

Approved: January 31, 2000
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 28, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Ann Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:

Senator Donald E. Biggs
Bill Layes, Kansas Department of Human Resources
Rick Beyer, Secretary, Kansas Department of Human Resources
Brenda Eldridge, Kansas Association of Centers for Independent Living
Terry Leatherman, Kansas Chamber of Commerce and Industry
Sister Therese Bangert, Kansas Catholic Conference
Mary Becker, Kansans Respond

Others attending: See attached list

SB 265 - Increasing minimum wage to \$5 an hour

Senator Donald E. Biggs, testified in support of **SB 265** which increases the Kansas minimum wage from the current \$2.65 per hour to \$5 per hour. The minimum wage was last increased in Kansas in 1988 raising the wage from \$1.60 to \$2.65 per hour. Sen. Biggs stated there are ten states that have increased their minimum wage above the federal level of \$5.15; twenty-seven states have tied their minimum wage to the federal level; four states are below the federal level, including Kansas; and there are seven states with no minimum wage. Kansas has the second lowest state minimum wage in the country which is damaging to our image, particularly at this time when Kansas has experienced a strong economy with unemployment at a 22 year low of 3%. (Attachment 1)

Bill Layes, Chief of Labor Market Information Services, Kansas Department of Human Resources, stated the Kansas minimum wage was first adopted in 1978 and set at \$1.60 per hour and increased in 1988 to \$2.65 an hour, its current level. The current federal minimum wage was set at \$5.15 in 1997. Information furnished by the U. S. Department of Labor, Bureau of Labor Statistics estimate that approximately 26,000 Kansans earn less than the federal minimum wage, representing about two percent of the Kansas workforce. Poverty guidelines published by the U.S. Department of Health and Human Services set the guideline for a family unit of one person at \$8,240, which equates to \$3.96 per hour when working an 8-hr day for a period of one year. Mr. Layes stated that based upon records from the Bureau of Labor Statistics, a minimum wage worker is typically: employed in food service, retail trade, or farming; is often a part-time, college or high school student, under age 25. (Attachment 2)

Rick Beyer, Secretary, Department of Human Resources, stated he believes that if Kansas is to have a minimum wage, it should be one that matters. In a robust economy, a minimum wage of \$2.65 per hour serves no useful purpose, because it is not meaningful. Currently, vigorous market forces have established a de facto minimum wage that already surpasses both the state and federal minimum. Further, when the 1988 rate is converted to common-size dollars, it exceeds the present federal minimum wage. (Attachment 3)

Secretary Beyer, in response to a question from the Committee, stated he believes the minimum wage in Kansas should be either increased or eliminated. Mr. Beyer further responded an increase,

CONTINUATION SHEET

historically, has had no affect on the economy.

Brenda Eldridge, Kansas Association of Centers for Independent Living, testified in support of **SB 265**, stating all workers, including persons with disabilities should be able to make a living wage. **SB 265** represents a step in the right direction toward setting a reasonable minimum standard for the state. (Attachment 4)

Terry Leatherman, Kansas Chamber of Commerce and Industry (KCCI), appeared in opposition to **SB 265**, stating the KCCI opposes increasing the Kansas minimum wage and suggests the state have no minimum wage requirement. KCCI is of the belief that what an employer pays an employee in wages and benefits is best determined in free and competitive enterprise, not by government imposition. Even with Kansas's low minimum wage, only 4.3%, or as we have heard today, 2% of hourly employees earn less than the federal minimum wage. Mr. Leatherman informed the committee the effect of increasing the minimum wage would be small but would impact a small group of businesses which would have to make business adjustments, raising the price of goods or lower costs through workforce adjustments. Economic forces unleashed by minimum wage increases tend to negatively affect the persons they are intended to help, the minimum wage worker. (Attachment 5)

Sister Therese Bangert, Kansas Catholic Conference, testified in support of **SB 265**, stating that if dignity of work is to be protected, then the basic rights of workers must be respected - the right to productive work and the right to decent and fair wages. Kansas State University recently released a report, *Proposed Standard of Need and the Self-Sufficiency standard for the State of Kansas, 1999*, which demonstrate the hourly wage necessary for a family in Kansas. The charts clearly demonstrate the wide chasm between even the federal minimum wage and the standard of need for families in Kansas. (Attachment 6)

Mary Becker, Executive Director, Kansans Respond, testified in support of **SB 265**, stating that the income inequality is wide, and it increased in all states but four over the last two decades. Kansas is one of only 15 states whose poor have actually become poorer in the decade of the 1990's and is ranked 6th worst in the growth of inequality between the richest and poorest. Kansas has a greater income disparity than any of our four neighboring states and Iowa. Ms. Becker cited a report released by the Center on Budget and Policy Priorities and the Economic Policy Institute which stated "It is not that the poor and middle class are simply getting a slightly smaller share of the growth; it is that virtually all of the growth is going to the top end." Ms. Becker stated this statement is true and the wages at the bottom and middle of the wage scale have been stagnant or have declined over the last two decades, while the wages of the highest paid employees have grown significantly. The emergency service providers throughout Kansas report a high volume of clients, some report record increases. Increasing the minimum wage should alleviate some on the demand for emergency services. (Attachment 7)

The hearing will continue Monday January 31.

