

Approved AW Douville 3-7-88
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Arthur Douville at
Chairperson

9:06 a.m./~~p.m.~~ on February 23, 1988 in room 526-S of the Capitol.

All members were present except:

Representative Cribbs - Excused
Representative O'Neal - Excused

Committee staff present:

Jerry Ann Donaldson, Kansas Department of Legislative Research
Jim Wilson, Revisor of Statutes' Office
Juel Bennewitz, Secretary to the Committee

Conferees appearing before the committee:

Representative Anthony Hensley
Wayne Maichel, AFL-CIO
Ron Calbert, United Transportation Union

Representative Hensley spoke in support of committee bill, H.B. 2960, to raise the Kansas minimum wage from \$1.60 per hour to \$2.65 per hour. He submitted a report from the Public Assistance Coalition of Kansas called Lifeline with an attached "Fact Sheet About Poverty in Kansas", attachment #1. Attachment #2, Kansas Survival Budget, was provided Representative Hensley by the Kansas Department of Legislative Research. He noted that on this budget, a family of three would receive \$4,524.00 per year exclusive of other assistance programs such as food stamps or LIEAP benefits. At the current Kansas minimum wage, a person would receive \$1,200.00 less than receiving AFDC. If the minimum wage were raised to \$2.65 per hour x 40 hours per week, this same person would receive \$5,512.00 annually (minus other benefits previously mentioned). This would at least raise the income above what would be received on AFDC and Representative Hensley asserts there would be more incentive to work rather than draw AFDC assistance.

Attachment #3 is a reprint from the Washington Post regarding the federal minimum wage. Representative Hensley used this article regarding the federal minimum wage as an example, stating his feeling Kansans would surely support raising the state minimum wage. When asked to whom this applies, he referred to a memo from Jerry Powell, Employment Relations Administrator, dated February, 1984, (see attachment #2, March 5, 1987) and stated that according to Dennis Taylor, Secretary, Department of Human Resources, the information contained in that memo is still valid. The type enterprise needing to pay Kansas minimum wage would be an independent retail or service establishment that does not reach the federal threshold of \$362,500.00 annual gross volume sales or is not controlled by interstate commerce. This would include such businesses as: a neighborhood hardware store, grocery, liquor store, gas station, repair shop, residential landscaping firm, a local restaurant or cafe or a small department store. He concluded by strongly advocating raising the state minimum wage to favorably enhance Kansas' image.

The chairman shared a concern expressed to him by others - that this bill is a vehicle for reintroducing the prevailing wage to the legislature - and asked for Representative Hensley's thoughts. The response was he had no such intention, felt the prevailing wage would not apply to that statute and any such amendment would be ruled as not germane.

In Missouri bills have been introduced in both houses to raise the minimum wage. The senate bill proposes raising it to \$4.25 per hour by 1/1/89, \$4.60 1/1/90 and \$5.00 by 1/1/91.

Representative Buehler stated the existence of other criteria, in addition to the earlier stated monetary threshold, placing an employer under federal law. Further, the federal government can interpret interstate commerce to be many things. He stated knowledge of "mom and pop" slaughter houses put under federal law because the animal hides, sold to another party, were sold into interstate commerce. In the opinion of the

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry,
room 526-S, Statehouse, at 9:06 a.m./~~p.m.~~ on February 23, 1988

representative, the bill, if passed, will fuel inflation because it is the consumer who ultimately pays for it.

In answer to Representative Mead, Representative Hensley revealed the \$2.65 figure was an arbitrary figure concurred on in discussion between the chairman and the ranking minority member as a starting point for the committee's consideration. It is a medium figure as compared to other states, nine of which do not have a minimum wage law and allow the federal minimum wage as their standard. Ohio is the only state with lower a lower minimum wage than Kansas. It has two categories:

1. \$1.50 per hour for employers having less than \$150,000.00 gross annual retail sales.
2. \$2.30 per hour for employers having gross annual sales exceeding \$150,000.00.

