



# Minimum Wage Cleanup Ordinance

May 2022

Robin Kniech, Denver Councilwoman At-Large

# Overview of Ordinance changes

**1** Correcting Citywide Minimum Wage CPI Calculation Time Period

**2** Aligning Contractor & Citywide Minimum Wages

**3** Repeal of Obsolete Living Wage Ordinance

**4** Adding Legally Required Details for Collection of Unpaid Wages and Penalties



# History of Denver Wage Ordinances



# 1. Correcting Citywide Minimum Wage CPI Calculation Time Period

## Background

- Best practice to index minimum wage with Consumer Price Index (CPI) to mitigate erosion of buying power.
- Citywide minimum wage must be adjusted January 1.

## Problem

- Ordinance calls for a "prior year" CPI calculation only available after late January of next year, too late to calculate, announce and adjust the wage on January 1.

## Legislative Proposal

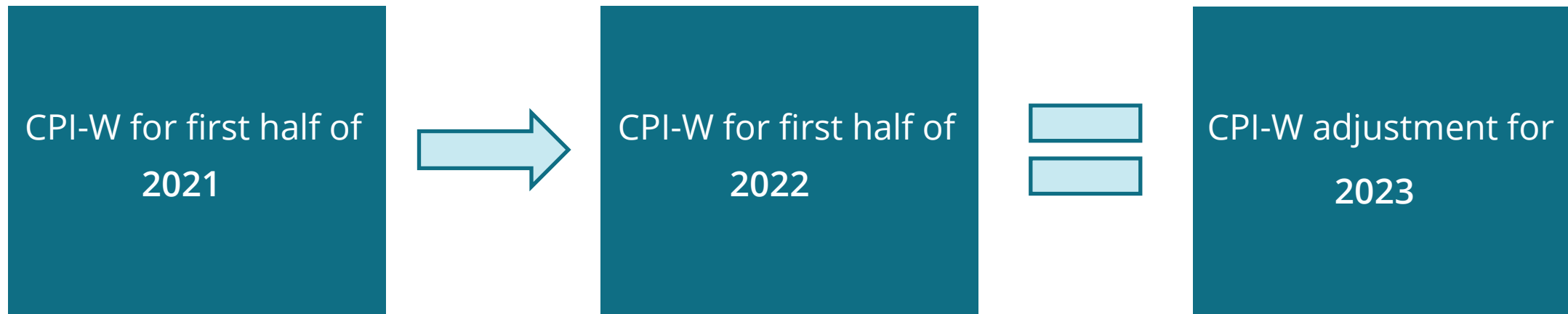
- Use a CPI calculation that is **available mid-year** to calculate the adjustment to Denver's minimum wage for the next year.



# 1. Correcting Citywide Minimum Wage CPI Calculation Method

## Replicating the State of Colorado's Reference Period for Calculating CPI

- Statewide minimum wage also adjusts on January 1.
- State method compares CPI for first half of prior year with first half of the current year, as calculated by the Bureau of Labor Statistics (HALF1) and typically available in late July or August.
- Department of Finance will perform this calculation and determine the CPI increase for the coming year.

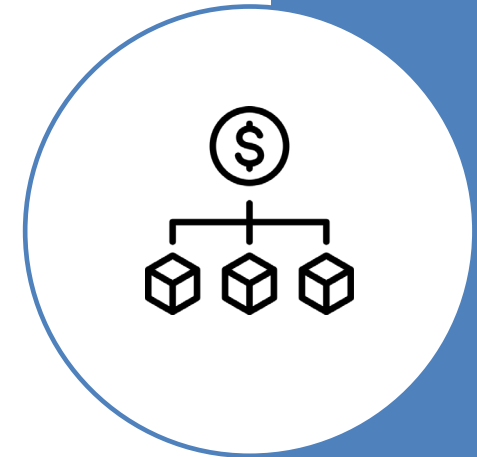


# What is CPI-W?

**The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)** measures the average change in prices over time of a basket of consumer goods and services bought by urban wage earners and clerical workers, calculated by the Bureau of Labor Statistics.

Original ordinance used this index because it represents the closest population to those earning minimum wage. No change proposed.

The geographic regions for which CPI is calculated do change from time to time, the index is currently calculated for Denver-Aurora-Lakewood.



## 2. Aligning Contractor & Citywide Minimum Wages

### Background

- Until mid-2019, local min wages prohibited in CO.
- Cities *could* set standards for those doing business with us.
- Contractor wage passed March '19, raises July 1 of each year.
- Denver citywide Min Wage began in '20, raises Jan 1 by state law.
- Kept both schedules until citywide wage got higher.

### Problem

- City contractors or those working on city-owned property are subject to two different minimum wage provisions, causing confusion & sometimes underpayment of wages.

