



Local Minimum Wage Consideration

City Council Work Session

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September 6, 2022

Raise the Minimum Wage

Milestones:

- Issue RFP and Select Consultant
- Conduct Engagement and Survey
- Council Work Sessions: July 12, September 6
- Council Regular Meeting: November 15
- If local wage adopted, effective January 1, 2023

HB19-1210

- Allows local governments to establish minimum wage laws.
- Only 10% of Colorado municipalities allowed to adopt local wage.
- Local wage must take effect on the same day as the statewide minimum wage increase.
- If wage is higher than the statewide minimum the local wage can only increase each year by \$1.75 or 15%, whichever is higher, until the local wage reaches the amount enacted by the local government.
- Communities considering a local wage must:
 - Engage with stakeholders including chambers of commerce, small and large businesses, businesses that employ tipped workers, workers, labor unions, and community groups, and;
 - Consult with surrounding local governments.

- Meetings with Fort Collins Chamber of Commerce and the Latino Chamber of Commerce.
- Utilizing the scheduled National Business Survey to incorporate questions on minimum wage.
- Distributing and making available a general questionnaire for anyone interested in participating.
- Sharing plans for minimum wage considerations through regional meetings.
- Additional outreach with BIPOC, Healthcare Community, Economic Advisory Board, individual business owners.

ONLINE SURVEY – EMPLOYEE RESPONSES

1,159 Employee Responses



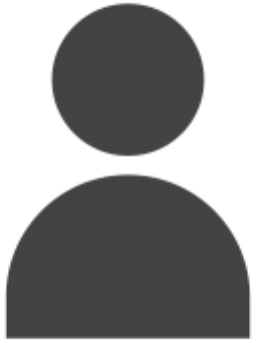
Age

6%	15 to 19
36%	20 to 29
17%	30 to 39
13%	40-49
21%	50 or older



Gender

57%	Women
33%	Men
10%	Nonbinary



Household Type

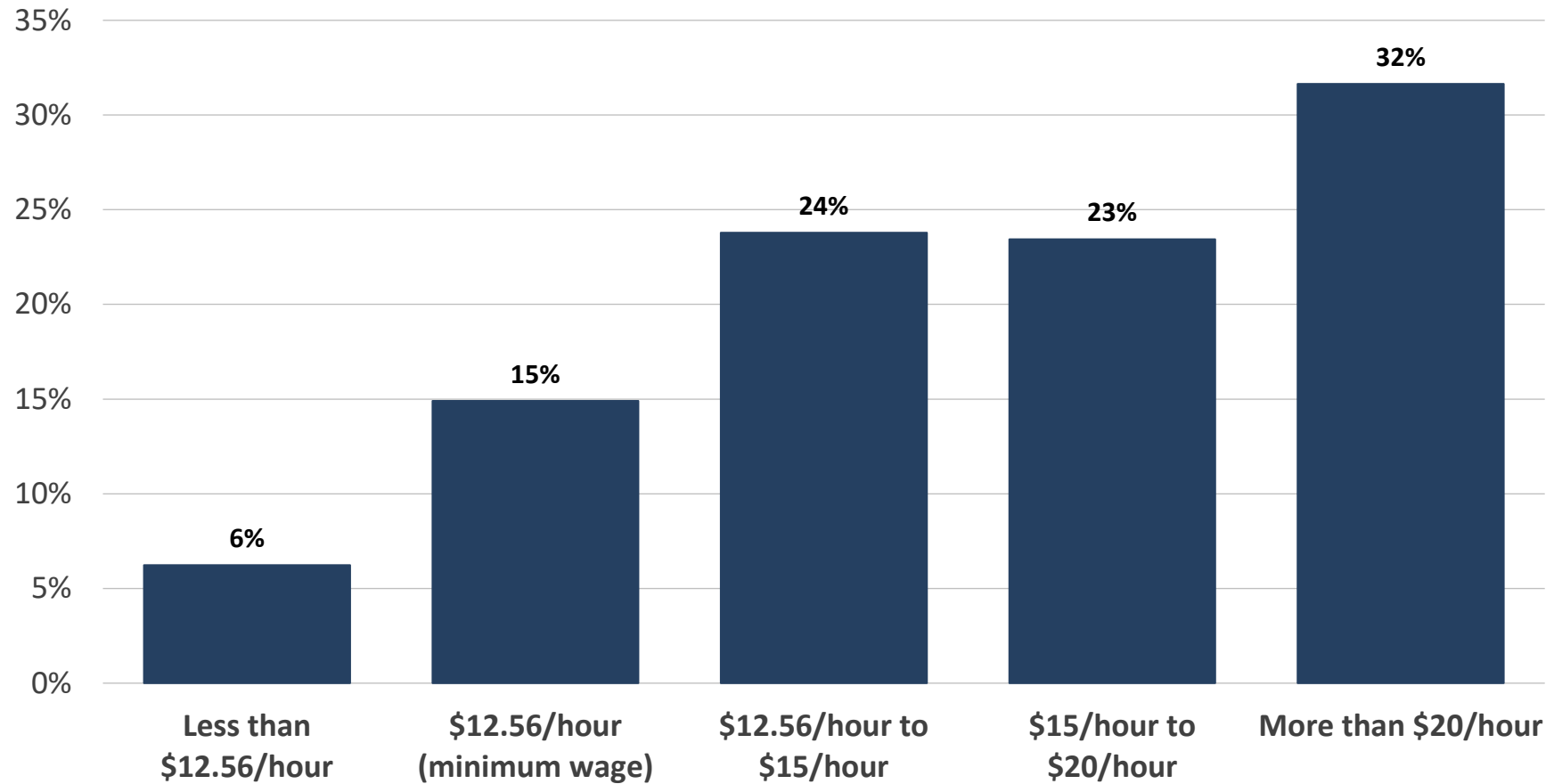
33%	Roommates
24%	Couples without children
18%	Families with children
16%	Single adults



