

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By Chairman Bardanouve, on March 14, 1989, at
8:04 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Judy Rippingale

Announcements/Discussion: Chairman Bardanouve said there was an amendment needed for House Bill 100 and he would entertain a motion to reconsider House Bill 100.

DISPOSITION OF HOUSE BILL 100

Motion: Motion by Representative Spaeth to reconsider House Bill 100.

Recommendation: Voted, passed, 3 members voting no.

Chairman Bardanouve said the committee had amended one area of the alcohol monies and this amendment corrects the other side of the bill in moving it around.

Motion: Motion by Rep. Spaeth to amend D1, line 15 , see EXHIBIT 1, H. B 100.

Recommendation: Voted, passed, Representatives Connelly and Cody voting no.

Discussion: In answer to a question on the amendment Chairman Bardanouve said the committee moved the money, but had not adjusted the original source.

Motion: Motion by Rep. Peck to close section D.

Recommendation and Vote: Voted, passed.

HEARING ON HOUSE BILL 117

"AN ACT TO APPROPRIATE MONEY TO THE AGRICULTURAL EXPERIMENT STATION FOR THE CONSTRUCTION OF A MACHINE SHOP FACILITY AT THE NORTHERN AGRICULTURAL RESEARCH CENTER NEAR HAVRE"

Presentation and Opening Statement by Sponsor:

Representative Bob Bachini, House District 14, Havre, said this bill would appropriate \$150,000 for a machine shop at the Northern Agriculture Research Center in Havre. He handed out EXHIBIT 1, attached.

Testifying Proponents and Who They Represent:

Dr. Welsh, MSU, Bozeman
Mr. Donald Anderson, MSU, Havre
Giles Gregoire, Farmer and Rancher, Havre
Terry Grass, Box Elder, farmer
Gregg Jergeson, Senator, Chinook
Loren Jenkins, Senator, Big Sandy
Dennis Nathe, Senator, Redstone

Proponent Testimony:

Dr. Welsh said this bill represents a request for a shop that has now seen it's third session in the Legislature. He said in the course of conducting research, particularly at the Northern Agriculture Center they have the need to repair and maintain a large capital equipment inventory including farm equipment. He said the building was too small to get the some of the equipment in, they have a small budget and have to depend on keeping old equipment running. He passed a set of photo's around for the committee to view.

(109) Mr. Anderson said the facility is small and there are some problems with personal safety. He said built when it was, there is not adequate ventilation for welding or other equipment.

(126) Mr. Gregoire said he is familiar with the old shop that was built by the WPA in the '30's out of reclaimed bricks from the old Fort. He said he had a friend who was killed in that shop from an explosion. He noted the inefficiency of a shop that could get nothing but the smallest equipment in for repair.

(173) Terry Grass said a shop facility at the Northern Research is badly needed, he said there was no place to put tractors used for feeding inside, and hydraulic systems needed to be heated with space heaters before using, and this was a fire hazard. He said he relies heavily on information from the center, and they need this shop to get equipment ready for the coming season.

(206) Senator Jergeson said he had offered a plea last session for this building, and was back this year to do the same. He said on his farm he is able to get the equipment inside during the winter and it has provided substantial savings for his operation.

(241) Senator Jenkins told about the size of the equipment and not being able to get it into the shops. He said the cost of building goes up each year, and you can not save any money by taking equipment to the dealership for repair, nor waiting for the cost of building materials to go down.

(281) Senator Nathe said he would like to testify in favor of the building since he knew how hard it was to get machinery in old buildings. He said this building was badly needed.

Representative Bardanouve said he could not commit himself to support the bill because of the financial bind the state is in, but he would say this is a horrible shop, an obsolete shop and was built from salvaged bricks. He said the size of the equipment and the need for repairs being done in the winter cold made this shop a real necessity.

Testifying Opponents and Who They Represent:

None

Questions From Committee Members: Representative Peck said he was going to vote for the bill.

Representative Marks asked someone to describe the operation there, and Chairman Bardanouve said it is one of the better experiment stations we have. He said they have a high quality cattle operation. Mr. Anderson said the station owns 2,000 acres, approximately 300 acres of farm land and the rest is grazing land. They have a 300 head beef cattle research herd and an agronomy research program and a soils and range research program.

Rep. Marks asked how much do you spend on farming out repairs now? Mr. Anderson said it runs in the neighborhood of \$5,000 to \$10,000. Rep. Marks asked if they had contacted the Vo-Tech center in Havre, and Mr. Anderson said they do quite a number of cooperative projects. They help each other. He said in the last year they have totally overhauled 2 of their vehicles. He said it is student labor and if time is not a problem it works quite well.

Rep. Marks asked how many tractors they have, and was told 4 large tractors, 60 to 100 horsepower but not 4 wheel drive.

Rep. Cody asked Rep. Bachini why they had not gone through the Long Range Planning Committee, and Rep. Bardanouve said it was not in the LRP because the Governor's budget did not include it.

Rep. Grinde asked if the present shop shown in the pictures would be leveled, and was told it would not, and in the immediate future it would be used for some of the equipment it could handle. Rep. Grinde said the new 4,000 square ft, 50 x 80 building as a maintenance shop, are you putting hydraulic

floor equipment in? He was told there would have to be at least one hoist for servicing vehicles. he said the other hydraulic equipment will depend on available money. Rep. Grinde asked if they had checked on the type of structure and was told this is an architects estimate. Rep. Grinde protested the high cost of the building, and Rep. Bardanouve said in building for Montana Government, we can't build them at the cost they would be built on a farm. He said they have to have architectural fees, they have to be bid, and contractors, and certain wages. We cannot build for the cost you can build on your own farm. Mr. Gregorie said he belonged to a group that had looked at this building and said they could build it at 1/2 the cost, but when you get into the Government red tape and the architect's fees, etc. the cost goes up.

Closing by Sponsor: Rep. Bachini said if the committee would look over the fact sheet he had left (exhibit 1) and recalled the points the advisory committee had brought out as to why it is time to replace this building, they would realize it would save the state money in the long run. He said he would urge the committee to look favorably on the bill,.

Rep. Bardanouve asked how they would heat the building and Mr. Anderson said they are tied into the natural gas line there.

Chairman Bardanouve declared the hearing on House Bill 117 closed.

HEARING ON HOUSE BILL 500

"AN ACT CREATING A COLLEGE SAVINGS BOND PROGRAM; AUTHORIZING THE SALE OF STATE GENERAL OBLIGATION ZERO COUPON BONDS; PROVIDING TAX-EXEMPT STATUS FOR EARNINGS ON THE BONDS; REQUIRING THAT BOND PROCEEDS BE USED FOR CONSTRUCTING AND EQUIPPING BUILDINGS AND FACILITIES FOR THE UNITS OF THE MONTANA UNIVERSITY SYSTEM; REQUIRING THE BOARD OF REGENTS OF HIGHER EDUCATION TO DEVELOP MARKETING STRATEGIES FOR SALE OF THE BONDS; SPECIFICALLY AUTHORIZING THE ISSUANCE AND SALE OF COLLEGE SAVINGS BONDS IN THE NET AMOUNT OF \$18 MILLION FOR CONSTRUCTION OF AN ENGINEERING AND PHYSICAL SCIENCES BUILDING AT MONTANA STATE UNIVERSITY, \$13,786 MILLION FOR CONSTRUCTION OF A BUSINESS ADMINISTRATION BUILDING AT THE UNIVERSITY OF MONTANA, AND \$8.5 MILLION FOR EXPANSION OF A CLASSROOM-OFFICE BUILDING AT EASTERN MONTANA COLLEGE; AND APPROPRIATING THE NET PROCEEDS OF THE BONDS."

Presentation and Opening Statement by Sponsor:

Representative Vincent, House District 80, Bozeman, Chief Sponsor of House Bill 500, said he was passing out 3 handouts. EXHIBITS 1,2, and 3, attached. He said they explained how many states had used the college bonds. He said this offered parents a way to prepay college education and cash them in for college when that time came for a

college education. He said House Bill 500 would create the zero coupon bond system and use as soon as possible the receipts of those bonds to build at least 3 buildings in the University system. He said the 3 buildings in the bill are in there in the order in which they have been prioritized by the Board of Regents.

Testifying Proponents and Who They Represent:

Carrol Krause, Commissioner of Higher Education
Brian Harlan, ASMSU
John Jutila, Vice President of Research, MSU
Dr. David Gibson, Dean of Engineering, MSU
Beth O'Halloran, Montana Federation of Teachers
Ken Heikes, Administrative Vice President, EMC
Sheila Stearns, U of M
Mike Craig, Associated Students of U of M

Proponent Testimony:

(626) Mr. Krause said he would like on the part of the Board of Regents to express strong support for the projects that are before you. He handed out EXHIBIT 4, projected cost of higher education in the future. He said the other pages show the yield of a zero coupon bond if bought at a certain denomination, and they would be intended to be as low as \$1,000 so that most people could access them. He said they work much like a savings bond.

Mr. Harlan said they were in strong support of this bill because the buildings are needed and planning for a future education.

Tape 1, side 2, 000.

Mr. Jutila said he would like to testify particularly in support of the building project in the bill, the engineering physical science complex. He commented on the way this building relates to the development of instructional research at MSU.

Dr. Gibson spoke in favor of the bill and particularly in favor of the engineering physical science building at MSU. He said they have over 2,000 students and are possibly the largest academic unit in the University System. He handed out a brochure showing the present and proposed facilities. EXHIBIT 5, attached.

Beth O'Halloran spoke in favor of the bill.

Ken Heikes explained the need for the space, just plain old generic office and classroom space. He said the building will house the School of Business and the School of Education.

Sheila Stearns said they urged support of this bill, especially for the School of Business Administration building.

Mike Craig said they were badly in need of the building at U of M, and would like to speak toward the dreams of parents for a college education for their children. He said his main concern was the low income parents who should also be able to provide for an education for their children, and perhaps when this program becomes law the Board of Regents can make the program affordable to those at the lower end of the economic ladder.

Chairman Bardanoue raised the point that most of the testimony had been on the buildings, yet the main subject of this bill in this committee is the zero coupon bonds, and there has been no testimony on that issue.

(166) Dr. Krause said the zero coupon bonding is a mechanism for financing. It has been used successfully throughout the country and said in the state of Washington they issued \$50 million and within a very short period of time those zero coupon bonds were picked up by residents of the state for College Savings Programs. Arizona issued \$29 million, North Dakota \$15 million. Illinois has, as part of their ongoing bonding obligation, a certain portion set aside so they continuously have zero coupon bonds that are used for education purposes. They set aside part of the Highway bonding program for educational savings bonds. He said the features that are important, is that the denominations are established at a level most people can participate--\$500 and \$1,000 and on up. They can be designed with a maturity date that would coincide with the student's entrance to a college or university. He said they are portable, if a parent finds they have to move, they are not necessarily tied to the Montana University System. They accumulate tax free at the state and federal level. He said the fact that the state does not have a lot of money to work with and this approach would provide the opportunity to construct these facilities without increasing the revenue going into the bond obligation payments. He said the interest and principal payments would not start until approximately 1997 and would be designed to coincide with the drop off of the state's existing obligations. He referred to EXHIBITS 6 and 7, attached.

Chairman Bardanoue asked how many bonds do you plan on selling to do all this work, and Dr. Krause answered they need \$43 million of actual cash, but this would include the other two priorities on the Regent's list, including Donaldson Hall. Chairman Bardanoue said he understood zero coupon bonds did not sell for face value, and was told the payment schedules are staggered over 20 or 25 years. Rep. Bardanoue said if you sell \$45 million worth of zero coupon bonds to build the buildings, how many dollars will you have to build them?

Mae Nan Ellingson, representative of Dorsey & Whitney gave out EXHIBIT 8 and 9, and said they serve as the state's bond council with respect to the issuance of general obligation and Long Range Planning bonds. She said she has tried to discuss some of the technical part of zero coupon bonds and to suggest an amendment to the legislation that would deal with the issue of selling about \$60 million in bonds to receive the \$45 million in cash. She referred to the memorandum, exh. 8. She said zero coupon bonds have not been defined in this bill, nor in HB 640, the term has been used rather loosely. She said there is a similar type of bond that is called a capital appreciation bond, which most of the college bond savings programs have utilized. She said the difference is the zero coupon bond is sold at a deep discount. If you need \$41 million the state may have to issue somewhere in the nature of \$280 million worth of bonds when you take into consideration the discount factor and the maturity, and the term of the bond. She said Capital Appreciation bonds bear interest at a market rate and are not sold at a deep discount, but only accumulate interest that is payable at maturity. She said in other states most of these are done with Capital Appreciation bonds to avoid this uncertainty as to how much debt the state has actually authorized to be issued. She said bond councilors do get nervous at signing off on a \$280 million bond issue, when in fact, what has been authorized by statute is \$41 million. She said these bills both use the term "net amount of bonds" in trying to address the issue. She said they would suggest if the committee is interested in perusing this method of financing, they amend the bill to encompass the language we have provided on page 3. This allows for capital appreciation bonds, and not use the term zero coupon bonds. She commented that what is proposed in H. B. 500 and 640 is very different than the college saving bond bills authorized in some of the other states. She said these bills have provided the simplest form of college saving bonds. They do not require the amount of principle and interest paid to the investor upon the maturity of the bonds to be used for college tuition. She said there is no requirement that it be used for that. She said in some states, in purchasing the bonds, the state has guaranteed a certain level of tuition to the purchasers of those bonds.

Dr. Krause said any kind of general obligation bond you issue has costs associated with it, and they are not too different from the costs here.

Testifying Opponents and Who They Represent:

Mr. Wayne Phillips, Governor Stephen's Legislative Liaison

Opponent Testimony:

Mr. Phillips they are on the fence about this bill. He said they

had very strong reservations about the tuition bond approach, particularly the zero coupon bond approach. He said the Governor strongly supports the buildings proposed. He said the main objection is that we are pre-empting the state's bonding indebtedness. This would maintain our bonding indebtedness well into the second decade of the next century. He said this would foreclose any further bonding program since the state will not have the bonding capacity once this goes on the books. He said the Governor's alternative is to take the 5 buildings at an approximate cost of \$45 million and finance them through diversion of the income going into the coal tax trust.

Chairman Bardanoue asked how many times during this session are we going to use this same money to balance the budget and to build the buildings and do everything in the government. Mr. Phillips said there are a lot of proposals to use the interest, but he was only familiar with perhaps one other that looks directly at the diversion of the income itself.

Questions From Committee Members: Representative Swysgood asked Mr. Phillips with the 5 buildings, we have a necessary amount of \$45 million needed to construct those 5 buildings and a \$25 million flow into the coal trust. Would this have a termination date on this when the capital will cease to be in place? It looks like you would only need it for 2 years. Mr. Phillips said the proposal would be to do it for just the biennium.

Rep. Marks asked Ms. Ellington, this bill has 3 parts, it is a savings plan for kids, a bond program and a building program, and from her experience who buys zero coupons, people or institutions? Ms. Ellington said in Montana there has been relatively few opportunities to determine who buys zero coupon bonds since we have not had that many issues, although there have been some both zero coupon and Capital Appreciation bonds. She said the typical purchaser of either is an individual who wants to time the benefit of their investment for some time in the future. (566)

Chairman Bardanoue said these bonds will basically benefit higher income people. Ms. Ellington said you need to look at it two ways. It is possible the lower income working class people won't receive the tax benefit by virtue of these being tax exempt. The other part, in establishing a bond program like this, the denominations will be small enough that a working class or middle class person would be able to make the investment. Rep. Bardanoue said these are basically higher income people, and this segment of the population aren't nearly as concerned about laying aside some money to educate their children as the lower end.

Rep. Marks asked if a parent interested in buying an endowment wouldn't be better going down and buying an interest bearing

bond than to buy the zero coupon bond. Ms. Ellington said she did not know that for a fact, although the Wall Street Journal article indicates some investment analysts would say that a working class person whose income level is not sufficient to justify tax exempt interest, might be better off buying a zero coupon treasury bill that bears interest.

Rep. Marks asked Mr. Phillips why Governor Stephens chose to fund the building program from money going into the coal tax fund. Mr. Phillips answered they believe the purpose of the coal tax is to improve the state of Montana and these buildings are an improvement on our infrastructure as well as the value to the economy in the long run.

Rep. Bardonoue said, this would in essence cap the trust, but the trust is being used for water bonds etc. we are issuing. If we keep issuing water bonds, we will not have enough collateral to meet the bonds we are now issuing each session.

Dave Lewis said at the present time, as he recalled, the way the water bond program is set up, the revenue flows into a clearing account, and if not enough money coming in front he water projects, they take revenue out of the clearing account to pay the bond holders before they put the rest of the revenue into the trust. He said last year about 1/2 million was all that had to be taken out to pay on the water bonds.

Tape 2, A, 000.

Rep. Spaeth said the reason he was interested in this was the tuition bond idea. He asked Mr. Phillips if they were looking at this at all. Mr. Phillips said you can get tuition bonds now. Rep. Spaeth said his people had not been satisfied, and brought in proposals where states had become involved. He said, he assumed Mr. Phillips was saying they are not considering having the tuition bonding under the auspices of the state, and Mr. Phillips answered that is correct.

Rep. Spaeth said you are now proposing a cap on the trust to build the buildings, and earlier this session that was one of the proposals to balance the budget. He asked if this was no longer an option. Mr. Lewis said he could see no reason to project this changing. The Governor would not propose using the permanent coal tax to balance the budget. The income picture is improving, and there are other revenue bills that are moving along, and there is no reason for using the permanent trust for bailing out the budget.

Rep. Spaeth referred to a sheet from the LFA and said there were two or three sheets going around in regard to the amount of deficit we have. He was wondering if we could expect an update of some sort, if you say you don't plan to use the

permanent coal trust, I would like to have the data on which you are basing your budget at this time. Mr. Lewis said he has asked the staff in the budget office to do some reconciliations for him, and he has been meeting with Dr. Nordtvedt, and said he should have the information by Friday.

Rep. Bardanouve said this proposal would have an impact on the calculations from the coal trust income which they are trying to use to balance the budget also.

(069) Rep. Kadas said he had listened to the reason for using this revenue, and was disturbed that they had come in earlier and recommended using that same money to fund ongoing expenditures. He said this is a shift of philosophy of significant proportions in the past two months as to what the coal tax trust is really for. Mr. Phillips said as all administrations grow you begin to get a broader picture of the budget and responsibilities. As Mr. Lewis mentioned, the constitution itself talks about the purpose of the trust. He said in the first presentation it was their purpose to present some alternatives, and their preference is the acceleration of the tax.

(096) Rep. Grinde asked why this would take a 2/3 vote, and Speaker Vincent said because it is a long term debt obligation to the state. Rep. Grinde asked Dr. Krause if the Board of Regents had ever entered into any bonding before? Dr. Krause said they have a number of revenue bonds, and there is a revenue from the student fees that pay those bonds. Rep. Grinde asked if they were administered by the Board of Regents, and was told yes. Rep. Grinde asked why not the Board of Investment for the state of Montana as opposed to the Board of Regents? Dr. Krause said the general obligation bonds are not sold by the Board of Regents, they are sold by the Board of Investments. He said they are state general obligation bonds and so they are under the Board of Investments.

Representative Grinde said this will depend on bond sales, and what happens if not enough to fund all the projects, who is first in line? Dr. Krause said they will have to reserve a certain amount of the issue for Montana residents because these bonds would be snapped up by investment companies very quickly. He said part of the marketing strategy would be to have them reserved for Montana residents for a certain period of time.

In response to a question from Rep. Marks, Dr. Krause said they have looked at plans in other states and did not think they were too good. He said the Michigan plan which Wyoming and a number of other states have adopted, first there is a guaranteed tuition at some certain level, and if you miss your inflation level it could be a substantial obligation, but in addition, if the student decides not to go to that

Michigan school they loose all the investment. All they get back is the principal, no investment on their money.

Closing by Sponsor: Speaker Vincent said he did not care what the bonds were called, just the best bonds. He said he felt we had to be very careful in using the coal tax as a substitute for using this type of approach. He said there would be a substantial general fund impact over this biennium because in taking so many million out and the interest will be reduced, and you will have to make cuts or raise income or taxes to make up the difference. He said he is looking for a vehicle here to ensure that the next generation of Montanans can go to Montana schools and can afford to do so. He said now the total cost to attend a unit of the Montana University System approximately \$28,000 for four years, or \$7,000 a year. Conservative estimates show the costs will go up for the next 20 years by about 7% a year. This committee is going to increase tuition costs by 14% over the next 2 years. It will get much tougher to get kids educated. He said it will be about 8,820 more to attend than current costs. In adding this to the present cost it will be a cost \$15,820 a year for a kid to go to school in Montana by 2007.

Chairman Bardanouve declared the hearing on House Bill 500 closed.

Representative Ramirez , chief sponsors of House Bill 522 and 735 asked the committee to table the bills. No committee action was taken.

HEARING ON HOUSE BILL 640

"AN ACT AUTHORIZING THE SALE OF STATE GENERAL OBLIGATION ZERO COUPON EDUCATIONAL BONDS; REQUIRING THAT BOND PROCEEDS BE USED TO RENOVATE THE METALLURGY/CHEMISTRY BUILDING AT MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY; AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS IN THE NET AMOUNT OF \$3 MILLION FOR RENOVATION OF THE METALLURGY/CHEMISTRY BUILDING; AND APPROPRIATING THE NET PROCEEDS OF THE BONDS."

Presentation and Opening Statement by Sponsor:

Representative Quilici, House District 71, Butte, and Chief Sponsor of House Bill 640 said he thought after the last hearing everyone knew more about zero coupon bonds and capital appreciation bonds, and either was okay by him so far as the funding was concerned. He said the Governor's office recommended some funding, and he said he would have to think about that, but knows the facilities are needed. He said he thought this method of funding new and renovated buildings was a good idea. He said it is a good way to see that the kids get to go to school and at the same time to get the needed buildings. He said Rep. Bachini had came to him and said they needed renovation at Donaldson hall at

NMC, and felt zero coupon bonds was a viable way to help with the renovation, didn't get their bill introduced in time, and asked me to amend this bill to include Donaldson Hall. He passed out the amendment, EXHIBIT 1.

Testifying Proponents and Who They Represent:

Representative Bachini, House District 14, Havre
John Heck, Havre
David Toppin, Butte
Dr. Merwin, Havre

Proponent Testimony:

Representative Bachini said he was in support of House Bill 640 and was authorized by Senator Jenkins to put him on record in favor of this bill.

Tape 2, side B.

Mr. Heck told about the need for renovation and repair on the Donaldson Hall at NMC.

Mr. Toppin said there is a critical need for the Metallurgy building at Montana Tech for renovation to make it appropriate for their instructional program. He said they cannot put on enough hands-on laboratory time for the students in the curriculum.

Dr. Merwin spoke in favor of House Bill 640. He said this renovation will provide about 8 new classrooms of about 30 students each. He says their new role and scope at NMC requires computerization of nearly everything in the curriculum. He says they have removed extant classroom spaces and converted them to dedicated spaces for the computers. He said because of that they had lost their lecture halls, and the flexibility they need. He said they plan to renovate the 3rd and 4th floors of the Donaldson Hall.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Cody asked in regard to the pictures they passed around. You said they were built in 1928 and 1936. Hasn't anyone been taking care of the upkeep of these buildings? Rep. Quilici said they have come up a number of times to see if they should put in for another metallurgy building. There has just been maintenance on these old systems for all those years.

Maintenance on boilers, maintenance on wiring, etc.

Closing by Sponsor: Rep. Quilici said he did not know what method of funding but did know they needed the buildings.

Chairman Bardanoue closed the hearing on House Bill 640.

HEARING ON HOUSE BILL 547

Presentation and Opening Statement by Sponsor:

Representative Johnson, House District 23, Glendive and Chief Sponsor of House Bill 547 said they would put a hold on 546. He said both bills pertain to the same question, the construction and operation of a state veteran's home in Eastern Montana. He said this bill directs the projects through the Long Range Building lines. A packet was handed out containing the exhibits referred to, and the packet is referred to as EXHIBIT 1, House Bill 547 and is attached to the minutes. He enclosed a map in the packet, the line dividing Montana, and showed eastern Montana as a vast area with a large number of veterans. He said the coalition of Eastern Montana Communities was formed to follow up and present to this legislature a plan for a state home in Eastern Montana. He discussed the site committee, the time line for the bill, amendments suggested, etc. He handed out proposed amendments, EXHIBIT 2, attached. He said the testimony today will demonstrate the need for the state Veteran's Home, the funding mechanism, and operation.

