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# **NATIONAL ASSOCIATION OF STATE VETERANS**

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***"Caring for America's Heroes"***

**TESTIMONY OF**

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**NATIONAL ASSOCIATION OF STATE VETERANS HOMES (NASVH)**

**HOUSE MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES**

**APPROPRIATIONS SUBCOMMITTEE**

**MARCH 29, 2017**

Chairman Dent, Ranking Member Wasserman Schultz and Members of the Subcommittee, on behalf of the National Association of State Veterans Homes (NASVH), thank you for the opportunity to offer testimony recommending \$300 million for the Grants for State Extended Care Facilities program, commonly referred to as the State Home construction grant program for FY 2018.

As you know, for more than 125 years State Homes have been in a partnership with the federal government to provide long term care services to honorably discharged veterans. There are currently 153 State Veterans Homes located in all 50 states and the Commonwealth of Puerto Rico. The National Association of State Veterans Homes (NASVH), which represents the Homes, was established in 1952 to promote strong federal policies and share experience and

knowledge among State Home administrators to allow us to care for our nation's heroes with the dignity and respect they deserve.

With over 30,000 beds, the State Veterans Home program is the largest provider of long term care for our nation's veterans, offering skilled nursing care, domiciliary care and adult day health care. The Department of Veterans Affairs (VA) provides State Homes with per diem payments for these purposes, which covers about one third of the daily cost of care. VA also provides construction grants to build, renovate and maintain the Homes, with States required to provide at least 35 percent of the cost for such projects in matching funds. The State Veterans Homes program allows VA to leverage federal resources to expand long term services and supports for veterans through partnership with the States.

Federal State Home Construction Grants are awarded based on when a grant request is received, where it falls among the statutory priority groups, and when State matching funds are certified available. Projects that have certified State matching funds are included in VA's Priority Group 1 projects list, which include critical life and safety projects, as well as new construction of State Homes in States that have a "great need" as defined in statute. Grant requests that do not yet have State matching funding secured are placed in VA's Priority Groups 2 through 8 list, according to when they are submitted and their specific priority status.

Over the past several years, VA has requested, and Congress has provided, between \$85-\$90 million annually, which was barely enough to keep up with new grant requests from States, and failed to make any headway with the existing backlog of Priority 1 projects awaiting federal

funding. The most recent VA State Home Construction Grants Priority List for FY 2017 released in January includes 99 grant requests; 57 are in Priority Group 1, with a total federal cost share of approximately \$639 million, an increase of \$89 million to the backlog compared to FY 2016. There are also an additional 42 grant requests among Priority Groups 2 through 8; once those projects have certified State matching funding, they will move to the Priority 1 list. Overall, there are more than \$1 billion of State Home construction grant requests that have been submitted to VA.

With just \$90 million for FY 2017, VA will only be able to provide funding for the first 10 projects on the list, leaving 47 Priority 1 projects awaiting future years funding. For each of the past three fiscal years (FY 2015-2017), NASVH has recommended to VA and Congress that \$200 million be allocated for the State Home construction grant program, a sum that was also recommended by The Independent Budget (IB) organizations. For FY 2018, NASVH recommends that \$300 million be provided for the State Home construction grant program, which would provide sufficient funding to cover approximately half of the pending Priority 1 projects. The IB also supports the recommendation of \$300 million for FY 2018 funding.

At this time it is not clear what level of funding the Administration will request for FY 2018. However, if the same inadequate amount of \$90 million were to be appropriated for FY 2018, it would support just the next seven pending Priority 1 projects. Given the recent trend of States matching funding, it is likely that would result in little or no net decrease in the existing backlog of \$639 million for Priority 1 projects. Among those projects that would not be funded at that level are two in Pennsylvania, two in Florida, two in California and two in Ohio. All of those,

and 17 others, however, would receive funding next year if \$300 million were appropriated for FY 2018.

As the veteran population continues to age, and federal budgets continue to get tighter, there is no better investment of federal long term care dollars than the State Home program and we urge this Subcommittee to significantly increase that funding next year.

### **New Design and Construction Guidelines for State Veterans Homes**

Mr. Chairman, I'd also like to bring to the Subcommittee's attention another issue that is beginning to have a significant impact on the level of funding required to sustain the State Veterans Homes system: VA's new Community Living Center (CLC) design and construction guidelines. These new guidelines call for State Homes to use what is called the "small house design" when constructing new, or renovating existing homes. The small house design model is based on housing veterans in small group homes, each with their own kitchen, cleaning and other basic facilities, along with separately assigned staff for each small group home. The homes are physically connected through common areas for social, medical and other purposes. However, compared to the economies of scale that are achieved in traditional State Homes, small house design has proven to be between 30% to 40% more expensive for both constructing and operating new homes, imposing new financial burdens on States. While some States have favored the small house design, others have found that many of their veterans prefer the more traditional larger State Home model.

NASVH recommends that VA modify the Community Living Center (CLC) design and construction guidelines to allow States sufficient flexibility in using the small house design so they can better meet the different needs of their respective veteran populations in a financially responsible manner. Without such flexibility, Congress will need to significantly increase the level of funding for State Home construction grants to make up for the increased per capita costs, as well as per diem rates to cover the higher operating costs.

Mr. Chairman, that concludes my testimony. Thank you for the opportunity to appear before the Subcommittee. I would be happy to answer any questions you or other Members may have.