

Amendment 70 State Minimum Wage

1 **Amendment 70 proposes amending the Colorado Constitution to:**

- 2 ♦ increase the state minimum wage from \$8.31 to \$9.30 per hour
3 beginning January 1, 2017;
- 4 ♦ increase the minimum wage annually by \$0.90 per hour beginning
5 January 1, 2018, until it reaches \$12.00 per hour on January 1, 2020;
6 and
- 7 ♦ on January 1, 2021, and thereafter, adjust the minimum wage each year
8 based on cost-of-living increases.

9 **Summary and Analysis**

10 ***What is the minimum wage?*** The minimum wage is the lowest wage that can be
11 paid to most workers. The federal minimum wage is currently set at \$7.25 per hour for
12 most workers and \$2.13 per hour for workers who receive tips. It was last increased
13 in 2009. Federal law allows states and cities to set a higher minimum wage than the
14 federal government.

15 ***What is Colorado's current minimum wage law?*** In 2006, Colorado voters
16 adopted an amendment to the state constitution that raised the minimum wage to
17 \$6.85 per hour on January 1, 2007, and required that the minimum wage be adjusted
18 each year up or down for changes in inflation, as measured by the Colorado consumer
19 price index (CPI). The CPI is a common measure for changes in the prices of goods
20 and services, such as food, housing, gasoline, and medical care. The Colorado
21 Department of Labor and Employment sets the state's minimum wage each January.
22 It is currently set at \$8.31 per hour for most workers. Colorado law does not allow
23 cities to set a higher minimum wage than the state.

24 The 2006 amendment also set the minimum wage for tipped workers at \$3.02 less
25 than the state minimum wage. The minimum wage for tipped workers is currently
26 \$5.29 per hour plus tips. Some tipped workers, such as servers and bartenders, may
27 earn enough in tips to bring their hourly earnings above the state minimum wage,
28 while some may not earn enough in tips to reach it. When tipped workers do not earn
29 enough, employers must supplement their wages to ensure that they receive at least
30 the state minimum wage.

31 The occupations of workers most likely to be paid minimum wage include retail
32 salespeople, food service workers, child care workers, janitors, and home health
33 aides.

1 **How does Amendment 70 change state law?** Amendment 70 increases the
2 state minimum wage to \$9.30 per hour on January 1, 2017, after which it increases
3 annually by \$0.90 per hour until it reaches \$12.00 per hour in 2020. Because the
4 minimum wage for tipped workers remains at \$3.02 less than the state minimum
5 wage, Amendment 70 increases the tipped minimum wage to \$8.98 per hour plus tips
6 by 2020. Beginning in 2021, the minimum wage is adjusted annually for increases in
7 the CPI. Although Amendment 70 and current law both use the CPI to adjust the
8 minimum wage, Amendment 70 prevents a decrease in the minimum wage if the cost
9 of living falls.

*For information on those issue committees that support or oppose the measures on the ballot at the **November 8, 2016**, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:*

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

10 **Arguments For**

11 1) Colorado's current minimum wage is too low to provide a basic standard of
12 living for some workers. Full-time workers making the minimum wage in Colorado
13 earn approximately \$17,285 annually, or about \$300 per week after taxes, and some
14 rely on public assistance to make ends meet. While the minimum wage has increased
15 only 21 percent since 2007 (when the last voter-approved increase in the minimum
16 wage went into effect), prices for basic necessities such as health care and housing
17 have increased more steeply. For example, the overall average monthly rent price in
18 the Denver metro area has increased about 37 percent, from approximately \$946 in
19 2007 to about \$1,292 in 2015.

20 2) Raising the minimum wage may help businesses. Higher wages may improve
21 employee productivity and morale and reduce turnover. This is especially important
22 for businesses that pay the minimum wage, as they tend to have very high turnover.
23 Hiring and training new employees can be very costly for businesses. Lower turnover
24 translates into more experienced, more productive workers and significant cost
25 savings.

26 **Arguments Against**

27 1) Increasing the state minimum wage may actually hurt the very employees that
28 the higher wage is meant to help. If Amendment 70 passes, some workers earning
29 the minimum wage may face lay-offs, reduced hours, or fewer benefits. Also, workers
30 seeking minimum wage employment may have a harder time finding work if
31 businesses make fewer minimum wage jobs available. Finally, businesses may
32 choose to raise prices. Because low-wage workers spend a higher percentage of their
33 income on basic necessities like food, they are particularly vulnerable to rising prices.

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1 2) Increasing the state minimum wage may hurt small and family-owned
2 businesses, particularly in rural communities where the cost of living is lower and
3 economic recovery has been slow compared with urban areas. Businesses in rural
4 communities have a harder time absorbing increases in costs and may struggle to pay
5 higher costs if the minimum wage increases, which may further distress the economy
6 in rural Colorado.

7 **Estimate of Fiscal Impact**

8 **State government spending.** Amendment 70 will affect costs for several state
9 government agencies. Any state agency that pays an employee an hourly wage less
10 than that required by Amendment 70 will experience an incremental increase in
11 staffing costs if Amendment 70 passes. The actual increase in state costs for each of
12 these agencies will depend on how the agencies, universities, and the legislature
13 manage the increase. Their options may include increasing state funding, increasing
14 fees, raising prices, reducing workers' hours, or some combination of these choices.

15 **Local government impact.** The fiscal impact of the measure on local
16 governments has not been estimated. Costs will increase for any local governments
17 that currently pay workers at or near the minimum wage.