Testifying Proponents and Who They Represent:

Pat Edgar,
Rich Brown, Administrator, Montana Veteran's Affairs
John Sloan, Local Commander
Representative Betty Lou Kasten, House District 28, Brockway
Fred Patton, Legacy Legislature
George Poston, United Veterans Commander of Montana
Don Kettner, Glendive, President Dawson Community College
John Den Herder, Montana DAV
Manson Bailly
Senator Cecil Weeding, Senate District 14, Jordon
Bill Mandeville, City Manager, Miles City
Representative Marian hanson, House District 100, Ashland
Johnny Buck, Viet Nam Veteran's Chapter 234, VFW Post 1225,
American Legion Post 28
Les Olleman, Mayor, Glendive
Hal Manson, American Legion
Senator Hubert Abrams, Senate District 12, Wibeaux
Senator Gerry Devlin, Senate District 13, Terry
Representative Jessica Stickney, House District 26, Miles City
Representative Tom Zook, House District 25, Miles City
Kathy Sparr, Executive Director, Glendive Forward, an economic
development group
Representative Don Stepler, House District 21, Brockton

Senator Larry Tveit, Senate District 11, Fairview
Representative Dorothy Cody, House District 20, Wolf Point
Senator Bob Williams, Senate District 15, Hobson
Bill Williams, Vietnam Veterans of America #334

Proponent Testimony: Tape 2, B, 177.

Mr. Edgar said there is an increasing number of aging veterans in Eastern Montana. He said presently more than 1/3 of the veterans are over 65 years of age, and by the year 2000 1/2 of them will be over 65, and will probably remain relatively high for the next 30 years in Eastern Montana. He said the demand on nursing homes will increase in the next 30 years, and DHES projects the need for 244 additional nursing care beds in Eastern Montana, compared to 358 for the entire state.

(280) Mr. Brown said the V.A. nursing home program is a sharing of resources. He said the 3rd party amount that a veteran or a spouse must pay comes from the Veteran's Administration and is paid directly to the veteran. He said a single war time veteran can draw up to \$10,338 and a married veteran up to \$12,341 in pension and aid and attendance benefits annually while in a state veteran's nursing home. The veteran and his or her spouse can be cared for through the V. A. pension program without the very low medicaid spend down requirements and without the necessity of forcing one spouse to become eligible. He said the Veteran's Administration will pay 65% of the construction cost of the home, excluding land. When complete and occupied they will pay, in addition to the veterans, to the state home \$20.35 per day for each payment per day.

(342) Mr. Sloan told of the positions he had held and the work he had done with Metcalf and Mansfield to work on the Ft. Harrison nursing home plans which have been set on the back burner at the present time. He said there are 106,000 veterans in Montana and only 25 V. A. nursing home beds at the Miles City V. A. center and 60 at Columbia Falls.

(389) Representative Kasten said she supports the concept of this bill.

(392) Mr. Patton said the legacy Legislature had been passed and given one of the 5 bills heard. He said the amendments offered have been accepted by the Legacy, and they urge support.

(405) Mr. Poston, said veterans are getting older, and the need is getting greater, they have a waiting list for beds now, and they will soon have a waiting list for the waiting list.

(412) Mr. Kettner, said he would encourage the committee to look favorably upon this bill. He said this facility could also help the post secondary educational students that are

enrolled in programs that will aid this facility through the nursing program at Miles Community College and the Human Services at Dawson Community College. He said most of the students are resident bound, and from that area of the state.

- (452) Mr. Den Herder, said he could only amplify the sentiments of what has already been said. He urged the support for this bill.
- (466) Mr. Baily said his vision for the present time was for a nursing home for Eastern Montana. He said there is a short fall in the V. A. budget, but there are two budgets, the State Home budget, which encompasses the nursing homes, is in good shape, and would urge committee support.
- (603) Senator Weeding said he wanted to register support for House Bill 547 in it's amendmed form.
- (514) Mr. Mandeville said non veterans also need a state veteran's home. He said veterans who are economically disadvantaged, the Federal Government pays approximately 60% of their health care cost while in a veteran's center. For those veterans that are not in a center, the state of Montana typically must pay 100% of their cost. He said on behalf of the City Council of Miles City he would urge the committee support of House Bill 547.
- (536) Representative Hanson said she is in strong support of the bill.
- (540) Mr. Buck said they ask for support of House Bill 547, the Eastern Montana State Veteran's Home. He also spoke as an individual for the need for more nursing beds. He said because of federal cuts, our veterans are being turned away from the hospitals.
- (588) Mr. Olleman said he would ask the committee to please support House Bill 547.
- (598) Mr. Manson said there are not enough veteran's nursing homes in any area of the state, but for all practical purposes, there are none in Eastern Montana. He said the 26 at the V. A. center in Miles City are forever full and have a forever waiting list.
- (614) Senator Abrams said he would like to go on record as being very much in favor of this bill.
- (621) Senator Devlin said he was also in support of an Eastern Montana Veteran's Home.
- (627) Representative Stickney said she supported the bill.
- (632) Representative Zook said they also support the bill.

- (640) Ms. Sparr said they would ask the support of the committee for this bill. She said we have the opportunity to make a positive statement to the veterans of Montana.
- (655) Representative Stepler said he is in strong support of this bill.
- (664) Senator Tveit said he stands in support of the concept of a Veteran's Home in Eastern Montana. He said there are a lot of veterans there and it is a much needed facility.
- (676) Representative Cody said when first approached she had done some research and found that this would actually save dollars because on the Human Services Committee she had found out 62% of the nursing home residents are on the medicaid budget and out of those, she did not know how many were veterans. She said in the veteran's home situation the federal government does pick up a great deal of this cost.
- (Tape 3, A, 005) Senator Bob Williams said there is a lot of territory in Eastern Montana, and they can certainly use a home there.
- (011) Mr. Bill Williams said they fully support House Bill 547.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Swift said he saw on the fiscal note where they say section 107 is not really needed in the bill, and asked if this was an agreement. Mr. Egan said that is an agreement to what we want on the bill. We need to have language reflect that it is backed by a general obligation bond instead of a Long Range Building fund.

Closing by Sponsor: Rep. Johnson said the committee has heard of the need for a veterans home, and that the need does exist in Eastern Montana. He said the distance factor is clearly related to the small number of residents that are presently in a state home in Columbia Falls.

Chairman Bardanouve declared the hearing on House Bill 547 closed.

Chairman Bardanouve said the meeting will recess until adjournment of the House.

The committee reconvened at 4:05 p.m. to continue hearings.

AMENDMENTS TO HOUSE BILL 100

Motion: Motion by Representative Cobb to reconsider action on section B, House Bill 100, Human Services, for the purpose of taking out the federal money and project work will not be in there.

Discussion: Representative Cobb said when we took the general fund money out of Project Work in the Department of Labor, it was the understanding if they came up with a better program we would put the money back in. Senate Bill 128 which revises Project Work that is in the House now and Director Robinson is making new amendments on it to make the bill correct, He said he and Rep. Bradley had agreed to put all the money in the bill so the bill and the money are together, the federal and the general fund. We are asking to open up HB100 to take out all the federal money still in the program, and the money will be handed over to the other bill.

Recommendation: Voted, passed, unanimous vote of those present

Motion: Motion by Rep. Cobb to amend page B-4 following line 17 by striking line 18 and line 19 in their entirety, EXHIBIT 1.

Recommendation: Voted, passed, Representative Kimberley voting no.

Motion: Motion by Representative Cobb to close the section.

Recommendation: Voted, passed, unanimous vote of those present.

Discussion was held on the boiler plate language to line item page 2 and 3 of sections 7 and 8. Mrs. Rippingale said, the very last thing you have on the bill is the boiler plate. It is four pages long, and the only change is the of any significance at all is the line iteming of personal services was done on page 2 and 3 under section 7 and section 8. She said you put language in there to line item the personal services as per the committee vote. She said it was done by language because the issue may not be fully settled, and it is much easier to deal with it than to have to change every number in the bill.

Motion: Motion by Representative Swysgood to adopt the boiler plate language.

Recommendation: Voted, passed, Motion passed.

DISPENSATION OF HOUSE BILL 100

Motion: Motion by Representative Thoft that House Bill 100, as amended, do pass.

REcommendation and Vote: Voted, passed, unanimous of those present.

HEARING ON HOUSE BILL 718

"AN ACT PROVIDING FOR ESTABLISHMENT OF AN ANNEX OF THE MONTANA VETERANS' HOME TO BE LOCATED IN GALEN, MONTANA; APPROPRIATING FUNDS; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor: (166)

Representative Menahan, House District 67, Anaconda, Chief Sponsor of House Bill 718 said he had first introduced this bill in 1981. He explained the bill by walking the committee through the funding of the bill. He said this would be an annex to the facility at Columbia Falls to be located at Galen. He said the space is available in the building, the food etc. is prepared by the kitchen at Warm Springs, and the kitchen at Galen is still being used on a limited basis. He said the area is already being heated, and is one of the most cost effective ways to take care of veterans.

Testifying Proponents and Who They Represent:

Rich Brown, Administrator of Montana Veterans' Affairs Division
and also speaking for Mr. Bob Durkee, Chairman of the
Montana Board of Veterans Affairs

Hal Manson, American Legion

John Sloan, Local Commander

George Poston, United Veterans of Montana

John Den Herder, Montana DAV

Larry Longfellow, VFW

Proponent Testimony:

- (192) Mr. Brown said they unanimously endorse this project, and for the same reasons as House Bill 547, we would urge passage of this bill.
- (200) Mr. Manson said this is a facility that exists now, it would not be an expensive building, and we are proud to endorse the bill.
- (208) Mr. Sloan said he and the MOPH endorses the bill.
- (214) Mr. Poston said they are in favor of the bill. He said this is one place we could have veterans in there in short order.
- (220) Mr. Den Herder said he would like to amplify the sentiments of what has been heard.
- (226) Mr. Longfellow said they unanimously support this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Cody asked Rep. Menahan if the home in Columbia Falls is fully occupied, or are there vacant beds. Rep. Menahan answered there has been a waiting list. He said there may be 5 or 10 beds, but almost full. Rep. Cody asked if the population in the home is it steady? Rep. Menahan answered that over the years they have had a waiting list. He said some could go in but families don't want to put them there because of the distance to travel, and they are very selective in accepting veterans. If they have been drinking they won't take them until they have gone through an alcoholic program.

Representative Menahan said the population for this would be the Missoula area, Helena, Great Falls, and the Southwest Montana area, and it would be cheaper for the taxpayer, especially with the nursing home alternative. Representative Cody said in testimony it was said there were 106,000 veterans in Montana. She asked the age of those veterans. Mr. Sloan answered that the World War 2 Veterans are about 69 years old or more. Mr. Brown said there are about 1,000 WW I veterans at the average age of 92, 33,000 WW II veterans at average age of 68-69, about 18,000 Korean veterans at an average age of 60 or over, and 36,000 Viet Nam veterans just over 40 years of age.

Chairman Bardanouve asked Rep. Menahan if there was a fiscal note on the bill and Rep. Menahan said the figures were prepared by their researcher in the LFA but he did not have a fiscal note.

Chairman asked how many veterans the facility would serve and Rep. Menahan said the figure he had was 40. Rep. Bardanouve asked if they had laid out an operating budget and Rep. Menahan said it is in the budget. He said it had come from the LFA.

Representative Connelly said at the present time the nursing home is full but they have a few empty places in the domiciliary because of some repairs. The nursing home has a waiting list, and have had as many as 200 at one time.

(302) Rep. Marks asked if they were going to operate this as a domiciliary or a nursing home, and Rep. Menahan answered, as a nursing home. She said this is a real old building and some repairs have to be done periodically.

Chairman Bardanoue asked if Rep. Menahan would describe exactly where this will be housed. Rep. Menahan said it would be in the main old hospital at Galen. On part of the hospital that is being used now for a detox on one end, and the other part is being used for some of the old age mentally ill. The other wings on the other end where there are a couple of floors that are not being used, and they would be completely separate from the other part of the hospital. He said the senile elderly are on the first floor and their doors are all locked because some of them can leave if the doors are open. He said the only people coming to the dining room presently are the people who come from the alcoholic ward, and they could eat at one time and another time set up for the veterans to eat.

Chairman Bardanoue said, the people referred to as senile are really mentally ill? Rep. Menahan answered, yes, they were at Warm Springs in earlier days, and are now here because of their old age and healthwise they cannot fit in the program at Lewistown.

Chairman Bardanoue asked if these people would be ambulatory and Rep. Menahan answered yes, they would be similar to the ones in Columbia Falls, they would have complete run of the grounds. Rep. Bardanoue asked if there would be a stigma of mental illness to the place, and Rep. Menahan said no, it would be known as the Columbia Falls annex. He said most people do not associate Galen as part of the complex, it was known for T. B.

Closing by Sponsor: Representative Menahan said he closed.

Chairman Bardanoue declared the hearing on House Bill 718 closed.

HEARING ON HOUSE BILL 601

"AN ACT CREATING A WASTEWATER TREATMENT WORKS REVOLVING LOAN PROGRAM; ESTABLISHING A WASTEWATER TREATMENT WORKS REVOLVING FUND; AUTHORIZING THE ACCEPTANCE OF FEDERAL CAPITALIZATION GRANTS UNDER THE FEDERAL CLEAN WATER ACT; AUTHORIZING THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO ADMINISTER THE PROGRAM; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE'S SHARE OF THE REVOLVING FUND; STATUTORILY APPROPRIATING TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES ALL MONEY RECEIVED UNDER THE PROGRAM; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor: (448)

Representative O'Keefe, House District 45, Helena and Chief Sponsor of House Bill 601 handed out the EXHIBIT 1, and

explained the bill that authorizes the state to set up a revolving loan program and accept the federal capitalization grants under the Federal Clean Water Act. He said this would be a new financial program which is set up jointly by the Department of Natural Resources and the Department of Conservation to help communities deal with the waste water facility problem that we are facing under the new federal standards. He said this bill enables the state to offer low interest loans to communities to reduce local costs for construction of sewer and treatment plants. He said Montana would receive up to \$40 million in federal funds which must be matched by a state general obligation bonding of \$8 million.

Chairman Bardanoue asked if this is EPA money, and Rep. O'Keefe said this is money that has already been approved by the Federal Government under the Federal Capitalization Grants Program which is a part of the Federal Clean Water Act.

Testifying Proponents and Who They Represent:

Scott Anderson, Water Quality Bureau, DHES

Proponent Testimony:

(540) Mr. Anderson explained the Federal Act, and said the Federal Government wants the states to handle the program, but many of the Federal requirements will carry over, at least for a time. He passed out a Fact Sheet, EXHIBIT 1, which is attached to the minutes. He showed a chart in the exhibit and explained the revolving loan program. He also pointed out the Montana SRF loan/construction grants programs, page 3 of the exhibit.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Chairman Bardanoue said these are EPA funds aren't they. Mr. Anderson answered yes, they come to them through the EPA.

Chairman Bardanoue said, if this bill doesn't pass, does it mean these counties cannot accept this money? Can they receive the money without this bill? Rep. O'Keefe said his understanding is the money that is earmarked in the 1987 amendments to the Federal Water Pollution Control Act is earmarked to the states. Unless the state has a program in which they can provide the 20% match the money would not be

forth coming to the communities.

Chairman Bardanouve asked if the communities have to pay the money back, or is that free? Rep. O'Keefe said they have to repay the Federal EPA money back into the state allocation account so that money is then available for the next community that comes in down the line to redo their waste water treatment plant. Rep. Bardanouve asked about Montana's share, and was told it eventually via the debt service account, we will pay off the payment of the state debt, but the money that is not needed to pay that off continues to go into the state allocation fund. Mr. Anderson said the Federal funds are paid back into the funds made available for future loans. The state share must also go back into the funds and be available for future loans; it is the interest that is charged to the loan applicants that is used to retire the state debt.

Tape 3, side B, 000. Representative Swysgood asked if the general obligation bonds would be issued against the projects, and Rep. O'Keefe said they would be issued against the state of Montana.

Representative Cody asked if this is similar to the Water Development Bonds and Rep. Bardanouve answered that it would be compatible. He said some of the programs they have authorized in the LRB, they showed us where we were getting federal funds from some of these programs; so much from the water bonds and some from EPA on this program, and between the two and in some cases local cash, it is a pool large enough to pay off the financial bonds.

Representative Cody said Wolf Point is not down, and they have a big lagoon problem the DHES has been after them about. Mr. Anderson said Wolf Point did receive a construction grant and are just finishing up that project now.

Chairman Bardanouve mentioned some projects that had been authorized through LRP, and asked what priority those projects had. Mr. Anderson answered that they currently have a priority system established for construction grants program based on public health hazards, water quality impact, etc. He said the revolving loan program for the most part will adopt that priority system. He said those approved by LRP would probably have the option of going with the Water Development loans or this revolving loan program. He said they did not want the two programs competing against each other. He said many of the programs receiving high priority in the one would also have it in the other, where both programs are necessary to make it fly.

Representative Swysgood asked if projects given money from the Water Development grant would have to have this program to complete it? Mr. Anderson answered no.

(097) Rep. Swift said you are moving this in aggregates of \$10 million for a 6 year period. Do you intend to do this in a on a phase in basis or is it the \$40 million you are talking about in the fiscal note? Rep. O'Keefe said the over all time frame--as far as the \$10 million movement, I am not sure what the reference is to. That may be what the state bonding council recommends in making it part of the G. O. bonding program in the state. In the up coming biennium this program is looking for \$2.9 million worth of G. O. bonds, which will bring in over \$14 million in federal money. The Department is saying they will not try to issue a G. O. bond for \$2.9 million, they will have it included in the state package at \$10 million minimum. Bob Morgan, DNRC said this will be phased in so much each year. \$2.9 million the first biennium and so much each biennium.

Chairman Bardanouve said this bill will have to have a 2/3 majority to pass. Rep. O'Keefe said they had 92 votes the first time around, so would probably make it.

Closing by Sponsor: Rep. O'Keefe closed by saying on page 3 of the handout there is a number of projects with * next to them which indicates they are likely to qualify for remaining grant funds. He said Mr. Morgan and Mr. Cheney will be part of the staff that will be working on this program with the department of Health. He said they are using existing staff and expertise to staff this program to keep the administrative costs low.

Representative O'Keefe said the Department of Administration requested a technical amendment, the addition of 5 words on page 6, line 24. He said he would leave the amendment with the fiscal analyst, and it says we add the words following "revolving fund" line 24, "in the state special revenue fund."

Chairman Bardanouve asked if the Department planned on putting on any additional personnel to administer the program, and Mr. Anderson answered one additional FTE. Rep. Bardanouve asked if it had been allowed in the budget, and Mr. Anderson said he believed it was. He said in the original OBPP the entire program was kicked out, It became a statutory appropriation, so the administrative costs are in the statutory appropriation.

Chairman Bardanouve closed the hearing on House Bill 601.

DISCUSSION ON HOUSE BILL 56

Motion: Motion by Representative Kimberley that HOUSE BILL 56 DO PASS.

Discussion: Representative Swysgood said he did not have problems with the bill, but did have one in talking to the department as to the source of money. He said they can't

take it out of existing money, they don't have enough so they will have to have additional spending authority. Chairman Bardanoue asked the fiscal analyst if she had checked into the source of funding and she said as she recalled the department said they had some money in the budget to replace the signs and the department had the option of lowering the amount normally spent to replace a sign and put up these instead but something else would not get done. Rep. Swift recalled the department had said they would have to get into their regular maintenance funds if they were forced to do this. Representative Cody said she thought there had been some amendments to the bill that we did not have.

Recommendation and Vote: Motion was withdrawn. Representative Kimberley withdrew his motion for further review.

DISCUSSION ON HOUSE BILL 304

EXHIBITS 1, 2 and 3 were handed in, and are attached to the minutes.

- (284) (283) Representative Bradley said this bill has come out of her committee and a gray bill has been put together because the subcommittee which passed this bill thought it easier to see the entire bill with the amendments that were requested by Representative Hannah and Mr. Melby incorporated. She said they tried to track down Rep. Hannah but he was not present. She said she was an opponent of the bill but would represent what the committee discussed, and Mr. Melby was also present to answer questions. She said this is substantially amended and originally dealt with two institutions, Intermountain Deaconess and Yellowstone Treatment Center. She said it has now been narrowed to deal only with Yellowstone Treatment Center and proposes, on a pilot project type of basis for a 2 year temporary period, it will create another mandatory medicaid service by including in-patient psychiatric services in a residential treatment facility. She said it incorporates that into the medical assistance language of 53-6-101.

Representative Bradley walked the committee through the gray bill showing the areas in the bill which dealt with the changes.

- (390) Representative Cody said she would like to speak to the amendments. She said she had voted against Rep. Hannah's bill originally, but the bill has really been tightened up as far as who will be eligible. In that effect, you are not creating an entitlement program since it sunsets in 2 years. She said they had some figures presented by the LFA which showed the Dept. of Family Services is already paying so much money for certain services, and with the medicaid reimbursement, there is an extreme likelihood that this may not even cost the state any money, and could be a savings.

(442) Representative Swysgood asked, since this bill has been amended then the cost of \$1.1 million to the state out of general fund, are these figures correct now? Rep. Bradley answered that it all depends on the assumptions you use. We talked to Rep. Hannah and said we felt we had to use the Executive assumptions that were behind the preparation of the fiscal note. She said Ms. Purdy could go over the figures with the committee, but the assumptions they used was that there were 90% occupancy and 90% of that would be medicaid covered. Many of the proponents of the bill claim that would not be so, but the crux of the argument is whose figures are accurate, and there is no way we can know.

(464) Rep. Swysgood said, then we really don't know what it is going to cost us? Rep. Bradley said that is the bottom line.

(468) Rep. Thoft said he could not support the bill, but wondered how you could sunset a program like this. Mr. Melby said if it sunsetted in 2 years the Dept. of Family Services Budget would have to be increased for the next biennium with general fund dollars to pay this cost. The DFS budget proposes to reimburse Yellowstone for the treatment of these children at \$117 per day. Under medicaid it would be between \$50 and \$60 a day of general fund dollars. In addition Yellowstone has provided a resolution from the Board of Directors that if this proposal costs the state any additional general fund over and above what it would cost the state to fund it under the DFS Foster Care budget, it will not pursue a continuation of this program. Rep. Bradley said, if \$50 a day general fund, what is the total per day be? Mr. Melby said their cost under medicaid as figured by Mary Dalton and Bob Olson from the Medicaid Bureau would be \$168. About 30% of that would be the state general fund.

(508) Rep. Quilici asked, if you terminate this, what if some of the young people are right in the middle of their program at the end of the biennium? What happens to them? Mr. Melby said they are still the state's responsibility, so the money would have to be included by the legislature next session into the DFS Foster Care budget.

Chairman Bardanouve said he would hesitate to take final action on this bill with so many members absent.

(543) Rep. Menahan said the bill says we will provide long term treatment for mental illness in a non-hospital base. He asked what that means? Rep. Bradley said it means Yellowstone Treatment Center. Rep. Menahan asked what kind of treatment will they give them, boarding house type or what are we getting for our money? Mr. Melby said it means not like Rivendell or Shodair as a secure hospital type facility. This is a campus type setting with cottages of between 8 and 12 individuals in them. He said it is very

extensive psychiatric treatment, and are the children that are between a group home, at home, or a foster home, and going into a psychiatric hospital.

Rep. Menahan said if we are going to have this he would like something to say they will take the most difficult to treat. He said at the present time they go directly from Rivendell to a group home, and then wind up back in the hospital. Mr. Melby said the Department would make the determination as to what the best placement for the child would be. Rep. Menahan said he would like to see something in the bill about the kids who no longer fit in Rivendell because it is a short term care, that are recommended for long term care that they will accommodate those hard to place, more difficult children in this facility. That is where our problem is, no one wants this kind of kid.

Mr. Melby said Medicaid will not reimburse for a chronic care kid. It has to be medically necessary care, which means there is an opportunity to improve the child's condition or to keep it from regressing.

DISPOSITION OF HOUSE BILL 304

Motion: Motion by Representative to reflect the committee motion that House Bill 304 do pass as amended.

Substitute Motion: Substitute Motion made by Representative Thoft that House Bill 304 do not pass.

Discussion:

Amendments, Discussion, and Votes: (Tape 4, side A, 001) Lois Steinbeck, Budget Office, said it is not the executive position that this bill will be a wash in terms of general fund costs. She said there are children that could be placed under this bill that would not come through the DFS, therefore the Executive would not propose the general fund match be transferred from the DFS to match the medicaid funds in SRS. She said they have not written a revised fiscal note as yet, but there would be additional staff cost to SRS to administer this program as well as additional benefit costs.

Recommendation and Vote: Representative Thoft's motion that House Bill 304 do not pass was voted, passed, roll call vote, 9 members voting yes, 7 members voting no.

DISPOSITION OF 614

Motion: Motion by Representative Grady to amend House Bill 614, EXHIBIT 1.

Discussion: (051) Representative Bardanouve said this will remove SRS from the program and remove 2 FTE from the

program. Rep. Thoft said he was confused as to who would make the decision to mandate the charge and furnish the services. Maggie Bullock explained the reasons for the amendment. She said the Public Service Commission would have to intervene. She said it would be mandatory to charge each line, but in the bill you will notice the local exchange companies do not have the authority to enforce the charge.

Rep. Swysgood said, if we get the amendment in the bill, is the 10 cent charge still on all the users? Ms. Bullock answered, yes.

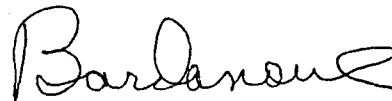
Amendments, Discussion, and Votes: Voted, passed.

Motion: Motion by Representative Grady that House Bill 614, as amended, do pass.

Recommendation and Vote: Roll call vote. Voted, passed, 10 members voting yes, 6 voting no.

