February 28, 2017

TO: Senate Ways and Means Committee
FROM: Pattie Knauff SHRM-SCP, SPHR
Vice President of Human Resources, KETCH
RE: SB 173 - Effects of Inadequate Reimbursement Rates on Recruiting and Retention of Direct Care Staff from the Human Resources perspective

I am writing in support of SB 173.

As the VP of HR at KETCH, my job is to locate and hire staff to keep our agency running. There are a lot of hurdles to jump before we can get one new Direct Support Professional in the door. The person must be **18 years of age**. They need to have a **stable work history**. We request their **KBI record**; they can't be on any **Abuse, Neglect or Exploitation registries** or **Offender Registries.** They have to pass a **drug screen**, and they can have **no drug convictions** because they'll be handling other people's medications. They have to be in **fairly good physical condition** if they're lifting, positioning, or moving individuals who are in wheelchairs, or possibly physically restraining people. They have to have a **valid driver's license** and a **good driving record**. All this for wages starting somewhere between $9.00 and $9.50 per hour.

The **cost to hire** one staff member has increased over the past 9 years and yet our reimbursement rates have not. The cost to run any kind of employment advertising, check the KBI, the driver's license check, and the drug screen have all increased, but the reimbursement rates have not.

An applicant might consider accepting lower wages if they feel the benefits are generous. Offering even **competitive benefits** to our employees is increasingly challenging. The cost to our agency for offering health insurance has increased over the past nine years. For example, in 2008 KETCH budgeted $355,800 for the fringe benefit line item that includes health insurance. The budget this year is expected to be over $600,000 for the same line item and that is after all the trimming and cutting-the-plans-to-the-bone that we can. In addition, we've had to reduce paid time off in an effort to help balance the budget and stay afloat without a rate increase. Decreases to benefits particularly affects retention of our long-term staff. Chipping away at benefits is de-motivating, demoralizing and a potentially deciding factor that will spark a job search. **We are doing as much as we can with the resources available.**

KETCH currently employs just over 250 staff members who have an average length of employment of 5.2 years. We have over 37 staff who are in our "10-Year Club" and two Direct Support Professionals who have provided more than 20 years of service.

Just like in Economics 101, if we look at the rules of supply and demand and then apply that to the labor market, the supply of workers willing to work for $8 will be less than those willing to work for $10, $12 or even $15/hour. The higher we are able to pay, the larger the supply of willing applicants we'll have. **When there is an excess of**

qualified workers in an area willing to work for lower pay, an employer might be able to *lag* the market, or pay lower than the point where demand meets supply. When we run an ad, and get two applicants, **it's clear we don't have an adequate number of people willing to work for the wages offered.**

Without consistent, adequate rate increases, we are placed at a competitive disadvantage for hiring competent, quality staff.