Approved: March 11, 2003
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairman Donald Dahl at 9:00 a.m. on February 18, 2003 in Room 243-N of the Capitol.

All members were present:

Committee staff present: Jerry Ann Donaldson, Kansas Legislative Research Department
Renae Jefferies, Revisor of Statutes
June Evans, Secretary

Conferees appearing before the committee: Representative Dale Swanson
Jim DeHoff, Executive Secretary, Kansas AFL-CIO
Judy Ancel, Director, The Institute for Labor Studies, The University of Missouri-Kansas City and Longview Community College
Terry Leatherman, Vice President, Legislative Affairs, Kansas Chamber of Commerce and Industry
Mike Taylor, Government Relations Director, City of Wichita
Hal Hudson, State Director, National Federation of Independent Business
Jim Cox, President, Kansas Action Network
Sue Ledbetter, Board Member, Community Action Network of Wichita and Director Wichita/Hutchinson Labor Federation, AFL-CIO
Page Twiss, Flint Hills Living Wage Coalition
Sylvie Rueff, Kansas National Organization for Women
Christy Caldwell, Vice President Government Relations, Greater Topeka Chamber of Commerce

Others attending: See attached sheet

The Chairman called the meeting to order at 9:00 a.m. and recognized Representative Ruff.

Representative Ruff moved and Representative Grant seconded to Table **HB 2129** and to request the Speaker form a summer OSHA task force similar to 2002 **HB 2888.** The motion carried.

The Chairman opened the hearing on **HB 2276 - Family leave wage replacement act.**

Representative Dale Swenson, a proponent to **HB 2276,** testified that one hundred and forty-one nations have recognized the need and the value of having paid family leave. Eighty five of those countries require 100 percent wage replacement. California was the first state to adopt a paid family leave initiative. **HB 2276** allows employees to receive wage replacement benefits while they are off work. Benefits are equivalent to the benefits received if they had been laid off from work (Attachment 1).

Jim DeHoff, Executive Secretary, Kansas AFL-CIO, a proponent to **HB 2276** recommended the bill be referred to the Kansas Employment Security Council for complete review and action. The Council would make recommendations back to this committee (Attachment 2).

Judy Ancel, Director of The Institute for Labor Studies of The University of Missouri-Kansas City and Longview Community College, testified as a proponent to **HB 2276**. Since the passage of the Federal Family and Medical Leave Act (FMLA) in 1993, Ms. Ancel has provided training to union members and answered questions regarding FMLA.

The Federal FMLA was the first law passed by the federal government since the Pregnancy Discrimination Act in the 1960s which recognized that workers have responsibilities to their families which sometimes conflict with responsibilities to their employers. Workers often have to choose between caring for a newborn child or aging parent and their jobs. FMLA does not cover workers at businesses that employ fifty or less workers in a seventy-five mile radius. In Kansas only 52 percent of workers meet this standard. FMLA is a right many cannot afford to use because it provides only for unpaid leave, so many workers simply cannot afford to use it. **HB 2776** would make Kansas one of a growing number of states moving toward paid leave in a nation that is one of the most backward in the world on family leave (Attachment 3).

Terry Leatherman, Vice President–Legislative Affairs, Kansas Chamber of Commerce and Industry, testified in opposition to **HB 2276**. This social welfare program would place a massive tax increase squarely on the backs of Kansas employers. In June 2000, the Kansas Department of Human Resources (KDHR) estimated what it would cost to implement an Executive Order from President Bill Clinton to permit states to provide paid leave through unemployment benefits for parents of newborn or adopted children. KDHR reported an estimated 38,206 men and women would qualify for the paid leave. Using the average unemployment weekly benefit amount at that time, $218.87 a week, KDHR estimated the six-week program would cost more than $50M. **HB 2276** goes much further; it would cost significantly more. Kansas employers are paying an estimated $220M in unemployment compensation taxes to Kansas this year and this bill would increase that amount by nearly 50%. It would be fair to estimate the cost of the plan at about $100M annually (Attachment 4).

Mike Taylor, Government Relations Director, City of Wichita, testified in opposition of **HB 2276**. The Family Leave Wage Replacement is an expensive mandate which far exceeds the intent or requirements of the federal FMLA. The bill would impose a heavy financial burden on Wichita taxpayers, encourage absenteeism and fraud by employees, and punish employees who have strong work ethics. The City of Wichita strongly encourages the committee to reject the costly and unnecessary financial burdens **HB 2276** would impose on the taxpayers and citizens of Wichita (Attachment 5).

Hal Hudson, State Director, National Federation of Independent Business, an opponent to **HB 2276**, testified that small business owners already are overburdened with regulations and red tape. They want no more mandates from state or federal government. **HB 2276** would be just another mandate that would be costly and make it harder to operate a business successfully. **HB 2276** would encourage government to micro-manage private enterprise; some might say it is an "anti-employee" bill (Attachment 6).

The Chairman closed the hearing on **HB 2276**.