ADJOURNMENT

The meeting was adjourned at 6:45 p.m.



REP. FRANCIS BARDANOUVE, Chairman

FB/sk

5902.min

DAILY ROLL CALL

HOUSE APPROPRIATIONS

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date

3-14-89

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE BARDANOUVE	✓		
REPRESENTATIVE SPAETH	✓		
REPRESENTATIVE PECK	✓		
REPRESENTATIVE IVERSON	✓		
REPRESENTATIVE SWIFT	✓		
REPRESENTATIVE QUILICI	✓		
REPRESENTATIVE BRADLEY	✓		
REPRESENTATIVE PETERSON	✓		
REPRESENTATIVE MARKS	✓		
REPRESENTATIVE CONNELLY	✓		
REPRESENTATIVE MENAHAN	✓		
REPRESENTATIVE THOFT	✓		
REPRESENTATIVE KADAS	✓		
REPRESENTATIVE SWYSGOOD	✓		
REPRESENTATIVE KIMBERLEY	✓		
REPRESENTATIVE NISBET	✓		
REPRESENTATIVE COBB	✓		
REPRESENTATIVE GRINDE	✓		
REPRESENTATIVE CODY	✓		
REPRESENTATIVE GRADY	✓		

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
HOUSE BILL 304 (third reading copy -- blue) do NOT pass .

Signed: B. Bardanouve

Francis Bardanouve, Chairman

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 614 (third reading copy -- blue), with statement of intent included, do pass as amended.

Signed: 
Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, lines 12 and 13.

Following: "SERVICE;" in line 12

Strike: "REQUIRING" on line 12 through "PROGRAM;" on line 13

2. Page 1, lines 24 and 25.

Strike: "department of social and rehabilitation services"

Insert: "committee on telecommunications services for persons who are handicapped"

3. Page 2, lines 3 and 6.

Strike: "department" in both instances

Insert: "committee" in both instances

4. Page 2, line 25 through page 3, line 2.

Strike: "All" on page 2, line 25 through "3]." on page 3, line 2

5. Page 8.

Following: line 4

Strike: "AND" on line 5

Insert: "(4) provide for administration of eligibility and the delivery of services for the program as provided for in [sections 7, 8, 9, and 10]; and"

Re-number: subsequent subsection

6. Page 8, lines 11 and 12.

Following: "(1)" on line 11

Strike: the remainder of line 11 through "department" on line 12

Insert: "The committee"

7. Page 8, lines 24 and 25.

Following: "Section 8."

March 14, 1989
Page 2 of 2

Strike: "Powers and duties of department"
Insert: "Provision of services"

8. Page 9, line 1.
Page 10, lines 16 and 19.
Page 11, lines 4 and 14.
Page 13, lines 15 and 19.

Strike: "department"
Insert: "committee"

9. Page 11, lines 20 and 21.
Following: "committee" on line 20
Strike: remainder of line 20 through "department" on line 21

STANDING COMMITTEE REPORT

March 20, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 100 (first reading copy -- white) do pass as amended.

Signed: 

Francis Bardanouve, Chairman

PLEASE SEE THE ATTACHED AMENDMENTS.

EXHIBIT 1
DATE 3/14/89
HB * 100
Passed

Amendments to House Bill No.100
First Reading Copy

Requested by Rep. Bardanouve
For the Committee on Appropriations

Prepared by LFA
March 14, 1989

1. Page D-1, line 15.

Strike: "1,848,757 1,879,967"

Insert: "1,778,989 1,810,199"

This amendment reduces federal block grant funds to the counties by \$69,768 each year in the Chemical Dependency Bureau. A corresponding reduction in general fund was made in the Mental Health Bureau by prior committee action.

(A)

Passed

Amendments to House Bill No.100
First Reading Copy

1a
EXHIBIT *3/14/89*
DATE *100*

For the Committee on Appropriations

Prepared by LFA
March 14, 1989

1. Page B-4, following line 17.
Strike: Line 18 and line 19 in their entirety.

This amendment eliminates the General Assistance Training
(Project Work) Program from the Department of Labor and
Industry's budget.

Northern Agricultural Research Center Shop:

Constructed in 1937 from used brick salvaged at Fort Assinniboine.

Size: Including machine shed is 32' x 180'.
Shop size is 30' x 45'
Large door measures 8½' high x 11½' wide.

EXHIBIT 1
DATE 3/14/89
HB 117
Construction: Three-course brick exterior walls (part open one side) on concrete foundation, wood truss roof supports, 70% dirt floor, 30% concrete floor.

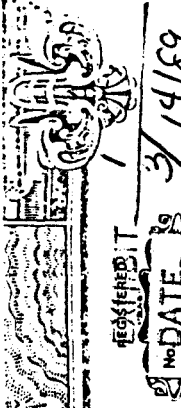
Concerns: Lacks adequate floor space to work on more than one project.
Door is too small (8½' x 11½') to allow larger tractor and equipment inside for repairs. This causes delays in repairs until weather is warm and dry outside plus delays in field work and proper timing of research plot work. The alternative is costly repair bills are paid to a commercial shop to do work the Research Center could not accommodate in present shop facilities. These repair bills run \$8,000 to \$12,000 per year and ½ or more could be saved with adequate shop space plus timely planning of research projects.

Current shop lacks washroom and restroom facilities.

Work crews could be more efficiently used during adverse weather on projects inside a larger shop.

The present facility represents a serious personal health and safety hazard.

Proposal: Construct a 4,000 square foot (approximately 50' x 80') shop to replace present inadequate facility. Shop will have one large (14' high x 18' wide) door to accommodate larger equipment plus washroom and restroom facilities for public and employees.



STATE OF ILLINOIS

TECHNICAL

DATE 3/14/89

HB 500



COLLEGE SAVINGS BOND

Puzzled by the college savings bond program?

The College Savings Bond Program was signed into law by Governor James R. Thompson in 1987. This brochure has been created to answer the most frequently asked questions about College Savings Bonds.

What is the College Savings Bond Program?

The College Savings Bond Program is an innovative program designed by Illinois to promote long-range financial planning by parents for their children's college education, and to provide the means for financing these plans. College Savings Bonds are structured as zero-coupon bonds bought by the purchaser at a deep discount and do not have current interest payments. The interest payments are instead paid on the date the bond reaches maturity.

Why should I plan ahead financially for my child's college education?

Paying for a child's college education has become an increasingly expensive proposition. As the graph illustrates, tuition and fees increased substantially between 1976-77 and 1986-87 for community colleges, public universities, and private institutions in Illinois, with average annual increases during this 10-year period of about 99 percent, 174 percent, and 152 percent respectively. Assuming that these trends continue, the expected cost of attendance at institutions in all three sectors will almost double by the year 2000. These figures do not include books, room and board, and other expenses associated with the cost of a college education. Spread out over four years, paying for college begins to take on the same dimensions as buying a house or saving for retirement. As with these other long-term investments, financing a child's college education needs to begin now.

What are the advantages of participating in the College Savings Bond Program?

In addition to providing a secure way to plan ahead for a child's postsecondary education, the College Savings Bond Program has several other advantages. The major advantages of the bonds is that the proceeds are exempt from federal and state income tax. Another advantage of the bonds is that proceeds up to \$25,000 are exempt from the state student financial aid needs test which is administered by the Illinois State Scholarship Commission. The tax-free earnings can be used at colleges in Illinois, at colleges in other states, or at the purchaser's discretion. Depending upon the supply available, purchaser may buy as many of the bonds as they wish. An added incentive was applied to the first series of bonds. It provided if the bonds are used at a college or university in Illinois, the State will pay an additional \$100 to \$400 (depending on maturity and funds available) directly to the institution toward the student's educational expenses.

How does the College Savings Bond Program work?

At maturity each of the zero-coupon bonds purchased is worth \$5,000. Maturity dates range from five to 20 years from the date of purchase, with the discounted price of the bond ranging from approximately \$1,000 to \$3,500 depending on the particular date of maturity and yield of the bond.

An Example:

Parents with one child, age 2, buy a College Savings Bond with a maturity of 16 years (2004). The Bond pays \$5,000 at maturity, but can be purchased at the discounted price of about \$1,400. Grandparents of the child buy a second Bond with the same maturity. In 2004, when the child is age 18, the Bonds come due and \$10,000 is available to fund the child's college expenses. The student may also receive the additional financial incentive if the child enrolls in a college within Illinois.

The \$1,400 price assumes a yield of 7.85 percent. Actual prices and yields on the Bonds are set immediately prior to the Bond sale.

How can I order a College Savings Bond?

College Savings Bonds can be ordered through many banks and brokerage houses with offices in Illinois. Interested persons should contact these outlets for additional information.

DATE 3/14/89

HB 500

One in five states has college savings or prepayment plan

Although the initial legislative rush to help parents pay for their children's educations has abated somewhat, states are still dealing with the issue.

Nineteen states have passed laws or resolutions to help out. Of these, eight have prepaid guaranteed tuition plans and 12 have college savings plans (Missouri passed one of each).

States with prepaid guaranteed tuition laws are: **Florida** (signed into law July 1987), **Indiana** (July 1987), **Maine** (June 1987), **Michigan** (December 1986), **Missouri** (June 1988), **Oklahoma** (July 1988), **Tennessee** (May 1987) and **Wyoming** (February 1987).

Michigan's bill, the first to be signed into law, has served as a model for other plans. Parents make a payment (by lump sum or installments) to a trust in exchange for the state's promise that the qualified beneficiary's undergraduate tuition will be fully paid when the contract is redeemed. Contracts may run anywhere from four to 20 years. The longer the contract (i.e., the interest-earning period), the lower the initial investment.

Most states have two plans. Plan A allows the purchaser to recoup the original investment minus administrative fees if the contract is cancelled. Under the B plan, which requires a larger investment, a refund would include the original sum, plus interest, minus administrative fees.

Prepaid guaranteed tuition plans allow the qualified beneficiary to attend either state community, junior or vocational-technical colleges, state four-year baccalaureate-granting schools or a combination of both. If the student wishes to attend an independent school, the trust may pay up to the level of state tuition or pay a refund directly to the school or the student for use at such a school.

There are still questions as to how guaranteed tuition investments and earnings should be handled tax-wise. In Michigan's case, the IRS ruled last March that contract purchasers would not be taxed (although beneficiaries may have a tax liability when the contract is redeemed).

Instead, the Michigan Education Trust (MET) would be taxed at the corporate rate, which MET hopes

to offset with corporate deductions. The trust has applied for tax-exempt status.

The other seven states have requested, or plan to request, their own rulings from the IRS.

Wyoming and **Florida** have modified the Michigan plan significantly. Florida offers dormitory residence plans in addition to guaranteed tuition, and Wyoming combines room, board and tuition. Only three states have implemented their tuition programs. Wyoming began selling futures contracts in August 1987. Michigan signed up 82,000 interested parties this August, and Florida began putting its program into place in mid-September.

Savings bills

Twelve states have passed college savings bills or resolutions. Generally, these plans are much less complex than guaranteed tuition plans and carry far less risk for the state. The disadvantage is to the purchaser because tuition is not guaranteed.

On the other hand, earnings from these plans can usually buy a greater variety of education-related services, including room, board and fees as well as tuition, both in-state and out-of-state, and at independent as well as state schools.

States with savings bills (with date of passage and their investment vehicles) are: **Colorado** (April 1988),

zero-coupon bonds; **Connecticut** (July 1988), general obligation bonds; **Delaware** (July 1988), general obligation bonds; **Illinois** (September 1987), general obligation bonds; **Iowa** (May 1988), capital appreciation bonds; **Kentucky** (April 1988), state savings fund plus an endowment fund; **Missouri** (June 1988), serial or term bonds, or a combination; **North Carolina** (July 1987), capital appreciation bonds; **Rhode Island** (June 1988), combination bonds and state tax-free education savings accounts; **Virginia** (April 1988), unit investment trust; and **Washington** (February 1988), general obligation bonds.

In addition, **North Dakota**, which did not actually need legislation to put a savings plan into effect, passed a resolution in April 1988 authorizing the state Industrial Commission to market some of its bonds for educational purposes.

Only three states have implemented their plans: **Illinois** (January 1988), **North Carolina** (fall of 1987) and **North Dakota** (June 1988). **Washington** plans to implement its plan this year.

Copies of the 1988 Survey of College Savings and Tuition Futures Plans are \$2.50 from the ECS Distribution Center, 1860 Lincoln Street, Suite 300, Denver, Colorado 80295, 303-830-3692. *

EXPIRY 3/14/89
DATE 3/14/89
HB 500

HB 500

MARKETS

Zero in on zero coupon bonds

Zero coupon bonds have afforded a special opportunity for investors who wanted to build their savings for future retirement in non-taxable retirement accounts. Zero coupon bonds are offered at substantial discounts from par value. They have maturities ranging from one to 20 years. Zeros pay no interest but are redeemed at par value (\$1,000) at maturity. The discount from par is amortized over the life of the bond and considered ordinary income each year.

Although zeros receive favorable treatment in IRAs and retirement plans where income is deferred for taxable purposes, they also have other attractive uses. For instance, zeros may be purchased for children or grandchildren to fund college educations. By laddering the maturities, monies can be available for each year of college. Yes, taxes will be paid on phantom income under the parents' tax bracket until age 14. However, investments should be made on the basis of investment objectives (i.e., college educations) rather than tax rules.

Another creative use is to buy zeros to pay for real estate purchases. Again, laddering maturities to provide

VERNA GREEN



MONEY MAKERS

payment to the seller for each year of the contract. The buyer benefits since a smaller initial amount is required.

For investors hesitating to commit to the stock market, zeros may be used to provide a safety net. By purchasing zeros in concert with stocks, the zeros would make up any drop in market price of the stock. The outcome would probably be a pleasant surprise

as the stocks increase in value and the bonds either mature or sell at a profit.

The New Wave economics provides exciting opportunities for the conservative investor. If you believe that baby boomers and their changing lifestyles are a strong factor in the coming decline in interest rates and a lowering of inflation — if you believe that the increasing global nature of the world's economies also suggest lower inflation and interest rates — if you believe that market forces, in time will likely correct the U.S. deficits — if you believe that an all-out recession is unlikely — then a purchase of zeros is desirable.

A drop in interest rates to 6 percent over the next two years would result in a doubling in the price of a 20-year zeros. Buyers of zeros in this decade experienced profits — buyers today could repeat this in the next decade, with the knowledge that regardless of interest rates, the bond will mature at \$1,000 on maturity date.

Zeros have come of age for a diversity of investors.

VERNA GREEN is a Helena investment counselor and lecturer who teaches financial seminars and adult classes.

EXHIBIT 4
DATE 3/14/89
HB 500

TABLE I

Projected Cost of Attending a Unit of the
Montana University System
1988 - 2010*

<u>Year</u>		<u>Required Tuition & Fees</u>	<u>Room & Board</u>	<u>Total Cost</u>
0	1988 - 1989	\$1,343	\$2,687	\$4,030
1		1,450	2,848	4,298
2		1,566	3,019	4,585
3	1991 - 1992	1,691	3,200	4,891
4		1,826	3,392	5,218
5		1,972	3,595	5,567
6		2,130	3,811	5,941
7		2,300	4,040	6,340
8	1996 - 1997	2,484	4,282	6,766
9		2,683	4,540	7,223
10		2,898	4,812	7,710
11		3,130	5,100	8,230
12		3,380	5,406	8,786
13	2001 - 2002	3,650	5,731	9,381
14		3,943	6,075	10,018
15		4,258	6,440	10,698
16		4,599	6,826	11,425
17		4,967	7,235	12,202
18	2006 - 2007	5,364	7,670	13,034
19		5,793	8,129	13,922
20		6,256	8,617	14,873
21		6,756	9,134	15,890
22	2010 - 2011	7,297	9,682	16,979

* Required Tuition & Fees Projected at 8% Average Inflation.
Room & Board Projected at 6% Average Inflation.

TABLE II

Projected Cost of Four Years of College
For Students Beginning in 1996 - 2007
Montana University System

<u>Child's Current Age</u>	<u>Starting Year</u>	<u>Four-Year Total</u>
New Born	2007	\$61,664
3	2004	50,583
5	2002	41,522
7	2000	36,415
9	1998	31,949
11	1996	29,929

TABLE III

Estimated Investment Required to Meet
Projected College Costs
Using Zero Coupon Bonds
Montana University System

<u>Child's Current Age</u>	<u>Total Amount Required</u>	<u>7.5% Zero Coupon Bond</u>	<u>Maturity Date</u>
New Born	\$61,664	\$15,605	2007
3	47,359	16,005	2004
5	41,522	16,217	2002
7	36,415	16,435	2000
9	31,949	16,664	1998
11	29,929	18,040	1996

TABLE IV

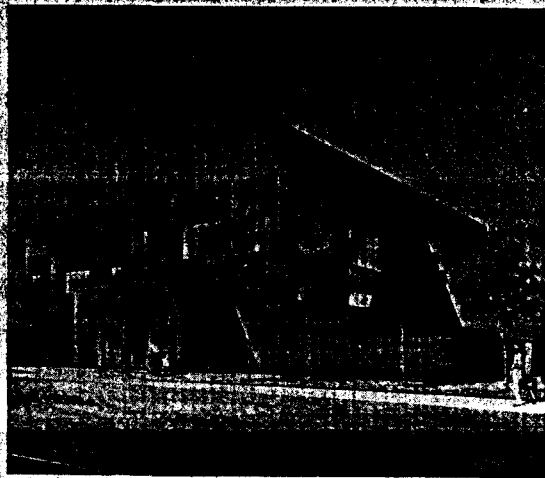
ASSUMING 7% COMPOUNDED SEMI-ANNUAL

<u>Years to Maturity</u>	<u>Discounted Offering Price</u>	<u>Paid at Maturity</u>	<u>Yield to Investor</u>
5	\$3,545	\$5,000	7.00%
10	2,513	5,000	7.00
15	1,781	5,000	7.00
20	1,263	5,000	7.00

EXHIBIT 5
DATE 3-14-89
HB 500

Ex 5
Creating tomorrow's
opportunities today

EXHIBIT 5
DATE 3/14/89
HB 500
**Montana's
Center
for High
Technology**



Engineering/Physical
Sciences Complex

Montana State University
Bozeman, Montana

March 13, 1989

EXHIBIT 6
DATE 3/14/89
HB 500

Members of the House Appropriations Committee
Montana House of Representatives
Capitol Building
Helena, Montana 59620

Re: HB238 Insurance Reporting

Dear Committee Members:

I write this letter in support of HB 238. In a predictably cyclical fashion the insurance industry and liability coalition have come to the legislature asking for "tort reform" over the last few decades. Multiple measures have been passed and the insurance "crisis" continues.

Since Montana represents 3 tenths of one percent of the property and casualty market in the United States, it can hardly expect to dictate rates to national or international carriers. They will, as threatened in the past, pull out.

This leaves two avenues of approach: (1) hope for and encourage national regulation; or (2) create a domestic insurance industry within the state over which we can expect to have some control. HJR 5, if passed, would encourage congress to repeal the McCarren-Ferguson Act and begin to regulate insurance. It is highly doubtful, however, that the insurance industry's lobby in Washington would be defeated in such an effort. If the industry can spend over \$70 million in opposing regulatory initiatives in California last year, one can only guess that hundred of millions of dollars would be used to defeat any federal regulation.

With federal regulation out of the question, we are left with the option of establishing an intra-state insurance industry. In order to do so the first step would be a review of profits, losses, expenses and claims experience of the current carriers. If we are to cut the nearly one billion dollars in premiums being paid annually in this state and restrict the flow of those premium dollars to out-of-state interests we must, first, have relevant information regarding their operations to assist in nurturing our own state industry.

Please give serious consideration to the passage of this legislation.

A handwritten signature in black ink, appearing to read "Michael J. Sherwood". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael J. Sherwood
Legislative Counsel
Montana Trial Lawyers Ass'n.



D.A.
Davidson
& Co.

Great Falls: Davidson Bldg., 8 Third St. No. • P.O. Box 5015
Great Falls, MT 59403 • (406) 727-4200 • 1-800-332-5915

November 1, 1988

EXHIBIT 7
DATE 3/14/89
HB 500

Mr. Jack Noble
Deputy Commissioner
Management & Fiscal Affairs
33 South Last Chance Gulch
Helena, MT 59620-2602

RE: Proposed College Savings Bonds

Dear Jack:

I enjoyed meeting with you yesterday to further discuss the concept of College Savings Bonds in Montana. Since our initial discussions with you regarding this savings vehicle we have further developed certain concepts to facilitate the issuance and sale of the Bonds in Montana.

As you are aware, the College Savings Bond concept has met with great success in those states which have previously implemented the program. The success of these programs has been largely due to retail selling efforts within that state. A concentrated marketing effort within Montana would take advantage of the double tax exemption afforded the bonds and provide, we believe, the most efficient financing terms possible. Therefore, we would strongly recommend a syndicated underwriting and selling group concept involving essentially all investment firms with offices in the state and certain banking institutions as well to maximize distribution of the paper in Montana.

The major requirement for a successful College Savings Bond Program is a strong marketing program for public awareness relating to the need to save for college and identifying College Savings Bonds as an appropriate vehicle for that purpose. We believe that the College Savings Bond Program will require a significant marketing effort on the part of the State in terms of advertising and promotion and that the structuring of a financing team as described above will assure the State of additional advertising through those channels. Other ideas we have identified which would facilitate the placement of the paper not only in Montana but to the small retail investor include:

- 1) A portion of the bonds issued in smaller denominations than the standard \$5,000 denominations.

Page Two
Mr. Jack Noble
November 1, 1988

- 2) Limit the initial offering period to Montana residents only.
- 3) A possible "installment purchase program" by financial institutions utilizing the bonds as collateral for bank loans and through utilization of margining at investment firms.

A major issue that we believe the State should consider when developing the College Savings Bond Program is that of providing an additional credit to the holders of the bonds whose children attend a Montana State institution. The Program would likely be successful without the credit but would invite greater participation in acquisition by Montanans and, quite possibly, enhance enrollment in the future to some degree. We do not believe that the credit has to be substantial to provide the perceived benefit for those attending Montana institutions and would not, therefore, require a substantial monetary participation on the part of the regents or the State to fund these credits. We have discussed the possibility of stepping up the credit to the investors based upon the maturity of the bonds i.e. \$100 credit per \$5,000 bond for maturities in the 5-10 year range and increasing by \$50 each five year bracket of maturities. These numbers are only illustrative and additional analysis should be performed to better identify what credit levels are appropriate to provide motivation to attend Montana schools while not providing a monetary burden on the state or university system.

We have also examined the merits of a phased issuance of the bonds whereby, for example, the state would sell the bonds in three installments over a three year period. We believe that this concept merits additional discussion due to the following potential benefits :

- As an example, three issues of \$15,000,000 will provide much greater assurance of maximization of distribution within the state rather than a single \$45,000,000 issue. We believe a single issue may be difficult to place within the state if marketed at one time.
- A phased concept will minimize debt service during the construction period.
- Greater public awareness through multiple issues and multiple marketing programs.

These are only a few of the issues which we have discussed to facilitate the implementation of a College Savings Bond Program for the State of Montana. We certainly believe that this program is a winner for the people of Montana. Not only do we provide much

Page Three
Mr. Jack Noble
November 1, 1988

needed University facilities but also provide a savings vehicle for the people of Montana and quite possibly greater awareness of our Montana institutions. We look forward to working with you further regarding this program.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Kreg A. Jones', with a horizontal line extending to the right.

Kreg A. Jones
Assistant Vice President

KAJ:lda

cc: Mr. Ian Davidson
Chairman, D.A. Davidson & Co.

EXHIBIT 8
DATE 3/14/89
HB 500

M E M O R A N D U M

TO: Members of House of Representatives
Long Range Building Subcommittee

FROM: Dorsey & Whitney
Mae Nan Ellingson

Mae Nan Ellingson

RE: HB 500 and HB 640

HB 500 and HB 640 authorize the issuance of general obligation bonds by the state which would be designated as "college savings bonds," and the proceeds of which would be used to construct certain University system buildings.

In the last few years, a number of states have implemented several different types of college savings bonds programs, ranging in scope and complexity from simply structuring a bond issue to allow working and middle income class folks to buy tax-exempt bonds for the purpose of saving for their children's college education, as is contemplated in HB 500 and HB 640, to guaranteeing the tuition or prepaying the tuition at any one of the issuing state's colleges commensurate with the amount of bonds (so-called prepaid tuition plans).

In order for a bond issue to provide an opportunity for the parents described above to save for their children's college education, the college savings bonds must possess at least two essential features:

(1) they must be issued in small denominations (\$500 to \$1,000, instead of the \$5,000 which is typically used) to ensure access to the market; and

(2) must have a range of maturities to allow parents to buy bonds maturing in years when their children begin college.

It is not necessary, as a legal matter, in issuing college savings bonds that:

(1) the purpose for which the bonds are issued be tied to education. Any general obligation bond of the State of Montana could now be structured to get them in the hands of parents with college-bound students, although college savings bonds issued to finance a veteran's hospital might not have quite the impact in marketing as college savings bonds issued to finance University buildings. It may be important for some purchasers of these bonds to know that the proceeds are going to provide educational facilities in the state; or

(2) the investment received at maturity of the bonds be used to pay college tuition.

