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Thursday February 3rd, 2022

Testimony in Support of HB 2219

Madam Chair Rene Erickson

Vice Chairman Sen. Mark Steffen

Honorable Chair and Distinguished Members of the Committee,

Thank you for the opportunity to provide testimony and for your consideration of HB 2219. This bill has the potential to increase work opportunities for many Kansans who have a strong desire to work but have had limited opportunities afforded to them. This bill also has the added benefit of creating workforce solutions for Kansas Companies in need, by incentivizing them to target their employment efforts towards individuals who are intellectually or developmentally disabled. Unemployment rates for this population have remained consistent and high, despite the fluctuation of unemployment rates of the general population. Many studies estimate that 70-90% of individuals with disabilities are unemployed.

In FY21 spending on Medicaid in Kansas was 4.4 billion which provided coverage for 461,090 Kansans. Individuals with intellectual and developmental disabilities account for up to 3% of the US population. Based on Kansas population in 2021, it is estimated that 87,900 of those Kansans experience I/DD, most of which are reliant upon Medicaid and other state funded subsidies for sustenance. It is estimated that close to half of those individuals are of working age (between 19-64) and many of them would like to work. Despite the desire, most of those individuals remain reliant upon Medicaid and other forms of government subsidies due to lack of opportunity for gainful employment.

Alongside this underemployed population, there is a major labor shortage across Kansas. As of December 2021, Kansas unemployment rate was 3.3%. A survey of Kansas Employers, conducted in October 2019, showed that job vacancies exceed the number of unemployed people in Kansas (56,000 job vacancies with 49,700 unemployed Kansans). With the increase in help wanted signs plastered across business windows throughout Kansas, I would postulate that number of job vacancies has grown in the past two years. So many businesses are already in a vulnerable, and

understaffed position and those barriers have been compounded by additional challenges due to the COVID-19 pandemic. During the pandemic, Kansas unemployment rates raised hitting a peak at 11.9% in April of 2020. Thankfully, our state is recovering well and as of December 2021, the Kansas unemployment rate has dropped back down to 3.3%. However, staffing conditions are still not stable and most Kansas businesses need more workers.

This committee just recently worked to pass an incentive bill to attract a large manufacturer to the state. While businesses will be motivated by the decreased tax rates, they also need to be assured that they will be able to recruit the workforce needed to keep their business operable. Passing this bill will provide support to businesses who employ individuals with disabilities without the concern for negative financial implications.

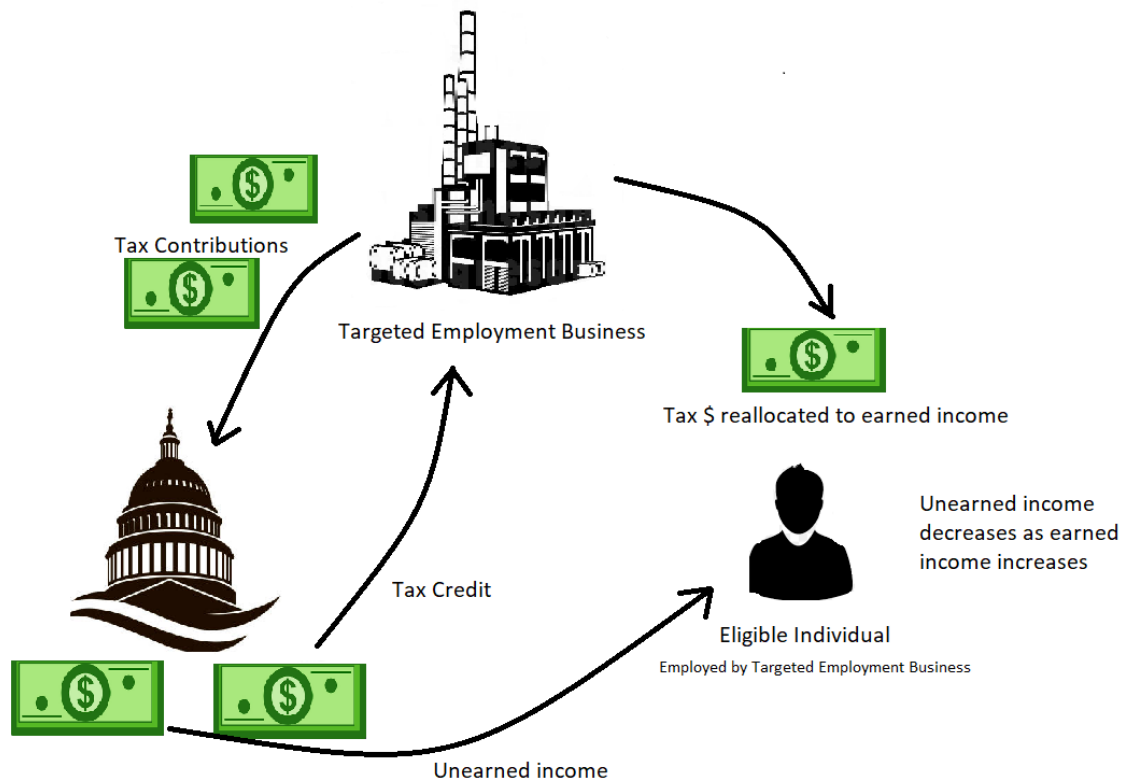
With current staffing shortages, workforce solutions are a conversation topic that consumes discussions across economic development communities in Kansas. The many individuals who are of working age and that also have I/DD represent an untapped source of labor. Many individuals with I/DD have significant barriers with their ability to produce at rates that are expected of most employers. Employers are motivated to find the most efficient and cost-effective labor in order to compete in the capital market. For this reason, those with limited and/or different abilities are often overlooked for employment opportunities. Nonetheless, the cumulative production capacity of these individuals is substantial and underutilized.

While many of these individuals may never be able to fully eliminate their reliance upon Medicaid and other forms of state funded subsidies, many of them would be able to, in varying degrees, decrease their reliance through employment. As individuals earn income through employment, the amount of unearned income they receive from State funded subsidies decreases. As such, targeting employment efforts towards this group of individuals would presumably decrease the cost associated with providing these subsidies to those individuals.

Employment is the only way that people who have become reliant on subsidies can decrease that reliance. Employers control and provide employment opportunities. Employers pay taxes and a portion of the taxes that employers pay to the State of Kansas goes towards funding Medicaid programs and state funded subsidy programs. Thus, these taxes are redistributed as unearned income by the State to people who have become reliant on these programs.

The Kansas Targeted Employment Act allows the employer to “reallocate” some of the taxes that they are already paying toward unearned income to provide opportunity for earned income to individuals with I/DD.

Visual representation of Targeted Employment Act Concept:



HB 2219 creates a way to improve the quality of life and fulfillment of people who are not currently afforded the opportunities for meaningful employment, while simultaneously providing a solution to labor shortages for many Kansas businesses. By motivating employers to tap into this labor source, this bill also helps Kansas companies to keep their production in this state (as opposed to outsourcing), thus retaining more tax dollars in our state.

Thank you for your time and consideration of this bill,

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