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PAT PROCTOR

41ST DISTRICT

LEAVENWORTH AND FORT LEAVENWORTH

February 15, 2021

Re: Support for House Bill 2020

Dear Mr. Chairman,

Thank you for the opportunity to testify before the committee in support of House Bill 2020.

This bill directs the Director of the Kansas Commission on Veterans Affairs to apply for a grant from the U.S. Department of Veterans Affairs for the construction of a veterans' home in one of five counties: Douglas, Jefferson, Leavenworth, Shawnee or Wyandotte. It is the companion to House Bill 2021, which empowers the Director to issue bonds for up to \$17.5 million for the construction of a veterans' home in northeast Kansas. That bill has already passed out of the Appropriations Committee, favorable for passage.

The need for this veterans' home is acute. There are currently two veterans' homes in Kansas, in Fort Dodge and Winfield. While these homes have some room in their assisted living and domiciliary facilities, both usually operate at or near capacity in their long-term care facilities. This new veterans' home in northeast Kansas would be squarely focused on long-term care, providing approximately 70 beds. Moreover, those existing facilities are many hours drive from northeast Kansas. The Covid-19 emergency has highlighted the critical role that contact with family members and loved ones plays in mental health for our seniors. Having seniors in long-term care closer to their families is essential to their well-being.

I would also like to take just a moment to speak specifically to the cost of this veteran's home.

First, the proceeds from the \$17.5 million in bonds that the State of Kansas might issue under this bill is only 35 percent of the total cost of the facility. The greater 65 percent cost of the construction would be born by the federal government, specifically the U.S. Department of Veterans Affairs, under the grant program for which the Director of the Kansas Commission on Veterans' Affairs is directed to apply under House Bill 2020. The total cost of the facility would be less than or equal to \$50 million.

Second, the \$50 million cost is a maximum cost. The actual cost of construction may well be less than this amount, as there are a number of locations in northeast Kansas which might be donated to the state for use as a veterans' home, significantly reducing the cost of construction.

Third, these bonds will only be issued if the U.S. Department of Veterans Affairs approves the grant application. If the grant is not approved, no bonds will be issued and the state will incur no cost under this bill. HB 2020 directs that the grant application be completed no later than April 15, 2022. Thus, this bill does not create an open-ended obligation for the state; rather, if the grant is not approved, the obligation ends some finite time after April 15, 2020, when the state receives a rejection of its application from the U.S. Department of Veterans Affairs. Likewise, if the grant is approved, the state will not receive that approval of its grant application until some time well after April 15, 2022, so the costs incurred under this bill will not actually begin until that date.

Finally, neither HB2020 nor HB2021 specifies the exact services to be offered at the proposed veterans' home, but, as Director Burden will testify, the greatest need—and the likely service to be offered—would be long-term care. At the Kansas Commission on Veterans' Affairs' current veterans' home facilities, long-term care nets more money—through service fees and Medicaid and Medicare, and U.S. Department of Veterans Affairs, and private insurance reimbursements—than the cost per veteran to provide these services. In fact, the Kansas Commission on Veterans' Affairs currently uses surplus from its long-term care services to pay for services such as domiciliary services, for which the reimbursements and fees do not cover the full cost.

The fiscal note for HB2021 (dated January 20, 2021) indicates that the annual debt service on the proposed bonds would be \$1.2 million or less (assuming the issuance of \$17.5 million in bonds, which might be greater than the actual dollar amount issued). However, because the services to be provided at this proposed veterans' home will be long-term care, it is likely that at least a significant percentage of this debt service cost will be recouped by the net monies—above the cost of services per veteran—received by the Kansas Commission on Veterans' Affairs.

Thank you for your time and attention. I look forward to answering your questions.

Pat Proctor
State Representative
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