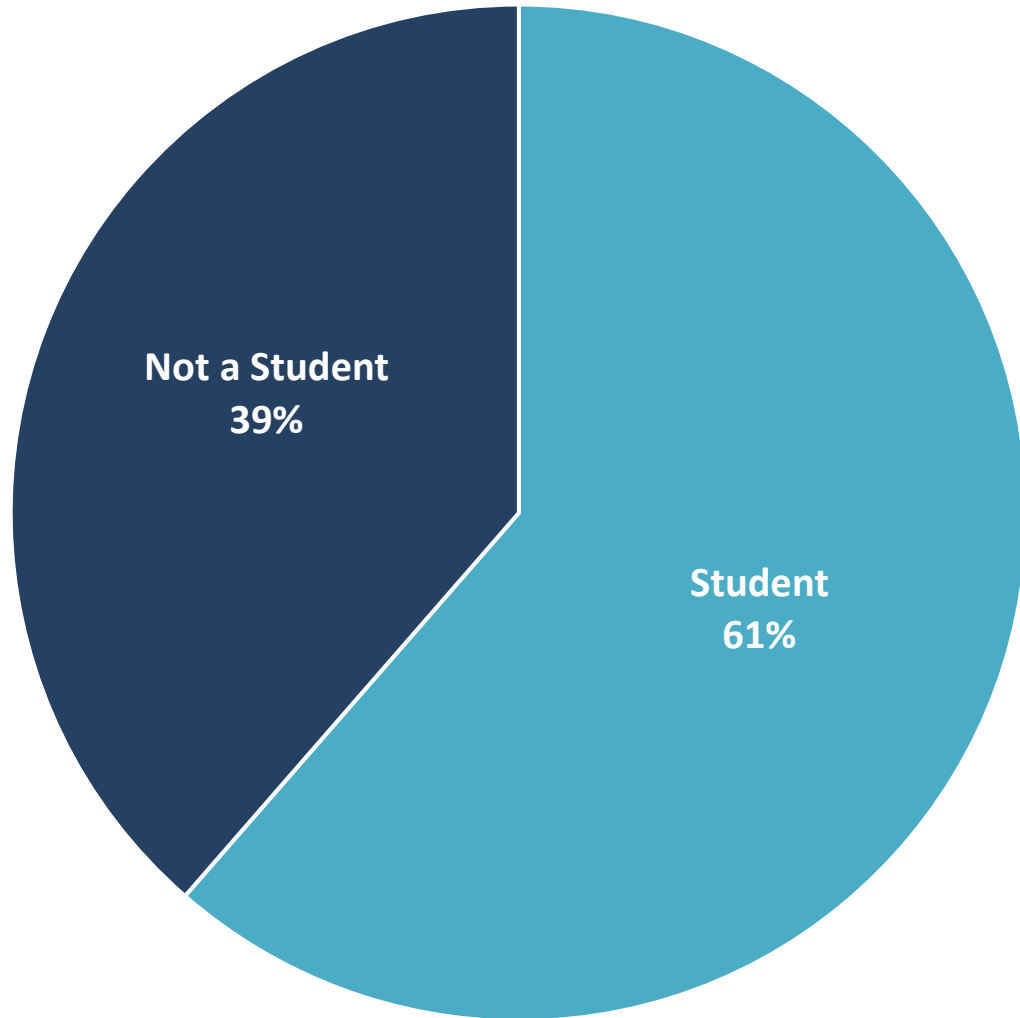
Race/Ethnicity

81%	White
4%	Asian
2%	Black
10%	Hispanic/Latinx

- 21% earn minimum wage or less (\$12.56/hour)
- 45% earn under \$15/hour
 - This includes 40% of untipped workers and 76% of tipped workers
- 14% of respondents earn tips
 - 25% of tipped respondents earn less than \$12.56/hour

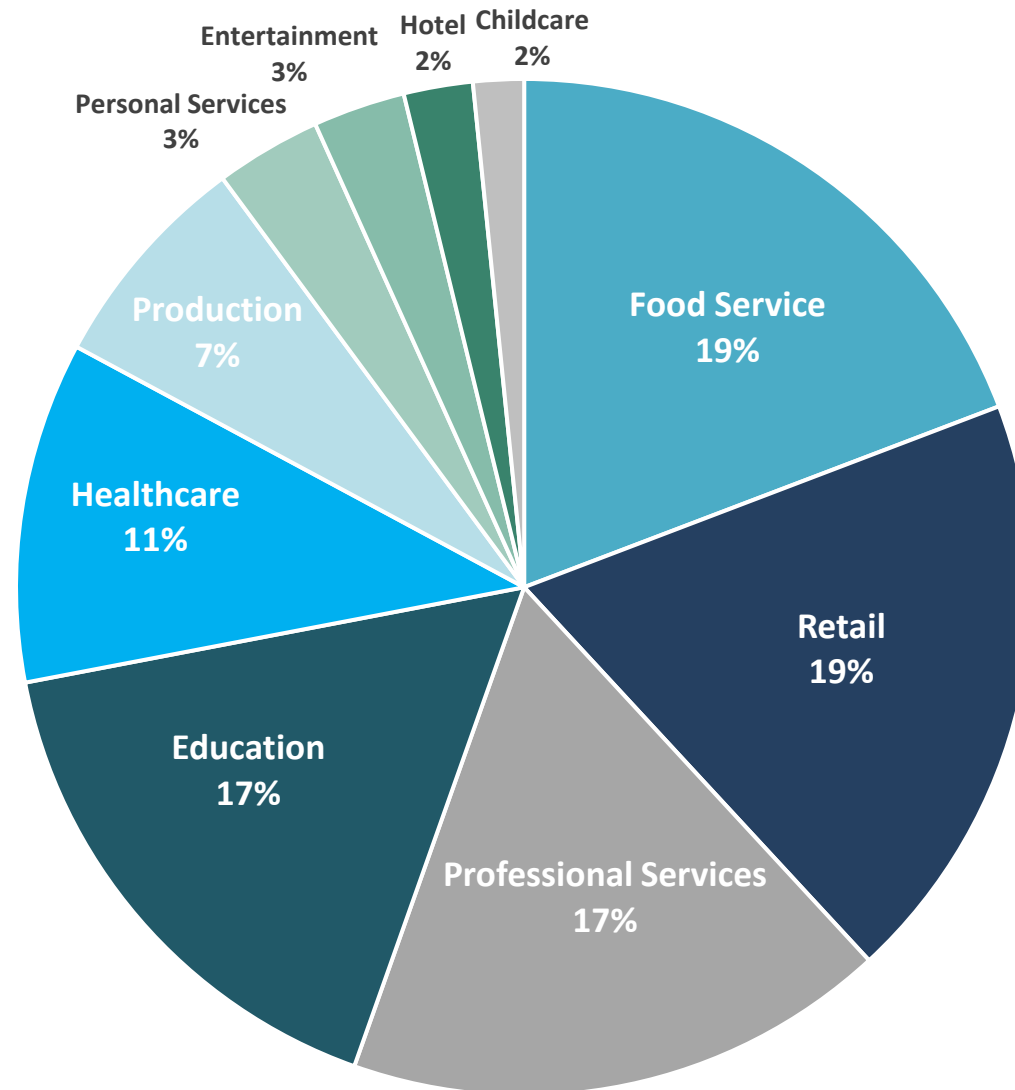


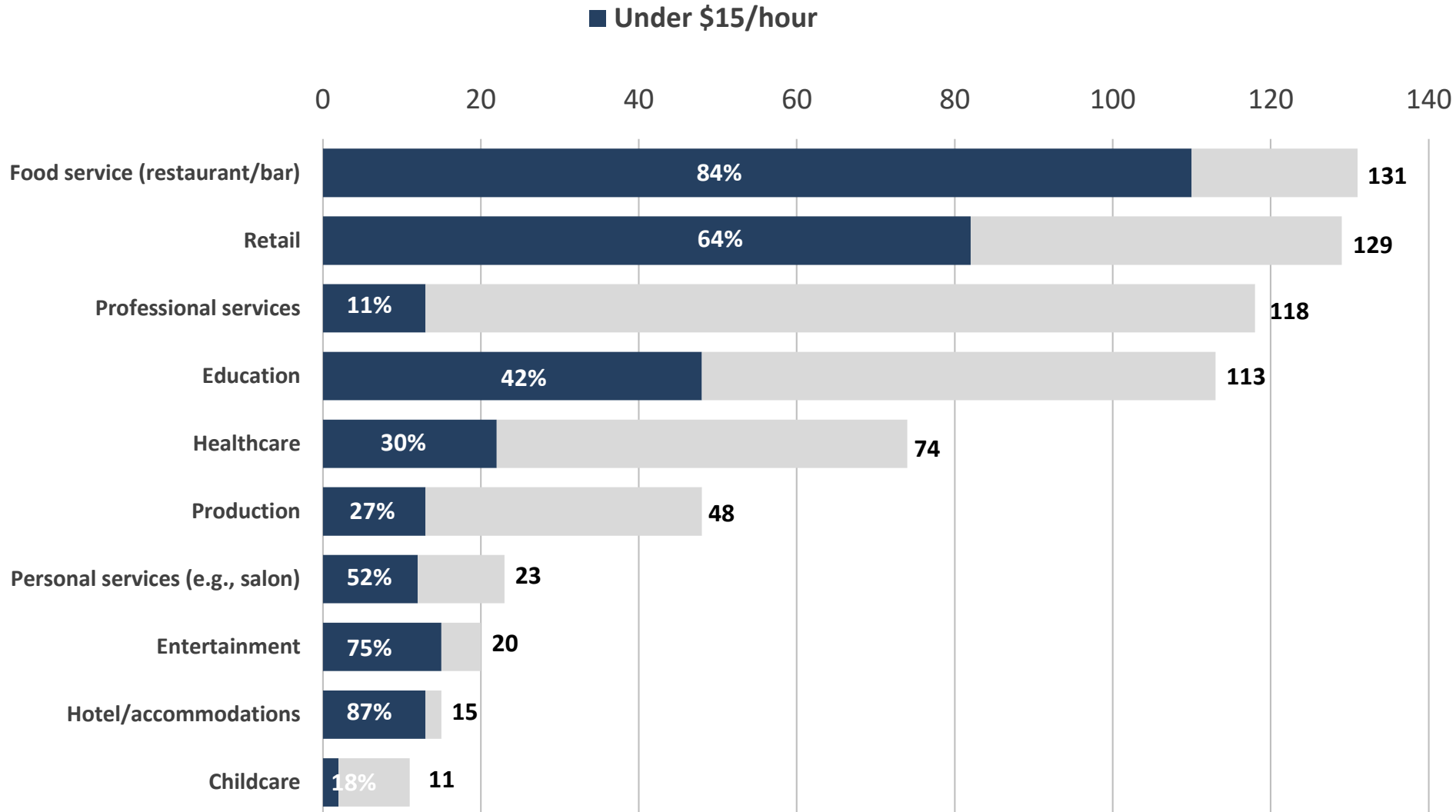
Respondents Under \$15/hour by Student Status (untipped)



