



STATEMENT OF BASIS, PURPOSE, SPECIFIC STATUTORY AUTHORITY, AND FINDINGS

**2023 Publication And Yearly Calculation of Adjusted Labor Compensation (“2023 PAY CALC”) Order,
7 CCR 1103-14 (2023), as adopted November 10, 2022.**

I. BASIS: The Director (“Director”) of the Division of Labor Standards and Statistics (“Division”) has authority to adopt rules and regulations on wage-and-hour and workplace conditions, under the authority listed in Part II, which is incorporated into Part I as well.

II. SPECIFIC STATUTORY AUTHORITY: These Rules are issued under the authority, and as enforcement, of Section 15 of Article XVIII of the Colorado Constitution and Articles 1, 2, 4, 6, and 12 of C.R.S. Title 8 (2022), and are intended to be consistent with the State Administrative Procedures Act, C.R.S. § 24-4-101, et seq.

III. FINDINGS, JUSTIFICATIONS, AND REASONS FOR ADOPTION. Pursuant to C.R.S. § 24-4-103(4)(b), the Director finds as follows: **(A)** demonstrated need exists for these rules, as detailed in the findings in Part IV, which are incorporated into this finding as well; **(B)** proper statutory authority exists for the rules, as detailed in the list of statutory authority in Part II, which is incorporated into this finding as well; **(C)** to the extent practicable, the rules are clearly stated so that their meaning will be understood by any party required to comply; **(D)** the rules do not conflict with other provisions of law; and **(E)** any duplicating or overlapping has been minimized and is explained by the Division.

IV. SPECIFIC FINDINGS FOR ADOPTION. Pursuant to C.R.S. § 24-4-103(6), the Director finds as follows. The PAY CALC Order publishes the inflation-adjusted and other annually updating values applied in the Colorado Overtime and Minimum Pay Standards (“COMPS”) Order, 7 CCR 1103-1.

Section 15 of Article XVIII of the Colorado Constitution, requires that the minimum wage be “adjusted annually for cost of living increases, as measured by the Consumer Price Index [(‘CPI’)] used for Colorado[,]” from the 2020 minimum wage of \$12.00 per hour. CPI values are calculated and published by the federal Bureau of Labor Statistics. The mid-year 2021 to 2022 CPI rise for the Denver-Aurora-Lakewood is 8.6%. Applying this increase to the 2022 minimum wage of \$12.56 yields \$13.64016. To effectuate the mandate of the Colorado Constitution, C.R.S. § 8-6-101(3)(a)(II), and COMPS Order Rule 3.1 that employees must be paid not less than the prior year’s minimum wage adjusted for inflation, the Division must round up, to the nearest cent, any fractional cents yielded by that inflation adjustment, as detailed by COMPS Order Rule 8.9, 7 CCR 1103-1. Accordingly, the minimum wage for 2023 will be \$13.65.

C.R.S. § 8-6-108.5(1) provides that “the minimum wage for minors may be fifteen percent below the minimum wage for other workers.” See also COMPS Order, 7 CCR 1103-1, Rule 3.3 (same). Using the 2023 minimum wage of \$13.65, the minimum wage for minors may be no less than \$11.6025; rounding up the applicable minimum wage rate (see above paragraph) sets the 2023 minimum wage rate for minors at \$11.61.

The 2023 PAY CALC Order updates the minimum wage rates and all values derived from those rates (Rules 1.2(A)-(C),(H),(I)), including the Rule 1.2(I) calculation of the minimum salary required for exemption for field staff of seasonal camps or outdoor education programs, as defined in COMPS Order Rule 2.2.7(E), based on the full minimum wage and the minimum wage for minors.

All inflation-based rates (Rules 1.2(D),(F)) are also updated based on the Using the 8.6% inflation rate.

The salary basis for exemption in Rule 1.2(E), applicable to certain COMPS Order exemptions, is updated to the value first set forth in COMPS Order #36 (2020), which provided for phased-in exemption salary amounts. The highly compensated employee exemption salary, set at 2.25 times the exemption salary, is updated accordingly (Rule 1.2(G)).

V. EFFECTIVE DATE. These rules take effect January 1, 2023.

Scott Moss
Director, Division of Labor Standards and Statistics
Colorado Department of Labor and Employment

November 10, 2022

Date