Wayne Maichel, representing the AFL-CIO, spoke in support of H.B. 2960 saying it falls far short for the standard needed for a family of four in this country. He referred to the bill before the Congress which would raise the federal minimum wage and noted in the 6-7 times it has been raised since 1935 inflation and unemployment have not resulted. He reiterated support for the bill but also the preference for raising the minimum wage to the federal level.

Ron Calbert, United Transportation Union, reaffirmed Mr. Maichel's position on the bill.

Chairman Douville referred to the National Conference of State Legislatures (see minutes of January 28, 1988). This was an issue discussed at that meeting. Concern was expressed whether this would trim the youth employment force used in enterprises such as food restaurants. The consensus was employment was not reduced. Though a wage which would everyone above the poverty level would be the most desirable, the \$2.65 per hour seemed to be a figure that could be agreed on this session. It is felt this figure would not translate into an inflationary standard as not a significant number of employees would be affected.

Representative Whiteman moved to report H.B. 2960 favorably for passage. Representative Green seconded the motion which appeared to carry on a voice vote. Division was called for and recorded as 14-3 in favor of passage. Representative Sifers requested to be recorded as voting no.

The meeting was adjourned at 9:34 a.m. Next meeting of the committee will be February 25, 1988, 9:00 a.m., Room 526-S.

HOUSE COMMITTEE ON
LABOR AND INDUSTRY

Guest List

Date February 23, 1988

<u>Name</u>	<u>City</u>	<u>Representing</u>
Wayne Marches	Topeka	Ks. AFL-CIO
Kenn Robertson	Topeka	Ks Lodging Ass.
Jim McHaff	Topeka	ICS AFL-CIO
Pat Whibbilly	Topeka	Kansas RLB Ass.
Henry M. Helser	Wichita	KC AFL-CIO
Rob Hodges	Topeka	KCCI
Ron Calvert	Newton	United Insurance Union
Rich DAME	HOISINGTON	B. L. E.
Ken Baker	Topeka	KEMB
Jacques Dakes	Topeka	KC Chamber

FACT SHEET ABOUT POVERTY IN KANSAS

According to a study recently released by the Institute for Research on Poverty at the University of Wisconsin, the official poverty rate in Kansas increased from 8.3 percent in 1979 to 13.8 percent in 1985. Kansas has the seventh highest rate of increase in poverty in the United States during the 1980s. There are now approximately 338,000 Kansans living below the poverty line. Many more are "near poor" and having difficulty making ends meet. Farmers and rural residents have been placed under particular financial stress in recent years. Nationally, the poverty rate on the farm in 1986 was 19.6 percent as compared to 13.4 percent in the general population.

Increasing numbers of poor people in Kansas are working. The minimum wage has been at \$3.35 per hour since January 1, 1981. Living costs meanwhile have risen 27 percent. A full-time worker, at minimum wage, earns \$6,968.00 per year. This is below the official poverty threshold for a family of two (\$7,400) and only 75 percent of the poverty threshold for a family of three.

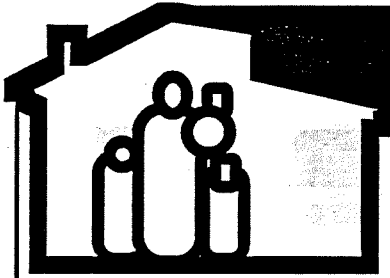
There are increasingly large numbers of people in "near poverty" categories. Approximately 50 percent of the new jobs created in the United States in the past ten years have been service sector jobs at or below minimum wage. Nearly three-fifths of the eight million new jobs created between 1979 and 1984 in the United States paid less than \$7,000 per year. Most of the new jobs in Kansas have been and will be in the low paying service sector.

Many poor families do not have health care coverage. In 1986 nearly one-third of all poor families in the United States did not have health insurance coverage. Medicaid, the health insurance program for the poor, only covers 42 percent of all poor families. In Kansas, General Assistance recipients receive medical care through MediKan, a program funded totally by the state.

