

## **Proponent Testimony**

**HB 2237 - concerning state agencies; relating to the employee award and recognition program; authorizing hiring, recruitment and retention bonuses; increasing the limitation on such award or bonus to \$10,000**

### **House Appropriations Committee**

**Thursday, February 27, 2025**

Chairman Waymaster and Members of the Committee,

Thank you for allowing the Kansas Department for Aging and Disability Services and the State Hospitals to provide proponent testimony for HB 2237. HB 2237 would make changes in the state employee award and recognition program. The changes increase the total amount an employee could receive from \$3,500 to \$10,000 in a state fiscal year and allow agencies to award bonuses for additional reasons including hiring, recruitment, and retention bonuses.

HB 2237 would put in statute many of the flexibilities granted to State Hospitals to award bonuses in place for Fiscal Year 2025 via budget proviso. Under current law, state employees can only receive a bonus through the employee recognition program, which includes recognition for distinguished accomplishment, meritorious service, innovation or length of service. All of these are awards for service or activities an employee completed in the past. The statute also limits the total an employee can receive to \$3,500 per state fiscal year. As part of the COVID-19 response, state hospitals used the existing bonus program to acknowledge staff that worked exceptional amounts of hours or in difficult conditions including responding to isolation and quarantine protocols. We would have liked to have been able to use the existing bonus statute to recruit new employees through sign on payments or referral bonuses, however the recognition program statute specifically prohibited those purposes. There were also limits on using the recognition program to encourage employees to take on additional shifts or overtime since those bonuses would have recognized a future action. In the healthcare sector, it is common practice to offer bonuses for taking on additional shifts or overtime which makes it more difficult for State Hospitals that are already facing staffing challenges to compete.

Last Legislative Session, the House Appropriations Committee appointed a Subcommittee to study the state hospital use of contract staffing to fill coverage gaps and workforce issues across the healthcare system. The Subcommittee heard from the state hospitals and other healthcare entities that employed contract staffing, including nursing homes and community hospitals. The discussion included how to incentivize to recruit and retain workforce. The Subcommittee's recommendations were included in 2024 HB 2551 (Section 40(e)) that authorized KDADS to work with the Office of Personnel Services to develop a bonus program to improve hiring, recruiting, and retention of state hospital employees. The total amount of the bonuses could not exceed \$10,000 per employee during FY 2025. The Office of Personnel Services created payroll codes for KDADS to award and track bonuses to promote filling positions and incentivizing state employees to recruit and volunteer for additional shifts. These bonuses started on July 21, 2024.

The bonuses included the following components:

- **Sign-On Bonus**
  - A one-time \$1,000 payment to any new staff after they have been employed for 90 days with no formal discipline. This is not for transfer positions or temporary employees.
- **Referral Bonus**
  - \$500 payment to any current employee each time they refer a new employee for a full time benefits eligible position once the new employee has been employed for 6 months. Upon being hired, the new employee must identify one current employee that referred them to the facility to receive the bonus.
- **Retention Bonus**
  - \$2,000 bonus paid to all full-time employees in increments. The first \$1,000 would be paid after 6 consecutive months of employment with no formal discipline during that time period and performance that meets expectations for the previous 6 months. The second \$1,000 would be paid after 12 months of employment with no formal discipline for the previous 6 months and a current performance review of at least meets expectations.
- **Pick-Up Shift Bonus**
  - \$100 bonus paid to an employee for each hard to cover shift an employee volunteers for directly related to patient care i.e., nursing and direct care. One shift can be evenly split between 2 different staff, in this instance each staff would receive a bonus of \$50. This would be for weekend, evening, overnight and holiday shifts per the discretion of the Superintendent. This would be for any employee that picks up an extra shift, only if that employee has already worked their regularly scheduled shifts. If a staff has called in for a regularly scheduled shift, they will not receive the bonus for working the pick-up shift. The weekly maximum for pick up shifts are based on regularly scheduled shifts: 8-hour shifts = 5 shifts, 10-hour shifts = 4 shifts, 12-hour shift = 3 shifts.
- **Longevity Bonus (Unclassified Staff)**
  - Up to \$1,000 one-time for long term staff members. Long-term is defined as unclassified and classified staff who have been employed with the state facility for 10 or more years who currently do not get a longevity bonus. Long term staff will receive \$40 for every year they have been employed at the state hospital, up to 25 years. An unclassified staff employed for 10 years will receive \$400, an unclassified staff that has been employed for 25+ years will receive \$1,000.

