

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, historically, has had no affect on the economy.

CONTINUATION SHEET

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.