Daily Camera Editorial: Minimum wage increases in unincorporated county should be paused

On Jan. 1, the minimum wage in unincorporated Boulder County was raised to \$16.57 per hour. In a region as expensive as this one, that might not seem like a lot — and it isn't — but in the small portion of the county that is unincorporated, it is nonetheless creating issues for business and agriculture. County commissioners should take heed and put a pause on scheduled increases until the rest of the region catches up.

As it stands, the unincorporated part of the county's new minimum wage is nearly \$2 above the state's (\$14.81) and exactly \$1 above the City of Boulder's (\$15.57). It is also above the minimum wage in Longmont, Louisville and Lafayette (which all adhere to the state's minimum wage).

And in the coming years, the county's minimum wage is set to continue <u>increasing until it reaches \$25 in 2030</u>. The City of Boulder only has plans to <u>raise its minimum wage to \$18.17 in 2027</u>, at which point the county's will already be \$19.53.

The problem here is not that the county is raising the minimum wage — the minimum wage is one important tool in the effort to address poverty — but that the county is essentially plowing ahead alone.

(For clarity, unincorporated Boulder County includes Allenspark, Coal Creek Canyon, Eldora, Eldorado Springs, Gold Hill, parts of Gunbarrel, Hygiene and Niwot.)

Boulder County workers deserve to make something close to a living wage. But unincorporated Boulder County is only a small sliver of the whole county, accounting for roughly 12% of the population and an estimated 5% of the workforce. Considering the fact that only a portion of those working in unincorporated Boulder County are actually working for minimum wage, the benefits of the county's minimum wage are only going to affect 1% or 2% of Boulder County residents.

This is not to imply that targeted policies are bad or that these workers don't deserve more compensation, but rather to highlight the painful economic reality for businesses in the unincorporated county. By raising the wages of only a small portion of workers in the region, the county is raising labor costs for a small number of businesses — without increasing the spending power of a majority of our region's consumers.

Businesses, restaurants and the agriculture industry in the unincorporated county are already feeling the squeeze, according to former U.S. Rep. David Skaggs, who is leading a coalition of stakeholders who are asking the county to put a pause on future wage increases. They fear things are only going to get worse as the county's minimum wage continues to climb.

To compensate, the business owners we spoke to said they are already being forced to reduce hours and not fill vacant positions. And while they haven't yet raised prices, they said it was inevitable if the minimum wage increases continued.

The story was similar for restaurants. In one example we heard, a recently vacant restaurant space failed to find a renter, despite its location and the great condition of the space, because potential occupants have been unable to make the numbers work with the increased minimum wage.

The picture was especially bleak for the county's agriculture industry. The increased cost of labor is making already slim margins nearly impossible to maintain. Local agriculture, after all, is competing with mass-produced produce shipped from around the world to our supermarkets for pennies on the dollar.

The fundamental problem with such a targeted minimum wage is that while businesses are having to pay more in labor, and thus raise prices, the vast majority of the region's consumers are not seeing their wages increase, meaning they are unlikely to want to spend more money at these particular businesses. And because the minimum wage increase is only affecting a small portion of local businesses, these consumers can simply patronize a competitor in Boulder or Longmont or Louisville who has not had to raise their prices.

Pushing back against the county's minimum wage is not an easy argument for us to make. Not only is Boulder County an incredibly expensive place to live. No matter what minimum wage someone is making, none of them come even close to the so-called living wage.

According to MIT's living wage calculator, for a single adult with no children in Boulder County, an hourly income of \$26.18 would be needed to fully support themselves. For two working adults with one child, that figure jumps to \$28.27 per hour per worker.

Of course, in a place like Boulder, where people want to live and work, supply and demand for employees is a sort of control on an unofficial minimum wage. In order for a business to attract and retain workers, even starter jobs must come with a salary closer to \$20 per hour.

This is the market at work. And, in a perfect world, it would work for everyone. Businesses would attract good employees, and employees would work hard in exchange for a fair return on their labor.

In reality, though, things tend to be more complicated.

According to a 2023 report by Emergency Family Assistance Association, "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." (To be clear, that is the county as a whole, not just in the unincorporated areas.)

And these jobs aren't just for high schoolers or CU students working a summer gig. "Nationally, only about 10 percent of workers making minimum wage are teenagers," the report continues. "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."

All of which is to say that raising the minimum wage can be a valuable tool in fighting poverty, but it's not a panacea. It can help lift low-wage workers out of poverty and boost the economy, but it can also lead to job losses and increased costs for businesses, especially when done in such a targeted manner.

Right now, the sensible thing for the Boulder County Commissioners to do would be to pause the scheduled increases until the rest of the region catches up.

Of course, this wait does not have to be passive. When the county was originally considering its minimum wage increase, there were talks about the whole region banding together and increasing the minimum wage collectively. Instead of going at it alone, the county's leaders should once again set out to build that coalition — a rising tide raises all boats, after all.

And while we have this conversation, it is also vital that we remember that the minimum wage will not single-handedly end poverty or address income inequality. It may be a start, but we must also continue addressing a variety of other structural issues, from the housing shortage to building a more comprehensive social safety net.

We can and should be working to address poverty in Boulder County. But the continued minimum wage increases for the unincorporated part of the county are likely to do more harm than good. It's time the county put a pause on future increases.

— Gary Garrison for the Editorial Board

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