These bonuses have improved the retention of employees at the state hospitals, encouraged applications, and coverage of vital shifts through times of staffing challenges. There are some specific examples from Larned and Osawatomie State Hospitals that are directly related to the bonus flexibility.

## **Larned State Hospital**

Through Fiscal Year 2024, LSH has made progress in recruiting using the bonuses, but continues to use contract nursing staff to provide direct patient care every shift to provide adequate coverage to safely manage violent sexual predators, highly aggressive district court referrals, extremely aggressive and high-risk security behavior patients, increased medically infirmed, as well as special needs patients/residents.

The vacancy rates for nursing positions are still high. For example, the Registered Nurse (RN) vacancy rate is 65.3%, Licensed Practical Nurse (LPN)/Licensed Mental Health Technician (LMHT) is 69.7%, and Mental Health/Developmental Disability Tech (MHDD) is 44.5% (as of February 25, 2025).

Larned State Hospital (LSH) has engaged in a wide range of recruiting efforts including using social platforms including Facebook, Indeed, LinkedIn, Instagram, Digital Advertising and YouTube for advertising, recruiting, and posting of announcements, events, and recognition. LSH also has a cooperative effort with the Larned community through larnedcares.com and the “Be the One” brand in all recruiting endeavors.

With the new flexibility in bonus offerings in July 2024, LSH initiated several different bonuses to increase recruitment and retention including, Sign-on, Referral, Retention, Pick-Up Shift and Longevity bonuses. From July 2024 to December 2024 the LSH overall vacancy rate has decreased from 45.3% to 36%. A total of 17 employees have received referral bonuses for linking individuals to LSH for employment with additional referral bonuses pending based on referred employee being with LSH at least 6 months.

The pick-up shift bonuses have added an alternative for state staff to receive additional pay while reducing contractor overtime costs. LSH assigned pick up shift bonuses to shifts that are challenging to fill such as 2<sup>nd</sup> (evening) shift, 3<sup>rd</sup> (night) shift, or weekend coverage. Data gathered thus far has shown an increase in staff willingness to volunteer for these hard to fill shifts as they can earn additional income through the bonus program. Reports from state staff are that the pick-up shift bonuses have allowed greater flexibility in planning for overtime rather than being mandated for required overtime. Around 482 state employees also received a retention bonus in December 2024 for their commitment to LSH. Numerous leadership members reported positivity and appreciation from staff during this time period for acknowledgement of their efforts to support LSH.

### **Osawatomie State Hospital**

In June 2024, Osawatomie State Hospital (OSH) initiated several different bonuses to increase recruitment and retention including, Sign on, Referral, Retention, Pick-Up shift and Longevity bonuses. From July 2024 to December 2024 our Vacancy rate has decreased from 39% to 32.6%.

At OSH, the bonuses have decreased the amount of contract nurse staffing. Before the bonuses, weekly average amount for contract nursing prior to implementation of bonuses was approximately \$355,000. After the bonuses were implemented, the weekly average for past month for contract nursing decreased to \$277,000. The number of contract nursing staff has decreased from an average of 103 prior to July 2024 to 82 in December 2024.

The bonuses have also given nurse leadership some opportunities to try different staffing optimization strategies. This included implementing predictive staffing models to anticipate patient volume and adjust staffing levels accordingly and monitoring contract staffing shifts across units and multiple levels of checks to validate staffing levels before contract staff are authorized a shift.

Thank you for the opportunity to provide testimony on HB 2237. We are happy to stand for questions at the appropriate time.

Respectfully,

Dr. Mike Dixon, State Hospital Commissioner  
Ashley Byram, Superintendent, Osawatomie State Hospital  
Dr. Lindsey Dinkel, Superintendent, Larned State Hospital