November 22, 2019

Dear Mayor Hancock and members of Denver City Council,

Representing our 575 nonprofit member organizations in Denver, I am writing to ask for your support of CB 19-1237 to establish and increase Denver’s minimum wage to $15.87 by 2021. Even though Denver’s economy is booming according to many economic indicators, this policy helps address the reality that many of the people who live and work in Denver continue to fall further behind. Housing and living expenses have increased while real wages have been stagnating. This policy is a great opportunity to help ensure that Denver’s prosperity is shared by all residents and workers.

Supporting the ability of families to become self-sufficient and enjoy a high quality of life is a goal that is common to most nonprofit organizations, regardless of their particular cause. Increasing the minimum wage in Denver will help move over 90,000 Denver residents, workers, and their families substantially closer to this goal.

Many families rely on the nonprofits that serve Denver to help meet their basic needs as their current wages are simply insufficient. Higher wages in Denver are likely to reduce the demands for services from these organizations, allowing more resources to be directed to the families and workers with the greatest needs. In these ways, the minimum wage increase will benefit both nonprofit organizations and the people they serve.

To the greatest extent possible, nonprofits should invest in their employees to make sure they are also self-sufficient and enjoy a high quality of life. Most nonprofit employees in the Denver metro area are paid more than $16 an hour, according to our 2018 Salary and Benefits Survey. However, there are about 15% of nonprofit employees in the metro area that are paid $16 an hour or less. Not only would this change have the most impact on nonprofit employees responsible for retail and hospitality services, it would also boost wages for many other employees responsible for nonprofits’ operations, soliciting grants and donations, and carrying out mission-relevant programs. Increasing the minimum wage will also benefit these nonprofit employees, many of whom are struggling to make ends meet.

We recognize that paying higher wages necessarily means higher labor costs for nonprofit and for-profit organizations. Despite their support for the merits of the policy, we’ve heard earnest concerns from some nonprofits that this policy increases the minimum wage “too much too fast.” Some organizations may end up cutting back their resources for staff, operations, or programs. We have weighed these costs against the benefits to Denver’s nonprofits of more families and workers becoming self-sufficient, and determined that increasing the minimum wage now, as proposed by Denver City Council, is the right course of action.

All this said, we would like to work with the city and county of Denver to provide more support for the work of nonprofit community, especially for organizations that could be cost-burdened by this policy. This includes, but is not limited to, the following recommendations.
First, adjust the reimbursement rates under city and county grants and contracts to reflect this minimum wage increase. If these rates are not adjusted, then many nonprofits will be required to use more of their funding from private donations and grants to pay for higher wages. The minimum wage increase is likely to occur when some nonprofits are in the middle of implementing a city grant or contract, so city agencies should have flexibility to adjust or re-open agreements to align reimbursement rates with the minimum wage increase.

Similarly, nonprofits may be required to pay higher wages in Denver while reimbursement rates from state and federal agencies are unchanged. Certainly, Denver has no authority over the state or federal government but could be an advocate for higher reimbursement rates. HB 19-1210 enables the Colorado General Assembly to collect data to assess the need for any changes to reimbursement rates and Denver could help the state determine what is needed by nonprofits serving our residents.

Second, invest more in the capacity of Denver’s nonprofit organizations through partnerships and professional development. Nonprofits can increase the efficiency of public services by leveraging private donations and grants and approaching societal challenges creatively and nimbly. The city could seek more opportunities to appropriate more funding for grants and contracts, guarantee payment of administrative (indirect) costs at least at the federal minimum, and collaborate with nonprofits on common goals, particularly through the Denver Office of Strategic Partnerships (DOSP).

We also encourage City Council to continue working with nonprofit organizations impacted by the wage increase so that Denver continues to substantially benefit from their public services and employment of residents.

Colorado Nonprofit Association looks forward to working with you in helping nonprofit organizations serving Denver to adapt to these changes, developing public policies to bring down nonprofits’ operating costs, and providing resources that build nonprofits’ capacity to raise funds.

Sincerely,

Renny Fagan,
President and CEO