The vast majority (approximately 75 percent) of those officially unemployed in Kansas do not receive unemployment benefits. Half of the people receiving General Assistance in Kansas, despite a history of full-time work, have never received unemployment benefits.

Emergency service providers of all kinds in all parts of Kansas have experienced unprecedented increases in demand for their services during the past year. Health care needs in particular are going unmet because of the small percentage of emergency care providers who offer health care services.

The Kansas legislature has adopted a minimum survival budget that is only approximately 85 percent of the official poverty threshold established by the Department of Health and Human Services. The monthly cash assistance provided through Aid to Families with Dependent Children (AFDC) to a family of three in Kansas amounts to 44 percent of the poverty threshold. The average Unrestricted General Assistance (GAU) grant in Kansas for a three person family is only 33 percent of the federal poverty income guideline.



The working poor

Four survival strategies for a family of four with one salary

Figure \$5.25 an hour X 2,080 hours = \$10,920 annual gross or \$910 monthly gross, take home about \$810

Monthly Expenses	No conditions	Subsidized housing (30% of adjusted income)	Old car from friend	Subsidized housing, old car, free child-care
Housing	\$300	\$180	\$300	\$180
Utilities	\$100-\$150	\$100-\$150	\$100-\$150	\$100-\$150
Telephone	\$18	\$18	\$18	\$18
Food, household supplies	\$250	\$250	\$250	\$250
Car payment	\$200	\$200	\$50	\$50
Car tags & tax	\$20	\$20	\$5	\$5
Car insurance	\$20	\$20	\$15	\$15
Gasoline & oil	\$40	\$40	\$50	\$50
Car maintenance	0	0	\$50	\$50
School fees, books	\$10	\$10	\$10	\$10
School lunches (2 children, cut rate)	\$35	\$35	\$35	\$35
Clothes, shoes	\$30-\$50	\$30-\$50	\$30-\$50	\$30-\$50
Church, charity	0	0	0	0
Entertainment, eating out	0	0	0	0
Cable TV	\$15	\$15	\$15	\$15
Medical (no insurance)	\$50	\$50	\$50	\$50
Miscellaneous (vacation, school events, etc.)	0	0	0	0
Total	\$1,088	\$968	\$978	\$843
With childcare (before/after school)	\$120	\$120	\$120	
Subtotal	\$1,208	\$1,088	\$1,098	\$843
Actual income	\$810	\$810	\$810	\$810
Monthly deficit	\$398	\$278	\$288	\$33

