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TO: Carolyn McGinn, Chair, and Members of the Ways and Means Committee

FROM: Colin McKenney, CEO, Starkey, Inc.

RE: SB210

Good morning Madam Chair and Members of the Committee.

On behalf of Starkey, Inc., an organization in Wichita that has assisted people with intellectual and developmental disabilities since 1930, **I am providing this testimony in support of Senate Bill 210. I believe this bill will help us alleviate the workforce crisis affected providers of I/DD services have struggled with for more than a decade.**

Starkey was among a handful of community organizations that were determined to be quasi-governmental during the 1990s, due to the fact that we are almost entirely engaged in providing services to people with disabilities on behalf of the State. This designation allowed us the opportunity to become KPERS employers, and that helped elevate the status of jobs we had to offer that might otherwise not get the attention of some applicants.

Much has changed in the 23 years since organizations like Starkey joined the KPERS program. The required contributions for the employee and employer have increased substantially, and the KPERS retirement plan that is offered to new employees is quite a bit different than we offered back then. But, most significantly, **far fewer employees will stay with us more than a year or two.**

To provide a little more detail about the extraordinary level of turnover in our workforce, Starkey typically has between 350 and 360 employees on our payroll at any point in time. During 2018 we hired 153 individuals, and had 152 leave our employment. Our experience in 2017 was even worse, when we hired 187 and lost 186. **That equates to turning over roughly 53% of our workforce in a single year**. Most of that turnover relates to employees who have not even been with us long enough to become proficient at the jobs they were hired to do.

Turnover is obviously a problem for many reasons. Constantly recruiting, training and onboarding employees is expensive and exhausting. The consistency and quality of services we provide to some of the most vulnerable Kansans is also negatively affected. There is a huge process to complete background checks, perform physical capacity assessments, substance screens, and numerous other processes. **We also enroll every one of these employees into the KPERS retirement program, even though we know that the vast majority will not stay with us long enough to become vested.**

One of the files I inherited when I took over as CEO of Starkey seven years ago provided a history of concerns that were expressed by our organization's leadership about our ability to sustain our participation in the KPERS program long-term. **A decade ago our chief financial officer was worried about how we would fund $500,000 of KPERS expense in our FY 2010 budget.** She noted that it was a great benefit for employees, but came at a huge cost.

Since we are now able to look back over the past decade and see the trends of KPERS participation and cost, we can see that her concerns were well founded. **Starkey is on track to spend more than $1.1 million this year on the KPERS benefit, which does not include the 6% that our employees are required to pay from their paychecks**. I know a lot about the challenges we face to budget $1.1 million for KPERS retirement, but the challenges our newly hired employees face are no less daunting. Most of us would be hard-pressed to pay all of our bills if we started a job at $10 per hour. If 6% of that $10 is automatically deducted, we are only talking about $9.40 per hour before taxes, insurance and other required withholding. If $10 at Starkey is only $9.40, but it means $10 at nearly every other local employer, that often works against us when we are trying to hire and retain the best possible employees.

In the pay range we have to offer for these positions, most applicants don't come to us for a career opportunity. "Amy" is a nursing student, and found that she needs to work 20 - 25 hours per week to help pay her bills. Starkey was one of the job opportunities that caught her attention, along with others that pay about the same amount in retail businesses and local restaurants. She likes the idea of helping to care for people with disabilities, as that is something that will tie back to her chosen career. Unfortunately Starkey is the only part-time job option she explored that would automatically hold back 6% of her pay beginning with her very first day of employment. **She understands that the amount that was withheld from her paycheck will be returned when she graduates and starts her nursing career, but she really needs those dollars to help her get by now, and not later when she will be making a better living as a nurse.**

When we approached Mr. Conroy and his team members with our concerns about the sustainability of our participation in the KPERS program and the effect it has had on our recruitment, I really did not know how they might respond. I am so grateful that they had spent some time thinking about the challenges that our organization and others that do this type of work face, and had a concept to suggest that could help. Their idea to implement a trainee status for employees that work directly with individuals we serve quickly turned into in SB210, and offers us the potential to make some progress with the workforce crisis we have faced over the past decade.

The benefits of SB210 for our organization would include:

1. During the two-year trainee period, employees in covered positions would not be KPERS members, and would not have 6% of their pay automatically deducted.
2. Employees who do stay with us beyond their second work anniversary are far more likely to continue with us, and a retirement program would mean more.
3. We would not be going through the process of enrolling hundreds of employees into the KPERS system who never become vested, and KPERS would not have to account for them and go through the process of refunding their contributions.
4. Savings that result from not contributing to KPERS during this period of time would be available to help us make our wages and benefits more competitive.

Even if SB210 ultimately becomes law, our KPERS retirement program will remain the third-highest expenditure category in our budget. That will continue to be one of the challenges we face each year as we build our budget, but this change will help us make progress on our workforce crisis while still offering a quality retirement benefit for eligible employees who do make serving Kansans with intellectual and developmental disabilities their career choice.