



TO: Senate Committee on Assessment and Taxation

FROM: Jaron Caffrey, Director of Workforce and Health Care Policy
Tara Mays, Vice President State Legislative Affairs

DATE: February 6, 2025

RE: Senate Bill 69 - Proponent

The Kansas Hospital Association appreciates the opportunity to provide comments regarding Senate Bill 69.

The Kansas Hospital Association's annual vacancy and turnover survey has indicated that the shortage of health care employees in Kansas in 2023 is nearly double what it was just four years prior (13% in 2023 compared to 7% in 2019). 70% of Kansas counties are currently classified as primary care Health Professions Shortage Areas (HPSAs). While health care professionals are needed everywhere, rural Kansas faces additional challenges in recruiting employees/families. Health care organizations are actively engaged in numerous efforts to improve recruitment and retention to mitigate the workforce challenges we face, but one key element that can be enhanced as a tool in the toolbox for rural hospitals and businesses across industries is reauthorizing and expanding the Rural Opportunity Zone program. That is why we are pleased to support Senate Bill 69.

This bill would extend the Rural Opportunity Zone Program through June 30, 2031. Kansas hospitals, and health care facilities overall, have been key users of the ROZ program since its inception. Approximately one-quarter of all ROZ sponsors have been health care organizations. We believe in the utility of the program and strongly support its extension for at least 5 more years.

In years past, although many health care organizations have used the ROZ program, several Kansas hospitals raised concerns to KHA regarding the usability of the ROZ program. This prompted KHA to gather feedback in 2022 from rural hospitals that had used the ROZ program in years past to identify opportunities for improvement. We shared this feedback with the Department of Commerce and Office of Rural Prosperity to help enhance the program by pursuing reforms such as adjusting the earned income limit, permitting student loan repayment assistance for vocational and other certificates, and supporting eligibility for recent graduates who are from a rural county and leave for college but may have an interest in returning to their home or other rural county.

Several of these positive changes to expand eligibility criteria have taken place to update the program outside of statutory changes and this has allowed hospitals to better use ROZ as an incentive tool to recruit temporary travel staff, medical students, and other front-line health care workers into their communities.

While progress has been made to modernize the ROZ program, we believe the program can be modernized even further by adding additional incentive tracks that individuals can consider selecting. The existing incentives of Student Loan Repayment Assistance and 100% State Income Tax Credit should be maintained, but it is important to recognize that some individuals may find more value in other incentive tracks, specifically Homebuyer Down Payment Assistance and Childcare Stipends.

We recommend that when the Committee works this bill, you amend the language to add two additional incentives:

1. Homebuyer Down Payment Assistance. This both helps support local housing markets and it increases the likelihood that a ROZ participant stays in the county when their commitment period ends.
2. Childcare Stipend. This helps support individuals and families who have children to be able to have an incentive that can overcome hurdles of securing childcare in their prospective rural community they look at moving into.

Both new incentives should provide dollar amounts that match the total dollar amounts available through the Student Loan Repayment Assistance incentive track of \$15,000.

This revamp builds upon efforts to expand eligibility which will enable more individuals to consider pursuing the ROZ program as an incentive to live, work, and raise a family in rural Kansas. Reauthorizing the program and reforming the incentive options will ensure the ROZ program is fit for purpose over the next several years to provide relevant incentives for individuals seeking to work for employers in Rural Opportunity Zones.

This is a step in the right direction to help build the supply of our workforce.

Thank you for your consideration of our comments.