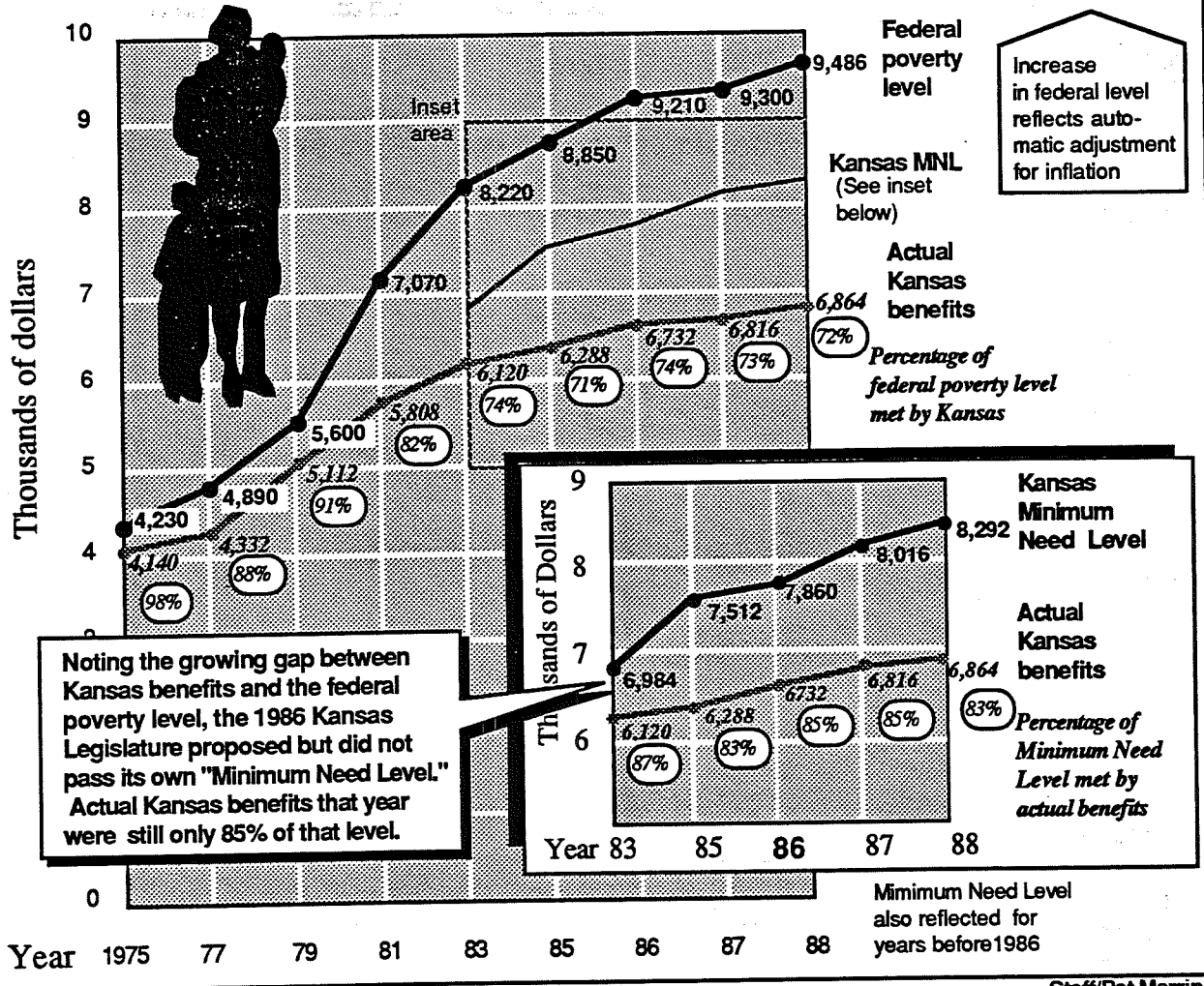
Source: Karen Hiller, Topeka Housing Information Center and Consumer Credit Counseling Service

Staff/Pat Marrin

HOUSE LABOR & INDUSTRY
Attachment #1
02/23/88

Tracking the gap between Kansas assistance and federal and state minimums

Annual assistance for single parent/two children family with no other income



Noting the growing gap between Kansas benefits and the federal poverty level, the 1986 Kansas Legislature proposed but did not pass its own "Minimum Need Level." Actual Kansas benefits that year were still only 85% of that level.

Source: SRS

Staff/Pat Marrin

second or third week of a month. The Subcommittee strongly recommends that the Department of Health and Environment refrain from imposing regulations on charitable programs serving free food to needy persons.

The House and Senate Ways and Means Committees previously established a minimum maintenance budget for a three-person household, which it thought applicable to Kansans. During FY 1986 that minimum is \$655, of which \$574 (87.6 percent) is met by various forms of assistance. The Subcommittee has reviewed and updated that minimum survival budget, as reflected below.

KANSAS SURVIVAL BUDGET

FY 1987

	<u>FY</u> <u>1986</u>	<u>FY</u> <u>1987</u>	<u>%</u> <u>Incr.</u>	<u>Annual</u>
Rent	200	200	0.0%	2,400
Food*	270	269	-0.5	3,222
Utilities	75	82	9.3	984
Phone	10	12	20.0	144
Transportation	50	50	0.0	600
Clothing	20	25	25.0	300
Miscellaneous	30	30	0.0	360
Total Standard of Need	<u>655</u>	<u>668</u>	<u>1.9%</u>	<u>8,010</u>
<u>Sources of Income</u>				
AFDC Grants	368	379	3.0%	4,548
Food Stamps	178	182	2.0	2,184
LIEAP Funds	18	18	0.0	216
Housing Subsidy	10	10	0.0	120
Total Sources	<u>574</u>	<u>589</u>	<u>2.6%</u>	<u>7,068</u>

* Exemption of the sales tax (4 percent) on food purchased with food stamps is presumed for FY 1987.