Upon motion of Senator Donovan, seconded by Senator Umbarger, the Minutes of the January 27, 2000 meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for January 31, 2000.

STATE OF KANSAS

DONALD E. BIGGS
SENATOR, 3RD DISTRICT
LEAVENWORTH & JEFFERSON COUNTIES



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER:
ENERGY AND NATURAL RESOURCES
MEMBER:
AGRICULTURE
ARTS AND CULTURAL RESOURCES
FEDERAL AND STATE AFFAIRS
FINANCIAL INSTITUTIONS AND
INSURANCE

LEGISLATIVE HOTLINE
1-800-432-3924
(DURING SESSION)

JANUARY 28, 2000

TESTIMONY FOR SENATE COMMERCE COMMITTEE
BY SENATOR DON BIGGS
SB265 - MINIMUM WAGE

This bill increases the Kansas minimum wage from the current \$2.65 per hour to \$5.00. It was last increased 12 years ago in 1988, from \$1.60 to \$2.65. During this period the consumer price index has increased dramatically.

The federal minimum wage is \$5.15, last increased in 1996, and likely to be increased by Congress this year. Four states increased their minimums in 1999, three with support of Republican governors or legislatures so this should not be a partisan issue. Ten states are now above the federal minimum. Twenty seven states have pegged their minimum to the federal level. Our four surrounding states are at \$5.15 along with Arkansas, W. Virginia and N. Dakota. Only 4 states are below \$4.25; Texas @ \$3.35, Georgia @ \$3.25, Ks. @ \$2.65 and Wyoming next to Kansas at the bottom with \$1.60. Only seven states are less than \$5.00. The 60 year history of the federal minimum wage and a 20 year history of Ks. is attached to my testimony. It was 20 years ago that the federal was at Kansas' current rate of \$2.65. A state by state status is also attached along with 1997 data on workers in U. S. and Kansas earning less than \$5.15 per hour.

We are in a historically long period of a strong economy with Kansas unemployment at a 22 year low of 3%. Opposition will probably claim that a higher minimum wage will force businesses to close and increase unemployment. I don't think there are historic facts to support this assertion. Jobless rates fell after the 90 cents federal increase in 1996.

Senate Commerce Committee
Date: 1-28-00

Attachment # 1-1 thru 1-6

Let's think for a moment about the image of Kansas. We all want to be proud of our state. Rightly or wrongly, we've suffered a bit in this arena during the past year. The second lowest state minimum wage in the country is certainly damaging to our image. I doubt that this is something that is touted as we go about marketing economic development opportunities in Kansas. Passage of SB265 would be a good move at the start of a new century. Thanks for your consideration.

A handwritten signature in black ink, appearing to read "Don Burt". The signature is written in a cursive, somewhat stylized font.

Table 1
Earnings of Wage and Salary Workers
Fourth Quarter 1997
United States and Kansas¹⁾

<u>Workers paid Hourly Rates 18 Years and Over</u>	United States		Kansas	
	<u>Number (in thousands)</u>	<u>Per Cent of Total</u>	<u>Number (in thousands)</u>	<u>Per Cent of Total</u>
<u>Total</u>	<u>71,081</u>	<u>100.0</u>	<u>690</u>	<u>100.0</u>
Earning less than \$5.15	4,355	6.1	30	4.3
<u>Earning \$5.15 or more</u>	<u>67,000</u>	<u>94.2</u>	<u>664</u>	<u>96.3</u>

Federal Minimum Wage is \$5.15.

Source: U. S. Department of Labor
Bureau of Labor Statistics
Current Population Survey, 1997

¹⁾ These data are from unpublished tabulations from the Current Population Survey, 1997, furnished by the U. S. Department of Labor, Bureau of Labor Statistics.

