care is for those with significant health conditions that require constant care, including the hospice facility housed in the home. Comprehensive care is funded by individuals, insurance, Medicaid and Medicare, and federal reimbursement; no general funds are used for this purpose. General funds budgeted within the Veterans Home Program are used for assisted living residents.

The Potential Benefit of Performance Contracting

Performance contracting potentially is a very useful instrument for providing cost-effective, quality goods and services at Charlotte Hall for and on behalf of the State of Maryland, DVA, and veterans. DVA administers this very large contract, valued at \$123.7 million over five years (with the option of two 1-year renewals), with Health Management Resources of Maryland, LLC (HMR). The contract is for the operation and management of the Charlotte Hall Veterans Home and provides for service in 12 functional areas: administration, nursing, social services, dietary, facilities maintenance and plant operations, housekeeping, laundry, physical therapy/rehabilitation, activities and recreation, admissions and marketing, medical records, and security. The success or failure of effective service delivery has the potential for a very large collective financial impact on State veterans and their spouses who are using these services and on the budget of the State itself. In addition, the failure to effectively provide the services contracted for by DVA has the potential to impact the very health of those veterans and their spouses.

Performance contracting, instead of specifying exactly how services are to be delivered, specifies what outcomes are expected in the successful implementation of the service provided by the contract. However, the complexity or the level of risk associated with poor implementation of the service can require that the agency be very specific and define inputs rather than outcomes. In other words, the nature of the service/product dictates the degree to which the agency can successfully implement full performance contracting.

The United States General Accounting Office (GAO) has provided a list of requirements for a true performance-based contract¹:

- **Describe the requirements in terms of results required rather than the methods of performance of the work.** The focus should be what is to be performed rather than how to perform it.
- **Set measurable performance standards that ensure that each standard is necessary, carefully chosen, and not unduly burdensome.** Standards should not be set too high and drive up the cost of the contract, nor should they be set too low and act as a disincentive to good contract performance.
- **Identify positive and negative incentives, when appropriate.** Incentives should be used if they can be effective in inducing better quality performance. They should apply to the most important aspects of the work.
- **Describe how the contractor's performance will be evaluated in a quality assurance plan.** The GAO suggests that a good quality assurance plan should include a surveillance schedule and clearly state the surveillance methods to be used.

Unfortunately, DVA and Charlotte Hall Veterans Home report that there are no performance standards or guarantees written into the HMR contract. The measures provided as part of the Department of Budget and Management's (DBM) Managing for Results (MFR) requirements indicate that Charlotte Hall's performance is strong compared to other similar State facilities. However, apart from the opportunity to use past performance to evaluate HMR at the point the contract is renewed, payment to the vendor is not tied to the quality of service. Effectively addressing potential performance issues that may arise during the life of the contract may not be accomplished absent incentives (*i.e.*, money). **DVA is asked to discuss the absence of contractual performance standards and performance incentives in the HMR contract.**

¹ United States General Accounting Office, *Report to the Chairman, Subcommittee on Technology and Procurement Policy, Committee on Government Reform, House of Representatives, Contract Management, Guidance Needed for Using Performance-Based Service Contracting*, GAO-02-1049, David E. Cooper, Director, Acquisition and Sourcing Management (September 2002).

DVA is also asked in committee narrative to develop a list of standards and incentives to be included in the next request for proposals for a management contract for Charlotte Hall. The current contract with HMR expires on June 30, 2007, and has one 2-year renewal option that goes to the Board of Public Works in February 2007 for approval.

Recommended Actions

1. Adopt the following narrative:

Performance Standards and Incentives for the Contract to Manage Charlotte Hall Veterans Home: The contract for the operation and management of the Charlotte Hall Veterans Home provides for service in 12 functional areas: administration, nursing, social services, dietary, facilities maintenance and plant operations, housekeeping, laundry, physical therapy/rehabilitation, activities and recreation, admissions and marketing, medical records, and security. The failure to effectively provide the services contracted for by the Department of Veterans Affairs (DVA) has the potential to impact the health of those veterans and their spouses.

The contract to manage Charlotte Hall is very large at \$190.1 million over six years but includes no guarantees to ensure that the services contracted for are actually delivered. Performance contracting, instead of specifying exactly how services are to be delivered, specifies what outcomes are expected in the successful implementation of the service provided by the contract. The committees request that DVA develop a set of performance standards and incentives to include in the Request for Proposal (RFP) for the Management Services Contract for Charlotte Hall Veterans Home. The requirements for a true performance-based contract outlined by the United States General Accounting Office should guide the development of the standards and incentives. The committees request that DVA submit a report with a list of those standards and incentives to the committees by December 15, 2007.

