Increasing the Minimum Wage in Boulder: Policy Brief

A growing number of Boulder households are not able to make ends meet

The effects of COVID and inflation are hitting low-income households in Boulder particularly hard. COVID impacts have left many in our community in economic distress emerging from the pandemic. A recent survey of EFAA participants found that over half report current household income lower than pre-COVID levels and almost two-thirds report still dealing with the economic effects of COVID. Inflation across all basic needs, including housing, food, fuel, utilities, and childcare, has made it increasingly difficult to make ends meet. In addition, the recent reduction in Federal support for food, rental assistance and healthcare provided during COVID have further strained lower-income households.

The effects of inflation and the growing gap in affording the basics of life are apparent in the current strains on the safety net. In the last year, we’ve seen a dramatic increase in the number of households coming to EFAA for support. Last month, 1 in 3 of those households had never needed EFAA’s assistance in the past. Weekly EFAA food bank visits are twice the level pre-COVID. The rising costs of rent and utilities have increased housing insecurity, leading to pressures on EFAA for financial assistance to keep people housed and with the lights on. Even with this support, evictions have increased dramatically across Boulder County. The number of school children experiencing homelessness in the Boulder Valley School District has increased to over 800 this school year, from pre-COVID levels in the low 300s. EFAA is having to step in more frequently with emergency hotel stays to provide short-term shelter for families with children who have lost their housing.

The current minimum wage is wholly insufficient to meet basic needs in Boulder. A job is no longer a protection against housing insecurity or a guarantee that basic needs will be met. Income and wages are at the heart of the issue. Wages have not kept pace with inflation, particularly for lower-income workers. A Colorado Center on Law and Policy’s report provides estimates of the ‘self-sufficiency standard’, a measure of how much income families of various sizes and compositions need to make ends meet without public or private assistance. Their 2022 report finds that hourly wages for Boulder County would need to be between $13.79 and $38.08 depending on household structure (see graph). The 2022 minimum wage in Boulder County is insufficient for any type of household to make ends meet on their own. It is particularly challenging for families with children due to the added cost of childcare.

A significant share of jobs in Boulder County do not provide enough income to make ends meet. In 2022, there were 191,840 jobs in Boulder County. More than 10 percent, or over 20,000 jobs paid less than $15 per hour. Over one quarter, or more than 48,000 jobs, paid under $19.05 per hour which is insufficient for single parent households or households with young children.

At EFAA the impacts of this wage structure are clear. A recent income survey of EFAA participants found that 24 percent make less than $15 per hour and 69 percent under $20 per hour. Specifically for participants that chose to answer in Spanish, 43 percent reported making less than $15 and 80 percent less than $20 per hour, revealing clear racial inequities.

To address the urgent community need we are seeing, EFAA requests that our local authorities implement, at a minimum, a 15% increase in the local minimum wage effective January 1, 2024 as well as develop a plan to meet or exceed Denver’s minimum wage by 2026.
Addressing economic insecurity by raising the minimum wage

Since 2019, Colorado allows local governments to set their own minimum wage higher than the State’s, with annual increases limited to up to $1.75 per hour or 15 percent, whichever is higher. Since then, the City of Denver has raised its minimum wage, currently at $17.29 or 27 percent higher than Boulder’s current minimum wage (which is still equal to the State minimum wage at $13.65). Both the Colorado and the Denver minimum wages are automatically adjusted for inflation as measured by the Consumer Price Index every first of the year.

A significant segment of the local workforce would benefit from an increase in the minimum wage. Given the wage levels of jobs in Boulder County in 2022, an initial maximum increase of 15% to $15.70 per hour would give well over 10,000 workers in Boulder County a raise. The effect for a full-time worker who was at minimum wage would be $2.05 per hour, or $4.264 per year, equivalent to almost two months of rent for an average two-bedroom market rate apartment. If Boulder had moved as early as Denver did to raise minimum wage and had a rate equal to Denver’s current $17.29, well over 25,000 local workers would be making a better income. Workers in these lower wage jobs span many types of employment. Food services account for the largest number of lower wage jobs, but over a quarter of all jobs in health care, personal care, maintenance, transportation, and sales.

