



The Bell Policy Center

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Amendment 42: Colorado minimum wage Hike is the right thing morally, economically

By Jann Halloran and Wade Buchanan

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No one's going to get rich off the minimum wage increase. But what it will do is help make ends meet when a family needs day care, health care or school supplies.

So often in life, decisions seem to be either economically or morally right, but not both. Amendment 42 is one of those rare occasions when both those goals unite in a single action.

Raising the minimum wage is the right thing to do for Colorado's economy, and it is the right thing to do for Coloradans who work hard to support their families with dignity.

First, let's talk morals.

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. A job should keep a worker out of poverty, not in it. As a simple matter of fairness, and to strengthen families, hard work should result in a wage a family can live on. Right now, for many Coloradans, it doesn't.

And Amendment 42 would help fix that.

As it stands currently, minimum-wage workers haven't had a raise in a decade. Their purchasing power is the lowest it's been since Eisenhower was president. And their earnings compared to average wages are the lowest they've been since Truman was president.

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

Amendment 42 would raise our minimum wage 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.

No one's going to get rich off the minimum wage increase. The difference won't buy a fancy car or a jet-set vacation. But what it will do is help make ends meet when a family needs day care, health care or school supplies. Morally, it's the right thing to do.

Now let's talk economics.

Many opponents of this amendment acknowledge the "moral" argument for raising the minimum wage but warn that economically we just can't afford it. They point to economic models and traditional economic theories that argue jobs will be lost.



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But we are persuaded by the growing evidence from the 22 other states that have already raised their minimum wages above the federal level. In those states, the dire predictions of job losses have not panned out, and in many cases those state's economies are doing better than the rest of us. It makes perfect sense, too. All of us benefit when hard workers earn enough to support their families. It means that those workers buy more, putting more money back into the local economy and paying more in sales tax while relying less on public assistance programs.

This evidence in 22 states has recently been bolstered by a statement from 665 of the country's most respected economists - including four Nobel laureates and six past presidents of the American Economics Association - which concludes: " ... Modest increases in state minimum wages in the range of \$1.00 to \$2.50 and indexing to protect against inflation can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed." (The full text can be viewed at http://www.epi.org/minwage/epi_minimum_wage_2006.pdf.)

These economists also affirm the moral argument for raising the minimum wage, pointing out that "while controversy about the precise employment effects of the minimum wage continues, research has shown that most of the beneficiaries are adults, most are female, and the vast majority are members of low- income working families."

In the end, the decision to vote for Amendment 42 is an easy one. Economically, the slight increase will not damage our economy and, as 22 other states have shown, may even boost our economy.

Moreover, Amendment 42 gives us a chance to do something concrete about poverty, to ensure that working full- time is a ticket out of poverty, not a shackle to it.

Raising the minimum wage by voting for Amendment 42 is morally right and economically right.

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