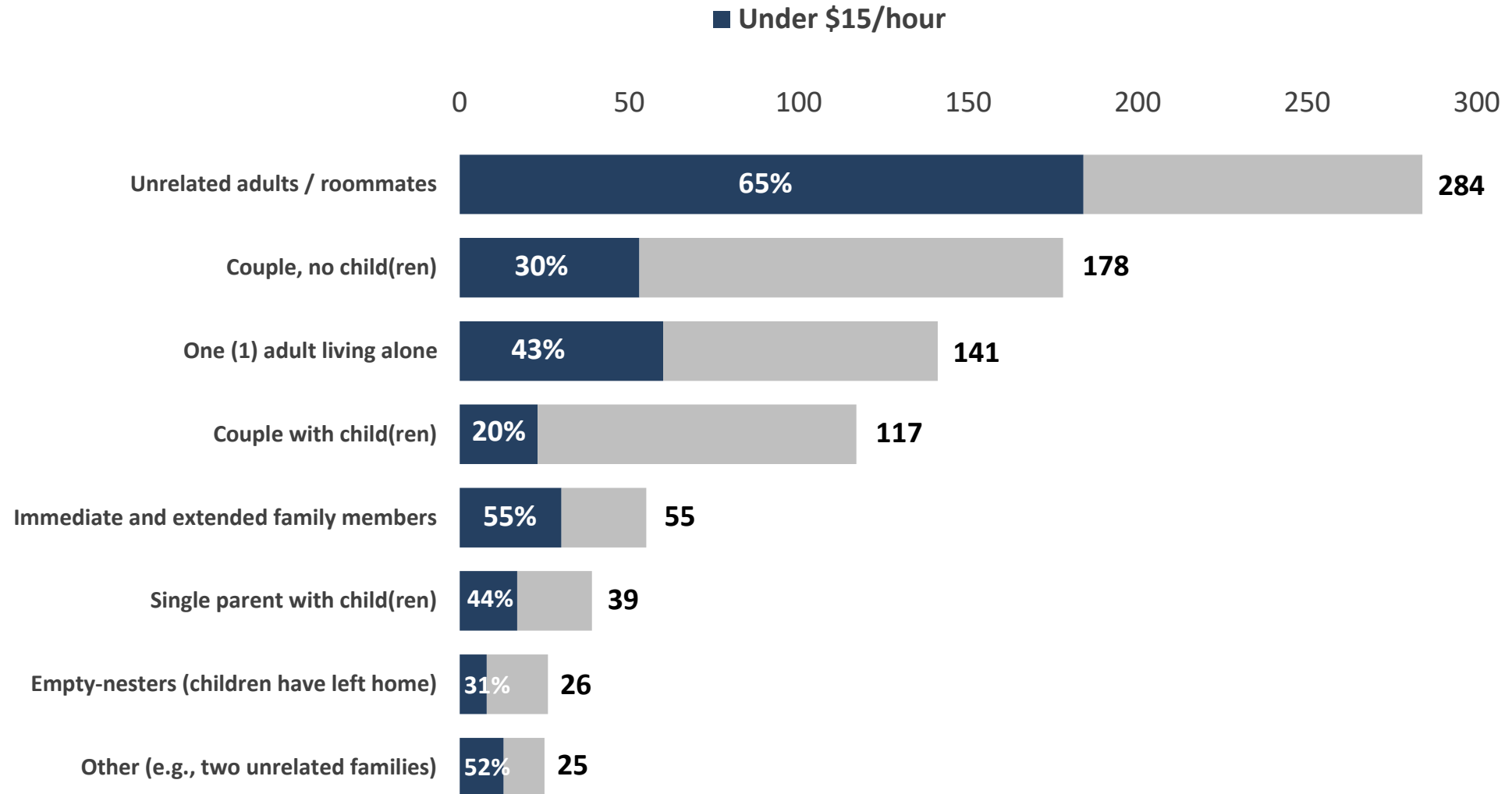
60% of untipped respondents who earn less than \$15/hour are students (students represent a higher share of lower-wage earners.)

Overall, 39% of respondents are students.