Both pieces of legislation before you would tie the issuance of bonds to educational facilities, but neither require the principal and/or interest paid on the bonds to be used for college tuition.

The concept of zero-coupon or capital appreciation bonds is not new. The concept of tying them to saving for college expenses, however, is a new marketing strategy that may also achieve additional objectives.

A zero-coupon bond is a bond bearing no interest or a rate of interest less than the current market rate and is sold at a price less than the nominal principal amount (a deep discount). A fairly common example of this type of bond is a Series E savings bond, where an individual may buy a bond for \$18.75 and hold it until maturity and then receive \$37.50 or some other pre stated value. The U.S. Treasury has been issuing taxable zero-coupon bonds nationally for many years, and there are tax-exempt zero-coupon or capital appreciation municipal bonds available both in the state and nationally.

The typical purchaser of this type of obligation is an investor who does not need annual income or cash

flow generated by the payment of semiannual interest on the bond.

A capital appreciation bond is similar to a zero-coupon bond in that interest is not paid semiannually, but by definition it does bear interest which periodically accrues and is compounded, but is payable only at the maturity of the bonds.

The key distinction between the zero-coupon and capital appreciation bonds lies in the nominal principal amount of bonds required to be issued to provide the money required for the projects to be financed. If issued as zero-coupons, the amount of bonds required to be sold to raise \$41,000,000 to construct the projects contemplated by HB 640, could, depending on maturities, be as much as \$200,000,000. You will note that both bills refer to the "net amount" of bonds to be issued as a way of dealing with this issue. Capital appreciation bonds, which are not sold at a deep discount, do not present this problem.

This issue may create confusion and ambiguity as to the amount of debt actually authorized to be incurred. In order that the board of examiners have the maximum flexibility in structuring the college savings bonds to meet the needs of the State, we believe Section 4, subsection (3) of HB 500 and Section 2, subsection (3) of HB 640 should be amended to read as follows:

"If the board determines it economically feasible and in the best interest of the state, all or a part of the bonds:

(a) may bear no interest or may bear interest at a rate less than the current market rate and may be sold at a price less than the principal amount thereof; or

(b) may be issued and sold bearing interest which periodically accrues and is compounded, but is payable only at the maturity of the bonds."

This language can also be added as a generic amendment to Section 17-5-803(1) of the general obligation bond statute. In addition, this change may be helpful in that

it allows the board to issue some of the bonds as serial bonds, as necessary, if the Montana market can not absorb the dollar amount of zero-coupon or capital appreciation bonds required. It is desirable to delete the term zero-coupon from the title of both bills, so that either zero-coupon or capital appreciation bonds can be sold as warranted.

The college savings bonds contemplated by both HB 500 and HB 640 would be exempt from individual state and federal income tax, as are all other general obligation bonds of the state of Montana.

A recent Wall Street Journal article describing other various college savings bonds programs of other states has been photocopied and enclosed as part of this testimony.

A word of caution is advised in reading the article: almost all of the programs described in the article involve some form of prepaid tuition or tuition guarantee. Neither HB 500 nor HB 640 encompass that as part of the program, nor do we think those objectives could be accomplished without legislative enactment. Consequently, some of the observations in the article may not be relevant to the contemplated program. For example, there is a concern that the secondary market for college savings bonds is limited, resulting in a lower resell price to the holder if he or she is required to sell a bond prior to maturity. Obviously the more restrictions on the bond, the less marketable it may be. For example, if, as in Michigan, the bond program guarantees a parent four years of tuition at any public college in the state, the secondary market for those bonds is limited to other Michigan parents whose children are likely to go to college in Michigan.

On the other hand, because the investment realized from the purchase of the bonds contemplated being issued in Montana is not tied to anything, the secondary market includes anyone, whether in Montana or out of state, wishing to hold tax-exempt obligations. Again, on the other hand, because the purchase of the Montana bonds does not guarantee the holder of anything with respect to his child's tuition in some future year, other than that

there will be some money available to pay for it or a portion of it, the initial demand for the bonds may not be as great for the bonds as in other states where tuition is being guaranteed.

Another problem in the issuance of the type of bond contemplated is that the state may be encouraging persons to buy tax-exempt bonds who have no need for tax-exempt income, and who would be better off, even if their purpose is saving for their child's college education, to invest in taxable Treasury zero-coupons. This problem can be overcome with adequate disclosure to the investor.

Bonds issued as zero-coupon or capital appreciation bonds do give the state additional flexibility in determining the schedule of repayment of its debt. Since a significant portion of the state's general obligation debt is paid off in the years through 1997, the maturity dates for the preponderance of the college savings bonds can be set for 1998 and the 10 years thereafter so as to enable the state not to significantly increase the amount of taxes to be levied to pay debt service until its other bonds are retired.

While rating agencies are generally primarily concerned about the total amount of a state's outstanding general obligation debt, they are also concerned if too much of that debt is in the form of zero-coupon or capital appreciation debt. Those agencies generally express concern if a state is deferring too much of its debt service too far in the future for improvements currently being used. The state's financial advisor should be consulted to determine what level of zero-coupon or capital appreciation indebtedness is too much for Montana.

If the committee has any specific questions, we will be happy to respond to such requests or any request for information. I can be reached at 721-6025; my partner, Bill Johnstone, can be reached at (612) 340-2815.

MNE:mb
Attachment

Anxious Parents Flock to Tuition Schemes

YOUR MONEY MATTERS

By GARY PUTKA

Staff Reporter of THE WALL STREET JOURNAL

A lot of worried parents are plunging into two relatively new college-savings arrangements.

In the past year or so, they have bought \$1 billion of prepaid tuition plans and special savings bonds designed to help finance the cost of a college education.

Mainly the creation of state governments, these plans were written off by many investment professionals last year after some adverse tax rulings and unfavorable analyses by financial pundits.

But parents are undeterred. With college costs up 7% last fall and ahead of inflation for eight years running, proponents of the plans argue that parents need something—anything—that will hedge against rising prices. When room and board are included, a year now costs \$11,330 at the average private school or \$4,445 for in-staters at a public one.

'A Big Response'

"Anything that has 'college savings' attached to it draws a big response from people," says Daniel Layzell, assistant fiscal director for higher education in Illinois, which has issued \$318 million in college-savings bonds. "All those horror stories about what college will cost in the future [are] really making people sit down and think about savings right now."

The prepaid tuition plans require parents to make a cash payment that's based on the current tuition and the number of years before their child enters college. In return, the plans guarantee to pay the cost of tuition at a state college when the child is ready to attend.

The special savings bonds, called "baccalaureate" bonds by many, are tax-exempt municipal bonds customized for parents of tomorrow's scholars.

At least 10 states—Connecticut, Florida, Hawaii, Illinois, Iowa, Michigan, Missouri, Oregon, Washington and Wyoming—have

already offered prepaid tuition plans or bonds. A dozen more have passed laws authorizing programs.

There's much more to come. Starting next January, parents with joint incomes under \$90,000 will get tax breaks on income from Series EE U.S. Savings Bonds used to pay for a child's college. And President Bush is said to be mulling even more education-related tax breaks.

The new ideas mark a turning point in tuition finance, according to some analysts. The middle class, squeezed out of need-based scholarship and cut-rate government loan programs, in the future will have to rely more on savings than financial aid.

"This is just the beginning of rethinking the whole way we're paying for college and student aid," says Aims McGuinness, a higher education analyst at the Education Commission of the States in Denver. "We're halfway between the old and the new."

How good are the new tuition-savings plans? What are the risks and disadvantages? Here's a closer look, together with a couple of other college-financing ideas favored by financial planners.

Variations by State

Prepaid tuition plans vary from state to state. In its offering last year, Michigan charged \$6,756 for a newborn, ranging up to \$9,152 for a 10th grader. In return, the state guaranteed that the child would get four years' tuition at any public college in the state. At current prices, four years at the average in-state college would cost about \$9,100.

Florida and Wyoming have similar plans. The Council on Financing Higher Education is considering a prepaid plan that could be used at a range of schools, but it is too early to tell how many would be included. Richard E. Anderson, head of the Forum for College Financing at Columbia University, is pushing for a national plan that would include at least 500 colleges.

As investments, prepaid tuition plans have several disadvantages: limitations on college choice, lack of liquidity and lost po-

tential returns from other investments. The states, of course, are counting on earning enough investment return on the upfront cash payments to meet or exceed tuition price increases.

Michigan will pay benefits equal to the weighted average price of its public colleges to anyone choosing an in-state private school. Those who choose out-of-state schools get the unweighted average price, currently 8% lower than the weighted average. (The average is weighted based on the number of students at each school.) But nobody has a right to get any money out before college age unless the child dies or is disabled. In cases of death or disability, or if the child doesn't go to college, the payment to contract holders would equal the lowest state-college tuition at the time.

A Handling Fee

Florida allows participants in its prepaid tuition plan to get their money back at any time, but with no interest and minus a \$50 handling fee. This refund is all a buyer gets if the student doesn't attend college or goes to an out-of-state school.

In any prepaid plan, the Internal Revenue Service has ruled that benefits—the difference between initial outlay and future tuition—will be taxable at time of use.

Detractors say parents could do better in the long-term by putting the money in stocks, mutual funds or other investments. If the contracts match only an assumed tuition inflation of 7%, even relatively risk-free Treasury bonds, currently yielding more than 9%, would produce a better return. Gerald Krefetz, a New York money manager and author of "How to Pay for Your Children's College Education," advocates zero-coupon Treasuries or municipal bonds. Zeroes pay all their interest at maturity, and thus produce a lump sum whose amount is known in advance.

But prepaid-tuition plans have a unique advantage: security that it will be financially possible for a child to attend at least some college, no matter what happens to tuitions. "These things let you know your child's education is secure," says Robert

Please Turn to Page C9, Column 5

Anxious Parents Flock to Schemes Offering College Tuition Savings

Continued From Page C1

McConnell, a public-finance specialist at Prescott, Ball & Turben in Detroit.

The other popular new idea is tax-exempt college savings bonds. Packaged in small lots for sale to small investors, these baccalaureate bonds have had tremendous appeal. About \$500 million have been sold, the vast bulk to individuals.

The advantages of the bonds are a potentially higher after-tax yield, the possibility of big gains if interest rates fall, and salability in a secondary market.

They aren't much different from standard zero-coupon municipal offerings. A market rate of interest is paid, sometimes with a small kicker. The Illinois college-savings bonds issued last August carried an initial yield to maturity of 7.5%; investors who put in \$1,562.20 were promised \$5,000 when the bonds mature in 2004—and an extra \$400 if proceeds are used to pay for college.

As with any bond, the resale value goes up when interest rates fall and drops when interest rates rise. Zero-coupon bonds tend to be especially volatile. Thus, there's the risk of a big loss if interest rates rise and the money is suddenly needed for something else. Moreover, bond market professionals say few college-savings bonds have shown up in the secondary market, meaning a seller might get a lower price than with a standard municipal bond.

"They're too risky for most college savers unless they're a part of a broader portfolio," says Mr. Anderson of Columbia.

For people who don't like the new plans—as well as those who think they sound great but can't participate because the plans aren't available where they live—financial planners suggest several options.

One is waiting until January, when the tax break on the Series EE bond becomes available. The bonds currently yield about 7.35% if held for more than five years. Alan Czarnecki, a Prescott Ball broker in Troy, Mich., calls them "a damn good competitor" to other college-financing options.

If parents earn more than the \$90,000 ceiling for the EE tax break, Mr. Czarnecki suggests zero-coupon Treasury bonds or municipals available nationally, not just in one state. For the same \$6,756 Michigan charges for newborns in its prepaid plan, he says, an investor can buy zero-coupon

municipals maturing for \$25,000 in 2006, when Michigan's contract could be redeemed. The after-tax rate of return for someone getting both federal and state tax exemption on the bonds would be over 10%—much higher than the before-tax return of 7% on a prepaid plan using current tuition inflation assumptions.

Still, zero-coupon municipals are relatively new and have a very thin secondary market. Mark Gallagher, a corporate financier at First National Bank of Chicago, also notes that most of these bonds have "call" features that would enable the issuer to call, or buy back, the bonds before maturity, thwarting a college saver. Mr. Gallagher's bank was the lead underwriter for the Illinois college-savings bonds, which have no call features.

It also pays to check out what financing plans your college of choice has available. Indiana University began offering a "guaranteed tuition certificate" that is a hybrid of current ideas. It is denominated in credit hours, not tuition prices. But unlike the prepaid plans, it is freely transferable. Three local banks have agreed to make markets in the certificates, but Indiana says no trades have been made in the \$1 million of certificates issued so far.

697
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FISCAL ANALYST

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March 6, 1989

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Carroll South
Legislative Fiscal Analyst
Legislative Council
Capitol Station
Helena, Montana 59620

9
3/14/89
HB 500

Dear Carroll:

I understand the long-range committee is scheduled to discuss the zero-coupon college savings bonds at 9:00 a.m. on March 14, 1989.

It is my intention to be at the committee hearing and either to make a presentation or to answer questions, as you deem appropriate.

If the committee favors the concept, I will suggest some amendments to the bills. Even though some of the discussion will be fairly technical, and I will augment that part of my testimony by written explanation, the over-all concept can be explained fairly simply, I think.

If you have any suggestions as to how I can better assist the committee, I would appreciate hearing from you.

Very truly yours,

Mae Nan Ellingson

Mae Nan Ellingson

MNE:mb



Associated Students
University of Montana

Room 105
University Center

Missoula, MT 59812
(406) 243-2451

House Appropriations Committee

House Bill 500 - Rep. Vincent

Hearing: March 14, 1989, Room 104

late
EXHIBIT _____
DATE 3/14/89
HB 500

Mr. chairman and members of the committee, good morning. My name is Mike Craig and I represent the Associated Students of the University of Montana. ASUM supports the concept of this bill.

As has already been indicated, there is a desperate need for a new Business Administration building on the UM campus. Hopefully, those of you on the education subcommittee were made well aware of this need during your visit to our campus. You have seen this project in previous legislative sessions and you know that the longer it is delayed, the more costly it becomes.

My main concern for being here is not as much for the buildings in this proposal, but for parents and for students. Most parents dream of one day their children affording college. We have a primary concern for low-income parents. Their children (especially) should have access to our University System.

We are not certain that this proposal caters to those low-income parents. But we would hope that, upon this proposal becoming law, the Board of Regents can make this program affordable to those folks at the lower end of the economic ladder.

Amendments to HB Bill No. 640
1st Reading Copy

Requested by Rep. Bachini
For the Committee on

Prepared by Andrea Merrill
March 6, 1989

EXHIBIT 1
DATE 3/14/89
HB 640

1. Title, line 8.

Following: "TECHNOLOGY"

Insert: "AND DONALDSON HALL AT NORTHERN MONTANA COLLEGE"

2. Title, line 10.

Following: "BUILDING"

Insert: "AND \$900,000 FOR RENOVATION OF DONALDSON HALL"

3. Page 2.

Following: line 15

Insert: "(2) The board may issue and sell general obligation bonds under the conditions and in the manner prescribed in [this act] in a net amount not exceeding \$900,000 for the purpose of renovating Donaldson hall at northern Montana college. This amount includes the administrative costs of the project, such as the costs of bond issuance and other expenses incidental to the administration of capital projects."

Renumber: subsequent subsections

4. Page 3, line 21.

Following: "Appropriation."

Insert: "(1)"

5. Page 4.

Following: line 1

Insert: "(2) There is appropriated from the capital projects account to the department of administration \$900,000, contingent upon the sale of general obligation bonds by the board, for the renovation of Donaldson hall at northern Montana college."

6. Page 4, line 3.

Strike: "project"

Insert: "projects"

7. Page 4, line 4.

Insert: "project"

Insert: "projects"

Exhibit 1 3/14/89
HB 547 Hse. Appropriations

The Aging

Veteran

CRS 3-88

Facing
The New
Reality



STATE VETERANS HOME ISSUE BRIEF

Montana is currently home to 106,000 veterans, 24,100 of whom will be over the age of 65 by 1990 and 31,1000 over the age of 65 by the year 2000. With the State Veterans Home in Columbia Falls serving the western half of the state, similar services are necessary in Eastern Montana.

Construction for another STATE VETERANS HOME in Eastern Montana may be financed at 65 percent of total costs by the Veterans Administration (VA), including planning. A STATE VETERANS HOME may be established, controlled, and administered by Montana, through the Department of Institutions. Annual VA support to the facility will be provided through per diem reimbursements per patient, not to exceed 50 percent of patient care costs. Because of the anticipated veteran population in Eastern Montana needing these services, such a level should be easily maintained.

THE FOLLOWING INFORMATION IS NOW KNOWN:

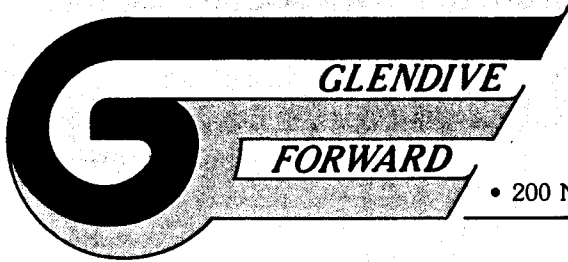
SIZE OF THE FACILITY: 100-150 bed (divided between nursing home beds and domiciliary). Proposals for facilities with less than 100 beds stand little chance of approval. A new STATE VETERANS HOME in Eastern Montana with 100 beds or more should maintain a maximum occupancy rate within a reasonable period after completion of construction.

CONSTRUCTION: A new facility would cost approximately \$30,000 to \$40,000 per bed, depending on construction standards and contractors' estimated costs.

TIMETABLE: Pending legislative approval, the appropriate state agency could submit a preapplication by June 15, 1989. A committee appointed by the Legislature should select a site and the state agency will carry out the project from that point. Depending on Federal priorities, the facility could be expected in three to five years.

SERVICES: Most services for the facility, such as pharmacy, physical therapy and physicians/dentists will be provided through a contractual arrangement with local providers.

PERSONNEL: Recruitment will be carried out in such a manner as to cause the least amount of impact on existing facilities (Glendive Medical Center and Nursing Home) and to draw professionals from outside the community. It is anticipated that legislation will be signed shortly that will provide incentives for professional personnel (RNs, LPNs, aides and orderlies) in the Veterans Administration health care system (HR 5115).



• *An Economic Development Corporation* •

• 200 N. Merrill Ave. • P.O. Box 930 • Glendive, Montana 59330 • (406) 365-8612

Mr. Chairman and members of the committee:

Glendive Forward is an economic development group dedicated to progress and stability not only for our own community, but for all of Eastern Montana.

We ask for your support and endorsement for HB 546, ----the Eastern Montana State Veterans Home. The aging Veteran population is becoming the forgotten population.--- The constant threat of drastic cuts in funding on the Federal level is not only a threat to the future of our Veteran's, but a negative message that the Veteran is an unwanted burden--or worse yet that they DON'T MATTER & WE DON'T CARE.

We have the opportunity in our State to make the opposite statement. Passage of this important legislation is an opportunity for the State of Montana to re-affirm to our Veteran population the concern and appreciation for their many sacrifices, their patriotism and their courage.

Have we come so far from patriotism---have we lost sight of what it means to be proud of our country and our Veterans?



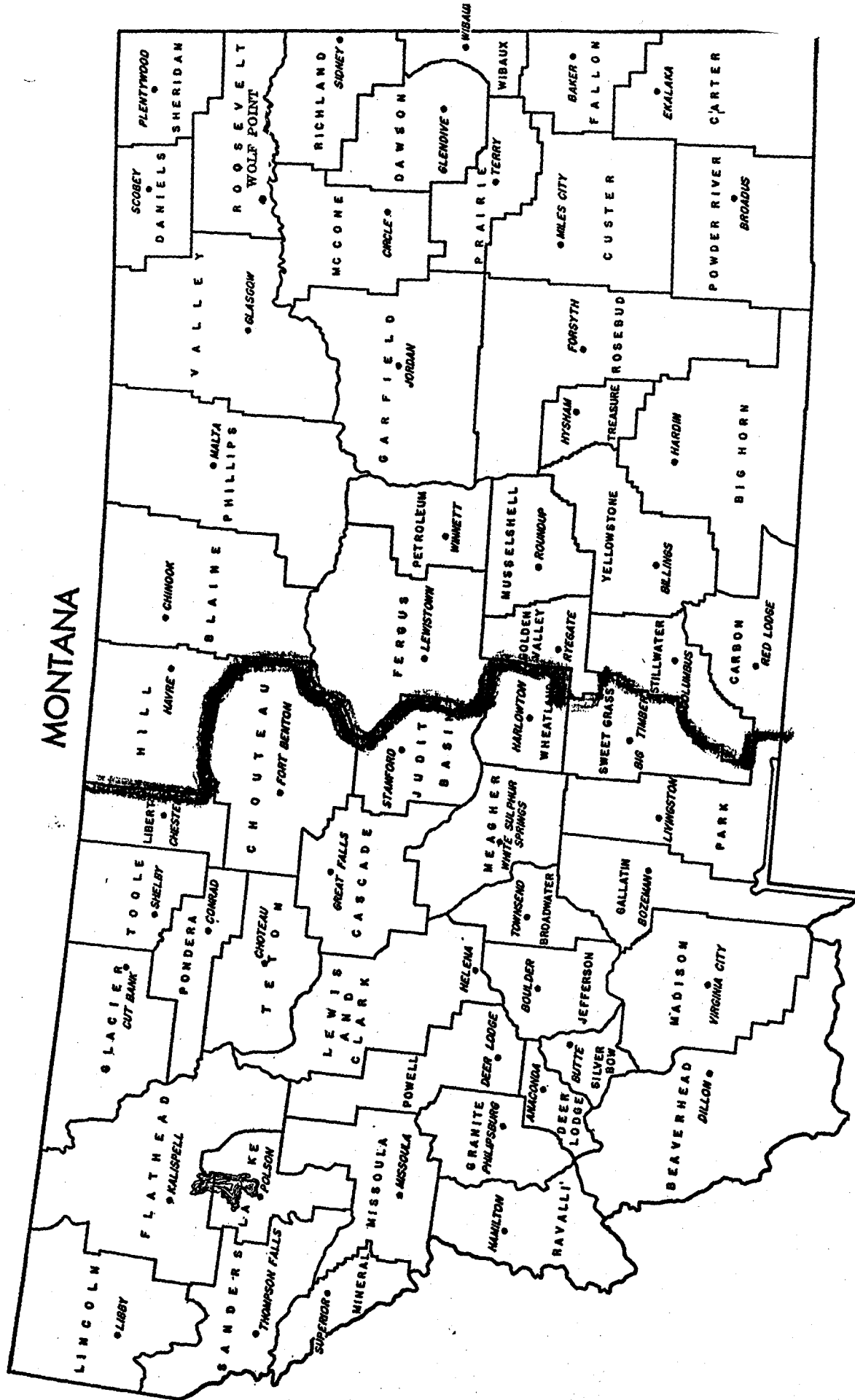
My father was a prisoner of war in Germany during WWII, my brother is a career Army man, my husband is a Veteran. My work with our local Veterans has confirmed for me the fact that the men and women who are Veteran's deserve more. Not only do we owe them our respect---we need to keep our promises to them.

The Columbia Falls Veterans Home is a wonderful facility; however--to ask a veteran from Eastern Montana to move to that facility isolates him from his roots, his family, and his friends. The distance from Glendive to Columbia Falls is nearly 1200 miles round trip. Needless to say the Eastern Montana Veteran is completely isolated from his familiar surroundings. How often can a family bring Dad or Mother home for a visit or the Holidays with such vast distance, weather conditions and expense involved.

A Veterans Home in Eastern Montana would provide the Veteran with a facility that would meet all of his care needs, but more importantly provide the comradeship for the residents who share a common bond. The fellowship of friends, the caring of the community is the support system that sustains the quality of life for many aging veterans.

