

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
52nd LEGISLATURE - 2nd SPECIAL SESSION

SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By REP. MARY ELLEN CONNELLY, CHAIR, on July 8, 1992, at 8:30 A.M.

ROLL CALL

**Members Present:**

Rep. Mary Ellen Connelly, Chair (D)  
Sen. Bob Hockett, Vice Chairman (D)  
Rep. Francis Bardanouve (D)  
Sen. Ethel Harding (R)  
Sen. J.D. Lynch (D)  
Rep. Bob Thoft (R)

**Members Excused:** Rep. Francis Bardanouve

**Staff Present:** Jim Haubein, Principal Fiscal Analyst (LFA)  
Jane Hamman, Senior Budget Analyst (OBPP)  
Jo Lahti, Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Announcements/Discussion:** This meeting was called to discuss funding for the MSU Engineering/Science Building and UofM Business Administration Building.

**Jim Haubein** said the Committee had been discussing delaying funding of the two university buildings, and substituting private funds for both the general fund and remaining capital projects fund for planning. **EXHIBIT 1** shows the proposed change for funding. The left-hand column shows how the buildings are currently funded in HB 5 and now in HB 2. The proposed change would be for the MSU building capital projects fund which was originally appropriated \$1,165,290 for planning. They have spent \$452,765. If the balance of \$712,525 is substituted from private funds, that would free up \$712,525 that could be transferred to the general fund via HB 6. The second line is the general fund which would revert to the general fund. By replacing that with private funds, that would put \$367,000 back to the general fund. The change in private funds would be from \$2.3 Million to \$3.3 Million required to fund the project. That would keep the project at \$22,235,000. So essentially there would be no general fund money. It would free up \$1,079,525 for the general fund.

The same rationale would be used for the UofM Business Administration Building. Of the appropriation for planning of

\$604,705, they have spent \$183,606, leaving \$421,099 that could be shifted to the general fund in HB 6. This would be replaced with private funds. That keeps the project at \$15,486,000.

The second page is an amendment that would have to be made to HB 2 to retain the authority for these buildings so the universities would not have to come back in and seek a two-thirds vote for authority to build the buildings. **EXHIBIT 2**, the underlined language explains the change that would be made that would delay this. The board of examiners may issue and sell \$29,836,345 of bonds for the two prison units and the Libby armory during fiscal year 1993 and the remainder of the bonds in the 1994-95 biennium. This would shift them into the next biennium. The bonds sold during fiscal year 1993 may not be used for projects at the university units. They would be for the two prisons and armory at Libby. This amendment recommends delaying the funding for the university buildings until the next biennium. It still would allow the planning to go on because the capital projects funds are being replaced with private funds. The bonds would be insured to be sold in the next biennium.

This same rationale could be used if it is desired to delay the two prison projects and armory. There are no private funds for the prison. There is \$877,000 in planning money for the prison expansion. There was no planning money for the capital projects for the Women's Correctional Facility, so they were using a general fund loan to be paid out of bond proceeds. By delaying that it would be delaying the projects, but it would save the remainder of the \$877,000, of which \$605,532.50 is left out of the prison project appropriation. However, they used \$133,900 for the Women's Correctional Center from the general fund, which would have to be covered somehow. **EXHIBIT 3**. So there would be about \$470,000 left for planning money by just appropriating the expenditures to date.

**SEN. HOCKETT** asked if the two other MSU renovation projects are included in this overall funding with private funds. It would be necessary to find a donor who would find that acceptable. **Mr. Haubein** said there are \$3.38 Million in private funds that is part of this authorization. \$712,000 would be needed just for planning. If they had those funds, that authority is there. Now, all it is saying is the bonds can't be sold, but if they had the private funds raised, it appears they could proceed with that planning.

**Motion/Vote:** **REP. LYNCH** moved the amendments on **EXHIBIT 2** be adopted. Motion carried unanimously by all 5 members present.