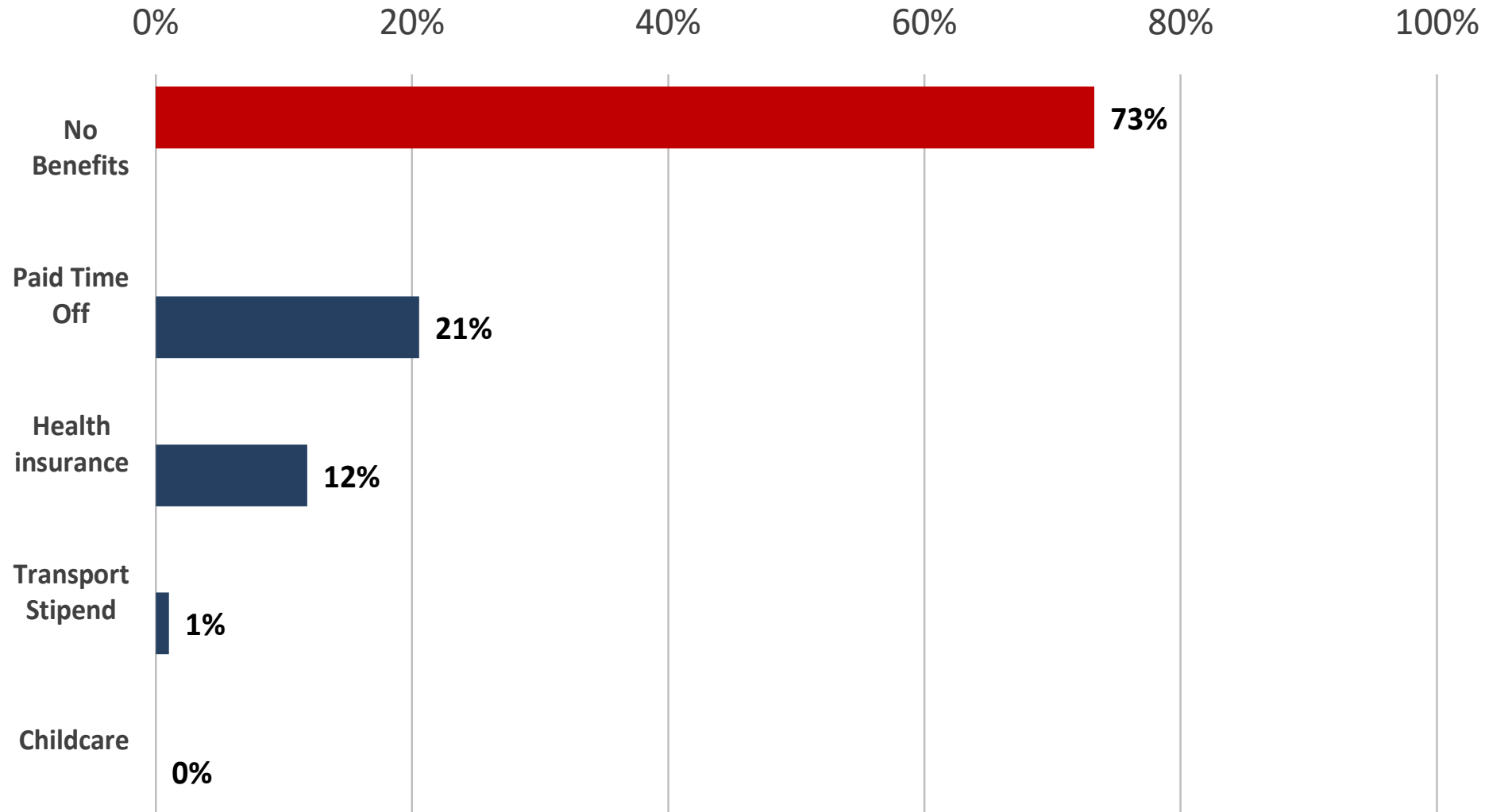




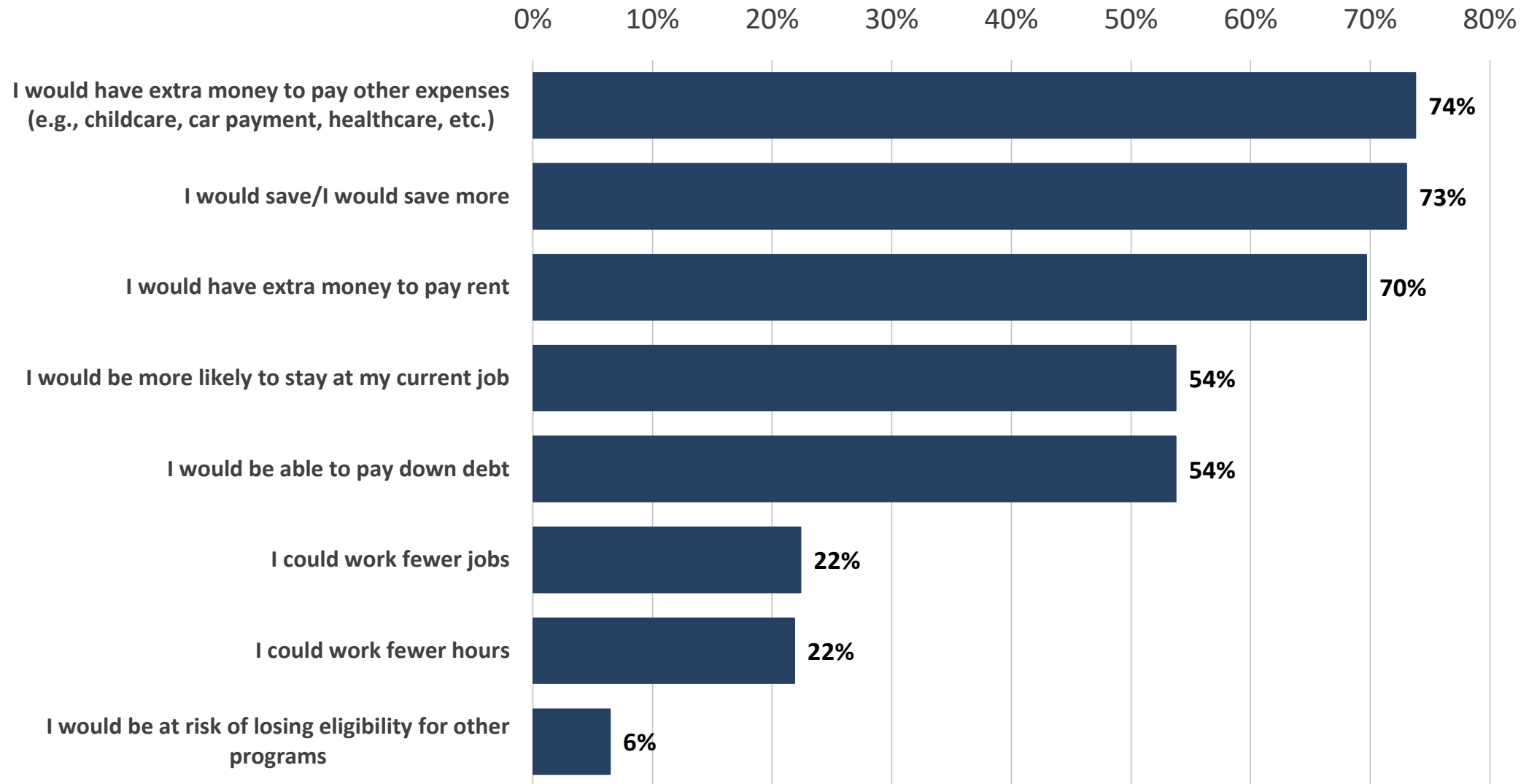
- 65% of unrelated adults/adults with roommates make less than \$15/hr
- 44% of single parents earn less than \$15/hr
- Lowest share of respondents earning <\$15/hr is couples with children (20%)



Benefits, Workers Earning Less than \$15/hour



Impact of a Higher Min Wage, Respondents Earning <\$15/hour



Survey Open Comments

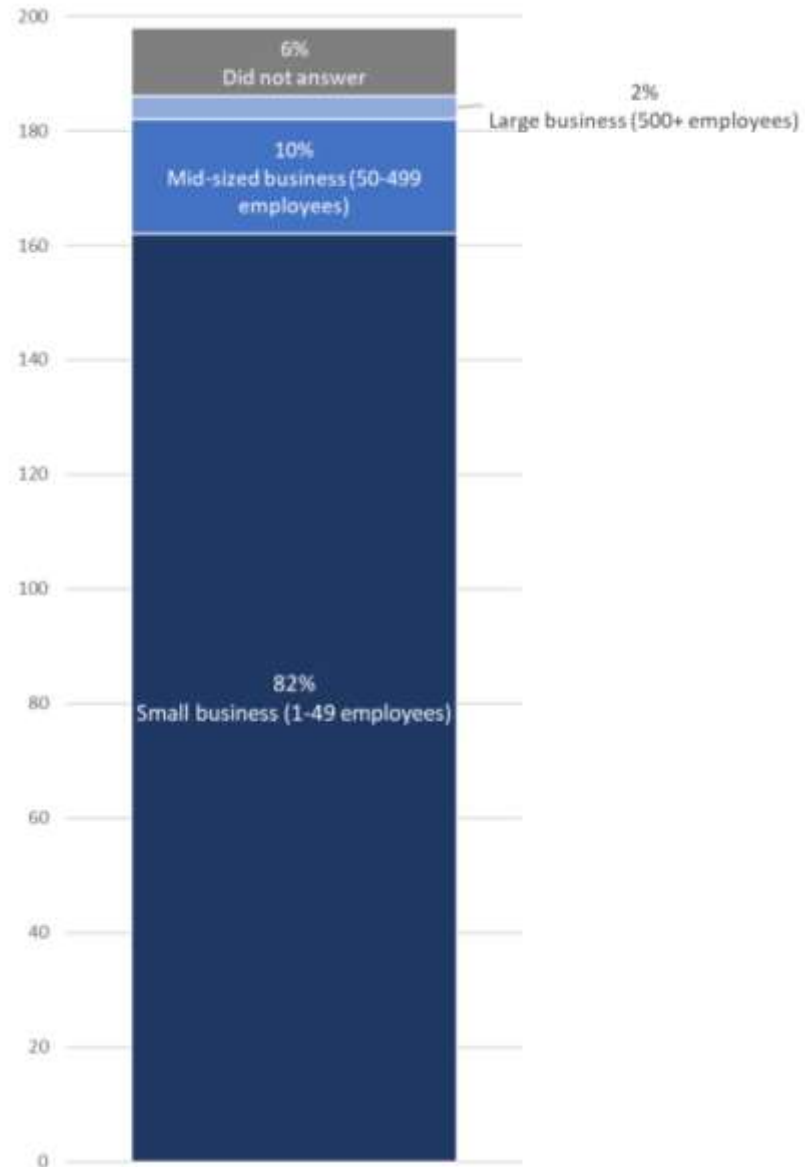
Employees: overall supportive and;

