



The Bell Policy Center

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**Point/Counterpoint by Wade Buchanan and Bill Artist
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New law would help thousands keep up with rising cost of living

By Wade Buchanan

Colorado's minimum wage is the same as the federal minimum wage - \$5.15 an hour. That's \$893 a month or \$10,712 a year, before taxes, for a full-time worker who takes no vacation or sick leave. It is barely above the poverty line for a single person - and well below the poverty line for households of two or more. And it isn't anywhere near enough for a family in Colorado to live on.

Minimum wage workers haven't had a raise in a decade. The purchasing power of their earnings is the lowest it's been since Eisenhower was president. And their earnings compared to average wages in the country are the lowest they've been since Truman was president.

In a nation that values hard work and self-reliance, no one should have to work full-time for wages that leave a family in poverty. As a simple matter of fairness - and to strengthen families and encourage work - it is time to raise Colorado's minimum wage.

Amendment 42 on the November ballot will give Colorado voters the opportunity to do just that. It would raise the minimum wage in Colorado for the first time since 1997, from \$5.15 to \$6.85 per hour. And it would index the wage to inflation in the future, so our lowest-paid workers can at least keep pace with the cost of necessities such as rent, food, insurance and gasoline.

Amendment 42 will help more than those workers currently earning the minimum wage. To begin with, anyone making less than the new wage of \$6.85 will get an immediate raise on Jan. 1, 2007. And thousands more workers who earn slightly above \$6.85 will benefit too, since many employers are expected to raise wages to maintain pay differentials based on such things as job responsibilities and seniority.

This push to raise the minimum wage wouldn't be so critical if minimum wage workers were mostly teenagers working summer jobs for extra money, as opponents of raising the minimum wage often say. But it turns out that most workers affected by Amendment 42 are adults, and many support families.

All of us will benefit as these workers earn more. Their purchasing power will increase, they will pay more in sales taxes and their need for public assistance programs will decline.

A recent study by the Economic Policy Institute and my organization, the Bell Policy Center, looks at who would actually benefit. Here's what we found:

- Approximately 138,000 Colorado workers will get raises if Amendment 42 passes, including 73,000 currently making from \$5.15 to \$6.85 an hour, and another 65,000 who make \$6.85 or more but can be expected to receive pay increases as an indirect result of Amendment 42.



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- Of these 138,000 workers, 97,000 (67 percent) are adults. About 60,000 work full time, and another 53,000 work 20 to 34 hours a week.
- On average, families with workers affected by the increase depend on those earnings for 60 percent of family income - and 47 percent of the families count on these earnings for all family income.
- Of affected workers, 31 percent are married and 20 percent are parents.
- In Colorado, 57,000 children live in homes that will benefit from this increase.

The most common argument against raising the minimum wage is that it will result in fewer jobs and will hurt the very people it is intended to help.

But the nation's experience over nearly 70 years of minimum wage laws - and the evidence from 23 states and the District of Columbia that already have raised their rates above the national level - suggests otherwise. Raising the minimum wage in Colorado will help tens of thousands of families and children while resulting in no significant job loss.

Some opponents also argue that by increasing the wage each year with inflation, we will increase the uncertainties faced by business owners - especially when inflation is high. But others argue - and I agree - that raising the wage a bit each year will bring more stability to business owners and low-income families than the current method of raising the rate by relatively large amounts every five or 10 years.

In the end, though, it comes down to fairness and how we treat the lowest paid in our society. We say a job is the best anti-poverty program. But that is true only if the job pays a wage that doesn't leave a family below the poverty level.

We like to think of Colorado as a land of opportunity, a place where the American Dream is alive for anyone who works hard to get ahead. Let's show we mean it by passing Amendment 42 in November.

Wade Buchanan is president of the Bell Policy Center, a nonpartisan, progressive think tank that focuses on social public policy issues in Colorado. Contact him at buchanan@thebell.org.

