

BRIEFED BY THE BELL: WAGES

The Issue

With a low unemployment rate and a growing population, [Colorado's economy](#) is booming. However, Colorado's economic gains since the Great Recession have been uneven across the state and wages aren't commensurate with the rest of our economy's growth. Factor in rising costs, and many Coloradans are unable to fully feel the benefits of our state's prosperity.

Slow and inconsistent wage growth affects all corners of our state, hindering Coloradans from both urban and rural areas to afford a middle class lifestyle — a key tenet of the American Dream. Stagnant wages only compound the financial burden of other necessities, like child care, housing, a college education, and health care. If we're serious about protecting and continuing Colorado's strong state economy, we must find solutions that allow Coloradans to thrive.

The Solutions

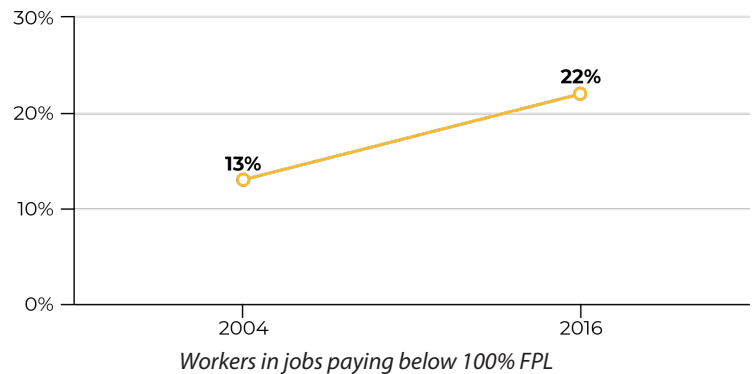
While there is no single way to improve wage growth, increasing pay for low- and middle-income Coloradans would go a long way toward creating an economy that works for everyone. Policymakers can do this several ways.

Local Minimum Wage Policies Are Important

Colorado took a step in the right direction in 2016 when it raised the [statewide minimum wage](#) to \$12. Approved by voters, this measure will help many workers by the time it's fully implemented in 2020. Already, there is some small wage growth in low-pay industries, likely a result of this increase.

However, local governments can't currently raise their minimum wage above the statewide standard. With such uneven growth and disparate costs of living across the state, it makes sense for some areas to have higher minimum wages than others. It's time to allow cities and counties to raise their minimum wages to meet the unique needs of their citizens.

NUMBER OF COLORADO WORKERS IN LOW-WAGE JOBS IS GROWING



The Facts

- In 2016, almost 1 in 4 Coloradans worked in industries with median wages unable to keep a family of four out of poverty.
- Of 51,800 Colorado jobs added between May 2017 and May 2018, 1 in 4 are in industries that tend to pay lower wages: accommodations and food services, arts, entertainment and recreation, and retail trade.
- The amount of Coloradans working low-wage jobs has grown by 69 percent since 2004.
- Adjusted for inflation, families with lower incomes (equal to or below the county median) saw average household costs grow faster than incomes between 2001 and 2015.
- Women and people of color experience unemployment rates nearly one-third higher than men and white Coloradans.
- In the past year, when adjusted for inflation, [wages have risen 1.5 percent](#).

Empower Workers to Act

Ensuring Coloradans can collectively bargain without interference from employers or management is one way to improve pay, as is maintaining strong unions and worker protections. Profit sharing models, whereby workers share in the profits of their companies, is another avenue to explore.

Don't Forget About Overtime Pay

The last time the national [overtime threshold](#) was updated to reflect inflation was in 1975. In 2017 dollars, the 1975 threshold would be \$53,872, but salaried workers earning more than \$23,660 a year aren't eligible for overtime pay under current regulations. In 1975, 62 percent of U.S. workers automatically qualified for overtime pay, but only 7.7 percent of Coloradans do today.

Raising the overtime threshold would ensure hundreds of thousands of Coloradans are paid for their time and hard work. An increase of the overtime threshold to 1975's level would affect 328,000 Colorado workers. Colorado's General Assembly or governor has the power to make this change.

Equal Pay for Equal Work

On average, Colorado women bring home 81 cents for every dollar a man earns, and the numbers are substantially worse for women of color. The pay gap causes Colorado women to lose \$14.5 billion each year. [Pay equity](#) would mean over 57 percent of the 748,000 Colorado kids with working mothers would benefit, while Colorado's poverty rate could fall from 5.6 percent to 2.8 percent.

Colorado's Pay Equity Commission identified root causes of the pay gap and offered solutions, many of which Colorado's policymakers can put into place. Policymakers can also promote other policies, such as prohibiting companies from asking about salary history, and mandating all government contractors comply with equal pay standards.

The Takeaways

- Wage growth has been relatively stagnant and hasn't kept up with rising costs in Colorado, especially for low- and middle-income workers
- Policymakers need to find and implement proactive measures to help workers
- Policies should include:
 - *Allowing local governments to raise minimum wage in their communities
 - *Increasing the salary threshold for overtime so more workers are guaranteed overtime pay
 - *Closing the pay equity gap so women don't earn less than men for the same work

The Bottom Line

It's crucial all Colorado workers reap the benefits of their contributions to our state's vibrant economy. Relying solely on Colorado's strong economic gains won't accomplish this, but a proactive, wage-focused policy agenda can improve economic mobility for all Coloradans, ensure their hard work is valued with fair pay, and bolster a prosperous financial future for our state and citizens alike.