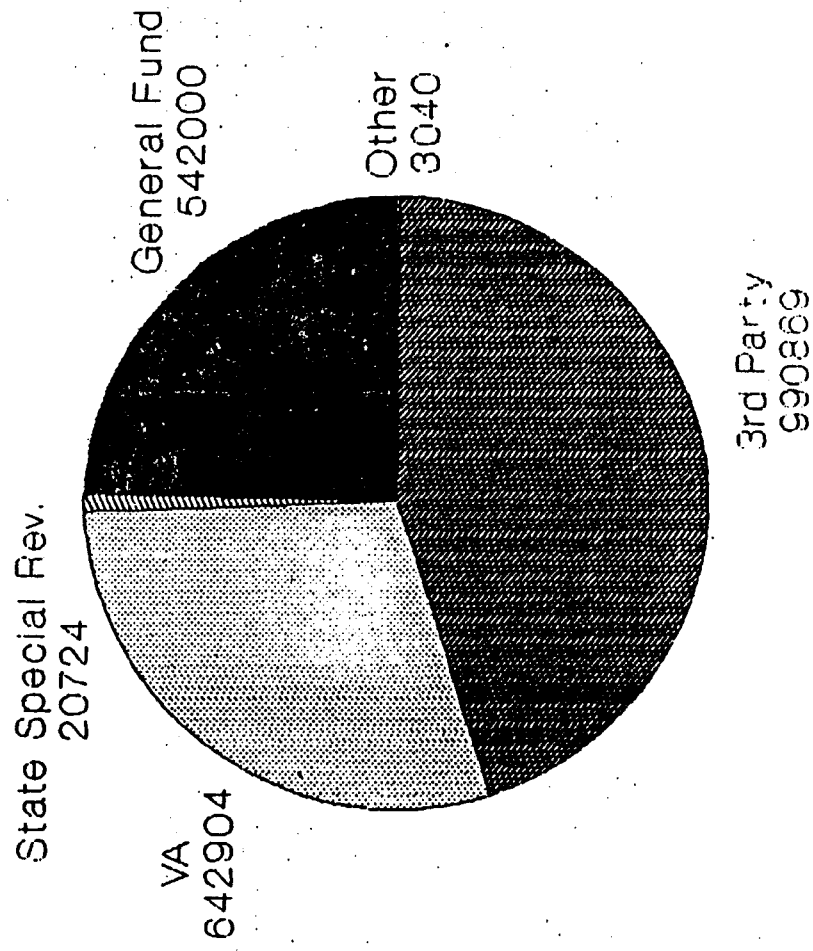
Montana is the second lowest state in the region in the number of dollars spent on it's resident Veterans. Yet we are all gravely concerned about the loss of more families from our State. This appears to be an ideal opportunity to say to this vast population---We want you to stay in our State--we're committed to your future well being and we're willing to make a commitment to you.

Your support of HB 546 will send a clear message of concern and support to the thousands of veterans living in Montana.



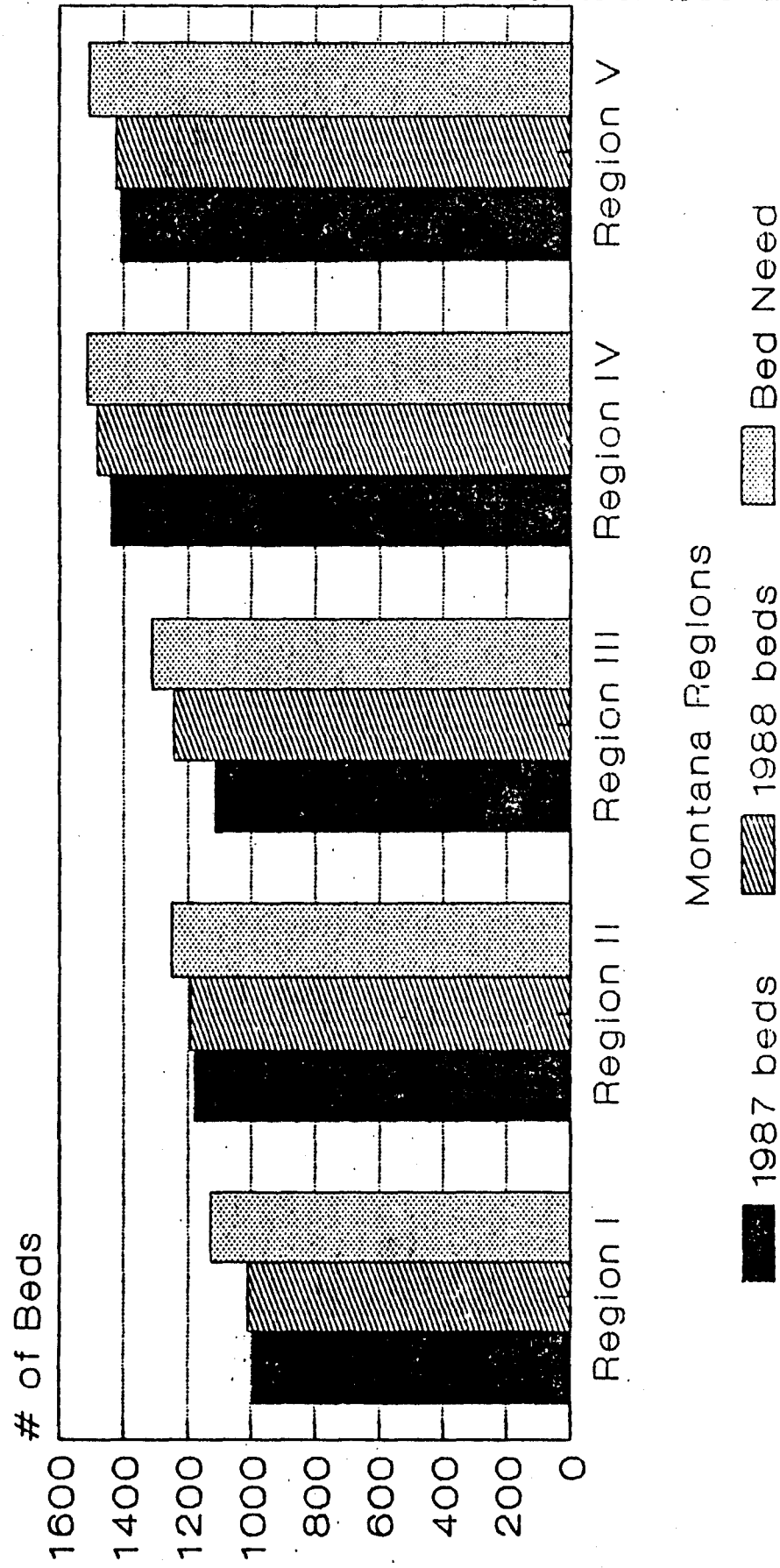
Operating Revenue

Montana Veterans Home FY 88



Source: Montana Veterans Home Fact Sheet

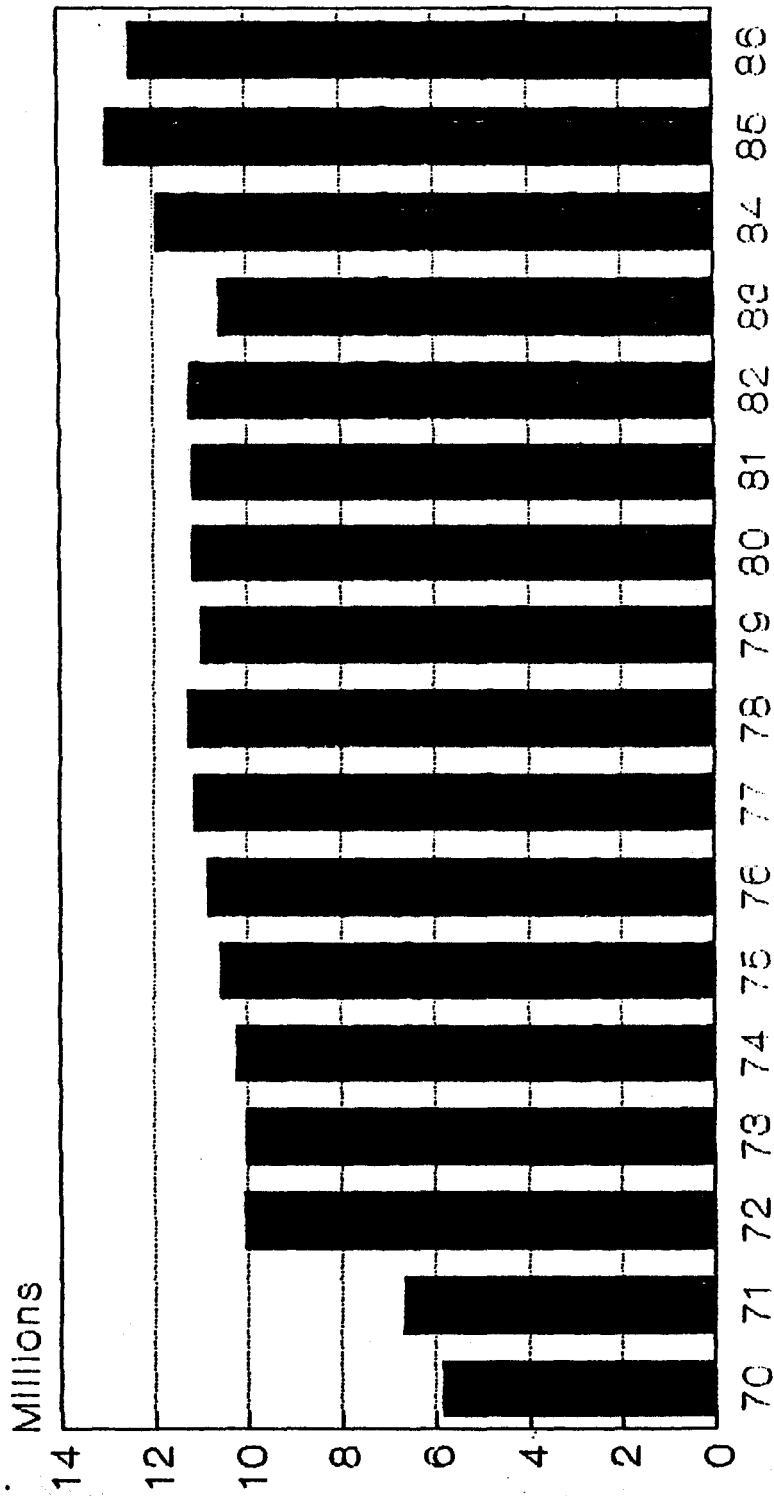
Regional Occupancy Rates with Existing Bed Need



Montana Regions

1987 beds 1988 beds Bed Need

Cigarette Tax Revenue (1970-1986)



- FACT 1 THERE ARE 106,000 VETERANS IN THE STATE OF MONTANA, THE THIRD HIGHEST PER CAPITA NUMBER IN THE UNITED STATES.
- FACT 2 THE U.S. VETERANS ADMINISTRATION PREDICTS BY THE YEAR 2000, TWO OUT OF EVERY THREE MALES OVER 65 YEARS OF AGE WILL BE VETERANS.
- FACT 3 THE OVER 65 YEAR OLD NUMBER OF VETERANS IN MONTANA WILL INCREASE BY 73% AND THE OVER 75 YEAR OLD NUMBER OF VETERANS WILL INCREASE BY OVER 30%.
- FACT 4 THE V.A. ALLOWS FOR THE APPROVAL OF STATE NURSING HOME BEDS AT A RATE OF 2.5 PER 1000 VETERAN POPULATION WITHOUT JUSTIFICATION AND 4.0 BEDS PER THOUSAND WITH JUSTIFICATION. THIS MEANS MONTANA COULD HAVE BETWEEN 265 AND 424 STATE NURSING HOME BEDS.
- FACT 5 MONTANA CURRENTLY PROVIDES 90 VETERAN NURSING HOME BEDS AT THE COLUMBIA FALLS FACILITY; ALL 90 ARE FULL AND A WAITING LIST EXISTS.
- THE V.A. PROVIDES 26 NURSING HOME BEDS AT THE MILES CITY V.A.; ALL 26 BEDS ARE FULL AND THERE IS A WAITING LIST.
- FACT 6 THE V.A. WILL PAY 65% OF THE COST OF CONSTRUCTION OF A STATE VETERANS NURSING HOME FACILITY EXCLUSIVE OF THE COST OF LAND.
- FACT 7 THE V.A. WILL PAY \$20.35 A DAY TOWARD THE EXPENSE OF CARE FOR A VETERAN IN A STATE VETERANS NURSING HOME AND \$8.70 A DAY FOR DOMICILIARY CARE.
- FACT 8 THE VETERANS ADMINISTRATION WILL NOT PROVIDE:
- A) CONSTRUCTION COSTS TO PRIVATE FACILITIES FOR VETERAN CARE.
- B) REIMBURSEMENT AT \$20.35 PER DAY TO A PRIVATE NURSING HOME.
- FACT 9 THE VETERANS ADMINISTRATION CONTRACTS WITH PRIVATE COMMUNITY NURSING HOMES FOR VETERANS BEING DISCHARGED FROM V.A. FACILITIES. THESE CONTRACTS HAVE RECENTLY BEEN CUT FROM A 180 DAY TO 90 DAY DURATION.

MONTANA'S AGING VETERAN POPULATION

According to Veteran Administration statistics approximately 107,000 veterans make Montana their home. More than one-half served during World War II and the Korean conflict, and almost one-third were over the age of 60 in 1985, revealing that many of our veterans are nearing the age where specific health care options are serious considerations. Such options will be more readily available with the construction and operation of a new state veterans home in eastern Montana.

The Veterans Administration will agree to offer construction and operation reimbursements to eligible states where need for state home beds are justified. At a minimum, 2.5 beds per 1000 veterans living in the state meets the VA standard for available nursing and domiciliary care. Montana has 150 beds in the Montana Veterans Home in Columbia Falls, allowing for the establishment of an approximately 120 additional beds according to the actual bed-to-veteran ratio formula.

Both of Montana's VA medical centers are experiencing an ongoing increase in referrals of veterans to community nursing homes. Often, the veterans are placed in homes where many types of VA-prescribed treatments are not available. A new state home similar to the Columbia Falls Veterans Home would help meet the growing needs of those veterans who want to stay in a state home with other veterans and where more care options are typically available.

STATE HOME CONSTRUCTION AND OPERATION PROCEDURE

The Veterans Administration procedures for construction and operation of a new state veterans home is a good deal for the state financially. The VA will reimburse Montana up to 65 percent of total approved planning and construction costs, and an amount not to exceed 50 percent of daily care costs.

Provided the state legislature acts favorably in 1989, the Montana Department of Institutions and the VA will begin deliberations on floor plans and requirements. The state must retain ownership of the chosen site location, as it will administer and control the home. Once the state and the VA agree on the facility plans, the state must compete with several other states for the construction funds. While need for additional beds can be demonstrated to the VA, quick action from the legislature and applied pressure from our Congressional delegation, governor, and public on the VA may influence our ranking on the VA priority list.

Operation costs for a new state home would be shared by the VA, the state, and third party reimbursements. Based on the Montana Veterans Home costs, the state share would be about 25 percent, the VA would add about 34 percent, and third party coverage would amount to about 41 percent. Total operating costs of MVH for the 1988 fiscal year was \$2.2 million, or about a \$550,000 commitment from the state.

No matter how it is viewed, investment in a new state veterans home in Montana is a financial bargain for taxpayers and a reassurance of Montana's special recognition to its veterans.

STATE HOME CONTRIBUTION TO A LOCAL ECONOMY

Of extreme importance in the proposal of a new state veterans home in eastern Montana is the contribution such a facility will be to local economic development. Many short-term construction jobs and long-term health care jobs will be created. The amount of construction jobs would be dependent upon contractors' methods, size of the facility, and length of time necessary for completion.

If a new state veterans home constructed in eastern Montana has 100 nursing and domiciliary beds, 50 to 70 new permanent health care and support jobs would be created. Additionally, the contracting of some services, such as physician care, lab, rehabilitation, and others, would extend the employment figures to available services in a community. In turn, the local service economy is rewarded as spending power of more jobs is felt throughout the region.

The ability to put people to work in eastern Montana is essential during times of economic austerity. It is especially encouraging that a project like a new state veterans home is actively promoted from within a community. This signal to the leadership in the state government indicates that communities in eastern Montana are not content to wait for economic development to happen - we are going to make it happen.

FUNDING SOURCES FOR CONSTRUCTION OF A NEW STATE HOME

Up to 65 percent of the construction funds for a new state veterans home would originate from Veterans Administration grants. The other 35 percent would presumably originate from Montana's long Range Building Program (LRBP) since the proposal would qualify as a capital project. Planning costs are also reimbursable from the VA under this program.

At the present, there are about \$160 million worth of construction requests for \$40 million in available VA funds. A cost for a new facility would range from estimates ranging between \$30,000 to \$40,000 per bed, or \$3 million to \$4 million for a 100 bed state veterans home. This means a cost of \$1,050,00 to \$1,400,000 to the LRBP and a small slice of the VA grant program.

The LRBP is primarily funded through the state cigarette tax. The tax was started in 1947 as an excise tax of \$.02 per pack. Montana voters displayed their appreciation for servicemen by passing Initiative 54 in 1950, where eligible veterans earned monthly cash bonuses from the state government, paid for by increasing the cigarette tax by \$.02 per pack. Later, the veteran's share of the tax was increased to \$.03 per pack.

After satisfying all wartime bonus debts with the cigarette tax in the early 1970's, the cigarette tax did not decrease. Rather, the funds were diverted to the recently created Long Range Building Program. Presently, the cigarette tax is \$.24 per pack. If the state continued to collect \$.03 per pack for the

benefit of veterans, the collections would easily pay for the total construction costs of a new state veterans home.

FUNDING SOURCES FOR OPERATION OF A NEW STATE HOME

Operating a new state veterans home would be funded through a mixture of VA per diem reimbursements, the state general fund, and third party contributions.

The VA will reimburse the state \$20.35 per day for every veteran in nursing care, and \$8.70 per day for every veteran receiving domiciliary care. In the 1988 fiscal year, the full daily cost at the Veterans Home in Columbia Falls amounted to \$52.60 per day for nursing care and \$30.34 for domiciliary care. The VA contribution therefore averages close to 34 percent of the full operating costs.

The total cost to operate the Columbia Falls home in FY88 was \$2.2 million. Approximately \$550,000 of state general funds were expended through the Department of Institutions for this purpose. Because it has been around since the late 19th century, the 150-bed Montana Veterans Home would be more expensive to operate than a new home with respect to maintenance and utility costs. Even at that, a commitment of approximately \$500,000 per year to operating a new state home is not overbearing in light of the historical and Constitutional commitments Montanans have made to veterans.

The major portion of daily operating costs per veteran would be reimbursed through a combination of family contributions, insurance, pensions, or disability compensations. Very few would

qualify for Medicaid because the combination of other income elevates most veterans in state homes beyond the Medicaid income threshold.

NURSING SERVICES

The acute shortage of nurses nationally and statewide may cast doubts on the future success of a new state veterans home in eastern Montana. But those doubts would be premature. Congress has recognized that the shortages exist in rural America and especially in geriatric care. Therefore, Congress is currently developing strategies aimed at increasing recruitment and retention efforts in the nursing profession. HR 573 will encourage nurses to relocate to rural areas in exchange for assistance on repayments of educational loans. The \$300 million package also provides incentive to America's hospitals in their efforts to retain nursing staffs. Congress recognizes that to do nothing will only result in nurse-to-patient ratios that translate into decreased quality care for those who need it, especially at the geriatric level.

HR 5114 is another incentive to recruit and retain RN's LPN's and aides and orderlies in the Veterans Health Care system. Mainly, nurses would be eligible for bonus pay. But the most important provision in the bill is that restrictions on community nursing homes that contract with the VA will be loosened in the incentive program.

If both bills become law, then a state veterans home in eastern Montana should be quite successful at recruiting new nurses to the area, rather than relying on a part of the local job force that may already be in much demand.

LEGACY LEGISLATURE RESOLUTION NO. _____

A resolution by the Fifth Annual Legacy Legislature requesting the State Legislature to fulfill the promises made to the men and women who bore arms in the defense of their country.

With the current budget reductions and other reductions anticipated for the future, we the Legacy Legislature of 1988 urge you to exempt from further cuts, veterans and others who are poor and in ill health. We urge you to retain the programs that are beneficial to these people and to approve future programs that will give the aging a more fulfilling life.

Whereas, the aging of the U.S. veteran population will be the Veterans Administration's greatest challenge and opportunity for meaningful service to the men and women who faithfully served their country, and

Whereas, by the year 2000 two out of every three males in the United States age 65 and older will be a veteran and this will strain the existing Veterans Administration's facilities in Montana and in the Nation, and

Whereas, there are 106,000 veterans in Montana and by the year 1990 approximately 24,100 of these veterans will be over 65 years of age and by the year 2000, 31,000 will be over 65 years old, and

Whereas, Western Montana is now well served with a soldiers home in Columbia Falls and Veterans's hospital in Helena, and

Whereas, Eastern Montana has a Veteran's Hospital in Miles City but lacks a nursing home for veterans who are in need, and

Whereas, approximately one third of the homeless men in the United States are veterans, and

Whereas, Montana has significant numbers of homeless veterans, and has not addressed their needs in Eastern Montana.

BE IT THEREFORE RESOLVED: The Montana Legacy Legislature will go on record supporting a long term health care facility in Eastern Montana to be located in one of the counties now being serviced by Action for Eastern Montana and the State Legislature is requested to legislate funds to match federal funds for this facility.

John Buck - Representing Vietnam Veterans Chapter 234, Post 28

American Legion, Veterans of Foreign Wars 1125

Mr. Chairman and Members of the Committee:

As past State Commander of the Veterans of Foreign Wars, a member of the American Legion, we ask for your endorsement and support of H.B. 546/547--- the Eastern Montana State Veterans Home. I also speak as an individual Veteran. As you may well know, approximately 107,000 veterans live in Montana. More than one-half served during World War II and the Korean conflict. Their average age being approximately 65 years or older. Therefore, the need for additional nursing home beds is justified. We now have the opportunity in our state to do something about this, and in so doing, say thank you to the Veterans who have made our very freedom possible.

Due to federal budget cuts our veterans are being turned away from hospitals-- which indeed is a slap in the face to all of us. Telling the veteran you don't matter anymore -- take care of yourself. Many veterans today are not capable of doing this.

RANGER REVIEW
Glendive, MT
January 22, 1989

Legislators caucus on vet's home bill

By Yellowstone Newspaper Staff

In a half hour meeting Friday morning, about 35 eastern Montana legislators reviewed a bill being drafted to build a state veterans' nursing home somewhere in eastern Montana.

The lead in the effort to get the legislators behind one bill is being taken by freshman legislator, Rep. John Johnson D-Glendive, who said Sen. Gerry Devlin, R-Terry, would carry the bill in the Senate.

Johnson said he was pleased with the response to the meeting. "People won't commit themselves yet," he said, "but we are closer to agreement today than we were a week ago."

"I can't say a whole lot was accomplished," said Rep. Tom Zook, R-Miles City. "I didn't see anyone stand up and say, 'I will withdraw my bill.' But I think we made progress."

As a result of suggestions received in the meeting, Johnson said he would take the bill out of legislative council and work on revisions concerning committee size and the site selection process.

Currently suggested is a five- or seven-member committee made up of honorably-discharged eastern Montana veterans appointed by the governor to study what would be the best site.

Rep. Jessica Stickney, D-Miles City, said the committee would work with veterans' groups, hospitals, nursing homes and other interests. "They would be taking suggestions from a lot of groups," she said.

She added that she saw representatives from as far afield as Hill and Blaine counties in the north and Big Horn and Treasure counties in the south at the meeting. She didn't see anyone from Yellowstone County,

though she could not say for sure none attended.

"The thought is, to get everyone behind the one bill," Stickney said.

As the still-unfiled draft stands, the legislature would authorize \$1.4 million for a state nursing home of up to 100 beds. Stickney said it may be possible that the committee might recommend smaller units in several places.

Rather than agreeing on a final form for the bill, "Today was more of a questioning," Zook said. "Things like, do we need more than five, and should it be seven, and would a four to one vote be enough or would a three to two vote carry it. The hope was expressed that it (the committee's recommendation) would be binding on the governor."

"That would be my hope, that we could get the politics out of it and do what's best for veterans," said Zook, himself a Navy veteran.

He said no other meetings of regional legislators have been set, but Johnson or Gov. Stan Stephens might call one.

Stickney said another bill, HB 202, would increase cigarette tax by a nickle a pack with the money to go to the Department of Veteran's Affairs. One percent of that money would be available for planning, she added.

Feeling about HB 202 on the house floor "is benign so far," Stickney said. "That could very possibly be a source of funds for building it. We will go ahead with the state appropriation, but that's more for having the money in hand instead of having to wait (for HB202 to pass)."

"It looks very good," Stickney said. "I think people are willing to get behind it and trust the process of selection."

Veteran's home backers 2-9-89 prepare for legislature

By GINNY ARCHDALE
Ranger-Review Staff Writer

One of the most critical hurdles — legislative approval — is fast approaching for proponents of a state veteran's facility in eastern Montana.

House Bill 546, sponsored by Democratic Rep. John Johnson of Glendive and co-signed by some 25 other lawmakers, is tentatively scheduled for a hearing in front of the House Appropriations Committee March 6 or sometime that week, according to Kathy Sparr, executive director of Glendive Forward.

The bill calls for establishing a state home for veterans in eastern Montana at a site to be determined by a selection committee composed of seven honorably discharged veterans appointed by the governor.

The veterans on the committee

would be residents of eastern Montana — meaning all counties east of and including Blaine, Carbon, Fergus, Golden Valley, Hill and Stillwater counties. No two members of the committee would be from the same county.

It would be up to the committee to hear proposals from competing communities and recommend to the 1991 Legislature which proposal would best meet the needs of veterans. The recommendation would be binding unless overturned by a two-thirds vote of each house.

The bill calls for the facility to provide up to 100 nursing and domiciliary care beds.

Under the legislation, the state would provide 35 percent of the construction costs, or an estimated \$1.4 million. The state also would be responsible for applying for the 65

percent matching federal funds for the remainder of the \$4 million construction price tag.

The bill commits the state to providing an adequate operations and maintenance budget for the completed facility, but most of the operations funding would be reimbursed from federal payments for veterans cared for in the facility.

