



To: Rep. Marc Rhoades, Chair, and Members,
House Appropriations Committee
From: John Grace, Consultant to long term care facilities
Date: Friday April 20, 2012

Please Support Senate Bill 427

Thank you, Chairman Rhoades and Members of the Committee. I am a management consultant that works with small rural nonprofit nursing facilities in Kansas.

I support Senate Bill 427 because I believe it will help these facilities to secure low interest loans to transition to new programs and buildings to serve the elderly of the future. I will give you two specific examples of how important a low interest rate loan can be to a small rural facility.

One of my clients was built in 1960 as a 50 bed nursing facility located in a small central Kansas town of 600 people. They are needing to remodel their nursing facility, reduce the number of total rooms to include all private rooms, include a new Alzheimer's care unit and add a new 12 unit assisted living unit. Through the help of USDA Rural Development and a local bank they were able to secure a 3.75% rate and a 5.5% rate from the bank. USDA guaranteed the bank loan. Both rates are for 30 years. There were no other banks that were interested in funding at a reasonable rate.

The other project is located in a small southwestern town of 3100 people. The nursing home was built in 1963 as a 60 bed nursing home. It now has 28 residents. They want to replace the facility with 28 beds in a new modern style facility. We are seeking a loan through USDA Rural Development for 30 years at a rate of 4%. The facility will provide \$1 million in equity and seek a loan of \$3 million.

Without these low interest rates, these programs could not proceed with remodeling or replacing their old buildings.

These facilities are major employers in their community and have a tremendous economic impact on their small towns. Through transitioning to other programs such as home plus or assisted living, they will also reduce the long burden on the Medicaid program.

Thank you.