

## **COF TRAINING SERVICES**

**February 15, 2020**

**Testimony in Support of HB 2219 before the House Committee on Commerce, Labor, and Economic Development**

**Chairman Rep. Sean Tarwater**

**Vice Chairman Rep. Ken Coret**

**Ranking Member Rep. Stan Frownfelter**

### **Honorable Chairman and Distinguished Members of the Committee**

21% of state general fund spending in Kansas is for Medicaid. 46% of all federal funds received by Kansas are for Medicaid. In FY16 spending in Kansas was \$3.7 billion. Additionally, there are other state funded programs upon which some people rely for their sustenance.

Out of the 2.9 million people who reside in Kansas over 200,000 of these people who are of working ages between 16 and 65 are reliant upon Medicaid to some extent for their sustenance. It can be assumed that many of these people are unemployed or underemployed.

Coincidentally, there is a labor shortage in Kansas and across the nation. Work force solution strategies are at an all-time high among the economic development communities. The 200,000+ working aged people who are reliant upon Medicaid represent an untapped source of labor. There are many reasons why some people have come to be reliant on government subsidies. Many of which are legitimate reasons. Many of these people may not be able to be "*fully productive*". For example, this may be true of many people who are intellectually &/or developmentally disabled or who are otherwise disabled. Nonetheless, the cumulative production capacity of these individuals is substantial and underutilized.

While many of these people may never be able to completely eliminate their reliance upon Medicaid and other forms of state funded subsidies, many of them would be able, in varying degrees, to decrease their reliance. And, in so doing this would presumably decrease the associated costs borne by the taxpayers to provide these subsidies.

Employment is the one and the only way that people who have become reliant upon government subsidies can decrease their reliance in varying degrees. Employers control and provide employment opportunities. Employers pay taxes. A portion of the taxes that employers pay to the state of Kansas goes towards Medicaid and other important programs that help provide sustenance to those who need this type of help. These taxes are, in turn, redistributed as unearned income by the state to people who have become reliant upon these subsidies.

The Kansas Targeted Employment Act proposes that employers be incentivized with the "repurposing" of some of the taxes that they are already paying. The Kansas Targeted Employment Act proposes that employers who pay taxes should be incentivized to specifically target the hiring of people who have become reliant upon Medicaid &/or other state funded subsidies. In so doing, the tax paying employer would, in essence, be distributing money directly as earned income to people who have become reliant upon government subsidies that have been redistributed to them as unearned income.

Work is not a requirement of people who have become reliant upon Medicaid. The Kansas Targeted Employment Act does not require this of Medicaid recipients either. However, the Kansas Targeted Employment Act does increase the likelihood that people who have become reliant upon government subsidies will be able to find employment by incentivizing employers to specifically "target" them as prospective employees. To reiterate, employment is the one and the only way that people who have become reliant upon Medicaid &/or other state-funded subsidies can decrease their reliance in varying degrees in accordance to their abilities and their willingness to work.

HB 2219 represents a change in the way we move people from heavy reliance upon Medicaid and other state-funded subsidies to decreased reliance on these programs. It is an idea that has merit and deserves serious consideration.

Thank you for your consideration of this concept.