**Bob Anderson, Administrator of Special Services Division Department of Corrections and Human Services**, explained the Columbia Falls Veterans Home maintains an average occupancy of about 86 residents, which is about a 96% occupancy. They have 100 beds. Presently, there is no one on their waiting list and they have 5 vacant beds. In the past they have had as high 12-14 on

their waiting list. No one has preregistered for the proposed new veterans home in Eastern Montana. See **EXHIBIT 4**.

There is a nursing shortage in Montana. It is critical in Eastern Montana. Eastmont is in the process of trying to contract for nurses because that is a Medicaid certified facility, and needs nursing coverage. With the money in personal services, they are trying to recruit nurses to maintain certification.

The Miles City Veterans Affairs Medical Center does intend to convert the fourth floor to 31 long-term care and nursing home beds. They already have 25 beds, making a total of 56 beds. That is to occur within the next two years. #6 of the Exhibit 3 shows estimated operating costs of the proposed new vets home. If the building proceeds, construction should be finished by April, and staffing would be phased in the last part of fiscal 1994. They would start admitting patients July 1, of fiscal year 1995. 94.6 FTEs annually would be required to operate the facility. It has been reduced to 80 beds because the construction and design came in way over what was appropriated. The annual cost to the general fund based on 1993 salaries is \$1.3 Million. If the project is to be delayed, the state monies that are in the capital fund from cigarette tax could revert to the general fund. The state funding for this project is \$1,904,297 including expenses.

**REP. LYNCH** asked what the federal contribution would be. **Mr. Anderson** said they put in about \$6.3 Million. The application is approved and that money is advanced, and once the construction documents are completed and they sign off on all the plans, the contract is expected to be awarded around December. The total budget for the facility would be about \$2.7 Million. The general fund will pick up about \$1.3 Million of that. Federal reimbursement and private pay would amount to about \$1.4 Million each year. It is almost a 60/40 ratio. This just shows the general fund budget, the proposed annual budget would be about \$2.4 Million for 94.6 FTEs.

**REP. THOFT** didn't think this facility could be justified considering the number of vacant beds. What language would be needed to amend the bill? **Mr. Haubein** explained it would be necessary to put a new section in HB 2 to amend HB 234 which reauthorized it last session. **REP. THOFT** suggested taking the money for the general fund and reauthorizing this project.

**SEN. HARDING** reminded the Committee that the two-cent tax was authorized to build this veterans home. Although it may not be prudent to build a building that might not be needed, especially when there is a nursing shortage, that two-cent cigarette tax was requested by the veterans for a specific purpose. The Legislature should redeem themselves and do something about this.

**Mr. Anderson** said the one in Columbia Falls is operated out of the state program. The ones in Helena and Miles City are operated by the VA Hospital Program. Fort Harrison has 36 beds for long-

term care contracted out and Miles City has 26. Thirty-one more beds might be converted in Miles City.

**SEN. LYNCH** also said this tax was never supposed to go to the general fund. The only reason it passed was because of the veterans lobbying so hard for the tax so they could have matching funds for a veterans home in Eastern Montana. It is thievery if it is taken to the general fund. The WWII veterans are getting older and will be needing these beds.

**SEN. HOCKETT** asked why the existing facilities were not expanded. **Mr. Anderson** explained there is a geographic problem. People in Eastern Montana were not being represented because they did not want to drive across the state 500 miles to Columbia Falls for service. They wanted to be closer to home. The idea was to make it more geographically acceptable to the veterans and build one in Eastern Montana since there is one in Western Montana.

**REP. THOFT** reminded the Committee this session is looking for dollars.

**SEN. HARDING** asked where the money for the 31 proposed beds at Miles City was coming from. **Mr. Anderson** said it was all coming from the federal VA hospital program. Some of the nursing beds already there are to be converted to long-term. The veterans have a formula and they know how many beds will be needed for service connected veterans in the state. Montana is way under that formula based on the 30,000 veteran population in Montana. Even with the addition of 80 more beds, Montana is way under their formula. If this is delayed, the VA will put Montana back to a lower level priority until such time as the state advises them the match money is available, at which time a higher priority will eventually be regained. Once the state dollars are taken, you go to the bottom, and you have to go through the whole process again. Even with the money, it took three years to get to where the VA money is available. The veterans administration seems to be doing well, although cuts are being made everywhere else.

