



Statement of Basis, Purpose, Specific Statutory Authority, and Findings

2025 Publication And Yearly Calculation of Adjusted Labor Compensation Order (2025 PAY CALC Order), 7 CCR 1103-14 (2025), as proposed September 27, 2024, 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 the authority to adopt rules and regulations 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 (2024), 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 2025 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 2024 to 2025 rise in the Denver-Aurora-Lakewood CPI (with the appropriate rounding of the 2.7% CPI increase and the minimum wage) yields a 2025 Colorado minimum wage of \$14.81. (COMPS Order, 7 CCR 1103-1, Rule 8.9).

The 2025 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. As first set forth in COMPS Order #36 (2020), beginning in 2025, the rate for the salary basis for exemption in Rule 1.2(E) is now based on inflation because the required use of phased-in exemption salary amounts expired as of January 1, 2024. Thus, the 2025 salary basis for exemption in Rule 1.2(E), applicable to certain COMPS Order exemptions, is updated to reflect the 2024 rate adjusted for inflation based on the same CPI used for adjusting the Colorado minimum wage. The highly compensated employee exemption salary, set at 2.25 times the exemption salary, is updated accordingly, and rounded to the nearest dollar (Rule 1.2(G)).

The adopted rules also include various other technical or otherwise non-substantive changes where stakeholders

suggested, and/or Division review found a need for, clarifications or corrections.

V. Effective Date:

If adopted, these rules take effect January 1, 2025, or as soon after as rulemaking completes.



Scott Moss
Director, Division of Labor Standards and Statistics
Colorado Department of Labor and Employment
Dated: September 27, 2024