

Approved: SRA 3-11-09
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:00 a.m. on March 5, 2009, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Jo Ann Pottorff- excused

Committee staff present:

Renaë Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Jerry Donaldson, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Stephen Bainum, Committee Assistant

Conferees appearing before the Committee:

Renaë Jefferies, Assistant Revisor
Senator Dick Kelsey
Jim Garner, Kansas Department of Labor
Heidi Zeller, Kansas Action Network
Jake Lowen, The Labor Federation of Central Kansas & the Kansas Action Network
Andy Sanchez, Kansas AFL-CIO
Terry Forsyth, Kansas National Education Association
Bob Harding, State Wide Independent Living Association
Representative Dale A Swenson
Dan Murray, National Federation of Independent Business
Derrick Songtag, Americans for Prosperity of Kansas
Ron Hein, Restaurant & Hospitality Association

Others attending:

See attached list.

The meeting was called to order by Chairman Steve Brunk at 9:00 a.m. He opened the hearing on **SB 160**.

SB 160 - Kansas minimum wage law; minimum wage increase.

Renaë Jefferies, Assistant Revisor provided a short overview of the changes to the bill (Attachment 1).

Senator Dick Kelsey testified as a proponent of **SB 160** (Attachment 2). He said that it was practical for the state law to conform with the Federal law. **SB 160** does exactly that.

Representative Ruiz asked what the senate vote was. Senator Kelsey said it 33 to 7.

Jim Garner, Kansas Department of Labor testified as a proponent of **SB 160** (Attachment 3). He also provided the Committee a 16 page report by the Bureau of Labor Statistics called An Overview of Federal and State Minimum Wage Laws. It contains a graph of the Federal Minimum Wage amounts from October 24, 1938 to July 24, 2008. Another graph compares the Kansas Minimum Wage with the Federal Minimum Wage. The report is available from the Department of Labor.

Representative Tietze asked about those who have to share tips with the cooks. Is the minimum wage based on what they actually received or what they share. Secretary Garner replied that it would have to be based on what they actually received in payment.

Representative Schwab said that there were 5 states that do not have a minimum wage so technically they are lower than Kansas. He asked why someone would work for minimum wage when they could go across the street and receive the minimum wage because the Federal rate supercedes almost every place you could go to work. Secretary Garner disagreed and said that Kansas was placing a low value on work because Kansas has the lowest minimum wage. Representative Schwab said that we should get rid of the minimum wage because people can walk across the street and receive the Federal Minimum Wage. Secretary Garner said that

CONTINUATION SHEET

Minutes of the House Commerce And Labor Committee at 9:00 a.m. on March 5, 2009, in Room 784 of the Docking State Office Building.

that would send a bad message that we do not value work and that it was good policy to have a minimum wage.

Heidi Zeller, Kansas Action Network testified as a proponent of **SB 160** (Attachment 4).

Representative Grange asked if the 2300 people in Kansas City who were raised to the federal level had been making the Kansas Minimum Wage of \$2.65 per hour. Heidi said that they were making less than the Federal Minimum Wage. Some of them might have been making close to \$6.55 per hour. Representative Grange also asked if she knew anyone who was only making \$2.65 per hour. Heidi said that there was a woman who worked on their campaign who only made \$2.65 per hour.

Representative Ruiz asked if the lower paid workers were in the heavily populated areas. Heidi said that was possibly true but they did not have statistics on it.

Representative Bowers asked what industry these low paid workers were in. Heidi said that a large percentage of them were child care workers and those who care for the elderly.

Jake Lowen, The Labor Federation of Central Kansas & the Kansas Action Network presented testimony as a proponent of **SB 160** (Attachment 5).

Andy Sanchez, Kansas AFL-CIO testified as a proponent of **SB 160** (Attachment 6).

Representative Schwab asked that if we pass this bill then 20,000 people will come out of the welfare system. Andy said that he could not say that but that they would certainly be better off.

Representative Grange asked if he knew anyone who was making only the Kansas Minimum Wage. Andy said that he definitely did. Representative Grange brought up the issue of unintended consequences and ask if he knew of any group that had a contract indexed to the minimum wage and if we raise the minimum wage it would affect the contract. Andy said that they did have discussions about that and that he had contacted the unions and they know of no such provision in their contracts.

Terry Forsyth, Kansas National Education Association testified as a proponent of **SB 160** (Attachment 7). His greatest concern was the impact of the minimum wage on children who must struggle to survive on the Kansas Minimum Wage.

Bob Harding, State Wide Independent Living Association presented written only testimony in support of **SB 160** (Attachment 8). Their concern was to allow Kansans with disabilities make a fair living wage.

Representative Dale A Swenson presented testimony in support of **SB 160** (Attachment 9). He said that raising the minimum wage will be productive. Minimum wage floors have a tendency to circulate dollars and reduce poverty. They also tend to create an upward growth among workers earning more than the minimum wage. They also stimulate consumption by putting more money in the hands of low-income people.

Dan Murray, National Federation of Independent Business-Kansas testified as an opponent of **SB 160** (Attachment 10). He said that the marketplace, not the government, should determine the level of wages. Further he maintained that raising the minimum wage could have adverse outcomes for small businesses causing them to reduce hours, leave jobs vacant or eliminate benefits such as health insurance for employees.

Representative Schwab asked if any of his members who paid the Kansas Minimum Wage would come and explain why they do that. Dan said he doubted if any of his members did but that he would do it if he could find one.

Representative Ruiz said that people who make the minimum wage are not the type of people who come to meetings like this.

Kent Eckles, The Kansas Chamber presented written only testimony as an opponent of **SB 160** (Attachment

CONTINUATION SHEET

Minutes of the House Commerce And Labor Committee at 9:00 a.m. on March 5, 2009, in Room 784 of the Docking State Office Building.