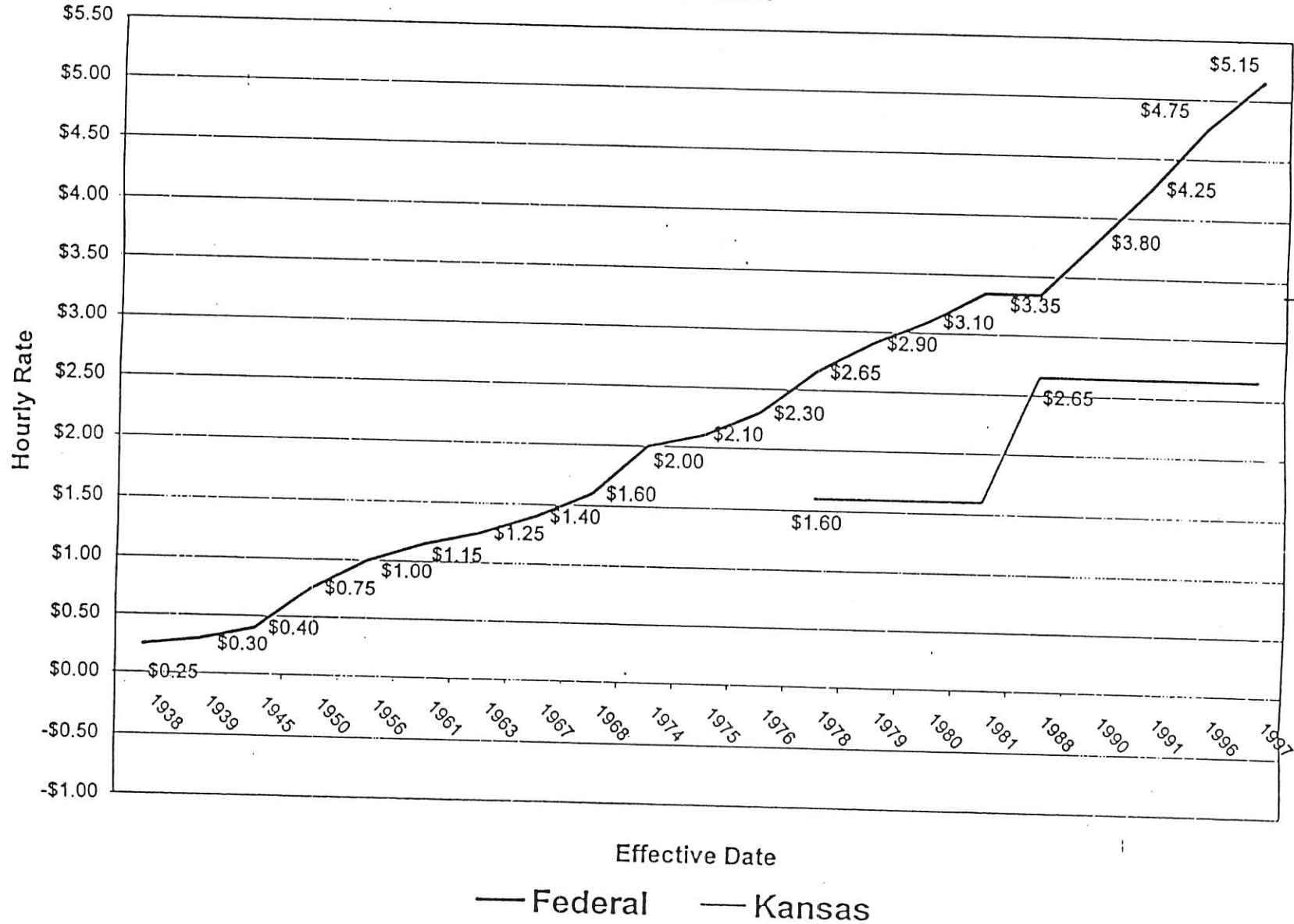
Data pertain only to those workers paid hourly rates.

Excluded are:

- Salaried workers
- Incorporated self-employed
- Workers under 18 years old

A footnote for the source table states that the data will not sum to totals because full or part-time status on the principal job is not identifiable for a small number of multiple jobholders. Users are cautioned that these data are based on a sample and are therefore subject to sampling error; the degree of error may be quite large for less populous States.

Graph 2
Minimum Wage
U.S. and Kansas
1938-1997



Source: U. S. Dept. of Labor
Bureau of Labor Statistics
Current Population Survey, 1997

Kansas Department of Human Resources
Labor Market Information Services
July 22, 1999

State Minimum Wages*

Current Federal Minimum Wage	\$5.15
Alabama	NONE
Alaska	\$5.65
Arizona	NONE
Arkansas	\$5.15
California	\$5.75
Colorado	\$5.15
Connecticut ¹	\$5.65
Delaware ²	\$5.65
District of Columbia	\$6.15
Florida	NONE
Georgia	\$5.15
Hawaii	\$5.25
Idaho	\$5.15
Illinois	\$5.15
Indiana	\$5.15
Iowa	\$5.15
Kansas	\$2.65
Kentucky	\$5.15
Louisiana	NONE
Maine	\$5.15
Maryland	\$5.15
Massachusetts	\$5.25
Michigan	\$5.15
Minnesota ³	\$5.15
Mississippi	NONE
Missouri	\$5.15
Montana ⁴	\$5.15
Nebraska	\$5.15
Nevada	\$5.15

*Indicates new or revised material.

State Minimum Wages (continued)

New Hampshire	\$5.15
New Jersey	\$5.15
New Mexico	\$4.25
New York	\$4.25
North Carolina	\$5.15
North Dakota	\$5.15
Ohio ⁵	\$5.15
Oklahoma	\$5.15
Oregon	\$6.50
Pennsylvania	\$5.15
Rhode Island	\$5.15
South Carolina	NONE
South Dakota	\$5.15
Tennessee	NONE
Texas	\$3.35
Utah	\$5.15
Vermont ⁶	\$5.25
Virginia	\$5.15
Washington ⁷	\$5.70
West Virginia	\$5.15
Wisconsin	\$5.15
Wyoming	\$1.60

¹ Minimum wage increases to \$6.15 as of Jan. 1, 2000.

² Minimum wage increases to \$6.15 as of Oct. 1, 2000.

³ General rate for large employers, defined as those whose annual gross volume of sales is not less than \$500,000. The minimum wage for small employers, defined as those whose annual gross is less than \$500,000, is \$4.90.

