

Tuesday November 19, 2019

Dear Colleagues,

There will never be a neat resolution to the debate between fears of what a minimum wage increase will do to an economy, and the many studies finding that economies are resilient, major job losses do not result. But I know many of you are hearing from folks with questions about whether there is a “precedent” similar to the increases we are poised to pass, and what we “know” about how those have impacted other cities. The following information was just shared with a constituent, passing it on to you in case its helpful as we prepare for Monday.

Sincerely,

Robin

**Q: Is there a precedent for multiple increases over \$1 and has that city been studied?**

A: The short answer is yes, a number of cities have raised wages more than \$1/year and yes, those cities have been examined in studies finding little to no negative impacts in terms of overall employment.

Before you look at the comparisons, reminder what our increases will entail:

\$12.85 (85cents over the state minimum wage, 7%) – or \$1.75 more than the current \$11.10 wage for those who prefer that benchmark

\$14.77 (\$1.92, 15%)

\$15.87 (\$1.10, 7%)

Our total % increase from the conservative figure of \$11.10 (rather than the actual January 1, 2020 state of Colorado wage of \$12) to \$15.87 is 30% (if you base the percentage on the actual, legally required state minimum wage that will be in effect when our wage is enacted, the total percentage increase over the 2020 State wage by the time we hit our 2022 City Wage will be 20% -- but the actual increase above what would have happened anyway will actually be *less*, because the state wage will continue to rise as ours does)

Comparable examples from other cities:

Probably the most robust example is New York City, which had three \$2 increases in a row in 2016-2017-2018 (\$11-\$13-\$15, 27% total increase). Which means that every single one of their steps was bigger than any of Denver’s. A very recent study demonstrates that the restaurant industry continues to thrive, and that fears of mass restaurant closures and job losses have not come to fruition: <http://www.centernyc.org/new-york-citys-15-minimum-wage>

The most relevant study for multiple other cities may be this one, which focused only on major cities adopting “high” wages above \$10/hour. Included in that study are a number that raised wages more than \$1/year and/or had high total percentages from start to finish.

<https://irle.berkeley.edu/the-new-wave-of-local-minimum-wage-policies-evidence-from-six-cities/>

That study includes these examples:

- In 2010, Chicago’s minimum wage increased from \$8.25 to \$10 in 2015q3 (\$1.75) and to \$10.50 in 2016q3 (\$1). The overall increase was thus 27 percent.
- The District of Columbia’s minimum wage rose from \$8.25 to \$9.50 in 2014q3 (\$1.25), then to \$10.50 in 2015q3 (\$1) and to \$11.50 in 2016q3 (\$1). The District’s minimum wage overall increase was thus 39 percent.
- Oakland’s minimum wage increased from \$8 to \$9 in the first quarter of 2014 (2014q3), as a result of the California statewide minimum wage increase. The city’s minimum wage then rose from \$9 to \$12.25 in a single step in 2015q2 (\$3.25) —an overnight increase of 36 percent and a total increase of 53 percent over two quarters.
- The first few steps in Seattle’s minimum wage were also included in this study (the steps from 9.47 to \$14 totaling 37% over two years), but see below for more on Seattle’s total history of increases.

Finally, Seattle is one of the most studied cities and it has had several steps that exceeded \$1 especially (but not only) for large businesses. Seattle’s minimum wage rose from \$9.47 to \$11 (\$1.53) and then to \$12/\$13 (\$1 small/\$2 big) between 2015Q1 and 2016, a 37 percent increase in total. This was followed by several other increases of varying sizes (some were more than \$1) depending on provision of benefits/no benefits, employer size etc.

<https://irle.berkeley.edu/seattles-minimum-wage-experience-2015-16/> While some earlier, non peer-reviewed studies found greater negative impacts, those have mostly been refuted by later studies including more data analysis, peer review etc.

We don’t have the research capacity to document every single city that has had multiple year increases and which studies did or did not evaluate them, but there may be others that this quick summary did not capture. Other cities who have had at least one year increases exceeding the size of any of Denver’s steps include: Minneapolis (\$2.50/32%), Portland, ME (\$2.60/35%), St. Paul, Minn (\$2.64/27%).

Sincerely

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*(She/her)*

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