

HB 628

Private Alternative Adolescent Resident Programs

BUSINESS & LABOR

EXHIBIT NO. 5

DATE 3/30/05

BILL NO. HB 628

Basic Statistics

The programs employ approximately 600 people, many of which are professionals. For example, between 75 and 100 are certified teachers.

There are between 800 and 1,200 students involved in these programs at any particular time with the vast majority coming from out of state.

More than 95% of the participants come from out of state and stay at the sole discretion of their parents. Parents are involved in all aspects.

Are they currently regulated? You bet: OPI, CPS, DOL, DPHHS, local law enforcement - the list goes on.....

Tax Impact

Gross revenues for the 30 to 35 programs are estimated to be **forty million dollars** per year. These programs are **100% private money** and receive no public funding. We estimate there are 30 programs in Montana - nearly all located in western Montana.

It is estimated that the programs pay between three and four million dollars into the general fund in the form of income taxes.

Approximately 30 to 50 percent of the gross income in the programs goes to salaries and it is estimated as a result that employees of the programs pay an additional one to two million dollars in state income taxes.

Direct impact from the programs to the general fund through income taxes paid is estimated between four and six million dollars.

The programs generally have extensive buildings located at their facility, which results in a substantial boost to the local property tax receipts.

Secondary Economic Impacts on the Local Communities

The programs purchase most of their supplies and services locally. This includes medical and optometric services and grocery and other supplies.

It is estimated that each dollar will turn over 6 or 7 times in a local community if supplies and services are purchased locally like the programs do. Thus the local impact is estimated to be over **One-Hundred-Fifty Million dollars (\$150,000,000)**.

Since the programs involve extensive parental involvement and since over ninety percent of the parents are from out of state, when they visit the program and spend time with their family member, they rent cars, stay in local motels and eat in local restaurants. This has resulted in substantial collateral boost to the local service industry which is hard to estimate but would be at least five percent of the gross revenue which would be approximately two million dollars.

Growth

Within the last seven years the programs have grown exponentially which has been over a ten fold increase. It is expected that the programs will grow at a very healthy pace during the next seven years while not at a ten fold increase but in the neighborhood of five to eight fold increase.

Within seven years the programs should have a gross revenue of one-hundred-fifty to two-hundred million dollars.

HB628

HB #628 establishes immediate registration and requires specific information for all private alternative adolescent residential or outdoor programs under the Department of Labor and will provide for a self-funded 5-member Board (3 programs, 2 public members) appointed by the Governor to further study and report findings and recommendations to the 2007 Session. **This bill is a collaborative agreement among the programs. Our programs favor and request appropriate accountability.**

Please vote "YES" on HB 628 - Sue Weingartner, Lobbyist (406-459-0452)