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HOUSE OF REPRESENTATIVES

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PAT PROCTOR
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LEAVENWORTH AND FORT LEAVENWORTH

March 24, 2021

Re: Support for House Bill 2021

Dear Mr. Chairman,

Thank you for the opportunity to testify before your committee in support of House Bill 2021.

This bill empowers the Director of the Commission on Veterans Affairs to issue bonds for up to \$10.5 million for the construction of a veterans' home in northeast Kansas. It is the companion to the Governor's Executive Order 21-07, which directs the Director 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.

I will not speak to the great need for this veterans' home today, as there are a number of other witnesses who will testify to that need. Instead, I will speak specifically to the cost.

First, the proceeds from the \$10.5 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 borne 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 the Governor's Executive Order 21-07. The total cost of the facility would be less than or equal to \$30 million.

Second, the \$30 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. Executive Order 21-07 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, 2022, 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 the executive order 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, Medicaid and Medicare, 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, but this was based on the original bond amount of \$17.5 million. Based on the lower amount of \$10.5 million approved by the House, the debt service would be closer to \$700,000. Moreover, because the services to be provided at this proposed veterans' home will most likely 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
House District 41