11). He indicated that the free market should determine wages in Kansas. He said that a minimum wage set by the government is not needed and should be repealed. He emphasized the negative consequences of raising the Kansas Minimum Wage.

Derrick Songtag, State Director of Americans for Prosperity of Kansas provided written only testimony as an opponent of **SB 160** (Attachment 12). His testimony indicated that the impact on business would be higher prices and increased unemployment. Additionally he said that the minimum wage jobs were an introduction to the business world and that nearly two-thirds move out of minimum wage jobs within a year.

Ron Hein, Restaurant & Hospitality Association provided testimony as neutral on **SB 160** (Attachment 13). He said that there is no credible evidence that there are any employers paying less than the federal minimum wage. He continued by saying that minimum wage legislation oftentimes works adversely to the very people that the legislation is intended to help. Because of these arguments the KRHA, though neutral on the bill, urges the Committee to repeal the state minimum wage law.

Representative Bethell asked if we eliminated the Kansas Minimum Wage and made it compliant with the Federal Minimum Wage would you eliminate all the exemptions for the State Minimum Wage at that time as well. Ron said that we would then be subject to the Federal law rather than the state.

Secretary Jim Garner stood for a couple of questions because of the difference of opinion on whether or not there are 20,000 people in Kansas earning the State Minimum Wage. He said that the numbers come from the Bureau of Labor Statistics. They represent people making from \$2.65 per hour up to the Federal Minimum Wage of \$6.55 per hour. The Bureau of Labor Statistics is recognized in the nation as the source of data in the labor market. It comes from the Civilian Population Survey which is a survey done every month by the Bureau of Labor Statistics.

Representative Bowers asked if the information was specific by industry. Jim said that the survey did not collect information specific by industry.

Representative Schwab asked if the Department of Revenue knew what the industries are that pay less than the Federal Minimum Wage. Jim said that he would explore that with them. Representative Schwab wanted to know why these businesses were paying less than the Federal Minimum Wage.

Representative Kerschen commented that people in his district said that they were making less than the Federal Minimum Wage.

The hearing was closed on **SB 160**.

The next meeting is scheduled for March 10, 2009.

The meeting was adjourned at 10:37 a.m.

COMMERCE & LABOR COMMITTEE

DATE: 3-5-09

NAME	REPRESENTING
Hilary Bowker	Social work student, KU
Jennifer Simpson	KU Social Work Student
Mark Drummond	KAN - Raise the Wage
Samantha Strobing	KU Social Work Student
DALE SWENSON	LEGISLATURE
Megan Inguire	KDOL
Jim Garner, Secretary	KDOL
Vanessa Sanburn	
David Smith	KAN - Raise the Wage
EDMOND LEBLOUF	KDOT
Jason Broncher	Kansas Jackass - bry
SCOTT SEEL	THE SEEL GROUP
Jean Rosenthal	self
Patty Jordan	self
Jake Lowen	Kansas Action Network / Wichita Labor
KARALIN WEVER	El Centro Inc.
TERRY FOSTER	KUEN
Wil Lehn	KS AFL-CIO
Dennis Phillips	KS CFF
Andy Sanchez	KS AFL-CIO
MIKE MILLER SR	PLUMBERS & PIPEFITTERS LOCAL 44
Michael A. Brunk	Ironworkers Lo. 10
DENIS WITTMAN	PIPE FITTERS #44
Brad Stauffer	Center Group
Dale J. Foose	Kansas Action Network

COMMERCE & LABOR COMMITTEE

DATE: 3-5-09

NAME	REPRESENTING
Richard Anderson	Laborers' Local Union #1290
Matthew Williams	Intern - House Republican Caucus
Rep Stan FROWN FELTER	STATE OF KS 31 st
Bonny Mohan	CWA Local 6401
Natalie Buglis	Buglis: Carpenter
Patti Hardison	Leg. Clerk
Dan Murray	NFI 13
Meghan Walsh	Sen. Francisco, Intern
Haley B.	Paul Davis Office
Herdi Keller	Kansas Action Network
Amy Robinson	SELF-CITIZEN

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MEMORANDUM

To: House Committee on Commerce and Labor
From: Renae Jefferies, Assistant Revisor
Date: March 5, 2009
Subject: SB 160

SB160 amends K.S.a. 44-1203, the minimum wage law, to increase the minimum wage in Kansas from \$2.65 an hour to \$7.25 an hour effective January 1, 2010.

In subsection (b) the old language is struck regarding the computing of a minimum wage for persons who receive tips and gratuities. Under the new language an employer of persons who receive tips and gratuities as part of their wage, shall pay at least a minimum wage of \$2.13 an hour. If when combined with the \$2.13 an hour the tips and gratuities are at least equal to the \$7.25 an hour, no further payment is required by the employer. However, if the \$2.13 when combined with the tips and gratuities is less than \$7.25 an hour, the employer must pay the employee the difference between the \$7.25 an hour and the actual hourly amount received by the employee when combining the tips and gratuities with the \$2.13 an hour.

The bill if enacted would become effective upon publication in the statute book.

The fiscal note indicates that the passage of the bill would have no fiscal effect on the Department of Labor's operations but may result in an increase of revenue to the state general fund by \$3.6 million in FY 2010.

STATE OF KANSAS

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TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
COMMERCE
FINANCIAL INSTITUTIONS AND INSURANCE
PUBLIC HEALTH AND WELFARE

Testimony before House Commerce and Labor Committee by Senator Dick Kelsey concerning SB 160.

Committee:

I testify before you today to ask your support of SB 160. This change in the state minimum wage law is a practical step to recognize the reality of the world in which we live. I believe every employer in the state operates under the Federal minimum wage law. It is practical to have our state law conform with the Federal law. SB 160 does exactly that.