Few would benefit, many hurt by this inflexible, draconian measure

By Bill Artist

This November voters will be asked to permanently put an increase in the state's minimum wage in Colorado's Constitution. Amendment 42 also provides for automatic increases every year, based on prices consumers pay for housing, goods and services in the Denver-Boulder area, and locks those automatic increases into the constitution where they cannot be changed to reflect real economic circumstances.

Requiring businesses in Limon, Pueblo, Colorado Springs and Grand Junction to pay wages based on the cost of living in Denver and Boulder is wrong. No matter how you feel about the minimum wage, Amendment 42 is the wrong way to deal with this important issue.

Colorado is the only state where voters are being asked to vote for such an extreme proposal. Voters in Arizona, Nevada, Missouri, Montana and Ohio will also vote on an increase to the minimum wage this year. Every one of these states takes a more reasoned approach than Amendment 42.



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For example, Arizona would raise the wage to \$6.75, but exempts government, babysitters, tipped employees and small business; Missouri to \$6.50, but exempts small farmers and businesses that offer apprenticeships or employment of the handicapped; Montana to \$6.15 but exempts small businesses with revenues of \$110,000 or less; Nevada to \$6.15 if the employer does not provide health benefits, \$5.15 if they do, capping the annual increase at 3 percent; Ohio to \$6.85, but allows employers to pay a wage below that for individuals with mental or physical disabilities or those who may be adversely affected by limited entry-level opportunities for employment.

The official summary of Amendment 42 says it would "Amend Colorado's Constitution effective January 1, 2007, to increase Colorado's minimum wage to \$6.85 per hour" and it "shall be adjusted annually for inflation, as measured by the Consumer Price Index used for Colorado."

Voters need to know that the flaw in the language of this amendment is that there is no "Colorado Consumer Price Index" (CPI). In fact the only CPI used in Colorado is based on prices in the Denver-Boulder region. This "Front Range" CPI fails to recognize the economic diversity of the state, but this requirement would apply to every employer throughout Colorado.

The federal government established the minimum wage in 1938; assuring workers were paid a "minimum" of 25 cents per hour. Since then Congress has raised the minimum wage several times to the current \$5.15. In recent years, 24 states increased the minimum wage, but almost all of the increases were accomplished carefully after legislative oversight so as to not create local economic problems. Virtually every one of these local laws also allows for remedies in the event of an economic downturn. No state would have as draconian a minimum wage law as Colorado's Amendment 42 if it passes.

Minimum wage jobs are necessary to help some people learn skills and gain experience when they first enter the work force. Very few people work for minimum wage, and those who do generally move to higher pay as they gain the experience they need. Recent local news reports confirm that employers are paying higher than the minimum wage in order to find good employees.

And very few minimum wage earners are "heads of households". According to U.S. Census Bureau data, 85 percent of employees in the U.S. whose wages would increase by a hike in the minimum wage either live with a parent or another relative, live alone, or have a working spouse. Just 15 percent (nationally) are sole earners in families with children. There are more than 2.5 million people employed in Colorado, of whom 1.5 percent - approximately 37,000 - earns \$5.15 or less. About 44 percent of these workers live with their parents, and 18 percent are in dual-earner households. Another 31 percent are single with no children. The remaining 7 percent - single earners with children - have access to supplemental income through the Earned Income Tax Credit and other government support programs. According to research from New York University Law School and others, for many of these low-wage earners, increasing the minimum wage can result in fewer available jobs, increased taxes and loss of benefits.

For all of these reasons, Respect Colorado's Constitution opposes Amendment 42. We represent more than a dozen major organizations involved with business, industry and tourism throughout Colorado.

While increasing the minimum wage might have some appeal on the surface, Amendment 42 locks the increase permanently into the constitution and requires annual adjustments that have no basis in local economic reality. Amendment 42 is the wrong way to raise the minimum wage. Vote no on Amendment 42.

Bill Artist is the campaign director of Respect Colorado's Constitution.