The Subcommittee is recommending a 3 percent increase in cash grants to AFDC and Unrestricted General Assistance clients. This increase, combined with exemption of food purchased with Food Stamps, results in meeting approximately 88.2 percent of the minimum survival budget during FY 1987. The Subcommittee continues to recommend that the income level be gradually increased to meet this minimum survival budget.

The monthly deficit of \$79 per household in FY 1987 results in annual unmet needs of \$21.5 million, when applied to

HISTORY OF KANSAS PUBLIC ASSISTANCE BENEFITS COMPARED TO POVERTY LEVELS
FISCAL YEARS 1975 - 1988

	HH Size	Monthly ADC Grant	Monthly Winter LIEAP Benefit	Monthly Food Stamp Benefit	Total Monthly Benefits	Federal Poverty Level	Monthly-Annual	Total Benefits As a % of Poverty Level	Kansas * Minimum Need Level	Monthly-Annual	Total Benefits As a % of MNL
1975	1	157	----	38	195	215	2,590	90%			
	3	263	----	76	345	352	4,230	98%			
	5	329	----	108	437	489	5,870	89%			
1977	1	162	----	44	206	247	2,970	83%			
	3	273	----	82	361	407	4,890	88%			
	5	364	----	112	476	567	6,810	83%			
1979	1	200	----	49	249	283	3,400	87%			
	3	310	----	116	426	466	5,500	91%			
	5	390	----	162	552	650	7,800	84%			
1981	1	210	11	67	288	359	4,310	80%			
	3	328	11	145	484	589	7,070	82%			
	5	415	11	209	635	819	9,830	77%			
1983	1	216	15	70	301	405	4,860	74%	344	4,138	87%
	3	338	15	157	510	685	8,220	74%	582	6,984	87%
	5	427	15	231	673	965	11,580	69%	820	9,840	82%
1985	1	222	18	73	313	438	5,250	71%	371	4,452	84%
	3	347	18	159	524	738	8,850	71%	626	7,512	83%
	5	439	18	233	690	1,038	12,450	66%	881	10,572	78%
1986**	1	230	18	79	327	446	5,360	73%	388	4,656	84%
	3	371	18	172	561	760	9,120	74%	655	7,860	85%
	5	479	18	250	747	1,073	12,880	70%	921	11,052	81%
1987	1	232	16	81	329	458	5,500	72%	395	4,740	83%
	3	377	16	175	568	775	9,300	73%	668	8,016	85%
	5	489	16	249	754	1,091	13,100	69%	939	11,268	80%
1988 Non-Shared Living	1	234	16	81	331	467	5,610	71%	408	4,896	81%
	3	383	16	173	572	790	9,486	72%	691	8,292	83%
	5	499	16	246	761	1,113	13,362	68%	971	11,652	78%
1988 Shared Living	1	168	16	81	265	467	5,610	56%	408	4,896	64%
	3	339	16	186	541	790	9,486	68%	691	8,292	78%
	5	466	16	256	738	1,113	13,362	66%	971	11,652	76%

These grant amounts are for families with no other income.
 *The Kansas Minimum Need Level as established by the House and Ways Means Committee for FY-86 and adjusted annually according to the inflation factor determined by the Kansas Consensus Revenue Estimating Group.
 **Estimates from previous report revised to reflect actual 1986 levels.

WHAT AMER

Most People Think It's Time To Raise the Minimum Wage

Support for the idea cuts across major population groups

By Kenneth E. John
Washington Post Staff Writer

Three in four Americans favor a proposal to raise the minimum wage from \$3.35 an hour to \$4.65 an hour over a three-year period, a recent Gallup Poll has found.