Senator Dick Kelsey

A large, stylized handwritten signature in blue ink, written over a horizontal line.

House Commerce & Labor
Date: 3-5-09
Attachment # 2

Testimony in Support of 2009 Senate Bill 160
House Commerce Committee
Jim Garner, Secretary
Kansas Department of Labor
5 March 2009

Chairman Brunk and Members of the Committee:

Thank you for this opportunity to appear and share some general information about state minimum wage laws and also to share my support for Senate Bill 160.

Senate Bill 160 would bring the Kansas minimum wage in line with the federal minimum wage. It would also bring the wages of tipped workers in line with the federal minimum wage.

You will find accompanying my testimony is a copy of "An Overview of Federal and State Minimum Wage Laws." This is a report prepared annually by KDOL's Labor Market Information Services Division. The report provides general information on the history of the federal minimum wage law, the history of the Kansas minimum wage law and information on other states minimum wage laws. Also, the report includes information compiled by the US Bureau of Labor Statistics which estimates the number of people working at or below the federal minimum wage rates in each state. The BLS numbers indicate that for 2007, Kansas had 20,000 workers earning less than the federal rate of \$5.15 per hour and 5,000 workers at the \$5.15 rate.

Kansas has the lowest state minimum wage in the nation at \$2.65 per hour (unchanged since 1988). Our rate is even lower than the rates in the US Territories of Guam, Puerto Rico and the Virgin Islands (see map on page 5 and table 3 of the accompanying report).

While it may be said that this state minimum wage affects a small number of workers in Kansas, it remains an embarrassing reflection. We proclaim our support for work and the work ethic. It is important that we invest in the things we say we value. That is why I support SB 160 and bringing the state minimum wage on par with the federal rate.

Senate Bill 160 would bring the Kansas minimum wage to the same level as our neighbors in Nebraska and Oklahoma. Missouri, Iowa and Colorado have minimum wage laws equal to or exceeding the federal rate.

Thank you for the opportunity to share this information and my words of support for SB 160. I hope you find the general background information in the accompanying report helpful as you deliberate on this issue.

House Commerce & Labor
Date: 3-5-09
Attachment # 3

Testimony to Kansas House Commerce & Labor Committee on the minimum wage

Given by Heidi Zeller on behalf of Raise the Wage, 3/5/09

Thank you Chairman Brunk, Representative Ruiz, and Committee members. I welcome the chance to address you today in favor of Senate Bill 160, which aims to raise the Kansas minimum wage.

I'm Heidi Zeller, organizer of "Raise the Wage," a project of the Kansas Action Network, which unites 30 groups representing 250,000 Kansans. We've worked for the past year to raise the country's lowest minimum wage --\$2.65 an hour! -- through a coordinated, city-by-city campaign.

As you know, the Senate recently passed this bill by a vote of 33-to-7. I'm confident that the House will also support this bill, to ensure that jobs in our state keep Kansans *out* of poverty, not *in* poverty.

Last July, working with Wyandotte County Commissioners, we passed an ordinance that raised the minimum wage in Kansas City, Kansas to the federal level, which is now \$6.55 an hour. 2,300 workers got a raise then, and they will get another raise when the federal level rises to \$7.25 this July.

That's what SB 160 proposes for Kansas as a whole. The idea is to ensure that no one who works full-time falls thousands of dollars below the poverty line, which the current Kansas minimum wage permits. Currently, the only states in the country with a worse wage profile are five states in the Deep South that have no minimum wage at all -- that is, a minimum wage of zero.

We want Kansas to be a shining example of wage justice, not wage stagnation.

But people often ask me, "does anyone *really* makes 2.65 an hour?" The answer is yes. The Kansas Department of Labor estimates that, in 2007, at least 20,000 Kansas workers were covered by the state minimum wage rather than the federal minimum wage. They calculate this estimate using the same data that the federal government uses to calculate unemployment rates.

Who are these workers? The standard profile nationally may not be what you expect: 54% are over 24 and under one-fifth are teenagers. Over two thirds are women. 51% work 30-plus hours a week. 78% have high school diplomas and 9.7% have college degrees. And workers in about a dozen different job classifications are covered by the state minimum wage, including child care worker, companion care workers for the elderly and infirm.

We're confident that, in the present tough economic climate, Kansas legislators do *not* want to tell hardworking Kansans: "We don't care about you or your families." We know most legislators want to do the right thing. We think they appreciate the work done by Kansans at ALL economic levels and want to ease their financial hardship, *especially* in these difficult times. We think they want Kansans to be self-sufficient, without being forced to turn to social service agencies to meet basic needs. Self-sufficiency is best for workers *and* for businesses, which *benefit* from increased purchasing power.

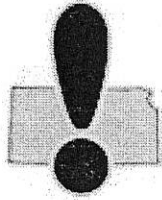
We see raising the minimum wage as a Win-Win option. We can do well by doing the right thing. Kansas will take the high road and Kansans will benefit. The total number of workers who benefit may not be huge -- *but if even one worker were covered by the \$2.65 minimum, that would be one too many*. And the Department of Labor assures us that there are thousands of workers in this category. We think Kansans deserve better. So we strongly urge this committee and all legislators to bring the Kansas minimum wage into line with the federal minimum wage, as the large majority of states have already done.

Thank you for your time. I'll be glad to answer any questions you may have.

House Commerce & Labor

Date: 3-5-09

Attachment # 4



kansasactionnetwork

a statewide coalition of progressive organizations

March 3, 2009

Thank you Representative Brunk, and members of the Commerce and Labor committee for this opportunity to speak in favor of Senate Bill 160. My name is Jake Lowen, and I am the director of the Wichita / Hutchinson Labor Federation of Central Kansas and President of the Kansas Action Network.

