

Testimony to Kansas Senate Commerce Committee on the minimum wage Given by Heidi Zeller on behalf of the Kansas Action Network, 2/19/08

Thank you Senator Brownlee, Senator Jordan and Commerce Committee members. I appreciate the opportunity to speak with you today about Senate Bill 466, which aims to raise the Kansas minimum wage.

My name is Heidi Zeller and I'm organizing Kansas Action Network's campaign to "Raise the Wage" in Kansas. KAN is a statewide coalition for workers' rights, social justice and economic fairness, with 30 member organizations representing over 250,000 Kansans throughout the state. Raise the Wage is designed to increase the lowest state minimum wage in the nation through a coordinated, city-by-city campaign. We are pursuing this local approach because of the inability to pass a wage increase at the state level year after year. It has now been 20 years that the Kansas minimum wage has been stuck at \$2.65 an hour.

Last July, Congress raised the federal minimum wage from \$5.15 to \$5.85 an hour. Over 100,000 workers in Kansas got a raise back then, representing almost 20% of the state workforce. That was a positive step, and one we celebrated. But, according to the Kansas Department of Labor, at least 17,000 even lower-wage workers did not get a raise because they were covered by the Kansas minimum wage law.

As a study by the Kansas-based Ad Astra Institute shows, there are several categories of Kansas workers who can be legally paid less than the federal minimum wage, including workers whose employers gross under \$500,000 annually and don't produce for interstate commerce, companions for the elderly or infirm, workers at small newspapers, workers on small farms, and childcare workers.¹ In our view, this is unacceptable.

Working year-round at \$2.65 an hour would net a full-time worker an annual income of less than \$6,000 a year. That's *less than a third* of what it would take for a single mother with two children to reach the federal poverty level in 2008.² This July, the federal minimum wage will increase another step, to \$6.55. Will the Kansas Legislature let another year go by without raising the state wage? Will Kansas fall even farther behind?

The purpose of the minimum wage is to place a firm floor under workers and their families, providing the base upon which they can feed, shelter and clothe themselves. In 1938, when President Roosevelt sent the Fair Labor Standards Act to Congress, he said "A self-supporting and self-respecting democracy can plead no justification for the existence of child labor, no economic reason for chiseling workers' wages or stretching workers' hours. . ." Today, the notion of child labor is repugnant. Yet "chiseling workers' wages" effectively continues by not raising the minimum wage year after year in the face of a rising cost of living. The minimum wage may not provide a comfortable life, but it can sustain life.

The point of our campaign is to ensure that no Kansas workers slip through the cracks of an outdated and unjust minimum wage. Consider the consequences of *not* raising the wage: When workers are not paid a fair day's pay for a fair day's work, they are not just underpaid – they are subsidizing employers, stockholders, and customers who do not have to pay the realistic price of producing goods and services. Worse, they are forced to seek assistance in the form of food stamps, subsidized housing and Medicaid, straining social service agencies that are already stretched thin.

Yet it doesn't have to be this way. Research has shown that paying decent wages has positive economic effects across the board: workers benefit because they can better

support their families, local merchants benefit because those workers are spending more dollars in their communities by necessity, employers save money through reduced employee turnover and a more productive workforce, and, overall, the economy gets a boost.

Opponents often argue that raising the wage will cause unemployment – that employers won't be able to afford the increased labor costs and will therefore have to lay off their employees. Opponents tend to hold up small businesses as poster children, saying they will be especially harmed, unable to compete with large businesses, and may fail altogether.

In reality, substantial research has found *no job loss* resulting from increases in the minimum wage. In the four years after the last minimum wage increase of 1996–97, the economy experienced its *strongest growth in over three decades*. Even when the economy is *struggling*, as it did in 1991–92, minimum wage increases have not been found to cost jobs.

As for the situation of small businesses, research has found that they can absorb and benefit from a minimum wage increase just as big businesses can. In fact, the number of small businesses grew *faster* in higher minimum wage states than in states with a minimum of \$5.15 an hour. Additionally, the *number of employees* in small establishments grew *almost twice as fast* in higher minimum wage states.³

Critics sometimes deny all of this – but 31 states have set their minimum wages higher than the federal minimum wage because they see benefits all around. There is simply no reasonable justification for NOT raising the wage. Instead there are many compelling reasons why we SHOULD raise the wage.

For twenty years Kansas workers have been falling farther and farther behind. This year, let's lift our shameful \$2.65 minimum, and create a more solid base for our state economy in the process. This year, when the federal wage floor rises to \$6.55 (and to \$7.25 next year), the Kansas minimum wage should keep pace. Most importantly, let's show that Kansas is a state that rewards honest work with fair pay.

Thank you for your time. I'm happy to answer any questions you may have.

¹ Ad Astra Institute of Kansas, "Impacts of Minimum Wage Increases in Kansas: A Background Report" (2007)

² As of February 2008, the poverty line is \$17,600 for a family of three, according to the U.S. Department of Health and Human Services (<http://aspe.hhs.gov/poverty/08poverty.shtml>)

³ Fiscal Policy Institute, "States with Minimum Wages above the Federal Level have had Faster Small Business and Retail Job Growth" (2006)