- The majority households were unrelated adults followed by couples, single adult, and couple with no children.
- Open comments on the impacts of a \$15 minimum wage were almost evenly split between would help and would hurt.
- Those opposed to a local minimum wage typically stated that minimum wage is not intended to be a living wage and artificially raising it will negatively impact first-time/unskilled workers and businesses.
- An over-whelming majority spoke to a need to address housing costs.

Employers:

- We should not consider moving to a living wage.
- Higher wages mean less job opportunities for high school and college students.
- Higher wages mean increased prices for consumer products so that businesses can keep up.
- Local government should not be making decisions on minimum wage.
- Housing prices are the issue, not wages.
- Consider raising the minimum wage at a better time. Businesses are just recovering from COVID, recession, inflation.
- Labor shortage is the issue, not minimum wage.
- Raising tipped wages is problematic.
- Wage compression impacts.

NATIONAL BUSINESS SURVEY – EMPLOYER RESPONSES



198 responses

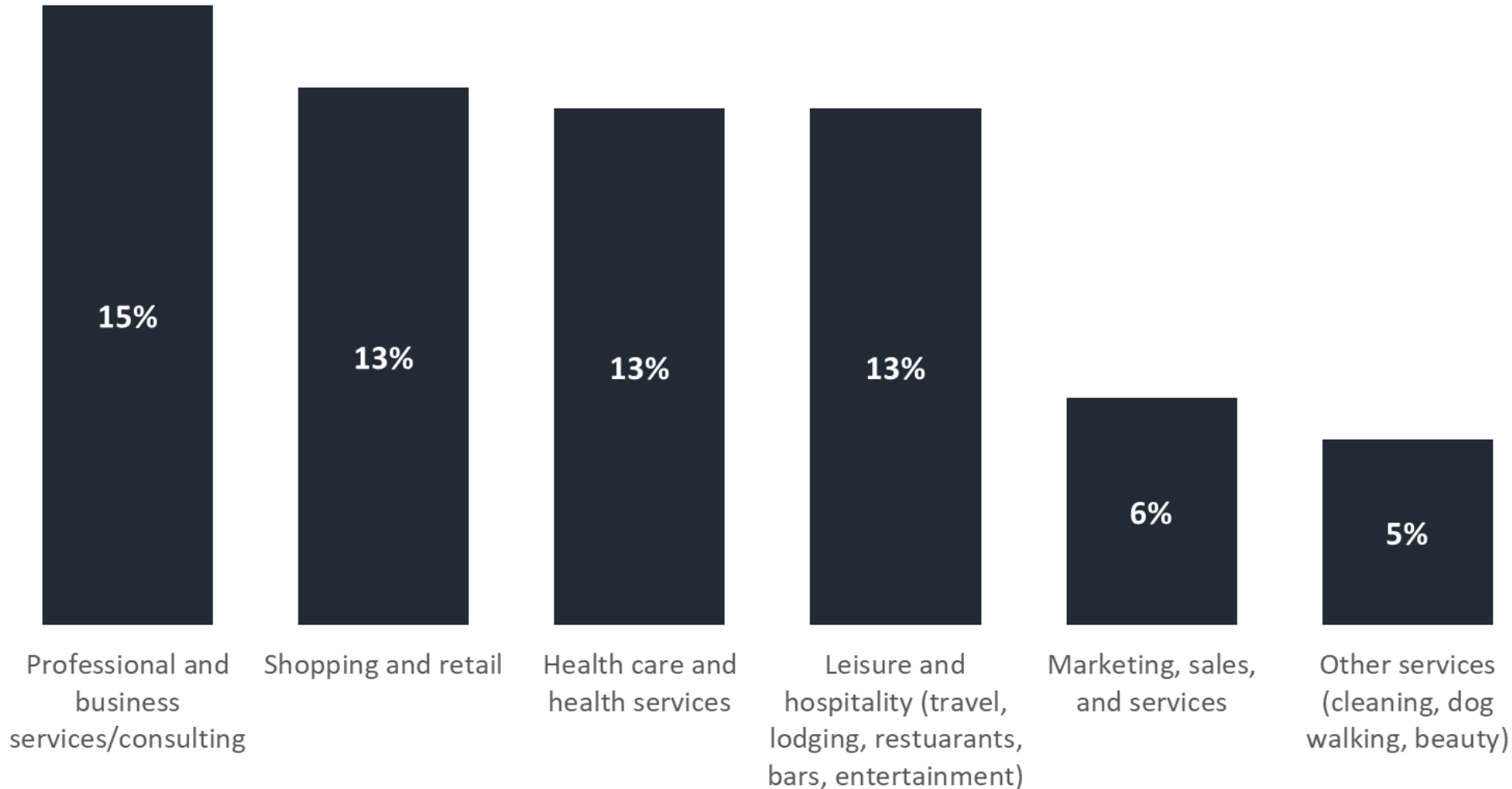
82% small businesses (1-49 employees)

11% minority-owned business
(12% of small biz)

33% woman-owned business
(38% of small biz)

19% home-based business
(21% of small biz)

Which one of the following industries best describes the nature of your business?



73% of respondents pay all employees more than minimum wage.

- For **8%** of respondents, over half of employees earn minimum wage or less (including tipped workers)

62% of respondents pay all employees more than \$15 per hour.