Under HB 546 the \$1.4 million state share of construction cost would be appropriated from the capital projects fund of the state's long-range building program.

According to Sparr, a companion measure, HB 202 sponsored by Rep. Bob Pavlovich of Butte, would raise the state's cigarette tax by 5 cents in order to specifically fund the eastern Montana state nursing home, improvements to the Columbia Falls state veterans nursing home and im-

provements to Galen for veterans services.

The cigarette tax goes into the long-range building fund specified in HB 546.

Johnson also is sponsoring HB 547 as an alternative. It is the same as HB 546 except that funding for the facility would come from the sale of revenue bonds.

Glendive Forward, which has been helping veterans and others in the Glendive area organize a push to locate the veteran's facility here, is stepping up its efforts now, Sparr said.

She said she encourages anyone interested in supporting HB 546 to write a letter to Rep. John Johnson, but instead of mailing it to Johnson, deliver it to Glendive Forward so that a pile of letters can be presented during the hearing.

She added any cash donations to help defray the cost of traveling to Helena also would be appreciated.

In addition to Glendive Forward, local veterans will be represented at the hearing, Sparr said.

Before the legislature convened, representatives of several eastern Montana cities were prepared to introduce bills specifically designating their cities as the site for the facility. Johnson was one of those.

However, at a December meeting in Glendive and at another meeting in Helena last month, area legislators agreed to work together to make sure the facility is in eastern Montana.

Among those signing on to Johnson's eastern Montana bill are Reps. Jessica Stickey, D-Miles City; Tom Zook, R-Miles City; Mary Ellen Connelly, D-Kalispell; Gary Spaeth,

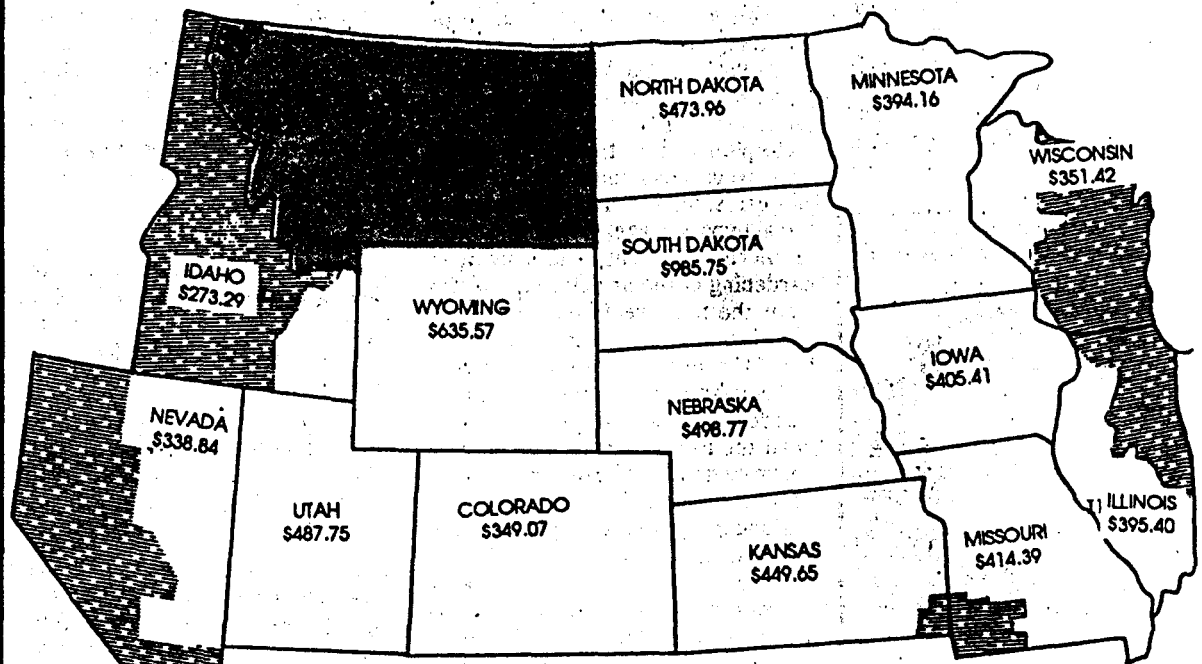
D-Joliet; House Majority Leader Hal Harper, D-Helena; Ted Schye, D-Glasgow; Tom Hannah, R-Billings; Leo Giacometto, R-Ekalaka; Betty Lou Kasten, R-Brockway; Thomas Nelson, D-Billings; Kelly Addy, D-Billings; Don Stepler, D-Brockton; Bob Gilbert, R-Sidney; Dorothy Cody, D-Wolf Point, and Tom Kilpatrick, D-Laurel.

On the Senate side, Sen. Gerry Devlin, R-Terry, will be carrying the bill, with signed on support from Greg Jergeson, D-Chinook; Loren Jenkins, R-Big Sandy; Swede Hammond, R-Malta; Hugh Abrams, D-Wibaux; Dennis Nathe, R-Redstone; Bill Yellowtail, D-Wyola; Thomas Keating, R-Billings; Cecil Weeding, D-Jordan, and Bob Brown, R-Whitefish.

Brown, Sparr noted, is her cousin.

REGION 5 EXPENDITURES PER VETERAN

(shaded area indicates not entire state in Region 5)



Source Documents:

Geographic Distribution of VA Expenditures FY 87 dated March 1988

RCS 70-0561: Veteran Population, September 30, 1987, dated December 1987

VA spending in Montana second lowest in region

By JOHN HALBERT
Star Staff Writer

Montana is the second-lowest state in the region in the number of dollars the Veterans Administration spends for each resident veteran, VA officials here say.

Jim Huff, director of the Veterans Administration Medical Center in Miles City, said that by comparing expenditures from fiscal 1987, which ended in October of that year, with the VA's census of veterans in that time period, his staff concludes the VA spent \$291.54 per capita on Montana's 106,000 veterans.

Lowest on the states that make up the VA's Region 5 was Idaho, at \$273.29 per veteran. Highest was South Dakota, at \$985.75.

In between are Wyoming, \$635.57; Nebraska, \$449.65; Utah, \$486.75; North Dakota, \$473.96; Kansas,

\$449.65; Missouri, \$414.39; Iowa, \$405.41; Illinois, \$395.40; Minnesota, \$394.16; Wisconsin, \$351.42; Colorado, \$349.07, and Nevada, \$338.84.

Huff said the numbers are based on the total veteran population. Doing a study on how much the VA spends on each patient and that patient's state of origin would be very complex, not least because of privacy considerations.

Nor are there any statewide averages on cost per patient, because patients frequently cross state lines during their treatment, Huff said.

Thus, totalling the budgets of the Fort Harrison and the Miles City VAMC's would not be an accurate picture of the cost of service to Montana veterans.

He said the studies were conducted after a Billings veteran, Roy Dalrymple, cited similar numbers during a public meeting at the VAMC recently.

Huff said he then had his own staff do a similar comparison, and that Sen. Max Baucus, D-Mont., asked the regional office to make those comparisons for every state.

Montana ranks in the bottom 10 for the nation, Huff said.

"I sent these in to the regional office, but it's not going to be anything startling to them. They have the same numbers. Their numbers and our numbers agree — which they should, because they are based on the same published figures," Huff said.

He said he has not heard any response from the regional office.

Asked if the study will be used to bolster arguments for more VA funding for Montana, Huff replied, "I think it would be. These are not just for me, but they could be used by all the veterans groups. Hey, I don't have a copyright on them."

Eastern Montana has a veterans hospital in Miles City, but lacks a nursing home for veterans in need; and speaking as a veteran, and for the veterans of Eastern Montana-- there is a definite need for a State Veterans Home in Eastern Montana. As of now, Veterans in Eastern Montana have to make the long trip to Columbia Falls, for care which puts a burden on the Veteran and his family.

So at this time you have a chance to do something about it. Every Veteran asks your support for the passage of H.B. 546-- which will tell the Veterans you have not forgotten us.

Glendive, Montana
59330



Phone (406) 365-3318
300 South Merrill

Mr. Chairman, Committee Members:

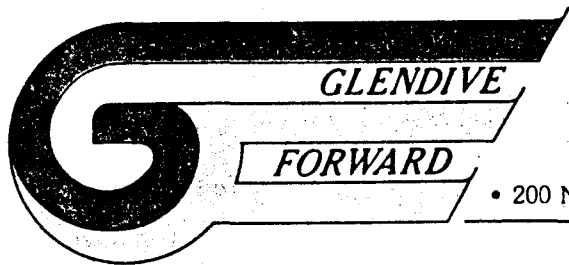
I am Mayor of the City of Glendive, My name is Lester Ollerman. I have been a part of Local Government for better than 5 years. Today I am speaking for the Veterans of Eastern Montana. I would ask for your support for HB 545 Eastern Montana State Veterans Facility.

I am also a Korean War Veteran having served in the Occupation Army of Japan and on the front lines of Korea with the 179th Regimental Combat Team, 45th Infantry Division (THUNDERBIRDS). I am also a member of the Americans Legion and VFW Club. When World War II and the Korean War Veterans returned, they were given a bonus from a grateful State of Montana. A .02¢ excise tax was put on cigarettes to fund the bonuses. This was later increased to .03¢. The State continues to collect the .03¢ that was put on cigarettes for the benefit of the Veteran. Collections of this tax could easily fund the cost of the new State Veterans Home. The investment is a financial bargain for the taxpayers and brings Federal monies into our state. I realize state government has no written contract with its Veterans, but I believe it has a moral contract.

We have a large Veterans population in the State of Montana, with about 1/3 over the age of 60. The only Veterans facility available is in the Northwest corner of the state in Columbia Falls. This is a fine facility and is serving the Veterans of mostly Western Montana. Because of the long distances in our state, it is difficult for the Veterans of Eastern Montana to use this facility.

Your support for HB 545 will be greatly appreciated and the State of Montana will continue to show their concern for the Veterans when they reach the age when this type of care is so desperately needed.

Thank You.



• An Economic Development Corporation •

• 200 N. Merrill Ave. • P.O. Box 930 • Glendive, Montana 59330 • (406) 365-8612

December 21, 1988

Dear Legislator.

The 1989 Montana State Legislature will review proposals to construct a new state home for veterans in Eastern Montana. The community of Glendive has expressed an interest as a potential location for such a facility. It is no secret that there are similar efforts in other Eastern Montana communities.

It is our intention to encourage Eastern Montana lawmakers to jointly support legislation for a new state home in Eastern Montana. In turn, the sponsors will hopefully encourage the Legislature to act favorably on legislation for all of Eastern Montana.

We respect efforts being made in other localities, and urge that all communities involved work together in establishing a new state home in Eastern Montana. Ultimately the location will be determined by the Legislature.

Glendive community leaders will respect the wishes of the Legislature and enthusiastically support location in Eastern Montana. We believe that if all the interested communities, through their elected representatives, approach the Legislature as one force, then the chances of this project becoming reality increases greatly. Additionally, we believe the Veteran's Administration would be influenced in their decision to fund this construction project if they are impressed by Montana's unified efforts.

We hope that this effort will be successful. We are all faced with difficult times and it is imperative that we pull together. We would be interested in your comments as to how we may work together and look forward to a successful endeavor.

Sincerely.

Kathy

Kathy Sparr
Executive Director

KS:jc



MARCH 14, 1989

FROM: BILL MANDEVILLE, CITY MANAGER
CITY OF MILES CITY

SUBJECT: TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
IN SUPPORT OF HB #546 AND HB #547

THE PATRIOTISM OF MONTANANS IS RECOGNIZED BOTH NATIONALLY AND INTERNATIONALLY. IN BOTH WORLD WAR I AND WORLD WAR II, MONTANA HAD MORE ENLISTMENTS PER CAPITA THAN ANY OTHER STATE IN THE UNION. WHEN DUTY CALLED, MONTANANS WERE WILLING TO PAY THE PRICE.

FROM 1940 TO 1975, THIS COUNTRY WAS MOBILIZED TO FIGHT THREE WORLD WARS. TODAY VETERAN FACILITIES ARE IN THE SHADOW OF A TIDAL WAVE OF VETERANS DEMANDING HEALTH CARE. ACCORDING TO AN ECONOMIC IMPACT STATEMENT PERFORMED BY THE VETERAN'S ADMINISTRATION; THE NUMBER OF PATIENTS TREATED BY THE EASTERN MONTANA VETERAN'S ADMINISTRATION CENTER IN MILES CITY HAS DOUBLED.

LIKewise THE PUBLIC SUPPORT FOR VETERAN FACILITIES HAS MORE THAN DOUBLED. TODAY THOUSANDS OF VOLUNTEERS RAISE HUNDREDS OF THOUSANDS OF DOLLARS EACH YEAR FOR VETERAN HEALTH CARE. THROUGH VARIOUS FUND RAISERS; VOLUNTEERS RAISE MONEY TO PURCHASE VANS FOR THE HANDICAP, WHEEL CHAIRS AND MEDICAL EQUIPMENT.

BUT THE COST FOR BUILDING GERIATRIC HEALTH CARE FACILITIES IS BEYOND THE REACH OF VOLUNTEERISM. CURRENTLY THE NURSING HOME UNIT AT THE MILES CITY V.A. HOSPITAL IS FULL. VETERAN ADMINISTRATION OFFICIALS STATE THEY HAVE A LONG WAITING LIST OF ELIGIBLE VETERANS IN NEED OF GERIATRIC CARE.

WITHOUT A STATE VETERAN'S HOME, THESE VETERANS MUST FIND OTHER GERIATRIC CENTERS FOR THEIR HEALTH CARE. SINCE THESE CENTERS MAY NOT BE ELIGIBLE FOR VETERAN'S BENEFITS, VETERAN HEALTH CARE COST CREATE A GREATER BURDEN UPON THE MONTANA TAX PAYER.

VETERANS ADMITTED INTO STATE VETERAN'S HOME ARE TYPICALLY ECONOMICALLY DISADVANTAGED. THE FEDERAL GOVERNMENT PAYS APPROXIMATELY SIXTY PERCENT (60%) OF THEIR HEALTH CARE COST. IF THESE VETERANS CAN NOT GET INTO A VETERAN'S FACILITY, THEN THE STATE OF MONTANA TYPICALLY MUST PAY ONE HUNDRED PERCENT (100%) OF THEIR HEALTH CARE COST.

NOT ONLY DOES THE LACK OF A FACILITY CAUSE MONTANA TAXPAYERS TO PAY A GREATER PORTION OF VETERAN HEALTH CARE COST, THE FEDERAL TAXES WITHHELD FROM MONTANAN'S PAYCHECKS ARE PAYING A PORTION OF VETERAN'S HEALTH CARE COST IN SOME OTHER STATE. THE ALTERNATIVE TO A STATE VETERAN'S HOME IS GREATER COST -- BOTH IN A ACTUAL HEALTH COST AND IN THE OPPORTUNITY COST OF NOT TAKING ADVANTAGE OF VETERAN BENEFITS.

CONSTRUCTING A STATE VETERAN'S HOME IS NOT ONLY PAYING TODAY'S PRICE FOR THE COST OF DEFENDING OUR COUNTRY, IT IS ALSO AN INVESTMENT. IN THE LONG TERM, THE COST TO CONSTRUCT A VETERAN'S HOME WILL BE A SMALL PERCENTAGE OF THE TOTAL COST OF VETERAN GERIATRIC CARE IN THE STATE OF MONTANA. MONTANA TAXPAYERS ARE CURRENTLY PAYING THE HEALTH CARE COST OF ECONOMICALLY DISADVANTAGED VETERANS. A STATE VETERAN'S HOME WILL LOWER THE BURDEN UPON THE MONTANA TAXPAYER BY MAKING THESE VETERAN'S ELIGIBLE FOR THEIR ENTITLED VETERAN'S BENEFITS.

THEREFORE, ON BEHALF OF THE CITY COUNCIL OF MILES CITY, I URGE YOUR SUPPORT AND PASSAGE OF HOUSE BILL #546 AND HOUSE BILL #547 -- BILLS TO CONSTRUCT A STATE VETERAN'S HOME IN EASTERN MONTANA.

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546. As a Veteran, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

Martin Seiberger *Bob Warner*

Edward M. Wooters *Ed Elser*

Erk Flynn

Ronald W. Kaufman

Zed Carpenter

Roger W. Lunde

Richard Lunde

Paul D. Anderson

J.E. Brant

CITY OF MILES CITY

"Cow Capital of the World"

MILES CITY, MONTANA 59301

CITY MANAGER:
BILL MANDEVILLE

COUNCIL PERSONS:
FRANK J. TOOKE
LAURENCE TORSTENBO
MIKE METZENBERG
GEORGE W. HUSS
CONNIE CLARKE

March 13, 1989

Francis Bardanouve, Chairman
House Appropriations Committee
Capital Station
Helena, Montana 59620

Dear Rep. Bardanouve:

On behalf of the residents of Miles City and the City Council, I urge your support and passage of HB #546 and HB #547--bills to construct a state veteran's home in Eastern Montana.

Miles City is typical of most communities in Eastern Montana. Approximately one-third of our population consist of citizens over the age of 55 years and many are veterans.

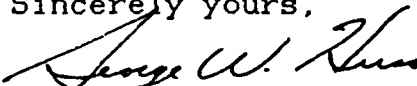
Today veteran facilities are in the shadow of a tidal wave of veterans demanding health care. Currently the nursing home unit at the Miles City V.A. Hospital is full. V.A. officials state they have a long waiting list of eligible veterans in need of geriatric care. Without a State Veteran's Home, these veterans must find other geriatric centers for their health care which often are not eligible to accept their veteran's benefits.

Consequently Montana tax payers pay more for veteran health care cost. Our tax burden is increased because we pay a greater portion of veteran health care cost. Also, we lose federal tax dollars due to the lack of facilities which would enable veteran's to collect their entitled veteran benefits.

Constructing a state veteran's home in Eastern Montana would be advantageous for the whole state. It would be an investment which would ease the tax burden for several generations of Montana tax payers.

Therefore, we urge you support and passage of these two vitally important bills to construct a state veteran's home in Eastern Montana.

Sincerely yours,



George Huss, Chairman
City Council of Miles City





CULVER-EASTLUND INSURANCE

1016 W. BELL • P.O. BOX 1328 • GLENDIVE, MONTANA 59330 • TELEPHONE (406) 365-5631

March 10, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear John;

I would like to express my support for the Eastern Montana Veteran Nursing Home legislation HB 546 or 547.

Having been born and raised in the Western side of the State I can express my feelings that Western Montana gets much more recognition and support than does Eastern Montana. It is an absolute necessity that our Veterans in Glendive, Miles City, and Sidney have a facility which they do not have to drive 600 or 700 miles to utilize.

This is an extremely important cause and you have 100% of my support.

Sincerely,

Gary E. Eastlund, CIC

GEE/lw

New York Life Insurance Company
400 S. Douglas, P.O. Box 1129
Glendive, MT 59330
Bus. 406 365-6064 Res. 406 365-2783

Mark B. Hathaway
Agent



Member, Million
Dollar Round Table



March 8, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546 or 547. As a Businessman, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

Mark B. Hathaway

Registered Representative for
NYLIFE Securities Inc.

NYLIFE for
Financial Products & Services

New York Life Insurance Company
New York Life Insurance and Annuity Corporation
(A Delaware Corporation)
NYLIFE Securities Inc.
51 Madison Avenue, New York, NY 10010

March 8, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear John,

We are writing you in support of the Eastern Montana Veterans Nursing Home Legislation HB 546 or HB 547.

As you know, Gene is disabled. On a personnel note, I have often wondered where Gene would go if something happened to me. His parents are 72 and 67 and that would be a tremendous burden to them. Would my 18 year old, High School Junior be able to accept that responsibility? Gene is a Vietnam Veteran having served in 1969-1970. Who would have ever thought at that time that Gene could need nursing home care. That could be a real possibility for us somewhere down the road.

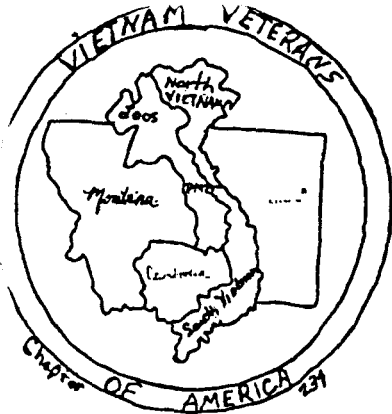
Eastern Montana needs a nursing facility for its Veterans desperately. Relocating 600 miles away from friends and family can be very devastating to most Veterans. We can not forget our Veterans. We owe them our freedoms.

Our Veterans are being short changed by the federal government in light of all of the recent cuts. Can we short change our Montana Vets? I think not. We can make life a little easier for our Eastern Montana Veterans by putting our full support into this bill.

Thank you for your time.

Sincerely,

Gene G. Micheletto
Leslie Micheletto
Leslie and Gene Micheletto
405 Chestnut
Glendive, MT 59330



VIETNAM VETERANS OF AMERICA
EASTERN MONTANA CHAPTER #234

P.O. BOX 1334

GLENDIVE, MT 59330

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We appreciate your hard work on the Eastern Montana Veteran Nursing Home legislation HB 546 & HB 547. As a Veteran, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veteran's who live in this state. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important issue. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

We urge you to help make this Bill become a reality for Eastern Montana and all Veteran's concerned with their future health care.

Sincerely,
Vietnam Veteran's of Eastern Montana
Chapter #234
Glendive, MT 59330

Clayton A. Gordon
Dennis C. Michiere
Kerry Honey
Thomas R. Loomis
Arnie C. Bohn

Timothy J. Lowe
Dennis Leiger
Libby Leiger

Rep. John Johnson Dist 23

To whom it may Concern.

I Commend you for introducing
the bill to try to get a veterans
nursing home in Eastern Mont.

It does not matter where it would
be located as long as we get it in
Eastern Mt. as we should all try on
see that we can get it. Vet org &
all people of Eastern Mt.

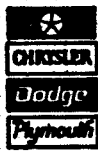
Our World War II vets now are 67yr
some much older, as it is time we are
making a nursing home available
to those who will need it.

The V. A. is cutting all our benefits
till we will have none left. So we
had better do something our selves.

Yours Truly

Clarence A. Steffen
Bloomfield Mt

59315



HKT BIG SKY MOTORS

I-94 BUSINESS LOOP WEST — P.O. BOX 530 — PHONE (406) 365-3351

GLENDIVE, MONTANA 59330-0530

3-6-89

Representative John Johnson
Capital Station
Helena, MT 59620

Dear John:

Your support and work on HB546 and 547 is sincerely appreciated. I support the proposed legislation and can only hope that the entire legislative body will do so.

Much too often we hear about cuts, reductions of service and complaints about the costs of providing the Veteran the benefits that he has been promised and deserves.

The State of Montana needs to show the Veteran population that it is willing to improve the services and facilities.

I know that if this legislation is successful the Veterans of Montana will be most appreciative and it would also send a signal to Eastern Montana that the other half of the state realizes we are also a part of Montana.

Again, thank you for your help and good work.

Sincerely

Wes Toepke

NEW HOLLAND



glendive

ranger-review

P.O. BOX 61

GLENDIVE, MT 59330

PHONE 365-3303

G.R. ZANDER, Publisher

March 8, 1989

Hon. John H. Johnson,
House of Representatives,
Capitol Station,
Helena, MT 59620

Dear John:

This World War II veteran is hopeful that you can successfully continue your efforts toward procurement of a Veterans' Nursing Home for Eastern Montana. Obviously the need for such a facility is imperative.

According to the latest information I have, there are 106,000 veterans in Montana, the most per capita of any state in the nation. The reason for this inordinate number evidently lies within the Selective Service System of yesteryear when draft quotas for our state were double what they should have been.

Possibly that condition could have been corrected decades ago, had Senators Murray, Wheeler or Mansfield ever been inclined to do something about it. But the fact is that these veterans are here TODAY, and they are AGING veterans, who are, or may soon be, in need of nursing home care.

Veterans of World War II (and I realize you are one) are particularly in need of care at this time. These are the people who put their lives on the line while many of their contemporaries stayed home and made unprecedented earnings while employed in defense plants or in the nation's shipyards.

Certainly these and other veterans are deserving of adequate nursing home care in their declining years, and a grateful state and nation should be willing to provide it.

Keep up the good work on this worthy project.

Sincerely,

Frank J. Burke,
Senior Editor.

THOMAS Y. HAGAN, PRESIDENT

JAMES M. CARTER, VICE PRESIDENT & CASHIER

PERRY O. KING, VICE PRESIDENT

TIM WALL, ASSISTANT CASHIER

SHELLY CHRISTIANSON, ASSISTANT CASHIER



March 7, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear John:

Thank you for your efforts and support of the Eastern Montana Veteran Nursing Home Legislation House Bill 546-547. As an Eastern Montana businessman, I support the proposed legislation and would encourage the entire legislative body to do so.

The future of veteran's health care in Montana will be improved with the expanded facilities. Too often we hear about cuts, reduction in services and complaints about costs of assuring the veteran his promised benefits.

A commitment from Montana that we care about our veteran population and are willing to improve the facilities available to them is a positive signal that we intend to support this very important sector of our population. Another positive signal the passage of this legislation would send is the willingness of the State to support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Eastern Montana and Montana's Veterans. Again, thank you John, for the work that you have put in on this bill.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tom", written over a horizontal line.