⁴ \$4.00 for businesses with gross annual sales of \$110,000 or less.

⁵ Interstate commerce and businesses grossing over \$500,000 follow federal minimum wage. The minimum wage is \$3.35 for businesses with annual gross sales between \$150,000 and \$500,000; and \$2.80 for businesses with annual gross sales of less than \$150,000.

⁶ Minimum wage increases to \$5.75 as of Oct. 1, 1999.

⁷ Minimum wage increases to \$6.50 as of Jan. 1, 2000.

TESTIMONY
SENATE COMMERCE COMMITTEE
SENATE BILL 265
JANUARY 28, 2000

Good morning Madam Chairperson and members of the Committee. My name is Bill Layes. I am Chief of Labor Market Information Services with the Kansas Department of Human Resources. I am here today to discuss SB265, which proposes an amendment to K.S.A. 44-1203(a) concerning minimum wage. I am specifically referring to Line 17 that increases the current minimum of \$2.65 an hour to \$5.00 an hour.

The Kansas minimum wage was first adopted in 1978 and set at \$1.60 per hour. In 1988, the state minimum was increased to \$2.65 an hour, its current level. In the first graph, history of the federal minimum wage is compared to that of Kansas. The current federal minimum is set at \$5.15, with this increase occurring in 1997.

In comparing the Kansas minimum wage to other states, there is only one state with a minimum set lower than Kansas. There are seven states that have no minimum wage standards. Thirty-nine states have minimum wage requirements of \$5.15 or above.

KDHR does not collect information regarding the number of Kansans earning the state minimum wage of \$2.65 per hour. However, information furnished by the U. S. Department of Labor, Bureau of Labor Statistics estimate that approximately 26,000 Kansans earn less than the federal minimum of \$5.15. This represents about two per cent of the Kansas workforce.

Poverty guidelines published by the U. S. Department of Health and Human Services set the guideline for a family unit of one person at \$8,240. If this were annualized to a total of 2,080 hours, it would equate to \$3.96 per hour.

Senate Commerce Committee

Date: 1-28-00

Attachment #

2-1 thru 2-4

00-24

Estimated Profile of the State Minimum Wage Worker

Based upon records from the Bureau of Labor Statistics cooperative programs, we have identified industries which pay on the average less than an annualized wage of \$5.15 per hour. ($\$5.15 \times 2080 \text{ hours} = \$10,712$) In many cases, these include eating and drinking places; amusement and recreation; food stores; hotels, rooming houses, etc.; miscellaneous retail; and private households.

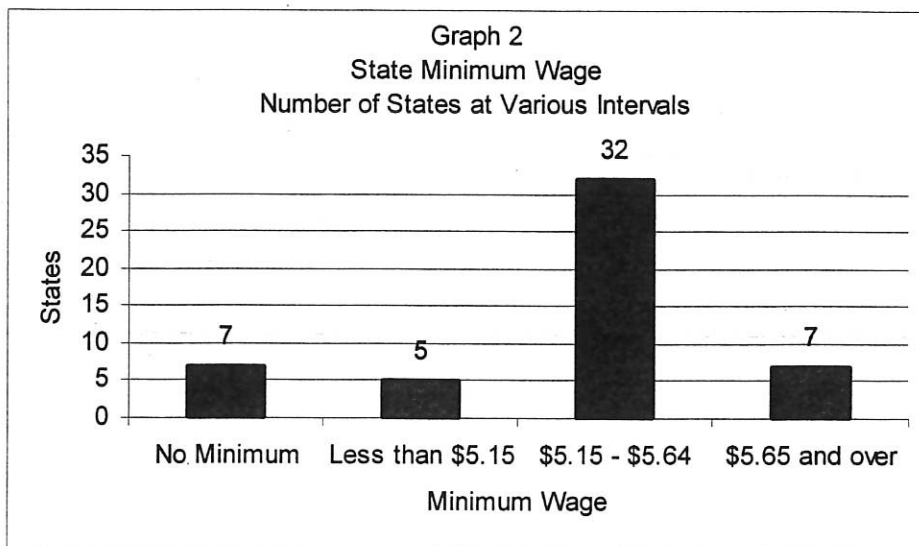
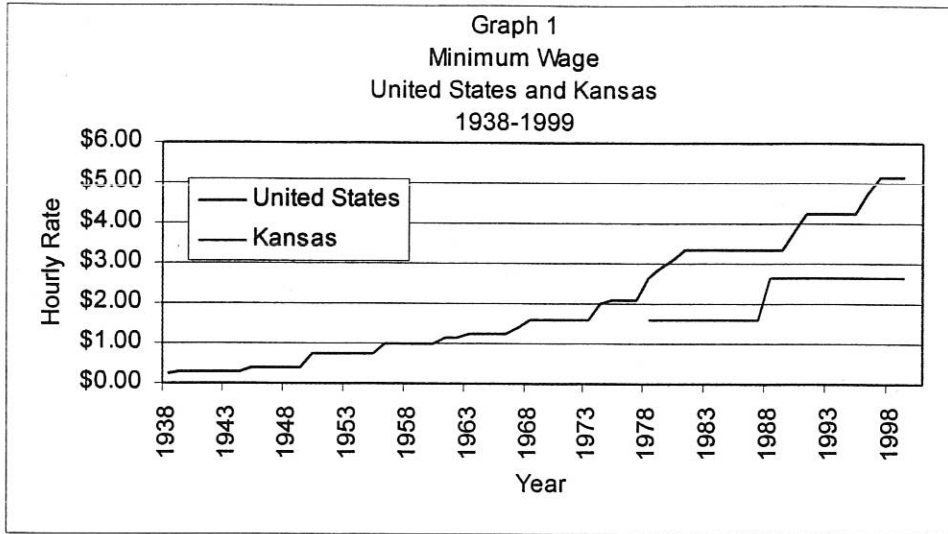
Finally, it is our belief that the minimum wage worker is typically:

