



Virginia Department of Veterans Services



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Hampton Roads and Northern Virginia Veterans Care Center Projects

Presentation to
Senate Finance Committee, Capital Outlay Subcommittee

Commissioner John L. Newby II
January 22, 2015

Overview

- Veterans care centers in Virginia
- Operational and Capital Project Funding
- Federal funding and Priority Groups
- Number of beds
- Virginia's Ranking on the VA Priority List
- Moving the projects forward – Federal + State
- Revised Project Costs
- State Funding Options

Veterans Care Centers in Virginia

- Roanoke: Virginia Veterans Care Center
 - Opened 1992
 - 240 beds (120 skilled nursing, 60 Alzheimer's/dementia, 60 assisted living)
- Richmond: Sitter & Barfoot Veterans Care Center
 - Opened 2007
 - 160 beds (120 skilled nursing, 40 Alzheimer's/dementia)
 - 40 beds under construction – opening spring 2015
- 480 planned – Hampton Roads and Northern Virginia

Operations and Capital Project Funding

- Operations
 - Medicaid, Medicare, U.S. Department of Veterans Affairs (VA) per diem, and private pay
 - Some states also receive GF appropriation
 - **Virginia: all self-funded – no GF appropriation**
- Capital Projects – mix of federal/state
 - Federal (VA): 65%
 - State: 35%
 - VA funding can be used for new construction, repairs, improvements, renovations, and bed replacement

Federal Funding and Priority

- VA is budgeted a fixed amount in a given FFY
- State requests for federal grant \$\$ usually exceeds the VA grant pool
- FFY2015 funding:
 - VA expects approximately \$90 million to be available
 - States have requested almost \$410 million
- 38 CFR establishes a priority system to determine which state projects are funded in a given FFY

Priority Groups

- Eight Priority Groups in 38 CFR
- PG1 – state \$\$ committed (35% match)
 - PG1 further broken down into sub-priorities
 - Only PG1 projects considered for federal funding in a given FFY
- PG2 – PG8: no state \$\$ commitment
- VA publishes annual priority list (December)
- **Projects are re-ranked every year**

Priority Group 1: Sub-priorities

- Seven sub-priorities in PG1:
 - 1.1 Remedies for Life or Safety
 - 1.2 State has not previously applied for VA grant \$\$
 - 1.3 “Great Need” for new beds in a state (unmet need 2,000+ beds)
 - 1.4 Renovations (other than life/safety)
 - 1.5 “Significant Need” for new beds in a state (unmet need 1,000 – 1,999 beds)
 - 1.6 State has not demonstrated funds are used to protect life/safety
 - 1.7 **“Limited Need” for new beds in a state (unmet need 0 – 999 beds)**
- ****VA re-ranks projects every year****
- ****Higher priority projects “leapfrog” lower priority****

Numbers of Beds

- 38 CFR sets the number of beds for which states may apply for federal funding
- # of beds based on current/forecast population
- “Unmet need” = (authorized) – (existing) – (under construction) – (on the VA Priority List)
- **Virginia has “unmet need” of 983 beds**
- $1,903 - 400 - 40 - 480 = 983$, where:
 - 1,903 = number of beds eligible for federal funding
 - 400 = number of existing beds (Richmond and Roanoke)
 - 40 = number of beds under construction (Roanoke)
 - 480 = number of beds on the VA Priority List (HR and NoVa)

Virginia's Ranking on the VA Priority List

- Per 38 CFR, VA has determined that Virginia only has a “limited need” for new beds
- This places the two projects in PG 1.7 (unmet need < 1,000 beds)
- Hampton Roads: #51 of 53 on FFY2015 Priority List
- Northern Virginia: #52 of 53
- VA only expects to fund through project #19 or 20 in FFY2015
- Hampton Roads and Northern Virginia will likely not be funded in FFY2015

Moving the projects forward – Federal

- Increase the size of the funding pot
 - Executive and Legislative branch officials are engaging with Virginia’s Congressional Delegation
- Reduce the scope of the projects
 - Reducing the number of beds by 20 will move the two projects from PG1.7 (unmet need < 1,000 beds) to PG1.5 (unmet need 1,000 – 1,999)
 - Overall scope reduction from 480 to 460 beds

Moving the projects forward – State

- Maintain the state commitment to both projects
 - 35% of project costs: state \$\$ must be “on the table” when federal grant funds become available
 - Virginia must certify funding commitment annually
- Increase the state commitment to match rising construction costs and new design standards
 - Delays in receipt of federal funding push project start dates into the future; construction costs increase
 - New mandatory VA design standards (small house concept); more expensive to build/operate

Moving the projects forward – State

- Reduce scope from 480 to 460 beds, raising Virginia projects from PG1.7 to PG1.5
- Lock in sites for both care centers (DVS)
 - Potential sites identified in Hampton Roads and Northern Virginia
 - Close partnership with local governments and members of the General Assembly
 - Transfer title to the Commonwealth

Projected Project Costs – Hampton Roads

- Previous (2014/2015 start date)
 - Total: \$81,339,000
 - Federal: \$52,870,350
 - State: \$28,468,650 (\$28.5 million)
- Projected (2017/2018)
 - Total: \$93,258,517
 - Federal: \$60,618,036
 - State: \$32,640,481

Projected Project Costs – Northern Virginia

- Previous (2014/2015 start date)
 - Total: \$81,339,000
 - Federal: \$52,870,350
 - State: \$28,468,650 (\$28.5 million)
- Projected (2018/2019)
 - Total: \$96,891,994
 - Federal: \$62,979,796
 - State: \$33,912,198

State Funding Options

1. Money in the Bank

- SB675/HB1276 (Northern Virginia) and SB676/HB1275 (Hampton Roads)
- Amendments needed to affirm state commitment to higher project costs and align State/Federal split

2. Capital Outlay Project Pool

- Approved by 2014 General Assembly
- Introduced budget (C-46.10 E) includes higher state commitment

State Funding Options – continued

3. Treasury loan/repayment

- Used prior to 2014
- Specific language in appropriation act (see Chapter 806, 2013 Acts of Assembly, Item C-34.10)

4. Special bond issue

5. Other?

Regardless of the option chosen, continued state commitment to fund 35% of project costs, and at a higher level, is essential to keep these projects viable

Conclusion

- Hampton Roads and Northern Virginia veterans care center projects not likely to receive federal funding in FFY2015
- Secretary of Veterans and Defense Affairs is initiating “full court press” to get VA funding in FFY2016
- Virginia has several options for state 35% match
- Continued state commitment to fund 35% of project costs, and at a higher level, is essential to keep these projects viable
- DVS will update federal grant application to reflect higher state commitment



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Q & A



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