Information Request	Author	Due Date
List of Performance Standards and Incentives included in the Management Services Contract for Charlotte Hall Veterans Home	DVA	December 15, 2007

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Veterans Affairs (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$9,535	\$267	\$7,317	\$0	\$17,120
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	67	75	0	0	142
Reversions and Cancellations	0	0	-2,370	0	-2,370
Actual Expenditures	\$9,603	\$342	\$4,948	\$0	\$14,892
Fiscal 2007					
Legislative Appropriation	\$9,866	\$228	\$7,883	\$0	\$17,976
Budget Amendments	59	0	0	0	59
Working Appropriation	\$9,925	\$228	\$7,883	\$0	\$18,035

Note: Numbers may not sum to total due to rounding.

Fiscal 2006

- In fiscal 2006, \$2,369,720 in federal funds were cancelled for the Charlotte Hall Veterans Home.
- The special fund appropriation increased by \$75,000 due to higher than expected donations for Charlotte Hall Veterans Home.
- General funds increased by \$36,834 through a transfer from the Department of Budget and Management for the reallocation of general salary increase funding.
- General funds increased by \$30,293 from DBM in the reallocation of health insurance funding.

Fiscal 2007

- General funds increased by \$60,061 through a transfer from DBM for the reallocation of general salary increase funding.
- General funds decreased by \$848 through a transfer to DBM for a comprehensive salary study.

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	66.00	66.00	66.00	0	0%
02 Contractual	4.32	4.32	4.38	0.06	1.4%
Total Positions	70.32	70.32	70.38	0.06	0.1%
Objects					
01 Salaries and Wages	\$ 3,106,881	\$ 3,333,662	\$ 3,364,373	\$ 30,711	0.9%
02 Technical and Spec. Fees	102,246	119,915	123,049	3,134	2.6%
03 Communication	90,101	70,623	78,978	8,355	11.8%
04 Travel	46,505	35,615	54,370	18,755	52.7%
06 Fuel and Utilities	294,903	320,930	427,606	106,676	33.2%
07 Motor Vehicles	107,201	73,684	101,556	27,872	37.8%
08 Contractual Services	10,580,085	13,736,918	11,965,938	-1,770,980	-12.9%
09 Supplies and Materials	149,939	82,404	113,943	31,539	38.3%
10 Equipment - Replacement	145,503	4,110	176,800	172,690	4,201.7%
11 Equipment - Additional	91,428	12,000	135,000	123,000	1,025.0%
12 Grants, Subsidies, and Contributions	148,010	198,088	198,088	0	0%
13 Fixed Charges	28,716	31,160	36,161	5,001	16.0%
14 Land and Structures	355	16,372	73,000	56,628	345.9%
Total Objects	\$ 14,891,873	\$ 18,035,481	\$ 16,848,862	-\$ 1,186,619	-6.6%
Funds					
01 General Fund	\$ 9,602,506	\$ 9,925,184	\$ 8,842,466	-\$ 1,082,718	-10.9%
03 Special Fund	341,650	227,665	627,221	399,556	175.5%
05 Federal Fund	4,947,717	7,882,632	7,379,175	-503,457	-6.4%
Total Funds	\$ 14,891,873	\$ 18,035,481	\$ 16,848,862	-\$ 1,186,619	-6.6%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
Department of Veterans Affairs**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
01 Service Program	\$ 1,471,004	\$ 1,487,233	\$ 1,612,916	\$ 125,683	8.5%
02 Cemetery Program	2,541,795	2,543,188	3,088,627	545,439	21.4%
03 Memorials and Monuments Program	361,636	376,336	400,198	23,862	6.3%
05 Veterans Home Program	10,517,438	13,628,724	11,747,121	-1,881,603	-13.8%
Total Expenditures	\$ 14,891,873	\$ 18,035,481	\$ 16,848,862	-\$ 1,186,619	-6.6%
General Fund	\$ 9,602,506	\$ 9,925,184	\$ 8,842,466	-\$ 1,082,718	-10.9%
Special Fund	341,650	227,665	627,221	399,556	175.5%
Federal Fund	4,947,717	7,882,632	7,379,175	-503,457	-6.4%
Total Appropriations	\$ 14,891,873	\$ 18,035,481	\$ 16,848,862	-\$ 1,186,619	-6.6%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.