- The worker is likely to be employed in: food service, retail trade, or farming.
- The worker is often a part-time, college or high school student.
- The worker is usually young, under age 25. One-third of workers are teenagers.
- The occupational groups where most of these jobs are found are in retail trade and services industries.

That concludes my presentation. I would be happy to answer any questions you may have. Thank you.

Table 1
Minimum Wage by State

Alabama.....	None	Montana.....	\$5.15
Alaska.....	\$5.65	Nebraska.....	\$5.15
Arizona.....	None	Nevada.....	\$5.15
Arkansas.....	\$5.15	New Hampshire.....	\$5.15
California.....	\$5.75	New Jersey.....	\$5.15
Colorado.....	\$5.15	New Mexico.....	\$4.25
Connecticut.....	\$5.65	New York.....	\$4.25
Delaware.....	\$5.65	North Carolina.....	\$5.25
District of Columbia.....	\$6.15	North Dakota.....	\$5.15
Florida.....	None	Ohio.....	\$5.15
Georgia.....	\$5.15	Oklahoma.....	\$5.15
Hawaii.....	\$5.25	Oregon.....	\$6.50
Idaho.....	\$5.15	Pennsylvania.....	\$5.15
Illinois.....	\$5.15	Rhode Island.....	\$5.15
Indiana.....	\$5.15	South Carolina.....	None
Iowa.....	\$5.15	South Dakota.....	\$5.15
Kansas.....	\$2.65	Tennessee.....	None
Kentucky.....	\$5.15	Texas.....	\$3.35
Louisiana.....	None	Utah.....	\$5.15
Maine.....	\$5.15	Vermont.....	\$5.25
Maryland.....	\$5.15	Virginia.....	\$5.15
Massachusetts.....	\$5.25	Washington.....	\$5.70
Michigan.....	\$5.15	West Virginia.....	\$5.15
Minnesota.....	\$5.15	Wisconsin.....	\$5.15
Mississippi.....	None	Wyoming.....	\$1.60
Missouri.....	\$5.15		





KANSAS

Bill Graves
Governor

DEPARTMENT OF HUMAN RESOURCES
Office of the Secretary

Richard E. Beyer
Secretary

TESTIMONY TO SENATE COMMERCE COMMITTEE

Friday, January 27, 2000

By Rick Beyer

Secretary, Kansas Department of Human Resources

Madam Chairman and members of the committee:

Thank you for the opportunity to comment on the Kansas Minimum Wage. I am Rick Beyer, Secretary of Human Resources. You should already have copies of my testimony.

We envision a Kansas where people of wide ranging talents and vital enterprises flourish in a resource rich state. Good government calls for enlightened human resources policy. Our current minimum has no face validity, and it is viewed by many as irrelevant. It is not a livable wage by any measure, and it offers neither apparent public policy benefits nor does it clearly benefit the people of Kansas.

People want to earn a reasonable return on their investment in work. When the return is insufficient, they withdraw from the workforce or quit and stay. How the state chooses to ensure this return is a subject upon which reasonable people disagree, and we appreciate the opportunity to provide thought leadership.

Consistent with remarks made by William H. Layes, our Labor Market Information Chief, the Kansas Minimum Wage is too low, and we believe it reflects poorly on our great state. In this robust economy, a minimum wage of \$2.65 per hour serves no useful purpose, because it is not meaningful. Vigorous market forces have established a de facto minimum wage that already surpasses both the state and federal minimums. Moreover, when the 1988 rate is converted to common-size dollars, it exceeds the present federal minimum wage.

If our state is to have a minimum wage, we respectfully request one that matters. While the exact level is illusive, there is some measure of collective wisdom represented in the 39 states that have already set their rates at a level equal to or greater than the federal minimum wage. Otherwise, we recommend pursuing a free market strategy and eliminating the minimum wage altogether.

Senate Commerce Committee

Date: 1-28-00

Attachment #

3-1 thru 3-2

I am not here to lobby for one position or the other, but rather to participate in this thoughtful consideration of the issue. Our actions must grow out of the experience and conviction of the people of Kansas whom you represent, and we are confident that this balanced review of the choices will assist the legislature in making the right decision.

I can make arguments in either direction and would be glad to discuss these alternatives with you now or at another time. This concludes my prepared remarks. I stand ready to answer any questions you may have.