**REP. CONNELLY** asked what would happen if this were postponed until the 1993 session. **Mr. Anderson** said you have the money and the VA has been told the money is available. If you take that money away, they will put us at the bottom. If you don't touch the money, you may as well not do anything.

**Motion/Vote:** **REP. THOFT** moved to delete the veterans home in HB 2. Motion carried 3-2 with **SENS. HOCKETT** and **HARDING** and **REP. THOFT** voting Aye; **SEN. LYNCH** and **REP. CONNELLY** voting No.

**REP. THOFT** asked about information on the Libby Armory that wasn't clear previously. **Tom O'Connell, Architecture & Engineering Division**, stated when the total costs for the Armory were discussed yesterday, no one mentioned there were debt service costs that would be included as part of the long-term

costs. Previous information handed out estimated there would be a debt service cost of about \$400,000, \$41,000 per year. The initial construction costs have a \$400,000 state contribution, then there are long-term debt service costs on the bonds to retire them. The operational costs presented the other day were basically a wash in that they are renting now. The new facility cost would be several thousand dollars a year, but basically a wash. The debt service costs were \$400,000.

**Adjutant General Blair** asked to correct figures presented yesterday. He used the figure \$1.2 Million. Essentially well over \$451,865 went into that unit directly. They applied the university's impact figure of \$2.4 Million in direct dollars. It came up to approximately a \$1.1 Million impact on the Libby area.

**SEN. HARDING** said if they are not given any federal reimbursement for nursing homes, it would actually benefit a veteran's nursing home to get it as long as it is not state money. **Adjutant General Blair** understood that if you are in a state nursing home, because the feds are contracting out now in certain limited cases, they reimburse the state so much for the debt and for each day of occupancy.

ADJOURNMENT

**Adjournment:** Meeting adjourned at 9:25 a.m.



SEN. BOB HOCKETT, VICE-CHAIRMAN



Jo Lahti, Secretary

BH/jl

HOUSE OF REPRESENTATIVES  
LONG-RANGE PLANNING SUBCOMMITTEE

ROLL CALL

DATE July 8, 1992

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE			✓
SEN. ETHEL HARDING	✓		
SEN. BOB HOCKETT, VICE-CHAIRMAN	✓		
SEN. J.D. LYNCH	✓		
REP. BOB THOFT	✓		
REP. MARY ELLEN CONNELLY, CHAIR	✓		

HR:1991  
CS10DLRLCALONGRP.MAN

MSU ENGINEERING/SCIENCE BLDG

Funding Source	Current	Proposed	Available for Gen. Fund
Cap. Projects Fund(Planning)	\$1,165,290	\$452,765	\$712,525
General Fund	367,000	0	367,000
Private Funds	2,301,200	3,380,725	
G.O. Bonding	18,401,510	18,401,510	
Totals	\$22,235,000	\$22,235,000	\$1,079,525

UofM BUSINESS ADMIN. BLDG

Funding Source	Current	Proposed	Available for Gen. Fund
Cap. Projects Fund(Planning)	\$604,705	\$183,606	\$421,099
Private Funds	1,858,320	2,279,419	
G.O. Bonding	13,022,975	13,022,975	
Totals	\$15,486,000	\$15,486,000	\$421,099
		Total	\$1,500,624

## SECTION F

**Item F1: Postpone Planning for MSU and UM Buildings**

**General Fund Savings/Revenue: \$1,565,000**

**Action:** Amend HB5, deleting the \$367,000 general fund appropriation and depositing the remaining \$1,198,000 LRBP cash appropriation to the general fund.

