

The IMPACT of a \$12.00 Minimum Wage on Women in Colorado

Executive Summary



The Impact of a \$12.00 Minimum Wage on Women in Colorado examines who would be impacted by an increase in the Colorado minimum wage, and the effect of a higher minimum wage on Colorado's workers and its economy. The report, published by Colorado Women's College Collaboratory at the University of Denver, in partnership with The Women's Foundation of Colorado, also highlights policy considerations for Colorado lawmakers on how to best support Colorado women and families in achieving economic self-sufficiency.

In November 2016, Colorado voters will have the opportunity to vote on an increase to the statewide minimum wage, which currently is \$8.31 per hour, or \$17,285 annually for full-time, year-round work. The amendment proposes to raise Colorado's minimum wage by the year 2020, to \$12.00 per hour, or \$24,960 annually for full-time, year-round work.

The Impact of a \$12.00 Minimum Wage on Women in Colorado examines how increases to the minimum wage impact earnings, poverty, and gender and racial equality, and also investigates the potential impact on child care affordability and families' eligibility for public support programs.

Key Findings and Policy Considerations:

An increase in the minimum wage would have a significant positive impact on Colorado women and families, lifting many working women and their children out of poverty.

- Since women are over-represented in the bottom of the wage distribution and the majority of minimum wage earners, they will gain the most from the boost in minimum wages.
- The proposed \$12.00 per hour minimum wage will boost income for approximately 290,000 women.
- Most female minimum wage workers will receive wage increases between \$4,000 and \$7,000 per year.
- Women are breadwinners in nearly half of households with children under age 18. For a family with two children, a minimum wage boost to \$12.00 per hour could cover the cost of six to eight months of food; seven to nine months of transportation expenses; four to seven months of rent; or a semester to a full year at a community college.

Increasing the minimum wage to \$12.00 per hour by 2020 will boost earnings and consumer spending in Colorado.

- The minimum wage boost in Colorado will collectively increase wages by \$600-\$700 million, positively contributing to economic activity throughout the state.
- Incomes will increase for 20% of all households in Colorado, including 200,000 households with children.
- Most of the increased earnings will impact workers over 20 years of age and households earning less than \$60,000 annually.
- The spending by minimum wage increase recipients and their families will augment Colorado's Gross Domestic Product (GDP) by \$400 million.



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What is the Minimum Wage in Colorado?

- \$8.31 per hour, or \$17,285 annually for full-time, year-round work

Who Makes Up the Minimum Wage Workforce in Colorado?

- More than **50%** are women
- **85%-90%** are older than **20**
- Median age is approximately 30 years old
- Nearly **35%** are over **40**
- **35%** have attended college
- **16%** possess at least a bachelor's degree



Increasing the minimum wage will contribute to economic growth without significant job losses or increases in consumer prices.

- The impact on overall prices is small, as consumer prices may rise .1- .2% per year over the transition period, which is well below the average cost of living increase of 2% over the past generation.
- Higher worker effort and reduced turnover will mitigate higher costs for employers, thereby reducing the risk of dramatic price increases as wages rise.
- Higher minimum wages have strong positive earnings effects for restaurants and other low wage retail industries.
- Possible negative employment impact is minimal; overall, most researchers over the past 15 years have found that the minimum wage in the U.S. has little noticeable impact on job losses. Cities and counties that raised minimum wages did not experience resulting job losses, when compared to regional neighbors with lower minimum wages.

Childcare costs are not expected to increase substantially, especially in parts of the state with higher cost of living, such as Denver and Boulder.

- Childcare costs are driven by cost of living, not minimum wages. Since increases in minimum wages will have little effect on overall wages throughout the state, they should have no statistically significant or meaningful impact on childcare prices.
- Childcare costs may increase by 9-10% over the next four years in communities with lower cost of living and lower average wages for childcare workers, before the minimum wage increase. These implications could be mitigated by:
 - Reducing barriers to entry into the childcare market by reducing administrative burden for centers seeking new or renewed licenses to operate.
 - Increasing Colorado Child Care Assistance Program (CCCAP) reimbursement rates for providers in order to offset modest cost increases due to higher minimum wages and ensure that providers continue to accept CCCAP families.

A minimum wage increase would be a net positive for minimum wage earners and the state of Colorado. It would increase earnings, strengthen the economy, and reduce economic inequity in our state.

- Currently in Colorado, many low-income households are supported by both earned income and public safety-net programs. The effects on eligibility for public assistance programs in Colorado would be very small, with almost no effects projected for single-earner households.
- The economic impact on most families will be positive. However, an extremely small number of families may experience cliff effects, or an increase in household expenses, as a result of a loss of eligibility for public assistance programs that exceeds the increase in earnings. These implications could be mitigated by:
 - Evaluating outcomes of the extended CCCAP Cliff Effect Pilot programs, and taking successful approaches to cliff effect mitigation to scale across the state, so that families who near the eligibility limits can gradually decrease reliance on this important work support program.
 - Monitoring out-of-pocket costs for CHP+ and Connect for Health consumers to ensure that costs remain affordable for families making minimum and near-minimum wages.
 - Implementing state supplements to the Low-Income Energy Assistance Program (LEAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) programs in order to ensure that three- and four-person, dual-earner households are not caught in the eligibility gap if the new minimum wage takes effect.

For more information, go to wfc.org or womenscollege.du.edu



About This Study:

This study is the first collaborative, cross-university research initiative developed and funded by the new Colorado Women's College Collaboratory (CWC^C) of the University of Denver. This CWC^C research initiative is a partnership with The Women's Foundation of Colorado, and engaged research faculty from Daniels College of Business and the Graduate School of Social Work at the University of Denver. This research was funded by Colorado Women's College, with additional support from the University of Denver Faculty Senate's Faculty Research Fund.

As the only community foundation in Colorado focused on women and girls, The Women's Foundation of Colorado engages in research, public policy advocacy, and strategic grantmaking to improve educational and employment opportunities to support girls and women on the path to economic self-sufficiency. As a research partner, WFCO pursues nonpartisan answers to key questions about opportunities and challenges for women and girls to identify strategies and guide action to improve economic outcomes for women and families through statewide policy and community grantmaking partnerships. Learn more at www.wfc.org.

The vision of Colorado Women's College (CWC) at the University of Denver is to be a global leader in advancing women in the 21st Century through transformative education, leadership development, public-good work, and research.

Jack Strauss, PhD, is the Miller Chair of Applied Economics at the Daniels College of Business. His research focuses on applied economic analysis and he has more than three dozen publications in the areas of housing, employment growth, stock returns and exchange rates. He has extensive local experience conducting economic impact studies, as well as international policy expertise, consulting for the Central Banks of Azerbaijan, Egypt, Indonesia and Ukraine.

Jennifer C. Greenfield, PhD, MSW, is an Assistant Professor in the Graduate School of Social Work at the University of Denver. Her research focuses on the intersections of health and wealth disparities among women across the life course, especially through the mechanism of family care work, and seeks to identify policy interventions that best support families as they balance work and caregiving. Social work doctoral student, Mark Plassmeyer, MSW, served as research assistant on this project, providing invaluable contributions to the data collection and manuscript preparation.