

Testimony
House Bill No. 1244
House Finance and Taxation Committee
Representative Craig Headland, Chairman
January 23, 2023

Chairman Headland and members of the House Finance and Taxation Committee. I am Cheryl Anderson, Program Administrator for the Department of Health and Human Services, Vocational Rehabilitation Section (VR). The Department supports House Bill 1244. I would like to highlight and clarify a few points in the Bill.

The individuals who qualify for the tax credit would receive either supported employment or customized employment to become employed at or above minimum wage. Supported employment matches the individual's abilities to obtain open, advertised positions in the community. In other words, in supported employment situations, the person fits the job; for example: Walmart advertises for a stock clerk, and the individual is hired to perform all aspects of the position.

Customized employment identifies the individual's abilities and matches them with the unmet employment needs of the business. In other words, the job is customized to fit the individual; the job duties are negotiated with the employer and a customized job description is created based on the employer's needs. To see the difference between supported and customized employment, consider the following example: A restaurant has a prep cook who performs duties such as making cheese sticks, preparing all the appetizers listed on the menu and cleaning the pre-cook workstation. The owner hires an individual through customized employment to make the cheese sticks during their shift which allows the prep cook to take on additional duties.

In the last legislative session, House Bill 1405 created an

opportunity for up to 100 individuals to obtain certified employment that allowed the employer to qualify for the tax credit. Because House Bill 1244 includes supported employment as an eligible activity, the Vocational Rehabilitation team believes that there would be potential to utilize all available certifications.

In 2021, Vocational Rehabilitation served 318 individuals through supported and customized employment services with 49 becoming employed and working up to their abilities in either full or part time, permanent positions. In 2022, VR served 340 individuals through supported and customized employment services with 73 becoming employed. 122 individuals became employed over the past two years through the supported employment program. Historically VR averages around 75 successful supported employment placements each year.

Customized Employment has proven to be a successful program for individuals with the most significant disabilities. For example, Jane Smith joined a production crew in 2008. Although change can bring about fear and anxiety, this did not stop Jane from taking a chance and moving forward with gaining competitive integrated employment. In January of 2016, Jane gained employment at a local retailer. She went from earning \$2.39 an hour to \$9.00 an hour. Initially, Jane was hired to be a greeter and prepare shoes for shipment, but after consistently carrying out these two assignments successfully, she was introduced to sales. She remembers being told that she would never be able to do the things that she wanted because of her disability, but since then she has grown and has become an active part of her community. Jane now serves on the Board of Directors of an organization that she is passionate about, has been asked to be in TV commercials, and is supporting another project on Disability Awareness. Jane has made great progress and now has the mindset that anything is possible

so long as she tries. In August of 2019, Jane transitioned to a new position serving as a cashier in the cafeteria of a local university. She earns \$10.00 an hour and works between 20-24 hours a week. Being able to go to college has been a long-time goal and now with this employment opportunity, that is a real possibility.

Subsection 5 of section 57-38-01.16 indicates that "No more than two hundred employees may be certified as qualifying under this section." As an entity that would likely be involved in helping connect employees and employers through the tax credit authorized in the Bill, the Department respectfully requests clarification regarding intent, specifically if the number of certified employment arrangements is 200 per year or per biennium.

The Department believes House Bill 1244 would continue the win-win situation for both the employee and the employer and be a helpful tool for workforce development. The individual will be given the opportunity to become employed in their community, earn their own income, and become a taxpayer. The employer has an incentive to give the individual a chance and in return may find a valuable and loyal employee, while helping meet their labor needs and developing a more diverse workforce.

Thank you. I would be happy to answer any questions you may have.