

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:

Renae 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:

Renae 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.

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

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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 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

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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.