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# Colorado workers get a raise this year

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MONTROSE — Montrose consumers may see a slight increase in prices, mostly when eating out, because businesses need to offset the cost of increased wages for their employees.

In November, 53 percent of Colorado voters passed Amendment 42, which was a measure to increase the minimum wage from \$5.15 per hour to \$6.85 and from \$2.13 to \$3.83 for tipped employees.

The raise went into effect Jan. 1, and most employers haven't yet seen the effects but know they are coming.

Chuck Presby, owner of Red Barn Restaurant, said the wage increase would affect 80 percent of his staff, being mostly wait staff, bussers and dishwashers.

"It's a majority of my base," he said, adding it will lead to increased cost for his business, but has not come up with a plan to offset those costs.

Denny's has already made changes to neutralize expenses by increasing some menu prices by 10 to 15 cents. Assistant manager Diane Clayton said it was a corporate decision.

The Montrose Denny's has 20 waitresses, all of whom received the 80 percent wage increase, and some hostesses also were affected. She figured the new amendment will cost the company \$340 per week just in wait staff.

Cafe 110 owner Eric Scott said he'll "end up paying and take a loss." The increase applies to only about seven servers, but he said, will lead to about a \$15-a-day increase in expenses.

Matt Box, manager of Rose Bowl, said the increase would not affect the business much because most employees are paid slightly above the new minimum wage. He said if changes were needed to offset the costs, it wouldn't be in the price of bowling, but rather the prices for food and alcohol.

"We haven't hired anyone since the increase, so (I'm) not sure of the effects," he said.

Like Rose Bowl, most businesses, with the exception of restaurants, said they wouldn't see much of an impact in cost because the starting pay for its employees is already higher than \$6.85 an hour.

Because of a tight workforce, most businesses in Montrose already pay above the minimum wage.

“I haven’t seen much of an effect locally because of the tight workforce,” said Ray Lucero, Colorado Workforce Center Regional Director in Montrose.

But he said, when students go to look for jobs this summer, they may see problems.

“The affect will be with young employment,” Lucero said.

The wage increase may also prevent employers from hiring seasonal employees.

“If you are going to make that type of investment, you want them to be around more,” said Mike Ladato, owner of Backstreet Bagel and Deli.

He said between the store’s Montrose and Ouray locations, he employs about eight high schoolers during summer, but the increase in wages might limit that amount.

Long term, these businesses weren’t sure how the amendment would affect their profits.

According to the amendment, the minimum wage shall be adjusted annually for inflation as measured by the Consumer Price Index used for Colorado, which is the Denver–Boulder–Greeley index.

Rich Jones, director of Policy and Research at Bell Policy Center, said economists estimated the annual inflation rate would be around 3.2 to 3.5 percent for 2007. If this holds true, when the minimum wage is adjusted Jan. 1, 2008, it could increase up to 23 cents.

The index is also used to calculate other statistics, such as the cost of living. Because of the wording of Amendment 42, Jones said, legislation is allowed to use any index used for Colorado, enabling the Legislature to create an index for different regions of the state if using the Denver–Boulder–Greeley index become problematic. There has not been any discussion in Legislature to do that.

“I would say the magnitude of difference is fairly minor (between different areas of the state),” Jones said.

Bill Thoennes, spokesman for the Colorado Department of Labor and Employment, said using this index could have both a negative and positive effect in areas like Montrose.

“There is good news and bad news,” he said, adding, the cost of living is not as high as in the Denver area, so wage increases will benefit workers.

On the flip side, he said, it will affect business because minimum wage could increase by “leaps and bounds.” Employers may also find, as the minimum

increase grows closer to what they already pay employees, they may have to increase pay to keep workers.

Colorado isn't the only state to take charge and increase minimum wage after not seeing a federal increase since 1997.

Going into the November election, 23 states already had a minimum wage higher than the federal wage. Currently 29 states' wages are higher.

Because states have been taking the increase upon themselves, economists have had the opportunity to study states with increases and states without, said Jones. He said states with an increased wage showed a rise in income for low-income families without affecting businesses. He said restaurant jobs and low-paying jobs also saw an increase in employment.

Last week, the federal government finally jumped on board and a federal increase in the minimum wage passed in the U.S. House of Representatives with a 315-116 vote.

The federal minimum wage of \$5.15 is currently at its lowest real (inflation-adjusted) value in over 50 years, according to the Economic Policy Institute.

The federal increase now goes to the Senate. If passed, it would raise the minimum wage by \$2.10 in three steps over 26 months. It would go to \$5.85 an hour 60 days after it is signed into law by the president, to \$6.55 a year later and \$7.25 the year after that.

Should the federal measure pass, Colorado employers will have to pay the higher of the two.

Economic Policy Institute states that if the minimum wage increased nationally to \$7.25, 14.9 million workers would receive a raise, 80 percent of which are 20 years old or older.

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