



# The Bell Policy Center

## Concerning the Repeal of the Prohibition on Local Governments Enacting Minimum Wage Laws Senate Bill 16-054

Testimony to the Senate State, Veterans and Military Affairs Committee

Rich Jones, Director of Policy and Research  
February 17, 2016

Thank you for the opportunity to present this testimony.

I am Rich Jones, the director of policy and research with the Bell Policy Center. The Bell is a non-partisan, nonprofit research and advocacy organization founded on progressive values and dedicated to making Colorado a state of opportunity for all.

**The Bell Policy Center supports SB16-054 to repeal the state law that prohibits local units of government from setting a minimum wage for their communities. Allowing local governments, either through an act of their governing body or through initiative or referendum, to set a higher minimum wage will give them the power to respond to the varied and unique needs of their communities. They will be better able to respond to the challenges faced by low-wage workers who are trying to keep pace with the increasing cost of living in many communities. Economic analyses indicate that local minimum wage hikes enacted by a number of U.S. cities recently have boosted earnings and improved job quality without reducing employment or encouraging businesses to leave cities.**

In recent years, a number of U.S. cities and some counties have adopted minimum wages that are higher than the federal or their state's minimum wage. In 2015, 12 cities and two counties including Kansas City, MO; Tacoma, WA; and Johnson County, IA, (Iowa City) set higher local minimum wages. In 2014, 11 cities including Las Cruces, NM, and Santa Fe County, NM, set higher local minimum wages. These local wages better reflect higher local living costs than do the federal or state minimum wages.<sup>1</sup>

Colorado is a varied state with significant differences in the cost of living among its many communities. For example, according to the 2015 Self-Sufficiency Standard for Colorado published by the Colorado Center on Law and Policy, the hourly wage needed to be self-sufficient for an adult and a preschooler is \$26.86 in Boulder County and \$14.80 in Yuma

County. The amount needed to be self-sufficient varies by family size, composition and location.<sup>2</sup> Yet the state minimum wage is the same for all.

The same variation also shows up when you compare the state minimum wage to median wages in different parts of the state. In 2014, the \$8.00 per hour minimum wage represented 44 percent of the statewide median hourly wage of \$18.28. It represented only 39 percent of Boulder's \$20.66 median hourly wage but 50 percent of Grand Junction's \$16.15 median hourly wage.<sup>3</sup>

Economic evidence indicates that higher minimum wages enacted in U.S. cities have boosted earnings without slowing job growth or causing businesses to leave. A detailed analysis of San Francisco's minimum wage found that from 2004 to 2011, private-sector employment grew by 5.6 percent in San Francisco but fell by 4.4 percent in other Bay Area counties that did not have a higher local wage. Among food service workers, employment grew by 17.7 percent in San Francisco, faster than in the other Bay Area counties.<sup>4</sup>

An analysis of 288 pairs of contiguous U.S. counties with different minimum wages between 1990 and 2006 found that higher minimum wages did not reduce employment. In addition, it found no evidence of businesses crossing borders or reducing employment in response to higher minimum wages.<sup>5</sup>

We urge you to support this bill to give local governments in Colorado the ability to raise the minimum wage to better meet the unique needs of their communities.

We thank Senator Merrifield for bringing this bill to you today. We also thank the committee for the opportunity to share our thoughts with you.

If you have any questions, or if I can provide further information, please contact me at (303) 297-0456, ext. 224, or at [jones@bellpolicy.org](mailto:jones@bellpolicy.org)

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<sup>1</sup>City Minimum Wage Laws: Recent Trends and Economic Evidence, national Employment Law Project, December 2015, <http://www.nelp.org/content/uploads/City-Minimum-Wage-Laws-Recent-Trends-Economic-Evidence.pdf>

<sup>2</sup>The Self-Sufficiency Standard for Colorado 2015, Colorado Center on Law and Policy, June 2015, <http://cclponline.org/our-issues/economic-self-sufficiency/colorado-self-sufficiency-standard/>

<sup>3</sup>Occupational Employment Statistics Wage Survey, Colorado Department of Labor and Employment, May 2014 [https://www.colmigateway.com/admin/gsipub/htmlarea/uploads/OES\\_Wage\\_Survey\\_2014.pdf](https://www.colmigateway.com/admin/gsipub/htmlarea/uploads/OES_Wage_Survey_2014.pdf)

<sup>4</sup>City Minimum Wage Laws: Recent Trends and Economic Evidence, national Employment Law Project, December 2015, <http://www.nelp.org/content/uploads/City-Minimum-Wage-Laws-Recent-Trends-Economic-Evidence.pdf>

<sup>5</sup>Ibid