Thomas Y. Hagan
President

TYH:lmh

MONTANA TITLE COMPANY OF GLENDIVE, INC.

SUCCESSOR TO MONTANA LOAN & TITLE COMPANY AND BASIN TITLE COMPANY
SERVING DAWSON AND McCONE COUNTY

114 West Benham Street

Glendive, Montana 59330

Telephone: (406) 365-5482

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546 or 547. As a Businessman, I support the proposed legislation and would encourage the entire legislative body to do so.

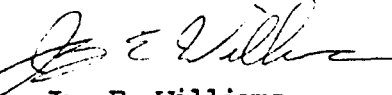
The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

MONTANA TITLE COMPANY OF GLENDIVE, INC.



Jay E. Williams
Vice President



March 6, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546 or 547. As a Veteran and Businessman, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

Paul Winnofer
Paul Winnofer

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546. As a Veteran, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

Johnny S. Buck. Kenneth Baish Victor Van Hee
Larry Ziller Kenneth L. Bidwell J. J. Bares
A. A. Body Jon Heinbrech Paul Skinkifer
Enoch Schock Edgar Hart Donald P. Lee
George B. Baily Lloyd Malmer
Dale D. Reinhart Peter T. Tond

801 Dove St.
Glendive, MT 59330
Feb. 13, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

I am in favor of HB546 Bill establishing a state veteran's facility in eastern Montana.

This bill calls for a facility to provide for up to 100 nursing and domiciliary care beds.

Anyone who has not served in the armed forces cannot fathom what each one who did serve experienced and also the results of that experience and the memories.

Each one risked his or her life for us, and should be cared for now closer to home and families.

Yours sincerely,

Ella Schloss
(Mrs.) Ella Schloss

BOSS

INCORPORATED

*OFFICE PRODUCTS DIVISION

*COMPUTER CENTER

*PRINTING DIVISION

120 W. TOWNE

P.O. BOX 1170

GLENDIVE, MT 59330-1170

(406) 365-2374

1-800-222-2677

February 13, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

We applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation HB 546 or 547. As a (Veteran, Businessman), I support the proposed legislation and would encourage the entire legislative body to do so.

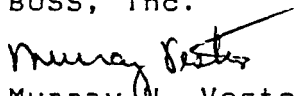
The future for Veteran's in the State of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of Veterans who live in this State. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the Veteran benefits that he has been promised.

A commitment from the State of Montana that they care about their Veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our State intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the State to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's Veterans.

Sincerely,

BOSS, Inc.


Murray W. Vester
President



LEADING EDGE
AUTHORIZED RETAIL DEALER



AUTHORIZED

Canon
DEALER

Office Supplies • Office Furniture • Typewriters • Calculators • Cash Registers • Copiers • Computers • Printing • Factory Trained Service

Glendive, Mt.
2-12-89.

Rep. John Johnson: -

We feel that we should have
the Veterans Nursing Home in
Eastern Mont. We have a good
location right on the interstate.
Close to several Motels and many
fine eating establishments.

We have excellent Doctors
and a well equipped Hospital,
Also good Ambulance service,
bus & plane accommodations.
As you know Glendive has one
of the finest, most Active Vets'
organization in the state. They
are doing their utmost to help our
elderly and disabled Veterans.
It is time they receive some
consideration for protecting our
Country.

Thank & Hazel Hartz
By Ruby Hame
Senior Companion

March 12, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear John,

I am writing to express my support of the Eastern Montana Veteran Nursing Home legislation HB-546 or HB-547.

Rural areas of the United States have always sent a large number of young people to war when asked, in comparison to size of the population. Eastern Montana is no exception, therefor Eastern Montana has a disapporportionately large population of veterans, veterans who need the facilities offered by these bills.

Eastern Montana has very few people for it's vast land area. The consequence of this is that our citizens have the responsibility of being the stewards of much of the nation's land and resources. We accept this charge gladly, but we pay a price. The price is what scholars, such as Dr. Karl Krenznel of Montana State University, have called "the social cost of space". One of these "social costs" is the vast distances we have to travel in order to conduct our business, participate in the political process, get medical attention, or keep in touch with our friends and relatives.

All to often, Eastern Montana gets short changed when it comes to getting needed facilities built. I sincerely hope you can do your best to see that it doesn't happen again.

I feel so strongly about this, that I have offered to donate five acres of prime residential land in the best part of Glendive for the construction of this project.

Sincerely,

REALTY ONE, INC.



KEN KUBESH
Broker/Owner



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

113 West Towne Street
P.O. Box 201
Glendive, MT 59330

February 15, 1989

Representative John Johnson
Capital Station
Helena, MT 59620

Dear Representative Johnson:

We are excited about the prospects of HB 546 or 547 and the long term economic effects such legislation can have for Eastern Montana, and the large Veteran population that live in Montana who could look forward to utilizing such a facility.

Being an ex G-I, I have a special feel for those who gave so much of themselves for all of us. We have an obligation to care for veterans who do not or can not do for themselves.

Obviously we in Eastern Montana feel we have a lot to offer towards providing adequate nursing home care and should this legislation be successful, I believe we are stating that our state is firmly behind this cause.

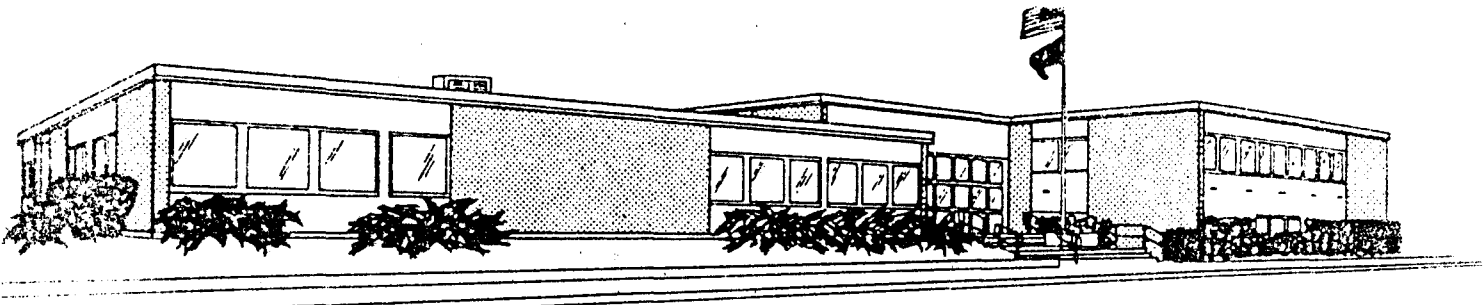
We know you are working hard for Eastern Montana and applaud your efforts. If we can be of assistance, please call on us.

Sincerely,

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

L. R. Erickson
Glendive Division Manager

LRE:st



County of Dawson

Office of:
County Commissioners
Phone 365-3562
Robert Ziegler
W.M. Harpster
Judy Reddig

207 W. Bell
Glendive, MT 59330

Office of:
Clerk and Recorder
Phone 365-3058
Patricia Peterson

Office of:
County Treasurer
Phone 365-3026
Cindi Hansen

February 28, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

Dear Representative Johnson:

Thank you for your work and support on the Eastern Montana Veteran Nursing Home Legislation HB 546 or 547.

We as commissioners support these bills with our personal resources as well as with our time and energy. The nursing home is needed in Eastern Montana to serve the veterans nearer their home. This service was part and parcel of the commitment made to our veterans when they offered to defend our country in time of war. They met our needs in our emergency, now we need to meet their needs in their emergency. The servicemen did not do only part of their job, they did it well and completely. We should follow their example and see that their needs are met by not making services difficult or impossible to get.

Sincerely,

Robert Ziegler
Mr. Robert Ziegler

W.M. Harpster
Mr. WM Harpster

Mrs. Judy Reddig
Mrs. Judy Reddig

Glendive, Mt.,
2-12-89.

Rep. John Johnson: -

We feel that we should have
the Veterans Nursing Home in
Eastern Mont.

We have a good location, on
the interstate close to Mott and
Capes.

Excellent Doctors and well
equipped Hospital. Also good bus,
plane, ambulance & taxi service.

As you know Glendive has one
of the finest, most Active organizations
in the state of Mont. They are
doing their utmost to help our
elderly and disabled Veterans
that did so much for us.

Now, we can help them.

Ruby & Ray Home
1620 E. Ave
Glendive, Mt.

BOEDECKER RESOURCES

*P.O. Box 777
Glendive, Montana
59330*

*Oil and Gas Producers
and Acquisitions*

Telephone (406) 365-6091

March 9, 1989

Representative John Johnson
Capitol Station
Helena, Montana 59620

Dear Representative Johnson:

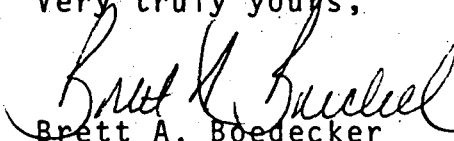
I applaud the work that you have done on the Eastern Montana Veteran Nursing Home legislation, HB546 or HB547. As a businessman, I support the proposed legislation and would encourage the entire legislative body to do so.

The future for veterans in the state of Montana will be vastly improved by the commitment for improved and expanded facilities for the large population of veterans who live in this state. Too often we hear about the cuts, the reduction in services, the complaints about the cost of assuring the veteran benefits that he has been promised.

A commitment from the state of Montana that they care about their veteran population and are willing to make every effort to improve the facilities available to them is a positive signal that our state intends to stand behind and support this very important sector of our population. Another positive signal that passage of this legislation would send is the willingness of the state to work with and support Eastern Montana who too often in the past has been overlooked.

The success of this legislation is vital to the future of Montana's veterans.

Very truly yours,


Brett A. Boedecker

Glendive Area Chamber of Commerce and Agriculture

200 N. Merrill • P.O. Box 930

Glendive, Montana 59330

Phone (406) 365-5601



March 8, 1989

Representative John Johnson
Capitol Station
Helena, MT 59620

RE: Eastern Montana State Veterans Home. HB 546/547

Dear Representative Johnson:

The Glendive Chamber of Commerce and Agriculture is wholeheartedly in favor of HB 546/547.

Due to the recent reduction in health care availability of our State veterans into the veteran hospitals we, as a united group, believe the passage of this bill will prove State support and concern for the welfare of the veterans of this State.

Eastern Montana is the ideal location for this facility and we are willing to give it our full cooperation.

Respectfully yours.

Vada M. Taylor

Vada Taylor, President

VT:jc

EXHIBIT 22
DATE 3/14/89
HB 547

AMENDMENTS

HB 547

Prepared by John Johnson

1. Page 2; Line 15; Delete August 1, 1989
Add June 1, 1989
2. Page 3; Line 13: Delete October 31, 1990
Add April 1, 1990
3. Page 3; Line 14 - 16 Delete subsection (4)
Add: (4) Recommendation of the
site selection committee is binding.
4. Page 6; Line 8: After Montana delete (.)
Add after Montana: No later than
June 15, 1990

HB 718
EXH 1-7

Amendments to House Bill No. 718
First Reading Copy

Requested by Representative William Menahan
For the House Appropriations Committee

Prepared by Tom Gomez, Staff Researcher
February 20, 1989

EXHIBIT 1
DATE 3/14/89
HB 718

1. Page 1, lines 16 through 20.

Strike: section 2 in its entirety

Insert: "NEW SECTION. Section 2. Appropriation. The following money is appropriated to the department of institutions to establish and operate the facility provided for under [section 1]:

<u>Fund</u>	<u>FY 1990</u>	<u>FY 1991</u>
General fund	\$ 352,469	\$ 334,371
Federal special revenue	352,580	354,931
Total	\$ 705,049	\$ 689,302"

Montana Water Pollution Control Loans

Fact Sheet

ELIGIBILITY: Wastewater treatment plant improvements, interceptors, collectors, engineering studies and design, project inspection, land used for treatment purposes, non-point source control projects.

TYPE OF ASSISTANCE: Direct loans, project refinancing, bond insurance, loan guarantees, state administrative expenses.

TERMS: Interest rates can range from 0% to market rates with payment schedules not to exceed 20 years. Variable interest loans are possible.

APPLICATION: Application procedures will be developed upon enactment of enabling legislation. All loan projects must be placed on the construction grants project priority list. It is anticipated that loans will be offered on a first-come basis until demand exceeds available funds. Ultimately a ranking procedure based on financial need and water quality or public health impacts will be necessary.

FUNDS AVAILABLE: The loan program is capitalized with federal assistance through 1996 with expected appropriations to be approximately 40 million dollars. The state must provide a 20% match which will bring total available funds to 48 million dollars. All loan principal and interest payments must be credited to the state revolving fund as well as interest earnings within the fund itself. The program will be designed to provide a perpetual source of financial assistance. Loan funds should be available in July of 1989 (depending on legislative approval).

REGULATORY REQUIREMENTS: Loan projects are subject to both federal and state laws. Initially the program will be administered similarly to the EPA Construction Grants program. Federal labor standards, environmental reviews, and minority business requirements will be essentially the same as a grant project for those loan projects funded with federal funds. Funds resulting from loan repayments, interest earnings, and the state match lose most of their federal character. An engineering report with a detailed environmental assessment of the proposed project, plans and specifications, adequate construction management, and proper startup and operation of the facilities will be a continual requirement of the program.

CONTACT PERSON: Scott Anderson, Montana Water Quality Bureau, Room A-206, Cogswell Building, Helena, MT 59620-0909. Phone (406) 444-2406.

MONTANA SRF LOAN/CONSTRUCTION GRANTS CANDIDATES
June 1988

Information taken from EPA 1988 Needs Survey
and 1988 Annual Construction Grants Priority List

FACILITY NAME	COUNTY	FACILITY NAME	COUNTY
Dillon Interceptors	Beaverhead	Helena Coll Sys Rehab	Lewis & Clark
Lodge Grass Lagoon	Big Horn	Helena WWTP	Lewis & Clark
Hardin Sewer Rehab	Big Horn	Helena Valley Coll Sys	Lewis & Clark
Turner Lagoon	Blaine	Chester Sanitary Sewer Sys	Liberty
Townsend Lagoon	Broadwater	Troy Lagoon & Coll Sys	Lincoln
Red Lodge WWTP	Carbon	South Libby Flats Coll Sys	Lincoln
Vaughn Lagoon	Cascade	Sheridan Lagoons	Madison
*Sun Prairie RSID	Cascade	*Twin Bridges WWTP	Madison
Great Falls Comb Sewers	Cascade	Alberton Lagoons	Mineral
Cascade Lagoon	Cascade	St. Regis WWTP & Coll Sys	Mineral
Highwood STP	Chouteau	Rattlesnake Ck Coll Sys	Missoula
Loma Septic Tanks	Chouteau	Missoula WWTP Improvements	Missoula
Fort Benton Lagoon	Chouteau	Missoula Interceptors	Missoula
Glendive Water Sludge Trtmt	Dawson	Missoula Collectors	Missoula
West Glendive STP	Dawson	Seeley Lake WWTP & Coll Sys	Missoula
*Anaconda WWTP	Deer Lodge	Silver Gate WWTP	Park
Warm Springs STP	Deer Lodge	*Gardiner Lagoons	Park
Denton WWTP	Fergus	Valier WWTP	Pondera
*Bigfork Sanitary Sewer Sys	Flathead	Brady Lagoons	Pondera
Kalispell Evergreen Coll Sys	Flathead	Garrison WWTP & Coll Sys	Powell
Lakeside-Somers Coll Sys	Flathead	Hamilton Collectors	Ravalli
Whitefish Co. W & S Dist	Flathead	Savage WWTP	Richland
Whitefish Sanitary Sewer Sys	Flathead	Butte Aeration Sys	Silver Bow
Belgrade Sewers	Gallatin	*Melrose Septic Tanks	Silver Bow
*West Yellowstone WWTP Sys	Gallatin	Abasrokee WWTP	Stillwater
St. Mary	Glacier	Columbus Lagoon	Stillwater
Philipsburg Interceptor	Granite	*Shelby WWTP	Toole
Havre Sludge Improvements	Hill	Hysham WWTP	Treasure
Stanford WWTP	Judith Basin	Harlowton Lagoon/Sewer Rehab	Wheatland
Arlee WWTP & Coll Sys	Lake	Billings Hts Coll Sys (Refin)	Yellowstone
Big Arm WWTP & Coll Sys	Lake	Billings Aeration Sys	Yellowstone
Swan Lake WWTP & Coll Sys	Lake	Huntley WWTP	Yellowstone
		Lockwood WWTP & Coll Sys	Yellowstone
		Shepherd WWTP	Yellowstone

* Indicates projects likely to qualify for remaining grant funds.

EXHIBIT

DATE

HB

3/14/89
304

Gray HB 304 -- Unofficial
March 14, 1989

1 A BILL FOR AN ACT ENTITLED: "AN ACT TO ~~MODIFY~~ ~~AUTHORIZATION~~ FOR
2 ~~MEDICAID~~ ESTABLISH A TWO YEAR PILOT PROJECT FOR MEDICAID
3 REIMBURSEMENT OF INPATIENT PSYCHIATRIC SERVICES IN A RESIDENTIAL
4 TREATMENT FACILITY; TO DEFINE "RESIDENTIAL TREATMENT FACILITY"; TO
5 PROVIDE INPATIENT PSYCHIATRIC SERVICES TO PERSONS UNDER 21
6 YEARS OF AGE IN A RESIDENTIAL TREATMENT FACILITY; TO REQUIRE A
7 CERTIFICATE OF NEED FOR RESIDENTIAL TREATMENT FACILITIES;
8 AMENDING SECTIONS 41-5-523 AND 50-5-101 ~~AND 53-6-101~~, MCA; AND
9 PROVIDING AN EFFECTIVE DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 50-5-101, MCA, is amended to read:

13 "50-5-101. (Effective July 1, 1989) Definitions. As used in parts 1 through 4
14 of this chapter, unless the context clearly indicates otherwise, the following
15 definitions apply:

16 (1) "Accreditation" means a designation of approval.

17 (2) "Adult day-care center" means a facility, freestanding or connected to
18 another health care facility, which provides adults, on an intermittent basis, with
19 the care necessary to meet the needs of daily living.

20 (3) "Ambulatory surgical facility" means a facility, not part of a hospital,
21 which provides surgical treatment to patients not requiring hospitalization. This
22 type of facility may include observation beds for patient recovery from surgery or
23 other treatment.

24 (4) "Board" means the board of health and environmental sciences, provided
25 for in 2-15-2104.

26 (5) "Chemical dependency facility" means a facility whose function is the
27 treatment, rehabilitation, and prevention of the use of any chemical substance,
28 including alcohol, which creates behavioral or health problems and endangers
29 the health, interpersonal relationships, or economic function of an individual or
30 the public health, welfare, or safety.

31 (6) "Clinical laboratory" means a facility for the microbiological, serological,
32 chemical, hematological, radiobioassay, cytological, immuno-hematological,
33 pathological, or other examination of materials derived from the human body for
34 the purpose of providing information for the diagnosis, prevention, or treatment of

Gray HB 304 -- Unofficial
March 14, 1989

1 any disease or assessment of a medical condition.

2 (7) "College of American pathologists" means the organization nationally
3 recognized by that name with headquarters in Traverse City, Michigan, that
4 surveys clinical laboratories upon their requests and accredits clinical
5 laboratories that it finds meet its standards and requirements.

6 (8) "Department" means the department of health and environmental
7 sciences provided for in Title 2, chapter 15, part 21.

8 (9) "Federal acts" means federal statutes for the construction of health care
9 facilities.

10 (10) "Governmental unit" means the state, a state agency, a county,
11 municipality, or political subdivision of the state, or an agency of a political
12 subdivision.

13 (11) "Health care facility" or "facility" means any institution, building, or
14 agency or portion thereof, private or public, excluding federal facilities, whether
15 organized for profit or not, used, operated, or designed to provide health
16 services, medical treatment, or nursing, rehabilitative, or preventive care to any
17 person or persons. The term does not include offices of private physicians or
18 dentists. The term includes but is not limited to ambulatory surgical facilities,
19 health maintenance organizations, home health agencies, hospices, hospitals,
20 infirmaries, kidney treatment centers, long-term care facilities, medical assistance
21 facilities, mental health centers, outpatient facilities, public health centers,
22 rehabilitation facilities, residential treatment facilities, and adult day-care centers.

23 (12) "Health maintenance organization" means a public or private organization
24 that provides or arranges for health care services to enrollees on a prepaid or
25 other financial basis, either directly through provider employees or through
26 contractual or other arrangements with a provider or group of providers.

27 (13) "Home health agency" means a public agency or private organization or
28 subdivision thereof which is engaged in providing home health services to
29 individuals in the places where they live. Home health services must include the
30 services of a licensed registered nurse and at least one other therapeutic
31 service and may include additional support services.

32 (14) "Hospice" means a coordinated program of home and inpatient health
33 care that provides or coordinates palliative and supportive care to meet the
34 needs of a terminally ill patient and his family arising out of physical,

Gray HB 304 -- Unofficial
March 14, 1989

1 psychological, spiritual, social, and economic stresses experienced during the
2 final stages of illness and dying and that includes formal bereavement programs
3 as an essential component.

4 (15) "Hospital" means a facility providing, by or under the supervision of
5 licensed physicians, services for medical diagnosis, treatment, rehabilitation, and
6 care of injured, disabled, or sick persons. Services provided may or may not
7 include obstetrical care, emergency care, or any other service as allowed by
8 state licensing authority. A hospital has an organized medical staff which is on
9 call and available within 20 minutes, 24 hours per day, 7 days per week, and
10 provides 24-hour nursing care by licensed registered nurses. This term includes
11 hospitals specializing in providing health services for psychiatric, mentally
12 retarded, and tubercular patients.

13 (16) "Infirmity" means a facility located in a university, college, government
14 institution, or industry for the treatment of the sick or injured, with the following
15 subdefinitions:

16 (a) an "infirmity--A" provides outpatient and inpatient care;

17 (b) an "infirmity--B" provides outpatient care only.

18 (17) "Joint commission on accreditation of hospitals" means the organization
19 nationally recognized by that name with headquarters in Chicago, Illinois, that
20 surveys health care facilities upon their requests and grants accreditation status
21 to any health care facility that it finds meets its standards and requirements.

22 (18) "Kidney treatment center" means a facility which specializes in treatment
23 of kidney diseases, including freestanding hemodialysis units.

24 (19) (a) "Long-term care facility" means a facility or part thereof which
25 provides skilled nursing care, intermediate nursing care, or intermediate
26 developmental disability care to a total of two or more persons or personal care
27 to more than four persons who are not related to the owner or administrator by
28 blood or marriage. The term does not include adult foster care licensed under
29 53-5-303, community homes for the developmentally disabled licensed under 53-
30 20-305, community homes for physically disabled persons licensed under 53-19-
31 111, youth care facilities licensed under 41-3-1142, hotels, motels,
32 boardinghouses, roominghouses, or similar accommodations providing for
33 transients, students, or persons not requiring institutional health care, or juvenile
34 and adult correctional facilities operating under the authority of the department of

Gray HB 304 -- Unofficial
March 14, 1989

1 institutions.

2 (b) "Skilled nursing care" means the provision of nursing care services,
3 health-related services, and social services under the supervision of a licensed
4 registered nurse on a 24-hour basis.

5 (c) "Intermediate nursing care" means the provision of nursing care
6 services, health-related services, and social services under the supervision of a
7 licensed nurse to patients not requiring 24-hour nursing care.

8 (d) "Intermediate developmental disability care" means the provision of
9 nursing care services, health-related services, and social services for the
10 developmentally disabled, as defined in 53-20-102(4), or persons with related
11 problems.

12 (e) "Personal care" means the provision of services and care which do not
13 require nursing skills to residents needing some assistance in performing the
14 activities of daily living.

15 (20) "Medical assistance facility" means a facility that:

16 (a) provides inpatient care to ill or injured persons prior to their
17 transportation to a hospital or provides inpatient medical care to persons needing
18 that care for a period of no longer than 96 hours; and

19 (b) either is located in a county with fewer than six residents per square
20 mile or is located more than 35 road miles from the nearest hospital.

21 (21) "Mental health center" means a facility providing services for the
22 prevention or diagnosis of mental illness, the care and treatment of mentally ill
23 patients or the rehabilitation of such persons, or any combination of these
24 services.

25 (22) "Nonprofit health care facility" means a health care facility owned or
26 operated by one or more nonprofit corporations or associations.

27 (23) "Observation bed" means a bed occupied for not more than 6 hours by
28 a patient recovering from surgery or other treatment.

29 (24) "Offer" means the holding out by a health care facility that it can
30 provide specific health services.

31 (25) "Outpatient facility" means a facility, located in or apart from a hospital,
32 providing, under the direction of a licensed physician, either diagnosis or
33 treatment, or both, to ambulatory patients in need of medical, surgical, or mental
34 care. An outpatient facility may have observation beds.

Gray HB 304 -- Unofficial
March 14, 1989

1 (26) "Patient" means an individual obtaining services, including skilled nursing
2 care, from a health care facility.

3 (27) "Person" means any individual, firm, partnership, association,
4 organization, agency, institution, corporation, trust, estate, or governmental unit,
5 whether organized for profit or not.