- For **9%** of respondents, over half of employees earn less than \$15/hour

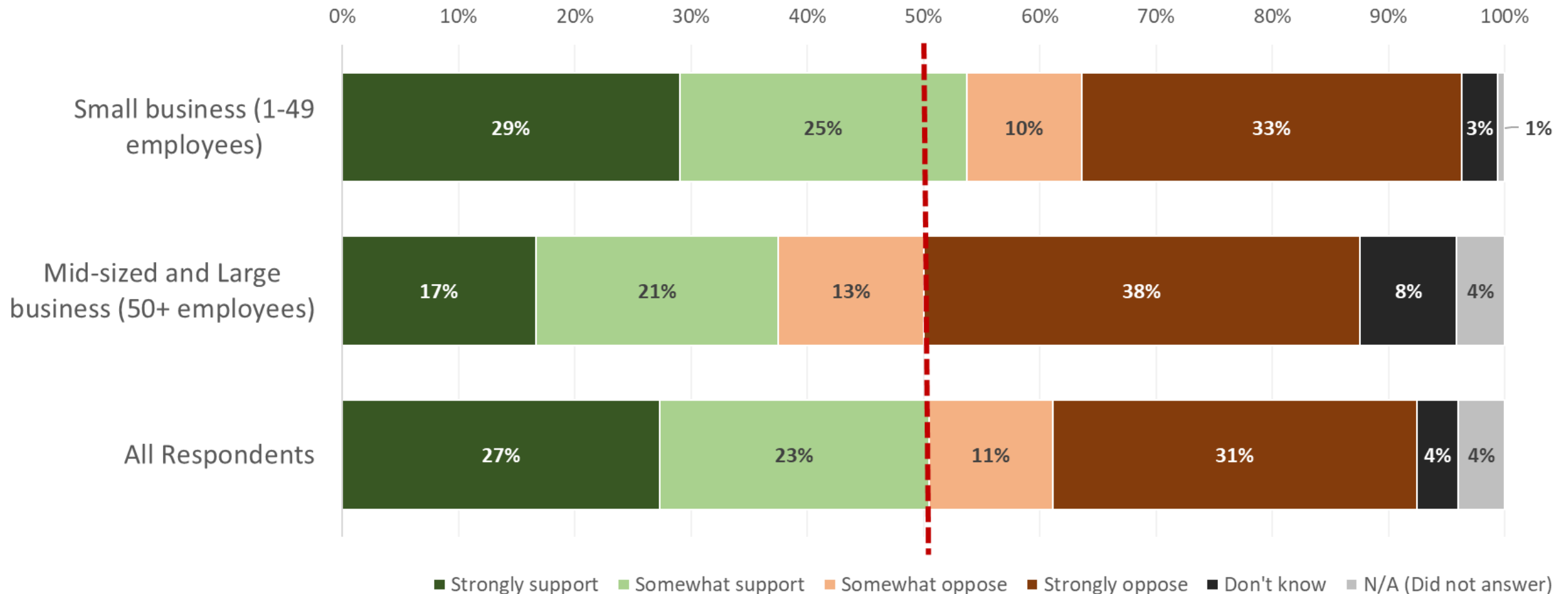
70% of respondents have no tipped employees.

- For **11%** of respondents, more than half of employees earn tips

49% of respondents have no employees who are college students.

- For **5%** of respondents, over half of employees are college students
- For **23%** of respondents, 10-49% of employees are college students

To what extent do you support or oppose the minimum wage in Fort Collins increasing to \$15 per hour?



If a higher minimum wage was implemented, how likely do you believe each of the following outcomes would be?

	Very or somewhat likely	Very or somewhat unlikely	Don't know
My business would charge higher prices			
Small Businesses	51%	37%	9%
Mid-Sized and Large Businesses	54%	42%	0%
All Respondents	50%	36%	9%
Employees would receive fewer hours			
Small Businesses	33%	54%	10%
Mid-Sized and Large Businesses	38%	54%	4%
All Respondents	32%	52%	11%
My business would have to lay employees off			
Small Businesses	20%	64%	13%
Mid-Sized and Large Businesses	17%	71%	8%
All Respondents	19%	62%	14%
My business would have to reduce employee benefits			
Small Businesses	30%	51%	17%
Mid-Sized and Large Businesses	42%	50%	4%
All Respondents	31%	48%	16%

If a higher minimum wage was implemented, how likely do you believe each of the following outcomes would be?

	Very or somewhat likely	Very or somewhat unlikely	Don't know
My business would see increased staff retention			
Small Businesses	17%	58%	24%
Mid-Sized and Large Businesses	42%	46%	8%
All Respondents	20%	54%	23%
It may be easier to recruit and hire new employees			
Small Businesses	20%	60%	18%
Mid-Sized and Large Businesses	29%	58%	8%
All Respondents	21%	57%	17%
My business would not be affected			
Small Businesses	43%	44%	12%
Mid-Sized and Large Businesses	33%	58%	4%
All Respondents	41%	43%	12%

Program began in 2020 and outlined the following adjustment schedule:

\$12.85 from January 1, 2020 – December 31, 2020;

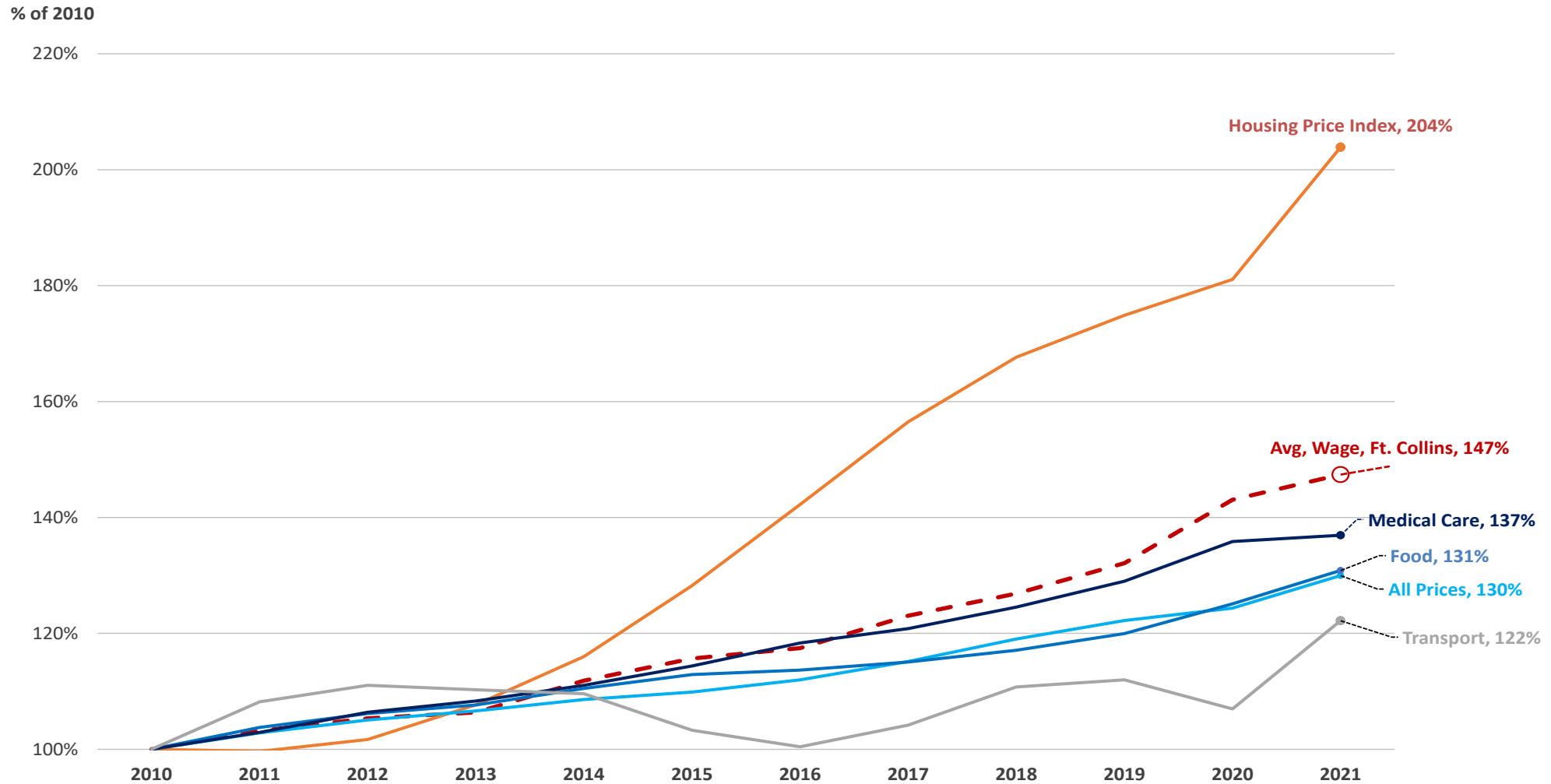
\$14.77 from January 1, 2021 – December 31, 2021;

\$15.87 from January 1, 2022 – December 31, 2022; and

On January 1st in subsequent years, the Minimum Wage will increase by the prior year's increase in the regional Consumer Price Index (CPI), if any.