For too long Kansas has held the embarrassing position as the lowest minimum wage state in the nation. SB 160 would raise the paltry state minimum wage and bring it into line with almost every other state. You have already heard most of the important facts. That a minimum wage increase would lead to :

- a more self-sufficient citizenry (who depend less on social services)
- consumers with greater purchasing power
- a more motivated, productive workforce
- more cash flow in the local economy
- new jobs & new businesses through a multiplier effect
- a healthier tax base
- Generate \$3.6M in revenue for the state in FY2010

We must dispel the myth that no one actually earns the minimum wage. It does affect real Kansans. The Kansas Department of Labor estimate of 20,000 sub federal minimum wage earners is calculated using the exact same data set as every other trusted labor statistic like unemployment rates and the like. We know that most of the affected population are not teenagers but instead heads of households and providers. These earners are disproportionately women. Those numbers come from economists and not activists.

In short, we can see no rational reason not to raise the State Minimum wage and bring our state into line with our neighbors and the rest of the country. The public clearly approves of measures like SB 160, and this support is bi-partisan. Support from the voting public hovers around 80%. Several Kansas cities have contemplated setting their own minimum wages, and last summer the unified government of Wyandotte County did just that.

We have found deep support within the faith community who recognize that this is not only an economic issue, but a moral one. We all work to make a living. But work is also about hope. It offers us some control over our destiny and it creates the potential for dreams. It only offers hope though when people are able to make more than they need to keep themselves alive. That's why a good wage is central to the American dream and work ethic. It does not make sense to work hard if our work does not have the potential to make life better for ourselves and our children.

The broad based support for increasing the minimum wage indicates that this is an idea whose time has come. Senate Bill 160 deserves to be heard on the House floor just as the 20,000 Kansas workers who it would affect deserve a chance to make life better for their families.

I urge you to keep this bill clean and give it the up or down vote it deserves. Lets set aside politics, and send a clear message to the working men and women from Bel Aire to Beloit that Kansans value work.



President
Mark Love

Executive Secretary
Treasurer
Andy Sanchez

Executive Vice
President
Wil Leiker

Executive Board

*Paul Babich
Mike Brink
Jane Carter
Kurt Chaffee
Rick Greeno
David Han
Larry Horseman
Jim Keele
Lloyd Lavin
Lisa Ochs
Emil Ramirez
Earl Ransom
Steve Rooney
Rory Schaffer
Deb Shepard
Mark Shughart
Richard Taylor
Dan Woodard*

TESTIMONY
On SB 160 Before the
House Commerce and Labor Committee

March 5, 2009

By Andy Sanchez, Executive Secretary-Treasurer
Kansas AFL-CIO

Thank you Mr. Chairman and members of the committee. I appreciate the opportunity to speak to you today and provide our support for SB 160.

SB 160 would give a sorely needed pay adjustment to about 20,000 Kansans. In fact, such an increase is way overdue. Since Kansas first adopted a state minimum wage over 31 years ago, it has seen an increase of just \$1.05 in that period, and that was two decades ago. The rate remains stagnant at \$2.65 per hour. When it comes to comparing Kansas to other states, the result is there is no comparison. We stand alone! Most Kansans, as well as other Americans are appalled when they hear of our state minimum wage rate.

SB160 would raise the "floor" of the hourly wage rate for workers in Kansas not covered by the Fair Labor Standards Act (FLSA). In 2006 when the Federal Minimum Wage dipped to 31 percent of the average wage across the U.S., just think, Kansas was half of that again for these same workers affected by this bill. Is Kansas so different? As we compare Kansas' state minimum wage rate with the surrounding states, where theirs is double ours, is Kansas so different?

The recent action plans by the President and Congress to put a stimulus package together hinged on two concerning points. First, that the plan cost was too much and second, that it will take years before the plan benefits working people. SB 160 puts money in the hands of Kansas workers soon and in the Kansas economy just as soon. Further, SB 160 will cost the state nothing.

Now, you may hear today that setting a "floor" for the working poor is not important public policy and that the market should dictate wages. But what we've learned is that a "you're on your own" philosophy doesn't work. We end up paying for those left behind through social programs to keep them from falling through the cracks. This DOES cost the state. One only has to consider their own personal finances and the cost of basic necessities such as rent (or mortgage), food, clothing, gasoline and utilities to realize it is impossible to live on. These are workers trying to play by the rules. They want to work.

I urge this body to take the high road and relieve ourselves from the embarrassment of being the lowest minimum wage state in the nation. Let's provide good jobs in Kansas that pay better, do not exploit workers and protect against inflation. Thank you.





Making public schools great for every child

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Terry Forsyth, Testimony
House Commerce Committee
March 4, 2009

Senate Bill 160

Mr. Chairman, members of the committee, I would like to thank you for the opportunity to appear before you today to express our thoughts on **Senate Bill 160**.

Our concern is not that our members make the state minimum wage although I imagine many that hold second jobs might. But our real concern is the effect of minimum wage on others in society and in particular on children.

First, as a point of background, I have included in my testimony a chart showing minimum wage rates around Kansas as they stand now.

State	2007	2008	2009
Kansas	\$2.65	\$2.65	\$2.65
Nebraska	\$5.85	\$6.55	\$7.25
Oklahoma	\$5.85	\$6.55	\$7.25
Missouri	\$6.65	\$6.65	\$7.05
Colorado	\$7.02	\$7.02	\$7.28
Iowa	\$7.25	\$7.25	\$7.25
New Mexico	\$6.50	\$6.50	\$7.50
Texas	\$5.85	\$6.55	\$7.25

Not only does Kansas have the lowest minimum wage, it is a full \$4.40 per hour lower than next lowest rate and \$4.60 lower than the current minimum wage in Nebraska, Oklahoma, Iowa, and Texas. With the exception of five southeastern states that have no state minimum wage, Kansas has the lowest in the United States. Our minimum wage is lower than the minimum wage in Guam, American Samoa, Puerto Rico, and the U.S. Virgin Islands.