Large majorities of all major population groups said the minimum wage should be increased, but support was strongest among Democrats, blacks, young people, women, labor-union households and unskilled workers.

House and Senate Democratic leaders introduced legislation in late March to raise the minimum wage to \$3.85 an hour as of Jan. 1, 1988, to \$4.25 an hour in 1989 and to \$4.65 an hour in 1990. The minimum wage would be indexed in future years at 50 percent of the average private hourly wage, as determined by the Labor Department's Bureau of Labor Statistics.

The bill was introduced by Senate Labor and Human Resources Committee Chairman Edward M. Kennedy of Massachusetts and House Education and Labor Committee Chairman Augustus F. Hawkins of California.

The poll introduced the subject with this explanation:

"As you may know, a bill has been introduced in Congress that would gradually raise the minimum wage from the present \$3.35 per hour to \$4.65 per hour over the next few years. Those in favor of the proposal point out that the minimum wage has not been increased since 1981 while consumer prices have gone up by about 20 percent. Those opposed say that increasing the cost of labor would lead to fewer jobs, higher unemployment and higher inflation."

Asked to consider these arguments, 77 percent supported the proposal and 20 percent were opposed; 3 percent had no opinion.

Partisan differences on the question were relatively modest, with 84 percent of Democrats, 66 percent of Republicans and 78 percent of independents favoring the proposal.

Other groups most likely to favor the wage increase included blacks (92 percent), unskilled workers (86 percent), labor-union households (83 percent), women (82 percent) and those between 18 and 29 years old (82 percent).

Support was lowest among college graduates, but 64 percent of them favored the proposal.

Findings were based on interviews with 1,571 people between April 10 and 13. The margin of sampling error was plus or minus three percentage points.

Where the Money Is

Two-thirds of the total net worth of all American families is owned by the richest 10 percent, according to surveys of consumer finances conducted by the University of Michigan's Institute for Social Research.

The wealthiest 10 percent of all families owned 90 percent of the value of corporate stock, 95 percent of bonds and about half of the value of all real estate.

The richest one-half of one percent

(400,000 households) owned 27 percent of the total net worth of all American households, including 40 percent of corporate stock and 14 percent of all real estate, according to the report.

Figures were based on 1983 surveys in which volunteers were recruited by the Internal Revenue Service. The IRS informed respondents about the study and requested permission to allow researchers to contact them.

Tackling SMU

A majority of Texans think that the penalties against Southern Methodist University for football recruiting violations were about right or too lenient, a recent Texas Poll has found.

The National Collegiate Athletic Association has suspended the SMU football program for 1987 and imposed limits for the following football season. SMU will not play football in 1988, according to school officials.

The poll asked: "Because of a series of football recruiting violations, the NCAA has punished Southern Methodist University by, among other things, prohibiting them from playing any games next season. Do you agree with the punishment or do you think it was too lenient or too harsh?"

Forty-nine percent said they agreed with the NCAA punishment and 5 percent said it was too lenient, while 39 percent said it was too harsh; 9 percent expressed no opinion.

Majorities of Methodists, college graduates and people living in SMU's home region of North Texas approved of the SMU punishment, saying it is about right.

Findings were based on 1,082 telephone interviews conducted April 11-25 by the Public Policy Resources Laboratory at Texas A&M University. The margin of sampling error was plus or minus three percentage points.

Constitutional Tinkering

More than four in 10 Americans think the U.S. Constitution needs basic changes, but only two in 10 favor the idea of a constitutional convention, according to a Newsweek Poll conducted by Gallup.

Fifty-three percent agreed that the Constitution is "still basically sound and meets the needs of our country," while 44 percent said it needs "some basic changes or amendments."

Twenty-one percent said that "we need a national convention to make basic changes or amendments to the Constitution. Seventy-two percent said a constitutional convention might make too many changes and "leave things worse than before."

On another question, 73 percent said that the separation of powers between the three branches of government is "a good idea" to keep any branch from becoming too powerful.

The poll taken May 6-7 was based on 812 telephone interviews and had a four point margin of sampling error.