

March 7, 2019

TO: Senator Carolyn McGinn, Chair Senate Ways and Means and Members of the Committees.
FR: Jerry Michaud, President/CEO, Developmental Services of Northwest Kansas, Inc. (DSNWK)
RE: Hearing on SB 210

Chairman McGinn, and members of the Committee,

My name is Jerry Michaud and I am the President of DSNWK, serving people with Intellectual and Developmental Disabilities (IDD) for over 50 years. Our service area covers the eighteen counties of northwest Kansas, serving about 500 individuals with about 350 staff members. We are a quasi-governmental employer, involved in the KPERS system since the 1990's. I am grateful for the opportunity to express my support of the KPERS changes contained in SB 210. In essence, the change creates a two year training period before identified employees in direct support type positions would become members of the KPERS system.

In our industry, providers are experiencing a workforce crisis. A primary factor, low wages - generally well below competitive levels, causes a higher prevalence of turnover. Low unemployment rates are another compounding factor. Our industry experiences average turnover rates around 50%. In some areas it can soar to 80% or more. The common costs associated with turnover include wages, for both employee and supervisor, specific curriculum and certification training costs, costs of background checks and a multitude of steps needed in the on-boarding process. As an example, recently a newly hired employee was forced to make a compromising decision between payroll withholdings for KPERS or for health insurance. This employee's 6% KPERS withholding, taken from his \$9 starting base wage, prevented him from affording to also have health insurance.

Open (or vacant) positions are another workforce challenge we face. When qualified employees with an interest apply (particularly those who have retired from Kansas schools, Counties, KDOT and other KPERS entities), KPERS employers like us face additional expenses. Having the ability to hire these individuals, as we would any other qualified employee coming to our door, would be helpful. Currently, added participation expenses are required of KPERS employers when rehiring KPERS retirees.

Central to SB 210 is the added ability for organizations like ours to minimize the revolving door effect by delaying KPERS eligibility, for those identified members who come and leave before completing their first two years of employment. For these future members, entry into the KPERS system is not denied, only instead delayed during the training period. The change is logical and prudent as these future KPERS members who pass this anniversary marker generally remain.