Like Kansas, Wyoming and Georgia have state minimum wages below the federal minimum wage. But they are both \$5.15, a full \$2.50 higher than Kansas – or nearly double the Kansas wage. Arkansas, Minnesota, and Wisconsin also have state minimum wages below the federal minimum wage but at \$6.25, \$6.15, and \$6.50 respectively, they are all significantly higher than Kansas.

If 48 states and territories can have a minimum wage higher than ours, what are we worried about? The increase in the minimum wage in **SB 160** does not put us at the top of the states. It simply matches our rate to the federal rate. And our state minimum wage jobs are not in competition with Louisiana, Alabama, Tennessee, Mississippi, or South Carolina.

SB 160 brings Kansas in line with the rest of the United States. But most important in our eyes, is the impact of the minimum wage on children. There are young children in Kansas living with parents who must struggle to survive on the Kansas minimum wage. These are the children who depend on the school for their hot meals of the day. These are children with nutritional deficiencies. These are the children most at-risk of failure.

\$7.25 per hour will not lift these children out of poverty but it will make a difference in their lives and the lives of their parents. And it will make a difference in their ability to take advantage of a good public school.

We urge this committee to endorse **Senate Bill 160**.

House Commerce & Labor

Date: 3-5-09

Attachment # 7

**TESTIMONY to
House COMMERCE & LABOR COMMITTEE
In Support of SB 160
March 5, 2009**

Thank you for this opportunity to testify before you today. My name is Shannon Jones. I am the executive director for the Statewide Independent Living Council of Kansas (SILCK). As mandated by the federal Rehabilitation Act as amended, the SILCK is governor appointed, consumer controlled and comprised of statewide and cross-disability representation. Our Council continually seeks input from Kansans with disabilities on how the landscape of Kansas's public policy can change so that people with disabilities are less dependent on public assistance. This input is used as our roadmap to develop the State Plan for Independent Living. Our primary purpose is to facilitate and promote the independent living philosophy, freedom of choice and equal access to all facets of community life for people with disabilities through systems change activities.

The SILCK supports increasing the minimum wage as defined in SB 160

Employment is central to living independently and self esteem for all persons. The key to effectively moving people, both with and without disabilities from state and federal assistance is to help them find employment that provides wages necessary for self-sufficiency.

Because the unemployment rate for Kansans with disabilities runs as high as 52% and the Kansas minimum wage at \$2.65 ranks as the lowest in the nation, it is time to raise the minimum wage to that equal to the federal minimum wage.

Kansans with disabilities want to work and will work, but they need a fair and decent wage to make that transition attractive. Most will consider if it really is worth working if at only \$2.65 per hour or \$424 per month. Will I be able to pay for my heating bills let alone my prescription drug costs is another consideration. By raising the minimum wage to \$7.25 per hour or \$1,160 per month, this becomes much more attractive to folks entering the workforce for the first time.

The SILCK firmly believes that by raising the minimum wage we will steadily see more folks with disabilities moving off the system and contributing to the system, becoming taxpayers rather than tax takers. More Kansans seeking and finding employment at a decent wage will further strengthen the Kansas economy. New taxpayers will add resources to the state. We will have the dignity of earning a fair and decent salary and become part of the community.

The SILCK urges your support to favorably pass SB 160.

House Commerce & Labor

Date: 3-5-09

Attachment # 8

HOUSE OF
REPRESENTATIVES

REPRESENTATIVE, DISTRICT 97

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DALE A. SWENSON

COMMITTEE ASSIGNMENTS
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JOINT COMMITTEE ON ARTS AND
CULTURAL RESOURCES
JOINT COMMITTEE ON SPECIAL CLAIMS
AGAINST THE STATE
JOINT COMMITTEE ON PENSIONS,
INVESTMENTS AND BENEFITS
INSURANCE

March 5th, 2009

Testimony SB160

House Commerce and Labor Committee

Chairman Brunk, Members of the Committee,

Thank you for the opportunity to appear before your committee today to express remarks about the minimum wage.

I believe having the lowest minimum wage in the nation is a disservice to the people of Kansas. I support passage of SB 160.

The National Conference of State Legislatures, The American Legislative Exchange Council, The Conference of State Governments, Progressive States Network, The Center for Policy Alternatives, and others, exist to promote change within the states, knowing that sometimes the Federal Government is slow to respond to the wishes of various groups and changes that are needed. Several policy organizations exist to influence state legislatures as there are solutions available at the state level.

For example, in recent years we have seen individual states seek out their own solutions to the health care crisis due to the slow response from Washington D.C. Often times it is the states that lead the federal government to action, that is why there is so much interest in state level policy.

With regards to wage floors, there are many very credible economists on both sides of the debate. I do not hold myself out to be an economist and I have to rely on the research that others have undertaken. One thing nearly all economists will agree on, is that an economy requires money to be in circulation. Though there are many things attributed to creating a recession, when dollar circulation slows so does economic growth. Wage floors do have a tendency to circulate dollars and reduce poverty. They also tend to create an upward growth among workers earning more than the minimum wage, a sort of trickle up. Wage floors stimulates consumption, by putting more money in the hands of low-income people who spend their entire paychecks

For this reason I believe that increasing the minimum wage in Kansas to the federal level or above will be productive, not just for our own state but, for the nation as a whole. Repeal of the minimum wage would be counter productive. It isn't simply an issue of how many Kansans currently earn less than the federal level. It contributes to a larger debate.