Increasing the local minimum wage concentrates benefits on lowest paid employees, helping address economic equity. Increasing wages for our most underpaid workers will provide additional income to afford housing, food, transportation, childcare and other basic needs, helping them move towards self-sufficiency. This equity impact would be even high for our Spanish speaking community given that EFAA’s survey found that this group is twice as likely to report hourly wages below $15 than their English-speaking counterparts.

A further misconception about minimum wage workers is they are primarily teenagers working summer or high school jobs. Nationally, only about 10 percent of workers making minimum wage are teenagers. Women are 2/3 of minimum wage workers, 70 percent work in the service industry, the majority do not have a high school degree and are less likely to receive employer-paid benefits.

Broader effects of raising the minimum wage

The common belief that raising minimum wage automatically increases unemployment is unfounded. Potential effects on employment depend on the magnitude and pace of minimum wage increases as well as the industry, the share of labor costs in overall costs, and other factors. Studies’ findings have varied over time, across geographies and depending on methodology. Looking locally, a 2021 Colorado Department of Labor and Employment report indicates that after Denver adopted its higher minimum wage, unemployment did not increase compared to other localities. Although no long-term data is available yet, both Denver and the recent statewide minimum wage increase since 2019 are relevant and comparable and show no significant negative effects on aggregate employment or economic activity after implementation.

In fact, there is evidence of broader positive effects on local economies. Households that rely on low hourly wages typically spend a larger fraction of their income on essentials, such as housing, food, and transportation. When their pay goes up, they tend to spend most of these additional funds locally, putting money back into the local economy.

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1 Source: Bureau of Labor Statistics most recent data for Boulder Metropolitan Statistical Area (defined as Boulder County).
**EFAA’s position on increasing the minimum wage**

**EFAA supports raising the minimum wage.** The increasing levels of working households not able to make ends meet are causing negative impacts on local families that have lasting effects, including increasing food insecurity and family homelessness, as well as putting an unsustainable strain on the safety net. An increase in wages must be part of the solution. This is echoed in the recent survey when EFAA participants were asked what they would share with local elected officials considering raising the minimum wage (box right).

**In view of a range of potential options, EFAA encourages elected officials to consider as a minimum:**

- Given the current crisis, *prioritizing a commitment to an initial minimum wage increase of 15% effective January 2024*. Delaying beyond 2024 will worsen the challenges of the current moment. See scenario 1 in chart. However, Boulder should not stop there.

**While this will help thousands of workers in our community, this should be considered a minimum level of increase. EFAA support a longer-term approach:**

- A fast track (i.e. the maximum 15% per year) until Boulder County reaches the City/County of Denver and thereafter annual CPI-based increases, creating a unified minimum wage in the Denver-Boulder area. Per the chart, this would require 15% increases in 2024 and 2025 then a smaller (7.7%) increase in 2026 assuming an annual CPI increase of 4%. See scenario 2 in chart.

**Further options include:**

- The Self-Sufficiency Standard finds that Boulder’s self-sufficiency wage is on average *17 percent higher* than that of Denver. If officials want to aim for a similar protective factor, Boulder could reach this by 2027 at the earliest. This would still leave a large share of families under the full self-sufficiency wage but better-off. See scenario 3 in chart.

- Moreover, CCLP estimates that for the average household in Boulder County to reach the self-sufficiency standard hourly wage, minimum wage would need to reach $25 by 2028. This aspirational level would allow most, but not all, working households to fully support their basic needs.

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**Examples of EFAA participant’s messages to local officials:**

- *The minimum wage is supposed to give people the ability to support themselves at full time hours. The current minimum wage makes that impossible.*
- *As a 20-year resident, a BVSD parent, a renter, and an essential worker with 2 jobs, I would love to see the local minimum wage increased and pressure put on employers to pay a living wage.*

From Spanish responses:

- *Me gustaría que los representantes vean la importancia de que haiga un aumento salarial, para así cubrir nuestras necesidades básicas.*
- *La renta es demasiado cara para una familia. Con el salario mínimo y un trabajo no se puede pagar*...*

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**Minimum Wage increase: considering different scenarios**

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<tr>
<th>Year</th>
<th>Scenario 1: One year increase of 15%</th>
<th>Scenario 2: Boulder path to match Denver</th>
<th>Scenario 3: Boulder at +17% of Denver</th>
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17% cost of living diff.