6 (28) "Public health center" means a publicly owned facility providing health
7 services, including laboratories, clinics, and administrative offices.

8 (29) "Rehabilitation facility" means a facility which is operated for the
9 primary purpose of assisting in the rehabilitation of disabled persons by providing
10 comprehensive medical evaluations and services, psychological and social
11 services, or vocational evaluation and training or any combination of these
12 services and in which the major portion of the services is furnished within the
13 facility.

14 (30) "Resident" means a person who is in a long-term care facility for
15 intermediate or personal care.

16 ~~(31) "Residential treatment facility" means a facility of not less than 30 beds~~
17 ~~that is OF NOT LESS THAN 30 BEDS THAT IS operated by a nonprofit~~
18 ~~corporation or association for the primary purpose of providing long-term~~
19 ~~treatment services for mental illness in a NON-HOSPITAL BASED residential~~
20 ~~setting to persons between 5 and UNDER 21 years of age.~~

21 ~~(31)(32)~~ (32) "State health plan" means the plan prepared by the department to
22 project the need for health care facilities within Montana and approved by the
23 statewide health coordinating council and the governor."

24 ~~Section 2. Section 53-6-101, MCA, is amended to read:~~

25 ~~"53-6-101. Definition of medical assistance. (1) The definition of medical~~
26 ~~assistance shall include:~~

27 ~~(a) inpatient hospital services;~~

28 ~~(b) outpatient hospital services;~~

29 ~~(c) other laboratory and x-ray services;~~

30 ~~(d) skilled nursing home services;~~

31 ~~(e) physicians' services, whether furnished in the office, the patient's home,~~
32 ~~a hospital, a skilled nursing home, or elsewhere; and~~

33 ~~(f) inpatient psychiatric services for persons under 21 years of age, as~~
34 ~~provided in 42 U.S.C. 1396d(h), but limited to:~~

Gray HB 304 -- Unofficial
March 14, 1989

~~(i) inpatient services in a psychiatric hospital exclusively devoted to the care of persons under 21 years of age; or~~

~~(ii) services in a residential treatment facility as defined in 50-5-101; and~~

~~(f)(g) services provided by nurse specialists, as specifically listed in 37-8-202(5), within the scope of their practice and that are otherwise directly reimbursed as allowed under department rule to an existing provider.~~

~~(2) It may also include, although not necessarily limited to, the following:~~

~~(a) medical care or any other type of remedial care recognized under state law, furnished by licensed practitioners within the scope of their practice as defined by state law;~~

~~(b) home health care services;~~

~~(c) private duty nursing services;~~

~~(d) dental services;~~

~~(e) physical therapy and other related services;~~

~~(f) clinic services;~~

~~(g) services provided by social workers licensed under Title 37, chapter 22;~~

~~(h) prescribed drugs, dentures, and prosthetic devices;~~

~~(i) eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;~~

~~(j) other diagnostic, screening, preventive, rehabilitative, chiropractic, and osteopathic services;~~

~~(k) any additional medical service or aid allowable under or provided by the federal Social Security Act."~~

NEW SECTION. SECTION 2. RESIDENTIAL TREATMENT SERVICES. THE DEFINITION OF MEDICAL ASSISTANCE CONTAINED IN 53-6-101 INCLUDES INPATIENT PSYCHIATRIC SERVICES FOR PERSONS UNDER 21 YEARS OF AGE, AS PROVIDED IN 42 USC 1369D(H), IN A RESIDENTIAL TREATMENT FACILITY AS DEFINED IN 50-5-101(31) AND WHICH IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS.

NEW SECTION. Section 3. Certificate of need for residential treatment facility. A person may not operate a residential treatment facility unless he has obtained a certificate of need issued by the department as provided under this part.

NEW SECTION. Section 4. Study of residential treatment facility needs --

Gray HB 304 -- Unofficial
March 14, 1989

1 authorization for change of use -- licensing of existing facilities. (1) In order to
2 determine the need for services provided by a residential treatment facility, the
3 department, together with the department of family services and the department
4 of social and rehabilitation services, shall:

5 (a) conduct a review of the need for services provided by the residential
6 treatment facility. The review must include a determination of:

7 (i) the number of persons between 5 and 21 years of age who:

8 (A) suffer from mental illness in this state; and

9 (B) are placed in out-of-state facilities by the department of family services
10 and Montana school districts;

11 (ii) the appropriate levels of care or treatment for the persons described in
12 subsection (1)(a)(i); and

13 (iii) the potential number of persons described in subsection (1)(a)(i) eligible
14 for reimbursement of inpatient psychiatric services under 53-6-101;

15 (b) develop an appropriate methodology for determining the need for
16 residential treatment facility services and beds; and

17 (c) report their findings to the 52nd legislature.

18 (2) Except as provided in subsection (3), the department may not issue a
19 certificate of need for a new residential treatment facility or for any change in
20 the capacity of an existing facility seeking a certificate of need as a residential
21 treatment facility until after October 1, 1991.

22 (3) A person who operates an existing facility that meets the definition of a
23 residential treatment facility on ~~{the effective date of this act}~~ **JANUARY 1, 1989**,
24 may receive a license to operate the facility as a residential treatment facility
25 and need not obtain a certificate of need as otherwise required under [section
26 3].

27 **SECTION 5. SECTION 41-5-523, MCA, IS AMENDED TO READ:**

28 **"41-5-523. Disposition of delinquent youth and youth in need of supervision.**

29 (1) If a youth is found to be delinquent or in need of supervision, the youth
30 court may enter its judgment making any of the following dispositions:

31 (a) place the youth on probation;

32 (b) commit the youth to the department. The department shall thereafter
33 determine the appropriate placement, supervision, and rehabilitation program for
34 the youth after considering the recommendation of the youth placement

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March 14, 1989

1 committee as provided in 41-5-527; provided, however, that:

2 (i) in the case of a youth in need of supervision, such commitment does
3 not authorize the department to place the youth in a state youth correctional
4 facility. The court shall determine whether continuation in the home would be
5 contrary to the welfare of the child and whether reasonable efforts have been
6 made to prevent or eliminate the need for removal of the child from his home.
7 The court shall include such determination in the order committing the youth to
8 the department.

9 (ii) in the case of a delinquent youth who is a serious juvenile offender, the
10 judge may specify that the youth be placed in physical confinement in an
11 appropriate facility only if the judge finds that such confinement is necessary for
12 the protection of the public;

13 (iii) a youth may not be held in physical confinement for a period of time in
14 excess of the maximum period of imprisonment that could be imposed on an
15 adult convicted of the offense or offenses that brought the youth under the
16 jurisdiction of the youth court. Nothing in this section limits the power of the
17 department to enter into an aftercare agreement with the youth pursuant to 53-
18 30-226.

19 (iv) a youth is under the supervision of a youth probation officer, except that
20 a youth placed in a youth correctional facility is supervised by the department;

21 (c) order such further care and treatment or evaluation that does not
22 obligate funding from the department without the department's approval **EXCEPT**
23 **THAT A YOUTH MAY NOT BE PLACED BY A YOUTH COURT IN A**
24 **RESIDENTIAL TREATMENT FACILITY AS DEFINED IN 50-5-101. ONLY THE**
25 **DEPARTMENT MAY, PURSUANT TO SUBSECTION (1)(B), PLACE A YOUTH IN**
26 **A RESIDENTIAL TREATMENT FACILITY;**

27 (d) order restitution by the youth or his parents;

28 (e) impose a fine as authorized by law if the violation alleged would
29 constitute a criminal offense if committed by an adult;

30 (f) require the performance of community service;

31 (g) require the youth, his parents, his guardians, or the persons having legal
32 custody of the youth to receive counseling services;

33 (h) require the medical and psychological evaluation of the youth, his
34 parents, his guardians, or the persons having legal custody of the youth;

Gray HB 304 -- Unofficial
March 14, 1989

1 (i) require the parents, guardians, or other persons having legal custody of
2 the youth to furnish such services as the court may designate; or

3 (j) such further care, treatment, evaluation, or relief that the court considers
4 beneficial to the youth and the community.

5 (2) At any time after the youth has been taken into custody, the court may,
6 with the consent of the youth in the manner provided in 41-5-303 for consent by
7 a youth to a waiver of his constitutional rights or after the youth has been
8 adjudicated delinquent or in need of supervision, order the youth to be evaluated
9 by the department for a period not to exceed 45 days. The department shall
10 determine the place and manner of evaluation.

11 (3) No evaluation of a youth may be performed at the Montana state
12 hospital unless such youth is transferred to the district court under 41-5-206.

13 (4) No youth may be committed or transferred to a penal institution or other
14 facility used for the execution of sentence of adult persons convicted of crimes.

15 (5) Any order of the court may be modified at any time. In the case of a
16 youth committed to the department, an order pertaining to the youth may be
17 modified only upon notice to the department and subsequent hearing.

18 (6) Whenever the court vests legal custody in an agency, institution, or
19 department, it must transmit with the dispositional judgment copies of a medical
20 report and such other clinical, predisposition, or other reports and information
21 pertinent to the care and treatment of the youth.

22 (7) The order of commitment to the department shall read as follows:

23 ORDER OF COMMITMENT

24 State of Montana)

25) ss.

26 County of)

27 In the district court for the Judicial District.

28 On the day of, 19..,, a minor of this county, years of age, was
29 brought before me charged with Upon due proof I find that is a suitable
30 person to be committed to the department of family services.

31 It is ordered that be committed to the department of family services until
32

33 The names, addresses, and occupations of the parents are:
34

Gray HB 304 -- Unofficial
March 14, 1989

1 Name Address Occupation
2
3

4 The names and addresses of their nearest relatives are:
5
6

7 Witness my hand this day of, A.D. 19...
8
9 Judge

10 NEW SECTION. Section 6. Extension of authority. Any existing authority to
11 make rules on the subject of the provisions of [this act] is extended to the
12 provisions of [this act].

13 NEW SECTION. Section 7. Codification instruction. (1) [Sections 3 and 4]
14 are intended to be codified as an integral part of Title 50, chapter 5, part 3,
15 and the provisions of Title 50, chapter 5, part 3, apply to [sections 3 and 4].

16 (2) [SECTION 2] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART
17 OF TITLE 53. CHAPTER 6. PART 1 AND THE PROVISIONS OF TITLE 53.
18 CHAPTER 6. PART 1 APPLY TO [SECTION 2].

19 NEW SECTION. Section 8. Effective date -- TERMINATION. (1) [This act]
20 is effective July 1, 1989.

21 (2) [SECTION 2] TERMINATES JULY 1, 1991.

22 -END-

23
24
25 Lee Heiman
26 Montana Legislative Council
27 (406) 444-3064
28

EXHIBIT 2
DATE 3/14/89
HB 304

Amendments to House Bill No. 304
Third Reading Copy

For the Committee on Appropriations

Prepared by Lee Heiman
March 14, 1989

1. Title, lines 12 and 13.

Strike: "CODIFY AUTHORIZATION FOR MEDICAID"

Insert: "ESTABLISH A TWO YEAR PILOT PROJECT FOR MEDICAID
REIMBURSEMENT OF"

Following: "SERVICES"

Insert: "IN A RESIDENTIAL TREATMENT FACILITY"

2. Title, line 18.

Following: "SECTIONS"

Insert: "41-5-523 AND"

Strike: "AND 53-6-101"

3. Page 9, line 15.

Following: "in a"

Insert: "non-hospital based"

4. Page 9, line 21 through page 11 line 14.

Strike: Section 2 in its entirety

Insert: "NEW SECTION. Section 2. Residential treatment services. The definition of medical assistance contained in 53-6-101 includes inpatient psychiatric services for persons under 21 years of age, as provided in 42 USC 1369d(h), in a residential treatment facility as defined in 50-5-101(31) and which is accredited by the joint commission on accreditation of healthcare organizations."

5. Page 13.

Following: line 5

Insert: "Section 5. Section 41-5-523, MCA, is amended to read:

"41-5-523. Disposition of delinquent youth and youth in need of supervision. (1) If a youth is found to be delinquent or in need of supervision, the youth court may enter its judgment making any of the following dispositions:

(a) place the youth on probation;

(b) commit the youth to the department. The department shall thereafter determine the appropriate placement, supervision, and rehabilitation program for the youth after considering the recommendation of the youth placement committee as provided in 41-5-527; provided, however, that:

(i) in the case of a youth in need of supervision, such commitment does not authorize the department to place the youth in a state youth correctional facility. The court shall determine whether continuation in the home would be contrary to the welfare of the child and whether reasonable efforts have been made to prevent or eliminate the need for removal of the child from his home. The court shall include such determination in the order committing the youth to the

department.

(ii) in the case of a delinquent youth who is a serious juvenile offender, the judge may specify that the youth be placed in physical confinement in an appropriate facility only if the judge finds that such confinement is necessary for the protection of the public;

(iii) a youth may not be held in physical confinement for a period of time in excess of the maximum period of imprisonment that could be imposed on an adult convicted of the offense or offenses that brought the youth under the jurisdiction of the youth court. Nothing in this section limits the power of the department to enter into an aftercare agreement with the youth pursuant to 53-30-226.

(iv) a youth is under the supervision of a youth probation officer, except that a youth placed in a youth correctional facility is supervised by the department;

(c) order such further care and treatment or evaluation that does not obligate funding from the department without the department's approval except that a youth may not be placed by a youth court in a residential treatment facility as defined in 50-5-101. Only the department may, pursuant to subsection (1)(b), place a youth in a residential treatment facility;

(d) order restitution by the youth or his parents;

(e) impose a fine as authorized by law if the violation alleged would constitute a criminal offense if committed by an adult;

(f) require the performance of community service;

(g) require the youth, his parents, his guardians, or the persons having legal custody of the youth to receive counseling services;

(h) require the medical and psychological evaluation of the youth, his parents, his guardians, or the persons having legal custody of the youth;

(i) require the parents, guardians, or other persons having legal custody of the youth to furnish such services as the court may designate; or

(j) such further care, treatment, evaluation, or relief that the court considers beneficial to the youth and the community.

(2) At any time after the youth has been taken into custody, the court may, with the consent of the youth in the manner provided in 41-5-303 for consent by a youth to a waiver of his constitutional rights or after the youth has been adjudicated delinquent or in need of supervision, order the youth to be evaluated by the department for a period not to exceed 45 days. The department shall determine the place and manner of evaluation.

(3) No evaluation of a youth may be performed at the Montana state hospital unless such youth is transferred to the district court under 41-5-206.

(4) No youth may be committed or transferred to a penal institution or other facility used for the execution of sentence of adult persons convicted of crimes.

(5) Any order of the court may be modified at any

time. In the case of a youth committed to the department, an order pertaining to the youth may be modified only upon notice to the department and subsequent hearing.

(6) Whenever the court vests legal custody in an agency, institution, or department, it must transmit with the dispositional judgment copies of a medical report and such other clinical, predisposition, or other reports and information pertinent to the care and treatment of the youth.

(7) The order of commitment to the department shall read as follows:

ORDER OF COMMITMENT

State of Montana)
) ss.
County of)

In the district court for the Judicial District.

On the day of, 19..,, a minor of this county, years of age, was brought before me charged with, Upon due proof I find that is a suitable person to be committed to the department of family services.

It is ordered that be committed to the department of family services until

The names, addresses, and occupations of the parents are:

Name	Address	Occupation
.....
.....

The names and addresses of their nearest relatives are:

.....
.....

Witness my hand this day of, A.D. 19...

.....
Judge"

Renumber: subsequent sections

6. Page 13, line 2.

Strike: "[the effective date of this act]"

Insert: "January 1, 1989,"

7. Page 13, line 10.

Following: "instruction."

Insert: "(1) [Section 2] is intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [section 2].

(2)"

8. Page 13, line 15.

Following: "date"

Insert: "-- termination"

Following: "."

Insert: "(1)"

9. Page 13.

Following: line 16

Insert: "(2) [Section 2] terminates on July 1, 1991."

EXHIBIT 3
DATE 3/14/89
HB 304

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB304, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to codify authorization for medicaid inpatient psychiatric services; to define "residential treatment facility"; to provide inpatient psychiatric services to persons under 21 years of age in a residential treatment facility; to require a certificate of need for residential treatment facilities; amending sections 50-5-101 and 53-6-101, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. It is assumed that there will be only two providers qualifying for residential psychiatric reimbursement in FY90 and FY91.
2. Yellowstone Treatment Center will provide 21,287 days of medicaid-eligible treatment each year of the biennium (58 placements).
3. Intermountain Deaconess will receive accreditation January 1990 and provide 3,548 days of medicaid-eligible treatment in FY90 (10 placements) and 7,096 days in FY91 (19 placements).
4. The number of placements that would be paid for under the proposed law will be 27 higher than would have been paid for by the Department of Family Services without medicaid coverage of residential foster care. It is expected that medicaid-eligible placements will be made that do not come through the DFS system.
5. The estimated rate of reimbursement for YTC is \$79.84 in FY89 and \$168.30 per day in FY90 and \$171.67 per day in FY91. ID is projected to receive \$71.50 in FY89 and \$147.90 per day in FY90 and \$150.86 in FY91.
6. The estimated federal medicaid match is 71.17% in FY90 and 71.28 in FY91.
7. Accreditation review of the facilities by staff from the Department of Health and Environmental Sciences will require six days of staff time and travel expenses. DHES will also publish rules for licensure.
8. The Department of Social and Rehabilitation Services will need 2.0 grade 15 FTE to provide case review and utilization control.
9. It is assumed that the Department of Family Services funded 50 placements in FY88 at YTC and ID that would have qualified for medicaid reimbursement. It is assumed that the same number of placements qualify for medicaid in the coming biennium and that DFS foster care residential costs would be reduced by the amount expended on the 50 placements in FY88. Note that the reduction attributable to ID medicaid foster care in FY90 would be applicable after January 1 when the facility receives accreditation.

EXHIBIT 3
DATE 3-14-89
HB 304

Ray Shackelford 1/27/89
RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

TOM HANNAH, PRIMARY SPONSOR

DATE

DATE

10. It is assumed that SB 217 extending the certificate of need process will pass. If the bill does not pass, there would be more residential care facilities that would come on line and the number of medicaid placements and payments would rise.

11. General fund revenue is calculated for the cost to facilities for licensure. It is assumed that there is a \$20 fee for a license plus a \$1 per bed charge.

FISCAL IMPACT:Expenditure Impact:

	FY90		
	Current Law	Proposed Law	Difference
SRS			
Personal Services	\$ 1,016,958	\$ 1,073,172	\$ 56,214
Operating Expenses	2,449,305	2,515,905	66,600
Equipment	2,700	4,700	2,000
Benefits	183,020,600	187,127,951	4,107,351
Family Services			
Benefits	1,912,011	790,560	(1,121,451)
DHES			
Operating	0	5,259	5,259
TOTAL	\$188,401,574	\$191,517,547	\$3,115,973
Funding:			
General Fund	\$ 49,422,407	\$ 49,972,396	\$ 549,989
County Funds	7,240,646	7,044,952	(195,694)
Federal Funds	131,738,521	134,500,199	2,761,678
TOTAL	\$188,401,574	\$191,517,547	\$3,115,973
Revenue:			
General Fund	0	136	136

NOTE: It is suggested that language be added to allow SRS to transfer general fund authority to DFS if clients are not medicaid eligible.

amend

EXHIBIT 1
DATE 3/14/89
HB 614

Passed

PROPOSAL A

PROPOSED AMENDMENTS TO HOUSE BILL 614
(Third Reading)

1. Title, lines 12 and 13
Following: "SERVICE;" in line 12
Strike: remainder of line 12 and all of line 13
2. Statement of intent, page 1, lines 24 and 25
Strike: "department of social and rehabilitation services"
Insert: "committee on telecommunications services for persons who are handicapped"
3. Statement of intent, page 2, lines 3 and 6
Page 3, line 3
Strike: "department"
Insert: "committee"
4. Statement of intent, page 2, line 25 through page 3, line 2
Strike: page 2, line 25 through page 3, line 2, in their entirety
5. Page 8
Following: line 4
Insert: "(4) provide for administration of eligibility and the delivery of services for the program as provided for in [sections 7, 8, 9 and 10]."
Renumber: subsequent subsections
6. Page 8, lines 11 and 12
Following: (1)
Strike: the remainder of line 11 through "department" on line 12.
Insert: "The committee"
7. Page 8, lines 24 and 25
Following: "Section 8."
Strike: "Powers and duties of department."
Insert: "Provision of services."
8. Page 9, line 1
Page 10, lines 16 and 19
Page 11, lines 4 and 14
Page 13, lines 15 and 19
Strike: "department"
Insert: "committee"
9. Page 11, lines 20 and 21
Following: "committee" on line 20
Strike: remainder of line 20 through "department" on line 21

Rationale: These amendments would provide that the specialized telecommunications program be administered by the committee on telecommunications services for persons who are handicapped. The Department of Social and Rehabilitation Services would have no role in the administration of the program. The committee, however, would remain administratively attached to the department as provided for in 2-15-121, MCA. This change would simplify administration of the program and avoid problems in implementation that could arise from federal requirements relating to the department's administration of the federal rehabilitation program.

VISITORS' REGISTER

COMMITTEE

BILL NO.

HB. 117

DATE

3/14/89

SPONSOR

Bachini

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Rep. Bob Bachini	Havre, mt	✓	
Jim Welch	MSU Bozeman	✓	
Leslie Ferguson	Havre, MT	✓	
Donald Anderson	MSU, Havre	✓	
Larry L. House	Box Elder, mt.	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Appropriations COMMITTEE

DATE 3/14/89

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

SPONSOR
AGENCY(S)

HB 5417

SUBCOMMITTEE

DATE 3/14/89

DEPARTMENT

Appropriations

NAME	REPRESENTING	SUP- PORT	OP- POSE
George Poston	United Veterans Comm. of MT	X	
Mr. Dan Herder	Dept of MT DAV	X	
Fred Patton	Leg. & Legislative	X	
Johnny J. Buck	V.F.W. & A.S.	X	
Joe Manser	American Legion	X	
John E. Storm	M.O.D.H.	X	
Bill Mancerville	City of Miles City	X	
Rep. James Stirling	H.D. 25 Miles City	X	
Manson Bailey	Glasgow Valley Co.	X	
Les Olsenman	Glendora, Mt. play or	X	
Rich Brown	Mt Vets Affairs	X	
Kathy Sparr	Blendeice Forward	X	
Jim Kittner	" "	X	
Gold O. Ely	Northwest Comm. Committee	X	
Betty Son Foster	Demo '88	X	
Bill Williams	Vietnam Veterans of America #334	X	
Larry Truitt	State Senator Dist 11	X	
Don Stephens	Rep. Dist. 21	X	
W.M. Harpster	Dawson County	X	
Mike Craig	Self & Northwest Comm. Cons.	X	
Ed Byrne	Dept. M.T. Affairs	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY

FORM CS-33A

Rev. 1985

Le Dean Newha

H A R P

Glasgow

X

X

VISITORS' REGISTER

COMMITTEE

BILL NO.

DATE

SPONSOR

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
John M. Decker	Sgt of MT DAY	X	
John Sloan	MOP H	X	
Hal Hanson	American Legion	X	
George Poston	United Veterans Comm. of MT.	X	
Rich Brown	MT BRD Vets Affairs	X	
Garry Longfellow	VFW	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Appropriations

DATE 3/14/89

AGENCY(S) Bell - ABW

DEPARTMENT
SPONSOR

[illegible]

FORM CS-33A
Rev. 1985

Appropriations

BILL NO.

522

DATE _____

3/14/89

SPONSOR

Ramirez

NAME (please print)

RESIDENCE

SUPPORT

OPPOSE

Verner Bertelsen

Quand, M.

✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEE

BILL NO.

DATE

SPONSOR

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
JOHN MALONEY	DPT of CORRAIG		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/14/89 BILL NO. 304 NUMBER _____

NAME	AYE	NAY
REPRESENTATIVE SPAETH <i>ef</i>		
REPRESENTATIVE PECK		
REPRESENTATIVE IVERSON	✓	✓
REPRESENTATIVE SWIFT	✓	✓
REPRESENTATIVE OUILICI		✓
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON	✓	
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN		✓
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		
REPRESENTATIVE SWYSGOOD	✓	
REPRESENTATIVE KIMBERLEY		✓
REPRESENTATIVE NISBET		✓
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		
REPRESENTATIVE CODY		✓
REPRESENTATIVE GRADY	✓	
REPRESENTATIVE BARDANOUVE	✓	

TALLY

9 7

Sylvia Kinsey
Secretary

Representative Bardanouve
Chairman

MOTION: _____

1-6

Passed

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/14 BILL NO. 614 NUMBER _____

NAME	AYE	NAY
REPRESENTATIVE SPAETH		
REPRESENTATIVE PECK		
REPRESENTATIVE IVERSON		
REPRESENTATIVE SWIFT		
REPRESENTATIVE OUILICI	✓	
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY	✓	
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT		✓
REPRESENTATIVE KADAS		
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY	✓	
REPRESENTATIVE BARDANOUVE	✓	✓

TALLY

10 6

Sylvia Kinsey
Secretary

Representative Bardanouve
Chairman

MOTION:

614 95 16