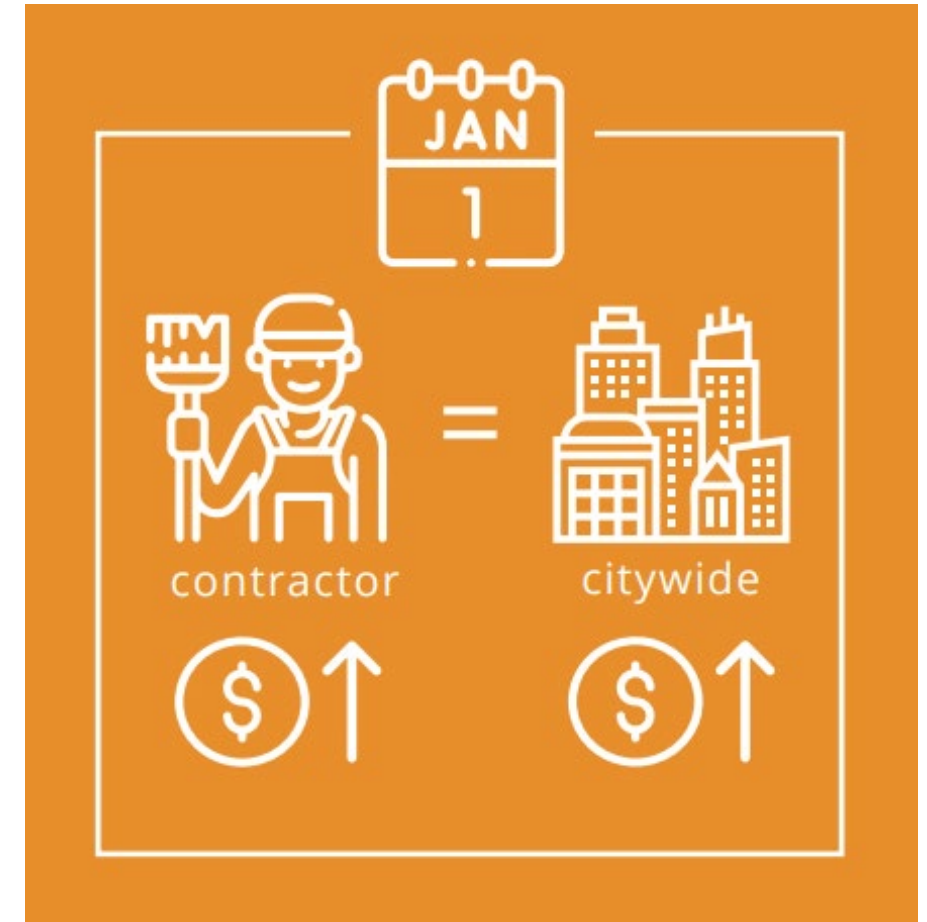
### Legislative Proposal

- **Align** the two wage rates under the higher, citywide minimum going forward.



## 2. Aligning Contractor & Citywide Minimum Wages

Month/Year	Denver City Contractor MW	Denver Citywide Minimum Wage (proposed)
Jan 1, 2020	No change (\$13 since July 1, 2019)	\$12.85
July 1, 2020	\$14	No change
Jan 1, 2021	No change (\$14)	\$14.77
July 1, 2021	\$15	No change
Jan 1, 2022	No change (\$15)	\$15.87
July 2, 2022	Current law would have been: \$15 + CPI (still below citywide wage)	No change
Jan 1, 2023	New law: Same as citywide wage	\$15.87 + CPI





### 3. Repeal Obsolete Living Wage Ordinance

#### Background

- Late 1990's community campaign for better jobs resulted in "living wage" standard based on the Federal Poverty Level, covering 4 job categories not covered by Prevailing Wage.
- "Living wage" is lower than contractor/citywide wages.

#### Problem

- "Living Wage" provision is obsolete now that Contractor and Citywide minimum wages exist in the Denver code and cover all workers in city at a higher wage level.

#### Legislative Proposal

- **Repeal** obsolete provision.



## 4. Adding Legally Required Details for Collection of Unpaid Wages and Penalties

### Background

- Original ordinance provided for collections.
- Did not cross-reference city code section with collections procedures.
- Missing some legally required detail (i.e. notice periods).

### Problem

- Unable to leverage outside collections for wages owed to workers.

### Legislative Proposal

- **Align** the collections provisions in the minimum wage with standard city collections processes, fill in missing details.



## 4. Adding Legally Required Details for Collection of Unpaid Wages and Penalties

### Conforming Collections Procedures

Cross Reference to Denver Revised Municipal Code Section 54-403:

- use of outside collections legal counsel
- attorney fees
- collection fees
- recoverable costs
- Interest
- other provisions

Additional legally required procedural detail will be added to the minimum wage collections provision:



Notice shall be sent via first class mail to the most recent mailing address of the employer; notice deemed complete seven days later.



Penalties shall be due and payable thirty (30) days after notice.



Clarifying a late fee of twenty-five dollars (\$25.00) and 10% annual interest on penalties not paid within 30 days.



# Legislative Timeline

May 24 – Committee Today

May 31 – Mayor Council (does not meet, consent)

June 6 – First Reading

June 13 – No Council meeting anticipated

June 20 – Second Reading





# Questions?

