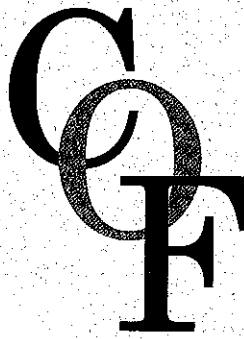


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**February 4<sup>th</sup>, 2019**

**Testimony in Support of HB 2416 before the Commerce Committee**

**Chairman Rep. Sean Tarwater**

**Vice Chairman Rep. Ken Corbet**

**Ranking Member Rep. Stan Frownfeltner**

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

Thank you for the opportunity to provide testimony and your consideration of HB 2416. This bill has the potential to increase employment opportunities for many Kansas citizens who have a strong desire to work but might have limited opportunities afforded to them. The bill also has the added benefit of creating workforce solutions for Kansas Companies in need, by incentivizing them to target individuals who are tax-subsidy-reliant (a generally underemployed population). This population includes a wide range of people including but not limited to: individuals with intellectual or developmental disabilities, individuals with physical impairments, individuals below the federal poverty line, individuals with mental health diagnoses, pregnant women, single income households/parents, and/or any individual who is reliant on tax-subsidies for sustenance.

In FY19 spending on Medicaid in Kansas was \$3.7 billion. This accounts for 21% of the state general fund spending in Kansas. In fiscal year 2019, 416,476 Kansans received Medicaid funding. This is just one state funded program in which some people rely on 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 19 and 64, 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. In FY 19 the 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 and 49,700 unemployed people). This can be easily seen across Kansas Communities by the "Help Wanted" signs posted in windows of most business in each community.

Due to this need, 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 legitimate reasons why some people have come to be reliant on government subsidies. 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 for those who are physically impaired. Employers in Kansas are motivated to find the most efficient and cost effective labor in order to compete for business. For this reason, those with different or limited abilities are often overlooked for employment opportunities. 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. In so doing, this would presumably decrease the associated costs borne by the taxpayers to provide these subsidies.

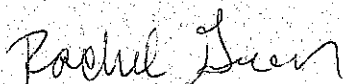
Employment is the one and the only way that people who have become reliant upon government subsidies can decrease their reliance in varying degrees. Employers control and provide employment opportunities. Employers pay taxes. A portion of the taxes that employers pay to the state of Kansas goes towards 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 this be accomplished by incentivizing employers to "reallocate" 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 tax-subsidies but many of those who are tax-subsidy-reliant want to work. The Kansas Targeted Employment Act does not require that these individuals work. 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.

HB 2416 creates a way that we can directly improve the quality of life and fulfillment of people who are not currently afforded the opportunities for meaningful employment, while simultaneously helping people move 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.



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