Denver's program is administered out of the Denver Labor office which is part of the Auditor's Office where they receive and investigate complaints.

2023 wage will be \$17.29 (9% based on CPI)



Source: BLS; FHFA; Economic & Planning Systems

State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	+ \$1.75	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+\$1.75	\$15.45	\$31,889
2024 = \$14.39 (5% CPI)	\$29,701	+\$1.75	\$17.20	\$35,501
2025 = \$14.82 (3% CPI)	\$30,588	+\$1.75	\$18.95	\$39,113
2026 = \$15.26 (3% CPI)	\$31,497	CPI (3% CPI)	\$19.52	\$40,289
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$20.10	\$41,486
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$20.70	\$42,725
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$21.32	\$44,004
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$21.96	\$45,325

State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	15% Increase	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+15%	\$15.75	\$32,508
2024 = \$14.39 (5% CPI)	\$29,701	+15%	\$18.11	\$37,379
2025 = \$14.82 (3% CPI)	\$30,588	+15%	\$20.83	\$42,993
2026 = \$15.26 (3% CPI)	\$31,497	CPI (3% CPI)	\$21.45	\$44,273
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$22.09	\$45,594
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$22.75	\$46,956
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$23.43	\$48,360
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$24.13	\$49,804

State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	Slower Increase	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+ \$1.00	\$14.70	\$30,341
2024 = \$14.39 (5% CPI)	\$29,701	+ \$1.25	\$15.95	\$32,921
2025 = \$14.82 (3% CPI)	\$30,588	+ \$1.50	\$17.45	\$36,017
2026 = \$15.26 (3% CPI)	\$31,497	+ \$.55	\$18.00	\$37,152
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$18.54	\$38,267
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$19.10	\$39,415
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$19.67	\$40,605
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$20.26	\$41,817

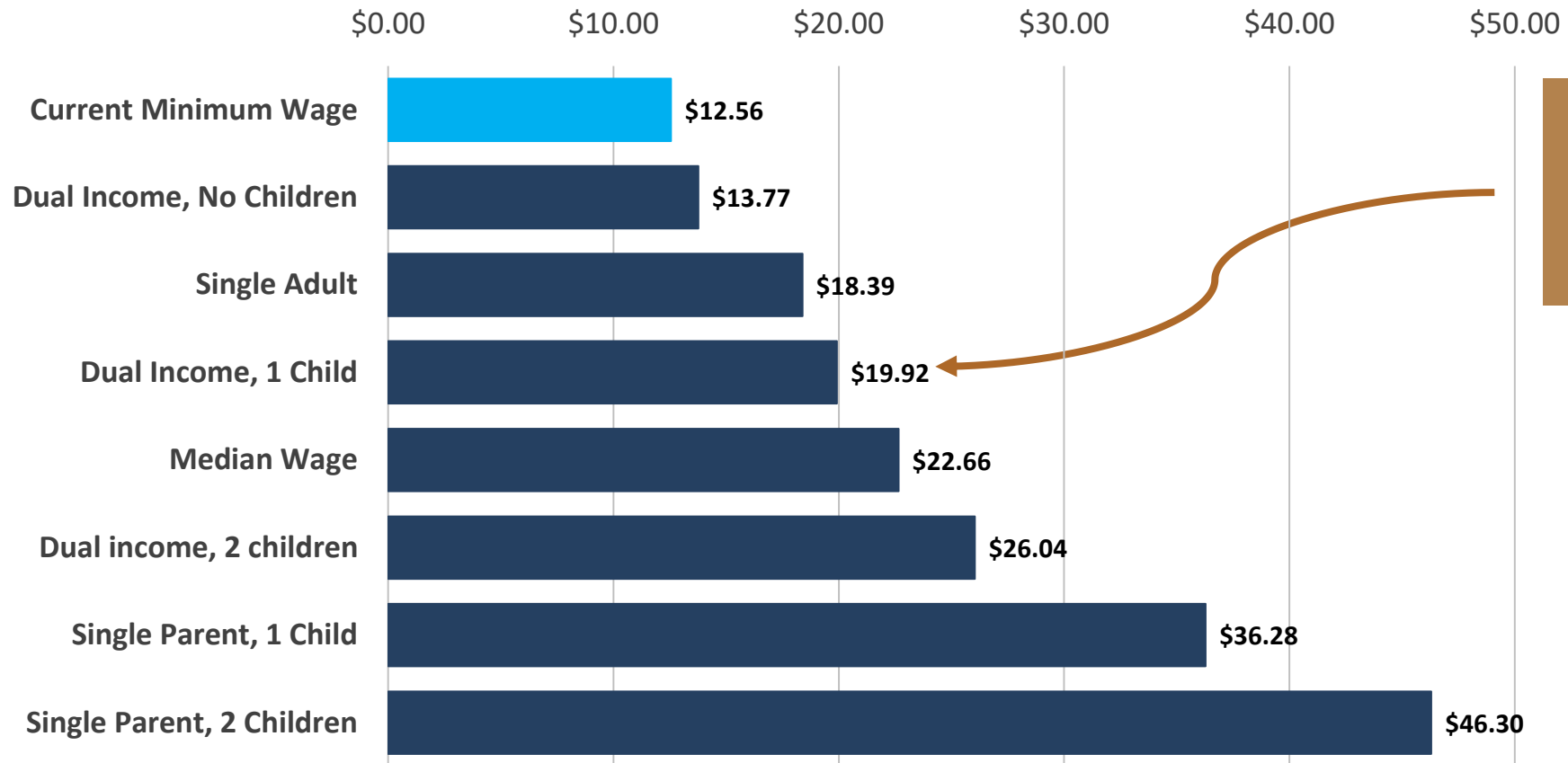
First reading for consideration scheduled on November 15, 2022.

Ordinance will need to specify:

- Target local wage
- Increase implementation schedule
 - No more than \$1.75 or 15 %
 - Could be any other amount
- Adjustment strategy once target wage is reached (i.e. CPI)
- Enforcement mechanisms and requirements including:
 - Require employers to maintain employment and payroll records for a specific number of years;
 - Give City staff authority to investigate credible complaints;
 - Give City staff authority to subpoena or obtain such records;
 - Describe the fines, penalties and other relief available to the employee and the City; and
 - Prohibit retaliation against employees who file complaints.