The Chairman opened the hearing on **HB 2277 - Minimum wages, state contractors shall pay minimum wage.**

Staff gave a briefing on **HB 2277**, concerning employment; ensuring the employees of government contractors are paid a living wage. Any employers, other than a not-for-profit corporation with a value in excess of $25,000 per year to the state shall provide: (1) employer's employees earn a wage of not less than $9.37 per hour or equivalent salary based rate of compensation based on a 40 hour week (2) proof of the existence of a group health care insurance plan providing to its employees benefits not less than those available under the state uninsurable health insurance plan and to which its employees contribute not more than 30% of total premium costs (3) annual leave policy providing not less than 12 days of compensated leave and 10 days of uncompensated leave.

Representative Dale Swanson testified as a proponent to **HB 2277.** This bill requires contractors and recipients of state economic development incentives to pay a "living wage" and provide health insurance for their employees. Many Kansas full-time workers do not earn enough to climb out of poverty. A wage earner working full-time at federal minimum wage of $5.15 per hour would earn approximately $10,700 a year which is $4,300 below the 2002 poverty line for a family of three and $7,400 below the poverty line for a family of four.

When state economic development incentives create jobs that pay sub-poverty level wages, Kansas is pursuing a shortsighted economic policy. **HB 2277** insures that Kansas economic development incentives create jobs that will lift Kansans out of poverty while improving quality of services received under state contracts (Attachment 7).

Jim Cox, President, Kansas Action Network, testified as a proponent to **HB 2277** which ensures that employees of government contractors are paid a living wage. The primary beneficiaries of the living wage are the affected workers and their families. The living wage movement is a movement for family values, raising children in decent circumstances without having to depend on government subsidies (Attachment 8).

Sue Ledbetter, Board Member, Community Action Network of Wichita and Director Wichita/Hutchinson Labor Federation, AFL-CIO, testified as a proponent to **HB 2277**. A "living wage" policy establishes an absolute minimum level of pay higher than the state or federal minimum wage. The federal government standards by the Census Bureau sets the benchmark at $9.39 per hour, 130 percent of the federal poverty line, for a family of three. Living wage laws cover only those companies that receive local or state government contracts, subsidies and/or tax breaks, and economic development funds (Attachment 9).

Jim DeHoff, Executive Secretary, Kansas AFL-CIO testified as a proponent to **HB 2277.** The state should set working guidelines that would prevent low wage workers from being in poverty. Businesses who contract with the state should not pay wages so low that it causes their employees to seek government assistance to survive (Attachment 10).

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Page Twiss, Flint Hills Living Wage Coalition, a proponent to **HB 2277**, stated this bill ensures that government contract jobs and economic development jobs, subsidized by citizens' taxes, must meet the standard of a living wage. The federal minimum wage is $5.15 an hour and the Kansas minimum wage is $2.65 an hour- the lowest state minimum wage in America. According to the Kansas Department of Labor, about 20,000 Kansas citizens are paid less than the federal minimum wage. Both of these wages are below the poverty level for a family of three (Attachment 11).

Sylvie Rueff, Kansas National Organization for Women, supported **HB 2277** which ensures that employees of government contractors are paid a living wage. The state minimum wage is insufficient to afford life anywhere in Kansas. A living wage can end homelessness for fully one third of America's homeless citizens and prevent homelessness for all minimum wage workers. The $9.37 minimum wage, and the formula for determining annual adjustments indexed to the cost of living, would ensure that any 40-hour-per week minimum-wage worker could afford housing. A living wage would ensure a 40 hour a week, minimum wage worker, adequate income to support a family of four above the poverty level (Attachment 12).

Terry Leatherman, Vice President - Legislative Affairs, Kansas Chamber of Commerce, an opponent to **HB 2277**, stated the bill would limit job creation. By making the cost of labor increase, a business is compelled to respond. Often that response is to eliminate employment positions. Often the positions eliminated tend to be the low wage workers. This hurts the people living wage ordinances are allegedly proposed to help (Attachment 13).

Christy Caldwell, Vice President Government Relations, Greater Topeka Chamber of Commerce, testified as an opponent to **HB 2277**. It is believed that **HB 2277** would dramatically raise the cost of state government and would serve as a detriment to the future growth of the private sector in Kansas by reducing capital investment and job creation in the state. It is believed that the state can ill-afford these consequences at this time (Attachment 14).

The Chairman closed the hearing on **HB 2277**.

The following attachments were distributed on **HB 2276:** Sandra Jacquot, Director of Law/Legal Counsel, League of Kansas Municipalities, an opponent (Attachment 15), **HBs 2276 and 2277** Ashley Sherard,Vice-President, Lenexa Chamber of Commerce, an opponent (Attachment 16), **HB 2277**: Liz Hicks, President, Wichita Chapter of National Organization for Women, a proponent (Attachment 17), **HBs 2276 and 2277** Jesse Romero, Southwest Director, Center for Policy Alternatives, a proponent (Attachment 18).