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

2024 Publication And Yearly Calculation of Adjusted Labor Compensation (“2024 PAY CALC”) Order, 7 CCR 1103-14 (2024), as proposed September 29, 2023; to be followed and replaced by a final Statement at the conclusion of the rulemaking process.

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 (2023), and are intended to be consistent with the State Administrative Procedure 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[,]” since the 2020 minimum wage of $12.00 per hour. CPI values are calculated and published by the federal Bureau of Labor Statistics. Applying the mid-year 2023 to 2024 rise in the Denver-Aurora-Lakewood CPI (with the appropriate rounding of the 5.6% CPI increase and the minimum wage) yields a 2024 Colorado minimum wage of $14.42. (COMPS Order Rule 8.9, 7 CCR 1103-1).

The PAY CALC Order updates not only minimum wage rates, but other values derived from those rates (Rules 1.2(A)-(C),(H),(I)). All inflation-based rates (Rules 1.2(D),(F)) are also updated based on the above inflation rate. The salary basis for exemption in Rule 1.2(E), applicable to certain COMPS Order exemptions, is updated to the value for 2024 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. If adopted, these rules take effect January 1, 2024, or as soon after as rulemaking completes.

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

September 29, 2023