



**Colorado  
Legislative  
Council  
Staff**

**Amendment 70**

**FISCAL IMPACT  
STATEMENT**

**Date:** September 1, 2016

**Fiscal Analyst:** Amanda Hayden, 303-866-4918

**BALLOT TITLE:** STATE MINIMUM WAGE

<b>Fiscal Impact Summary</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>
<b>State Revenue</b> General Fund	See State Revenue section.	
<b>State Expenditures</b>	<b><u>At least \$111,282</u></b>	<b><u>At least \$387,799</u></b>
General Fund	At least \$35,000	At least \$70,000
Cash Funds	At least \$76,282	At least \$317,799

**Summary of Measure**

This measure proposes amending the Colorado Constitution to:

- increase the Colorado minimum wage from \$8.31 to \$9.30 per hour beginning January 1, 2017;
- increase the minimum wage annually by \$0.90 per hour beginning January 1, 2018, until it reaches \$12.00 per hour on January 1, 2020; and
- on January 1, 2021, and thereafter, adjust the minimum wage each year based on cost-of-living increases.

**Background**

In 2006, Colorado voters adopted an amendment to the state constitution that raised the minimum wage to \$6.85 per hour on January 1, 2007, and required that the minimum wage be adjusted each year for inflation, as measured by the consumer price index. The Colorado Department of Labor and Employment sets the state's minimum wage each January. It is currently set at \$8.31 per hour for most workers and \$5.29 per hour for workers who receive tips.

**State Revenue**

This measure's impact on state revenue has not been estimated. The fiscal impact statement does not estimate how the measure will affect individuals' wages and the subsequent impact on tax collections nor does it estimate the overall impact to businesses and the economy. Such an estimate would rely on many secondary factors outside the scope of this analysis.

## State Expenditures

This measure will increase state expenditures in FY 2016-17 by at least \$111,282 and in FY 2017-18 by at least \$387,799. Based on current job classifications and wages, most state workers earn more than the minimum wage. However, costs will increase for several state agencies, as discussed below.

**Department of Agriculture (CDA).** Between 400 and 500 temporary employees at the Department of Agriculture earn the minimum wage. The number of temporary employees and the number of hours they work varies from year to year. General Fund expenditures will increase in CDA by an estimated \$35,000-\$50,000 in FY 2016-17 and by \$70,000-\$100,000 in FY 2017-18.

**Department of Corrections (DOC).** Offenders working in the Department of Corrections' Prison Industry Enhancement program earn the minimum wage. This measure increases cash fund expenditures in DOC by an estimated \$23,600 in FY 2016-17 and \$71,614 in FY 2017-18.

**Department of Health Care Policy and Financing (HCPF).** Increasing the minimum wage may have an impact on individuals' Medicaid eligibility, as well as provider rates. These impacts depend on a broad number of factors and have not been calculated for this fiscal impact statement. To the extent that HCPF requires a change in appropriations, the fiscal impact statement assumes that the department will address this through the annual budget process.

**Department of Higher Education (DHE).** State universities and colleges often pay students employed in work-study positions less than \$12.00 per hour and may see increases in expenditures for personal services. Wages for work-study jobs are paid through a combination of federal, state, institutional, and private funds. The need for additional funding under the measure may be addressed by increasing state funding, increasing student tuition or fees, reducing work-study hours, or any combination of these options. The actual state cost will depend on the options chosen by state agencies, schools, and the General Assembly.

**Department of Human Services (DHS).** DHS has 2 employees that currently earn less than \$9.30 per hour and 14 that earn less than \$10.20 per hour. Expenditures will increase in FY 2016-17 by approximately \$739 and in FY 2017-18 by approximately \$7,139.

**Department of Natural Resources (DNR).** Approximately 400 employees at DNR earn less than \$9.30 per hour and an additional 400 earn less than \$10.20 per hour. Cash fund expenditures will increase in FY 2016-17 by approximately \$52,682 and in FY 2017-18 by approximately \$246,185.

## Local Government Impact

Expenditures will increase in FY 2016-17 for those local governments that currently pay workers less than \$9.30 per hour and in FY 2017-18 for those that pay workers less than \$10.20 per hour. The precise impact on local governments has not been estimated for this fiscal impact statement.

## Effective Date

The measure takes effect January 1, 2017.

## State and Local Government Contacts

All Departments  
Special Districts

Counties  
Statutory Public Entities

Municipalities