Successful ballot initiative campaigns in 2004 and 2006 gave voters the opportunity to raise the minimum wage, raise the minimum wage for tipped workers, and enact automatic annual cost-of-living increases in eight states: Arizona, Colorado, Florida, Michigan, Missouri, Montana, Nevada, and Ohio. In all, 62% of voters in these states supported the minimum wage initiatives, including 76% and 73% in Missouri and Montana, respectively. In Kansas I doubt there is a single legislative district that would oppose an increase from it's embarrassingly low level.

House Commerce & Labor

Date: 3-5-09

Attachment # 9



The Voice of Small Business®

**House Commerce & Labor Committee
Daniel S. Murray: State Director, NFIB-Kansas
Testimony in Opposition to SB160
March 5, 2009**

The marketplace, not the government, should determine the level of wages and prices charged by businesses.

Mr. Chair, Members of the Committee: My name is Dan Murray and I am the State Director of the National Federation of Independent Business-Kansas. NFIB-KS is the leading small business association representing small and independent businesses. A nonprofit, nonpartisan organization founded in 1943, NFIB-KS represents the consensus views of its 4,000 members in Kansas. Thank you for the opportunity to comment on SB 160.

NFIB opposes further increases in the federal and state minimum wage. Most businesses already pay above the minimum wage in order to attract and retain quality workers. However, businesses currently exempted from the federal law should have the flexibility to determine wage levels. The marketplace, not the government, should determine the level of wages and prices charged by businesses.

By automatically increasing the minimum wage, lawmakers remove the business' ability to discuss wage increases with their employees, and automatically imposes a higher operating cost on the company—regardless of the economic climate. With all due respect, lawmakers are not elected to micromanage Kansas' economy. The minimum wage — indeed, any wage issue — should be based on a free-market economy, not a mandate from the legislature.

Further, NFIB-KS maintains that mandatory minimum-wage increases may result in outcomes that are adverse to Kansas' top job creators: small businesses. Some of those adverse outcomes include the following: 1) Employers may reduce hours, reduce the number of employees, or replace low-skilled workers with higher-skilled workers; 2) Employers may leave jobs vacant, reduce wage increases, increase prices where feasible, and take hits on the bottom line; and 3) Some employers will have to look at savings in benefits offered to employees (such as health insurance) in order to be able to afford the higher minimum wages.

If the current minimum wage level of \$2.65/hour is embarrassing, as some have suggested, it is my recommendation that we abolish the state minimum wage altogether.

In closing, we philosophically oppose legislation that arbitrarily sets the minimum wage. We believe the free-market, not government, should determine appropriate compensation for employees. I am here today to ask you to support the small-business community by opposing SB 160. Thank you for your time and consideration.

**Written Testimony before the House Commerce & Labor Committee
Presented by J. Kent Eckles, Vice President of Government Affairs**

Thursday, March 5th, 2009

The Kansas Chamber appreciates the opportunity to submit written testimony in opposition to Senate Bill 160.

We believe the free market should determine wages in Kansas. It has proven time and again to be the strongest, most stable and fair method of determining wages. A minimum wage set by government is not needed and should be repealed altogether.

The Kansas Chamber opposes the Kansas minimum wage because it hurts Kansas employees, employers and the Kansas economy. Although the intent of the minimum wage is to assist entry level and low-skilled workers, the end result is actually harmful to them. These workers stand to lose the most – their jobs.

Increasing the wage will cause employers to do one or more of the following: hire a smaller number of workers but will demand those with higher skills; reduce current employee hours; leave jobs vacant; reduce wage increases; increase consumer prices; or worst of all, lay people off entirely.

Proponents of a higher minimum wage will have you believe that the money for increased wages will appear magically as if it already exists in the current marketplace. Consumers, employees and employers will all pay the price – some with their jobs and some with their businesses.

U.S. Census Bureau data shows that 92% of employees in Kansas affected by this proposed minimum wage increase either live with parents or another relative, live alone or have a working spouse.

Source: http://www.epionline.org/mw_statistics_state.cfm?state=KS

We urge the committee to not pass favorably Senate Bill 160.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



835 SW Topeka Blvd. Topeka, KS 66612 785.357.6321

House Commerce & Labor

Date: 3-5-09

Attachment # 11



March 5, 2009

Thank you for the opportunity to provide testimony in opposition to SB 160.

Some thoughts on government setting wage and price controls

Impact on Business, Higher Prices, Increased Unemployment

The real world effect of raising the minimum wage would be a hit on the pocketbooks of the poorest in society. When businesses are forced to pay more for labor they must make up the difference elsewhere. One way this is accomplished is by cutting back on the number of jobs affected by the higher wage. The higher unemployment that results is felt most acutely by the least skilled and most vulnerable in society. Those who advocate higher mandated minimum wages say they are doing so to help the poor, but in effect they end up hurting them far more by pricing them out of labor markets. Quite simply, if the market value of a person's labor is less than a mandated wage, that person becomes unemployable. Another reaction to higher mandated wages is raising the price of goods. Again this solution disproportionately affects those with the smallest disposable incomes.

Mandated Wages Limit Freedom

If one consenting adult agrees to work for another for \$5 an hour, should the state step in and invalidate the arrangement?

Minimum Wage Jobs are a Stepping Stone

It is often claimed that the minimum wage is not enough to raise a family on. But it was never designed to do so. Barely 5 percent of minimum wage workers are sole breadwinners that work full-time year-round and less than 5 percent are poor single mothers over 18 years old. Minimum wage jobs are overwhelming held by those newly entering the job market or part-time workers. These jobs are a perfect introduction to the business world for young adults. 53 percent of the minimum wage workforce is age 23 or younger, and those with an inability to devote a full day to work. Once employees become acclimated to a job and develop marketable skills they are promoted to higher paying positions or transfer to another business with solid experience on their resume. Nearly two-thirds move out of minimum wage jobs within one year. Expecting a single worker to be able to raise a family on a minimum wage job is not only disingenuous but it unfairly characterizes the role of the position in our society.