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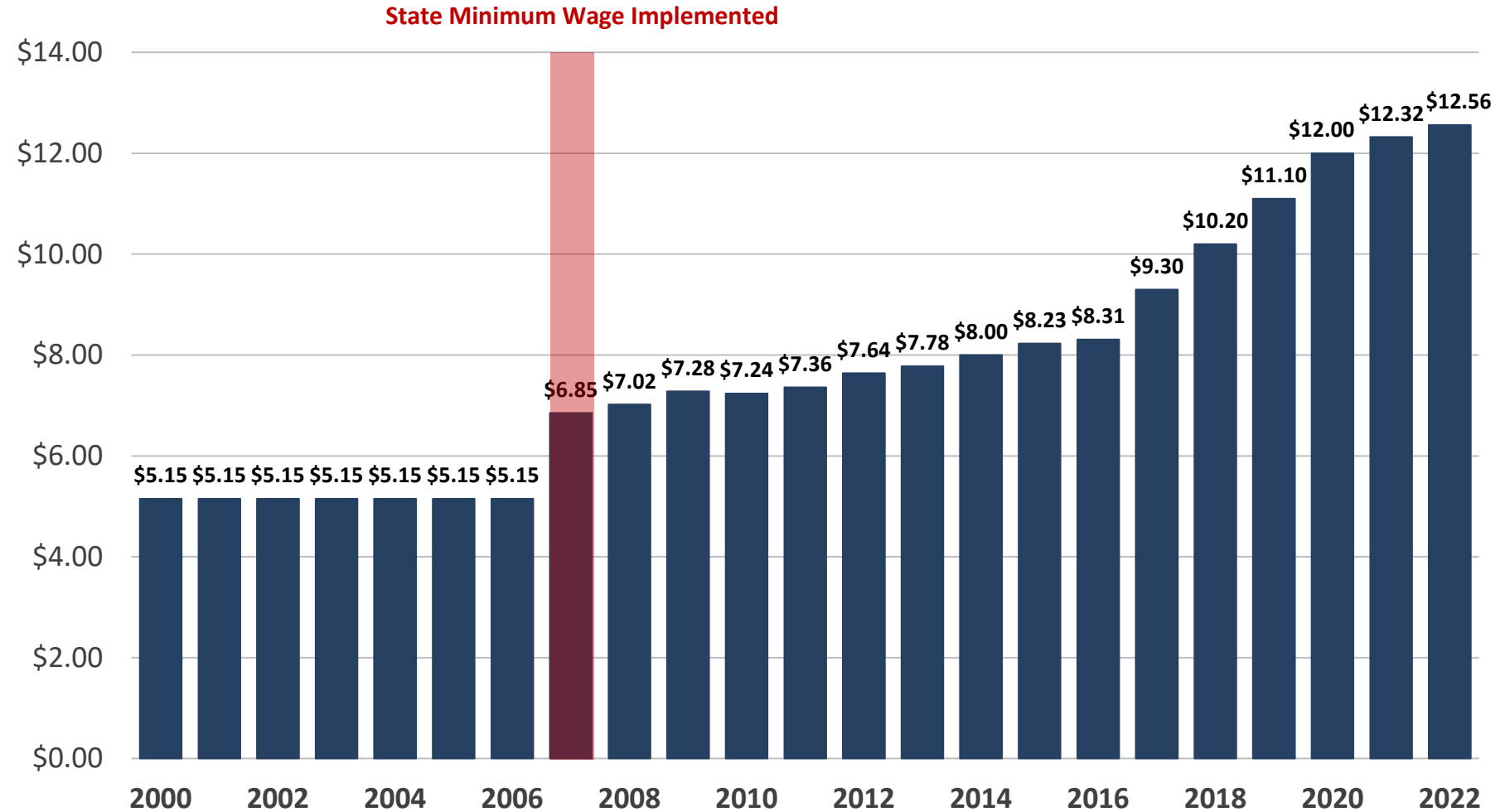
1. What additional information does Council need?
2. Does Council support moving forward with the November 15 first reading?
3. What wage range, or what specific wage, would Council like to consider?
4. How quickly would Council like to meet the desired range?
(Should wage be increased by \$1.75, or 15%, or a lesser amount in the first years?)
5. Once target wage is reached, does Council support defaulting to a CPI increase annually?



Living wage for a dual-income household with 1 child is \$19.92/hour (per earner)



- Current minimum wage is \$12.56/hour (\$9.54/hour for tipped employees)
- State minimum wage is adjusted annually for cost-of-living increases, as measured by the CPI for Colorado
- Currently, Denver is the only municipality in Colorado with a higher local minimum wage (\$15.87/hour)



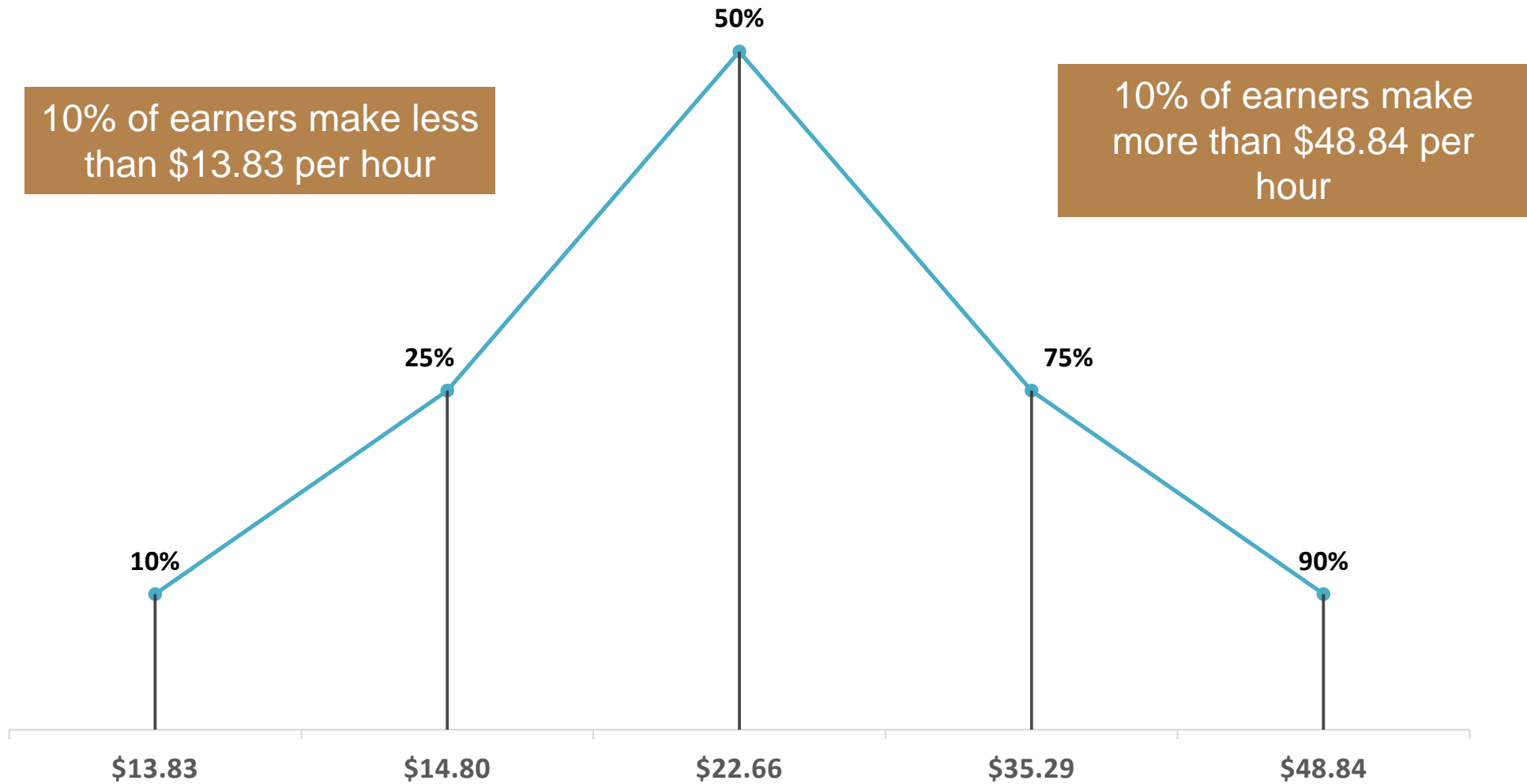
Source: Economic & Planning Systems

KEY FINDINGS

Existing research indicates that a higher local minimum wage generally does **not** lead to job losses or higher prices, but it does increase worker earnings and employee retention.

Approximately one-quarter of the Fort Collins workforce would benefit from a \$15/hour minimum wage.

These jobs are primarily concentrated in the service sector – food service, retail, accommodations, personal care.



Source: BLS OES; Economic & Planning Systems