Gina McDonald
President/CEO

Member Agencies:

**Center for independent
Living for Southwest Kansas**
Garden City, KS
316/276-1900 Voice

**Coalition for
Independence**
Kansas City, KS
913/287-0999 Voice/TT

**ILC of
Northeast Kansas**
Atchison, KS
913/367-1830 Voice

**ILC of
Southcentral Kansas**
Wichita, KS
316/942-6300 Voice/TT

Independence, Inc.
Lawrence, KS
785/841-0333 Voice
785/841-1046 TT

Independent Connection
Salina, KS
785/827-9383 Voice/TT

LINK, Inc.
Hays, KS
785/625-6942 Voice/TT

**Prairie Independent
Living Resource Center**
Hutchinson, KS
316/663-3989 Voice

**Resource Center for
Independent Living, Inc.**
Osage City, KS
785/528-3105 Voice

**Southeast Kansas
Independent Living, Inc.**
Parsons, KS
316/421-5502 Voice
316/421-8551 TT

The Whole Person, Inc.
Kansas City, MO
816/561-0304 Voice
816/531-7749 TT

**Topeka Independent
Living Resource Center**
Topeka, KS
785/233-4572 Voice/TT

Testimony to Senate Commerce Committee
Senator Salisbury, Chair
Senate Bill 265

Thank you for the opportunity to speak in favor of S.B. 265. I am Brenda Eldridge, and I am representing the Kansas Association of Centers for Independent Living (KACIL). KACIL is an association of 12 Centers for Independent Living across the state. Our mission is to advocate for the rights of people with disabilities, and to provide needed services so that people can live in the setting of their choice.

KACIL supports S.B. 265. All workers, including people with disabilities should be able to make a living wage. This bill represents a step in the right direction toward setting a reasonable minimum standard for the state.

Thank you for your support on this important bill.

1423 West Crawford ♦ Salina, KS 67401 ♦ Voice/TT:
Capitol Office ♦ 501 Jackson, Suite 450 ♦ Topeka, KS 66603-3373

Senate Commerce Committee

Date: 1-28-00

Attachment #

4

LEGISLATIVE TESTIMONY



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SB 265

January 28, 2000

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Commerce

by

Terry Leatherman
Vice President – Legislative Affairs

Madam Chair and members of the Committee:

My name is Terry Leatherman. I am Vice President of Legislative Affairs for the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to explain why the Kansas Chamber opposes increasing the Kansas minimum wage, as called for in SB 265.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

SB 265 proposes to increase the current \$2.65 minimum wage level in Kansas to \$5 an hour.

KCCI would respectfully suggest the Committee consider another option regarding the state's

minimum wage. Become the eighth state to have no minimum wage

highlights why KCCI would urge this option.

Senate Commerce Committee

Date: 1-28-00

Attachment #

5-1 thru 5-2

First and foremost, the Kansas Chamber's opposition to SB 265 is grounded in our fundamental belief that what an employer pays an employee in wages and benefits is best determined in free and competitive enterprise, not by government imposition. When wages are set by the private sector, principles such as the value of a work position, the skills needed to perform work and the availability of workers drives the determination of a wage. A government imposed sweeping wage requirement lacks these important components. Issues independent of the value of work to be performed drive the decisions rendered by government.

Second, SB 265 is simply not needed. Even with our state's low minimum wage, only 4.3% of our state's hourly employees earn less than the federal minimum wage of \$5.15 an hour. Nationally, 6.1% of workers are below the federal minimum wage. It would be difficult to suggest that a minimum wage increase will reduce the population of employees working for less than the minimum wage, when our state is already below the national average in that area.

What would happen if SB 265 became law? The vast majority of Kansas employers, who are compelled to follow federal minimum wage law, would not be affected. Of the remaining employers who are governed by state minimum wage, KCCI would speculate that most of them would be unaffected by the change, since they pay wages above \$5 an hour. That leaves a small crowd of employers who will feel the brunt of the increase proposed in SB 265. The small group of affected employers will likely respond to a minimum wage hike in a traditional fashion. They will find a way to cope with a higher cost of doing business by adjusting.

The affect of SB 265 should be small. However, for that small band of businesses impacted, business reality calls for adjustments. Government has just increased the cost of doing business by calling for higher employee wages. The business must look for obvious adjustments, raise the price of goods or lower costs through workforce adjustments. Therein lies the biggest problem with minimum wage increases. Economic forces unleashed by minimum wage increases tend to negatively affect the person the proposals are intended to help, the minimum wage worker.

Thank you for considering KCCI's comments regarding SB 265, and considering our suggestion to eliminate the state's minimum wage entirely. I would be happy to answer any questions.



6301 ANTIOCH • MERRIAM, KANSAS 66202 • 913-722-6633
Testimony in Support of SB265

Senate Commerce Committee
January 28, 2000
Sister Therese Bangert
for the Kansas Catholic Conference

WELFARE REFORM STATEMENT: The Catholic Bishops of Kansas just released their third Welfare Reform Statement. The first statement was published in 1997 as a response to the concerns that Catholic Charity directors across the state brought to them about welfare reform policy. The Bishops have an ever present concern about the families of Kansas. Those parents who are working but not able to provide for the basic needs of their children are of particular concern. Adequate income must be addressed as we continue to engage in the welfare reform process. Thus we support SB265.