Mandated minimum wages tends to simply displace workers whose labor is worth more than the new price floor.

From the New York Times editorial, January 14, 1987, entitled, "The Right Minimum Wage: \$0.00":

There's a virtual consensus among economists that the minimum wage is an idea whose time has passed. Raise the legal minimum price of labor above the productivity of the least skilled workers and few will be hired. The idea of using a minimum wage to overcome poverty is old, honorable — and fundamentally flawed. It's time to put this hoary debate behind us, and find a better way to improve the lives of people who work very hard for very little.

Derrick Sontag
State Director

House Commerce & Labor

Date: 3-5-09

Attachment # 12

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Attorney-at-Law

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Testimony re: SB 160
House Commerce and Labor Committee
Presented by Ronald R. Hein
on behalf of
Kansas Restaurant and Hospitality Association
March 5, 2009

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The Kansas Restaurant and Hospitality Association, founded in 1929, is the leading business association for restaurants, hotels, motels, country clubs, private clubs and allied business in Kansas. Along with the Kansas Restaurant and Hospitality Association Education Foundation, the association works to represent, educate and promote the rapidly growing industry of hospitality in Kansas.

The KRHA is neutral on SB 160, as amended by Senate committee. The KRHA traditionally has opposed minimum wage legislation at both the state and federal level, as such legislation generally provides for an increase on wages for our industry as well as for other industries. , the KRHA acknowledges that SB 160 would NOT cause an increase in any wages being paid by the members of our association. The KRHA would also note that there is no reliable evidence that any employee in Kansas is receiving less than the federal minimum wage, and there is also no credible evidence that there are any employers paying less than the federal minimum wage. In light of that, the KRHA, although neutral on SB 160, does encourage this committee to amend the bill to provide for the repeal of the state minimum wage law for just those reasons.

The vast, vast majority of food and beverage employees in Kansas, which constitutes approximately 13.5% of the workforce, already pay in excess of the federal minimum wage. The Department of Labor has testified in the past that there are indeed employees who receive ONLY the state minimum wage, but no one yet has been able to provide a single example of such an employee in the state. The KRHA has researched this issue and can find no businesses paying at the rate of the state minimum wage, nor any employees making only the state minimum wage. The DOL has not been able to cite a single specific instance of anyone paying or making the state minimum wage. It is also hard to believe that individual employees would work for the state minimum wage, when they can work virtually anywhere else and receive the higher federal minimum wage or higher.

House Commerce & Labor

Date: 3-5-09

Attachment # 13

KRHA appreciates the fact that the Senate Commerce Committee changed the bill, in response to our testimony, so as to eliminate the problems caused by the original bill, which retained the Kansas law treatment of tips, and which could have resulted in Kansas minimum wage being higher than the federal minimum wage.

Minimum wage legislation, on the surface, sounds good in concept. It would appear to help insure a certain, arbitrarily picked wage to all workers. But, in practice, minimum wage legislation oftentimes works adversely to the very people that minimum wage legislation is intended to help. Most workers whose worth is higher than the minimum wage, including professionals, technically skilled workers, skilled laborers, and others, are not even impacted by minimum wage legislation. So, generally, the intent is to raise the wages of those people who are untrained, unskilled, probably but not always young, inexperienced, just entering the workforce, or, in many instances, are attempting to get work experience while going to school or otherwise.

The result of such minimum wage legislation is oftentimes to force the employer to reconsider his or her willingness to employ the least educated, least trained, least experienced worker for employment. If the employer is forced to pay more than what the employee is worth at that point in time, the employer might decide to employ an individual who is more skilled, experienced, or trained. The government can increase the minimum wage, but cannot force employers to pay a higher wage to those least employable and highest at risk workers.

When government raises the minimum wage, at the state or federal level, it has a "bumping" effect on the entire staff. If the federal minimum wage is raised from \$6.55 to \$7.55 per hour, the person making \$7.25 per hour, who has some skills or experience which warrant the higher level of pay, then wants to know why the starting, unskilled employee is making the same amount as him/her. They then want to move up to \$8.00 per hour, which then causes the \$8.00 per hour employee to feel the same way. And so on up the ladder. In short, when the government gets in the business of statutorily setting minimum wages or prices, it has the effect of altering all wages at the hourly level, and, eventually, the entire free market system.

The federal Fair Labor Standards Act of 1938, as amended, provides that the act "applies to enterprises that have employees who are engaged in interstate commerce, producing goods for interstate commerce, or handling, selling or working on good or materials that have been moved in or produced for interstate commerce."

The Fair Labor Standards Act also provides for exemptions for certain employees, including Executive, administrative, and professional employees (including teachers and academic administrative personnel in elementary and secondary schools), outside sales

employees, and employees in certain computer-related occupations (as defined in Department of Labor regulations); Employees of certain seasonal amusement or recreational establishments, employees of certain small newspapers, seamen employed on foreign vessels, employees engaged in fishing operations, and employees engaged in newspaper delivery; Farm workers employed by anyone who used no more than 500 "man-days" of farm labor in any calendar quarter of the preceding calendar year; Casual babysitters and persons employed as companions to the elderly or infirm. The DOL should respond to the Legislature whose the people receiving less than the federal wage are, and whether they are exempt employees, and if so, are they also exempt from the state minimum wage.

