



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 23, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Veterans Affairs: Governor's Section 13.10 Request for the Use of Additional Stimulus Funding for Capital Projects at the Wisconsin Veterans Home at King --- Agenda Item IV

REQUEST

The Governor requests that the Joint Committee on Finance approve the allocation and expenditure of \$1,608,515 in 2010-11, from moneys the state has received, or expects to receive, under the federal American Recovery and Reinvestment Act of 2009 (ARRA), to partially fund the replacement and installation of laundry equipment (\$318,843) and a wandering patient monitoring system (\$1,289,672) at the Wisconsin Veterans Home at King.

BACKGROUND

The Department of Veterans Affairs (DVA) operates the Wisconsin Veterans Home at King, which includes four separately licensed skilled nursing facilities (Ainsworth Hall, MacArthur Hall, Olson Hall, and Stordock Hall) with a total of 721 licensed beds. The costs of operating the Veterans Home at King are funded from three primary sources -- medical assistance (MA) payments the Department of Health Services makes to DVA to fund care provided to MA-eligible members, payments members who are not eligible for MA make from their own funds, and per diem payments the U.S. Department of Veterans Affairs (USDVA) makes to partially support members' care costs. Revenues from these sources, which are combined and designated as program revenue (PR), are budgeted to support operations of the DVA's veterans homes and debt service for some capital projects at DVA facilities that were financed through state bond sales.

ANALYSIS

ARRA provided \$150 million for the USDVA Veterans Health Administration to provide

grants for the construction of state extended care facilities. This funding was provided as a one-time increase to financial assistance USDVA provides to states under the state home construction grant (SHCG) program. The SHCG program provides up to 65% of the costs of constructing, acquiring, modifying, or remodeling state-operated health care facilities for veterans, including nursing facilities. USDVA administers the program by ranking all pending projects submitted by states and establishing a priority list based on these rankings. USDVA uses the priority list as the basis for awarding grants during each fiscal year.

USDVA has approved ARRA funds to partially fund the replacement and installation of laundry equipment and the installation of a member monitoring system at King. These projects are discussed below.

Replace and Install Laundry Equipment. On February 20, 2008, DVA requested the State Building Commission to approve the agency's proposal to replace three steam dryers and a steam-heated roller iron with four energy efficient gas-fired dryers and one high efficiency gas-fired roller iron. The project included equipment purchases, installation, alterations to electrical services, removal of steam supply piping, extensions of the building's natural gas service, alterations to existing exhaust systems, the installation of an additional lint collection filter, and minor interior wall and ceiling modifications. DVA estimated that the installation of the new equipment would reduce natural gas costs by approximately \$76,700 annually. Further, DVA anticipated that, with the replacement of the old equipment, the agency's boilers could generate steam at a lower pressure, which would permit the boilers to operate more efficiently, resulting in a further reduction of the facility's natural gas consumption.

DVA estimated that the total cost of the project would be \$435,300, and indicated its intent to request funding under the USDVA SHCG program to support 65% of the project's estimated costs (\$282,900). The Building Commission approved the project by a vote of 8 to 0. On December 17, 2008, DVA requested that the State Building Commission approve an increase in the scope of the project to include the removal of an older folding machine and installation of a new folding machine and stacker, and to provide an additional \$65,090 for the budget, for a total of \$500,400. As under the initial request, 65% of the total project costs (\$325,260) were to be funded with federal SHCG funds, and 35% of the total project costs (\$175,140) would be funded from a savings in PR-funded energy costs resulting from the project. The Building Commission approved the DVA request.

DVA completed the project in November, 2009. Initially, all of the project's costs were paid by funds advanced by the State Building Commission. On March 26, 2010, USDVA notified DVA that the agency would receive up to \$318,843 in ARRA stimulus funds to support up to 65% of the total cost of the project, which were reestimated to be approximately \$490,500. The ARRA funds for the project will replace 65% of the funds advanced by the State Building Commission. The remaining state's share of the cost of the project (approximately \$171,700) will be supported with PR-supported debt service, as recommended by the State Building Commission.

Wandering Member Monitoring Project. On May 20, 2009, DVA requested the Building Commission to approve DVA's proposal to design and install a member monitoring system at each of the four skilled nursing facilities and several campus buildings to which members have access. Under the project, members who have the potential to wander would be fitted with a device, such as a bracelet transmitter, so that any attempt by the member to exit beyond designated areas would activate a system with magnetic door locks, and result in paging of a mobile staff member. The system would monitor doors, stairwells, hallways and elevators. DVA indicates that approximately 120 members at King would be fitted with a bracelet transmitter. The project also included the installation of a silent alarm and notification system at the exists of the assisted living facilities at the Union Grove Veterans Home, as well as an evaluation of the wandering member monitoring systems at the nursing home and activities building on the Union Grove campus. The primary benefits of the project are to increase the safety of members and to assist staff in responding before members wander into unauthorized areas.

DVA estimated that the total cost of the project would be \$2,624,900, and indicated its intent to request funding under the USDVA SHCG program to support 65% of the project's estimated costs (\$1,706,200). The Building Commission approved the project by a vote of 7 to 0, with one member absent.

On April 20, 2010, USDVA notified DVA that the agency would receive up to \$1,289,672 to fund up to 65% of the total cost of the project, which, under the state's grant application, was reestimated to be approximately \$1,984,100. The federal ARRA funds will replace funds advanced for the project from the state's capital improvement fund. The remaining state's share of the cost of the project (approximately \$694,400) will be funded with PR-supported debt service payments.

CONCLUSION

The state received ARRA funds to support up to 65% of the costs of these two capital projects at the Veterans Home at King. These projects had previously been approved by the State Building Commission with the expectation that 65% of the projects' costs would be supported with federal funds USDVA distributes under the SHCG program. The laundry project was completed in November, 2009. Contractors have completed some of the work for the wandering member monitoring project, which is expected to be completed by March, 2011. As there appears to be no additional decisions to be made regarding the scope or funding for these projects, the Committee may wish to approve Governor's requests.

Prepared by: Charles Morgan