THE DIGNITY OF WORK AND THE RIGHTS OF WORKERS: One of the major themes of Catholic Social Teaching is the dignity of work and the rights of workers. The economy must serve people, not the other way around. If the dignity of work is to be protected, then the basic rights of workers must be respected - the right to productive work and the right to decent and fair wages.

KANSAS STANDARD OF NEED AND SELF-SUFFICIENCY STUDY, 1999: Kansas State University recently released a report called the Proposed Standard of Need and the Self-Sufficiency standard for the State of Kansas, 1999. This standard is based on an "adequate but austere" household income. The two charts that accompany this testimony are from that report. The charts demonstrate the hourly wage necessary for a family in Kansas. The charts clearly demonstrate the wide chasm between even the federal minimum wage and the standard of need for families in Kansas.

Thank YOU for hearing my testimony today. **Please support SB265.**

MOST REVEREND GEORGE K. FITZSIMONS, D.D.
DIOCESE OF SALINA

MOST REVEREND JAMES P. KELEHER, S.T.D.
Chairman of Board
ARCHDIOCESE OF KANSAS CITY IN KANSAS

MOST REVEREND EUGENE J. GERBER, D.D.
DIOCESE OF WICHITA
Senate Commerce Committee

MOST REVEREND IGNATIUS J. STRECKER, S.T.D.
RETIRED

MOST REVEREND RONALD M. GILMORE, D.D.
DIOCESE OF DODGE CITY

Date: 1-28-00

MOST REVEREND MARION F. FORST, D.D.
RETIRED

BEATRICE E. SWOOPE
Acting Executive Director

Attachment # 6-1 then 6-2



6301 ANTIOCH • MERRIAM, KANSAS 66202 • 913-722-6633

Table ES-2
Self-Sufficiency Standards by Type of Household Expense, Monthly Earnings, and Hourly Wage, by Household Type for the State of Kansas: July, 1999.

	Single Adult	Adult, Infant	Adult, Preschooler	Adult, Infant, Preschooler	Adult, Schoolage, Teen	Adult, Infant, Schoolage	2 Adults, Infant, Preschooler
Housing	377.10	480.02	480.02	480.02	480.02	643.36	480.02
Child Care	0.00	529.05	445.63	974.68	190.14	1164.81	974.68
Food	164.29	241.96	250.01	325.85	431.69	430.69	467.20
Transportation	193.00	193.00	193.00	193.00	193.00	193.00	386.00
Medical Care	65.81	196.18	196.18	204.37	196.18	204.37	226.37
Miscellaneous	80.02	164.02	156.48	217.79	149.10	263.62	253.43
Total Taxes	189.69	260.48	188.51	378.09	-63.99	473.33	434.86
Monthly Earnings	1069.91	2064.70	1909.85	2773.81	1576.15	3373.19	3222.55
Hourly Wage	6.42	12.39	11.46	16.64	9.46	20.24	9.67*

* Hourly wage rate for each of two earners in the household.

The hourly wages have the following ranges by household types across counties within Kansas.

	Low	High
Single Adult	5.75	7.08
Adult and Infant	9.21	15.21
Adult and Preschooler	8.86	13.62
Adult, Infant and Preschooler	12.38	19.20
Adult, Schoolage and Teen	8.02	10.52
Adult, Infant, Preschooler and Schoolage	15.86	23.44
Two Adults, Infant and Preschooler	7.80*	10.90*

* Both adults in the household employed at this rate.

MOST REVEREND GEORGE K. FITZSIMONS, D.D.
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10-2

Kansans Respond

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TO: Members of the Senate Commerce Committee

FROM: Mary Becker, Executive Director

DATE: January 28, 2000

RE: Testimony in support of SB 265,
Raising the state minimum wage

I. Discussion of Report on Income Inequality.

Last week a major national report was released by the Center on Budget and Policy Priorities and the Economic Policy Institute, called "Pulling Apart: A State-by-State Analysis of Income Trends". Below is a brief summary of the report's findings:

- Income inequality is wide and it increased in all states but four over the last two decades.
- Kansas is one of only 15 states whose poor have actually become poorer in the decade of the '90's, while high-income families grew richer.
- Kansas ranks 6th worst in the **growth** of inequality between the richest and poorest families from the late 1980's to the late 1990's.
- Kansas had more income disparity than any of our four neighboring states and Iowa.

From the report:

It is not that the poor and middle class are simply getting a slightly smaller share of the growth; it is that virtually all of the growth is going to the top end.

On wages:

The growth of income inequality is primarily due to the growth in wage inequality. Wages at the bottom and middle of the wage scale have been stagnant or have declined over the last two decades. The wages of the very highest paid employees, however, have grown significantly.

Senate Commerce Committee

Date: 1-28-00

Attachment #

17-1 thru 17-3

States have long played a major role in the establishment of labor market policies such as rules governing the formation of unions, the design of the unemployment insurance system, and the establishment of state minimum wages, all of which affect income inequality.