There is also the so-called "enterprise" test, which requires, I believe, \$500,000 annual volume to be engaged in interstate commerce. But even if the income is below that, any businesses are covered, or specific employees are covered, to the extent that they are otherwise meeting the definition of the act. The act has also been interpreted to cover those businesses which have credit card sales because of the interstate nature of credit cards.

However, despite these arguments why the state minimum wage should not be raised, the minimum wage in Kansas certainly appears to be extremely low. Therefore, although the KRHA is neutral on SB 160, we would urge this committee to repeal the state minimum wage law.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Research re: Minimum Wage

1. Philosophical objections to minimum wage

Wages are, like goods, determined by supply and demand. Wages are increased in the market place by either an improvement in skills of the worker (education, training, experience) or a shift in consumer demands (shifting value to speed or customer service, for example). Remembering the basic rules of supply and demand, when wages are artificially increased demand will fall. The increase in wages will either have to be absorbed by the firm or passed on to consumers. It is difficult for most firms to pass costs on to the consumer in a competitive environment therefore they must make cuts in order to make up for the increased costs of labor. Such cuts can be found by laying off workers, replacing human labor with more efficient machines, cutting hours, or reducing benefits. None of those options are good for the labor force, who is supposed to be benefiting from an increased minimum wage.

“The simple truth about the issue is that any minimum-wage rate that is forced onto the market will have only negative effects on the distribution of economic justice. Minimum-wage legislation, by its very nature, benefits some at the expense of the least experienced, least productive, and poorest workers.” From Kibbe, Matthew B. “Minimum Wage: Washington’s Perennial Myth” (May 23, 1988). Cato Institute, online <http://www.cato.org/pubs/pas/pa106.html>

2. Minimum wage hurts those that are least employable

The workers most at risk of losing their jobs are those with the least skills – whether it be a lack of education, experience, or productivity. Minimum wage further hurt those workers because they not only lack income but they then are missing out on experience that would help them increase the value of their labor in the future.

“Minimum-wage legislation fosters economic inequalities by creating a gap in the economic ladder: those on the bottom rung are kicked off, but those on higher rungs climb up. By no means are such government-created inequalities fair or just.” (Kibbe)

Studies confirming the relationship between minimum wage and unemployment

According to the 1981 Report of the Minimum Wage Study Commission, the 46 percent rise in the minimum wage between 1977 and 1981 destroyed 644,000 jobs among teenagers alone. "The evidence is now in, and the findings of dozens of major economic studies show that the damage done by the minimum wage has been far more severe than even the critics . . . predicted." From the "Minority Report of Commissioner S. Warne Robinson," in Report of the Minimum Wage Study Commission, vol. 1 (Washington: GPO, 1981), p. 182.

A 1983 survey, "Time-Series Evidence of the Effect of the Minimum Wage on Youth Employment," found that studies conducted between 1973 and 1983 generally agreed that a 10 percent increase in the minimum wage would result in a 1 to 3 percent reduction in teenage

employment. From Charles Brown, Curtis Gilroy, and Andrew Cohen, "Time-Series Evidence of the Effect of the Minimum Wage on Youth Employment," *Journal of Human Resources* (Winter 1983). If we apply these findings to the situation in Kansas, for the 19,000 workers receiving the current state minimum wage of \$2.65, an increase to the Federal wage would be a 247% increase resulting in increased unemployment of 24.7 – 74.1% or 4,693 – 14,079 jobs.

The 1983 Report to the U.S. Senate Committee on Labor and Human Resources of the General Accounting Office "found virtually total agreement that employment is lower than it would have been if no minimum wage existed. This is the case even in periods of substantial economic growth. . . . The severity of the employment loss varies among different age, gender, and racial groups in the population. Teenage workers, for instance, have greater job losses, relative to their share of the population or the employed work force, than adults" From the General Accounting Office, "Minimum Wage Policy Questions Persist," in Report to the U.S. Senate Committee on Labor and Human Resources (Washington: General Accounting Office, 1983).

Peter Brandon of the Institute for Research on Poverty has found that welfare recipients in states that hiked their minimum wages remained on welfare 44 percent longer than those in states that did not increase their minimums. From http://www.cato.org/pub_display.php?pub_id=4950

"A recent National Bureau of Economic Research study reviewed about 90 empirical papers from the early 1990s to the present. It found that two-thirds of those papers conclude that the effects of the minimum wage are negative. Further, among the most methodologically rigorous of those papers, "almost all point to negative employment effects." More specifically, the study also revealed that there is "relatively overwhelming evidence of stronger disemployment" impacts on less experienced workers." From David Neumark and William Wascher, "Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research," NBER Working Paper No. 12663, November 2006, at www.nber.org/papers/W12663 (March 6, 2007).

Increases in the minimum wage actually redistribute income among poor families by giving some higher wages and putting others out of work. A 1997 National Bureau of Economic Research study estimated that the federal minimum-wage hike of 1996 and 1997 actually increased the number of poor families by 4.5 percent.

According to a 2003 study by the Employment Policies Institute (EPI), states with high minimum wage rates also have high unemployment rates. Alaska, Oregon, Washington, Illinois, California, Massachusetts and Connecticut have the highest minimum wages in the country and account for 20 percent of America's unemployment "black spots." The three states with the highest minimum wages -- Alaska, Oregon and Washington -- have the highest unemployment rates in the United States. High wage mandates tend to hurt the entry-level job market, because it increases labor costs and makes competition for jobs fiercer. Less skilled workers aren't able to take advantage of on-the-job training that can boost their skill level and wage, says EPI. Source: Craig Garthwaite, "High Minimum Wage States Home to Most 'Black Spots,'" *Investor's Business Daily*, July 30, 2003; "Indexing the Minimum Wage: A Vise on Entry-Level Wages," March 2003, Employment Policies Institute.