**Summary:** The Fifty-second Legislature authorized two significant new buildings for the Montana University System:

o Engineering/Physical Sciences Complex at Montana State University

\$18,401,510	LRBP Bonds
1,165,290	LRBP Cash (planning)
2,301,200	Private Funds
<u>367,000</u>	General Fund
\$22,235,000	Total

o Business Administration Building at University of Montana

\$13,022,975	LRBP Bonds
604,705	LRBP Cash (planning)
<u>1,858,320</u>	Private Funds
\$15,486,000	Total

On June 15, the Department of Administration notified MUS that all billable work on these two capital construction projects would be suspended effective June 19, 1992, until further notification subsequent to the conclusion of Special Session II. All other agencies with projects authorized in the bonded program received similar suspension notices.

Taking into account both the downsizing of the student population and the use of telecommunications and remote access of educational offerings, the need for new construction of classroom space becomes less critical. Therefore, the Executive Budget recommendation is deletion of these two projects from HB5 for the current biennium, with reconsideration for future biennia to be brought to the Fifty-third Legislature.

Prior to the suspension of planning activities, approximately \$571,995 of the LRBP Cash appropriations were expended in FY92, leaving a balance available for legislative consideration of \$1,198,000, plus the general fund appropriation of \$367,000, for a total of \$1,565,000.

"Section 13. Authorization of bonds. The board of examiners is authorized to issue and sell general obligation long-range building program bonds in an amount not exceeding \$61,260,830 for projects described in {section 12} over and above the amount of general obligation long-range building program bonds outstanding on January 1, 1991, to be issued in accordance with the terms and in the manner required by Title 17, chapter 5, part 8. The board of examiners may issue and sell \$29,836,345 of bonds during fiscal year 1993 and the remainder of the bonds in the 1994-95 biennium. The bonds issued and sold during fiscal year 1993 may not be used for projects at the university units. The authority granted to the board by this section is in addition to any other authorization to the board to issue and sell general obligation long-range building program bonds."

*JG* 5-1 absent  
*h*

Projected Savings - General Fund and Capital Projects Fund (Planning & Constr)  
 For the period: July 1, 1992 thru June 30, 1993

Project	General Fund	Capital Projects	Total
Montana State Prison	481,697.50	605,532.50	1,087,230.00
Women's Correctional Center	800,050.00		800,050.00
MT Developmental Center	447,000.00		447,000.00
Libby Armory	262,790.00		262,790.00
Business Admin Bldg, UM		421,099.36	421,099.36
Eng/Phy Sci Complex, MSU		712,525.72	712,525.72
Eastern MT Veterans' Home		1,013,040.00	1,013,040.00
Totals	1,991,537.50	2,752,197.58	4,743,735.08

EASTERN MONTANA VETERANS HOME

The Special Session II of the Fifty-second Legislature could consider canceling construction of the new Montana Veteran's Home in Glendive for 75 beds for the following reasons:

1. The State of Montana is not in a position to fund a new institution at this time of fiscal crisis.
2. The Columbia Falls Vets Home is not filled to capacity:
  - o has an average daily vacancy of 4 beds.
  - o maximum waiting list over last year has been 8.
3. There are no pre-registration for new home in Glendive.
4. Nursing shortage in Montana, specifically in Eastern Montana. New vets home will take nurses from other community hospitals and Eastmont Human Services Center (EHSC) DD facility in Eastern Montana because work is less stressful. The shortage of nurses at EHSC will cause certification concerns.
5. The Veterans Affairs Medical Center in Miles City has received approval from the federal government for the design phase to convert its fourth floor to 31 long term care and nursing home beds. This will be in addition to the 26 nursing home care beds presently at the VA Center.
6. The NEW GENERAL FUND operating costs for Glendive are projected to be:
  - o \$ 301,351 FY94 3.36 FTE
  - o 1,139,159 FY95 80.11 FTE
  - o 1,351,672 FY96 94.60 FTE
  - o 1,405,739 FY97 94.60 FTE
7. Cigarette tax saved could be deposited to the general fund.