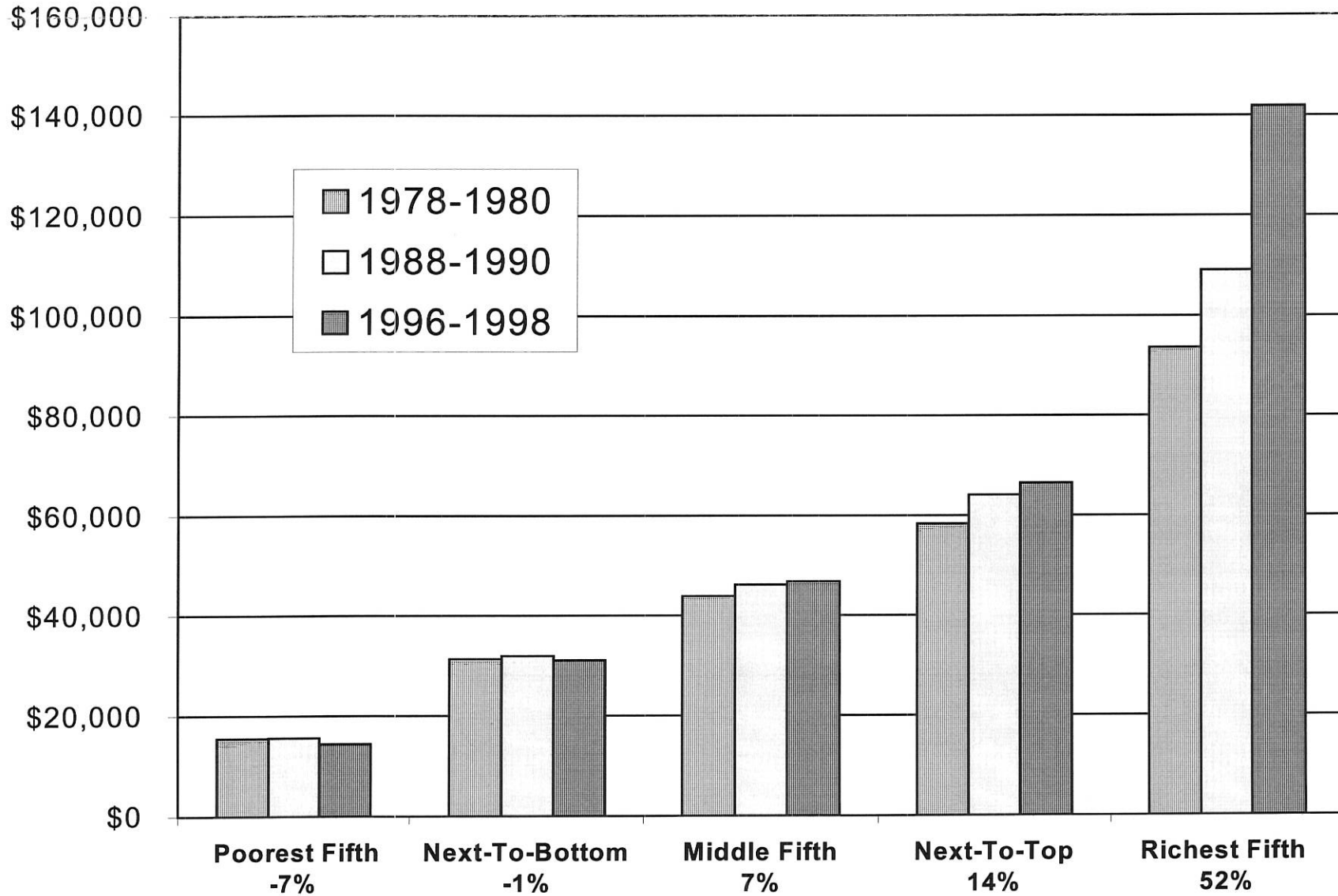
The minimum wage, for example, has a direct bearing on individual earnings. The value of the federal minimum wage has fallen considerably since the late 1970s. One way that policymakers could help reverse or moderate the decline in wages for workers at the bottom of the pay scale would be to enact a higher minimum wage. Eight states have compensated for the decline in the value of the federal minimum wage by establishing higher state-level minimum wage standards.

II. Level of Need Being Experienced by Low-Income Kansans

Emergency service providers throughout the state report a high volume of clients, some report record increases. Increasingly, agencies report that a large percentage of their clients, if not the majority, are working people. They are turning to community agencies for emergency help for rent, utilities, food, transportation, medical care, and prescription drugs.

- The Kansas Foodbank Warehouse, food distributor to 450 food programs in the state such as food pantries and soup kitchens, increased their distributions by 37 percent in 1999.
- Topeka Rescue Mission is nearing completion of a \$2 million expansion due to the dramatic increase in homelessness among families in recent years.
- Catholic Charities in Wichita served 5,500 clients for emergency services in the first ten months of 1999. They turned away 8,500 people during the same time period, due to lack of resources.

Average Income of Kansas Families



Inflation-adjusted 1997 dollars. Data is from Census Bureau's March Current Population Survey public use database.
Income from capital gains not included.

Graph by Kansans Respond (1/2000)