



COLORADO FISCAL POLICY INSTITUTE

Justice and Economic Security for *all* Coloradans

STATE OF WORKING COLORADO 2007 **February 2008**

INTRODUCTION

Colorado has a mixed story to tell about its five year recovery from the 2001 recession. After experiencing a deep recession in 2001, Colorado's economy has shown both encouraging and discouraging signs. For example, by 2006, Colorado had recovered the jobs lost during the recession and unemployment across the state was down. However, while Colorado median household income continued to hover above the national average, it has stagnated in recent years and has not recovered to its 2001 or pre-recession levels. Overall poverty rates have remained largely unchanged, but there has been a disturbing trend of increasing child poverty. Additionally, growing income inequality and soaring numbers of families without health insurance have offset positive developments in the recovery and indicate potential trouble ahead for the State of Working Colorado.

Key findings:

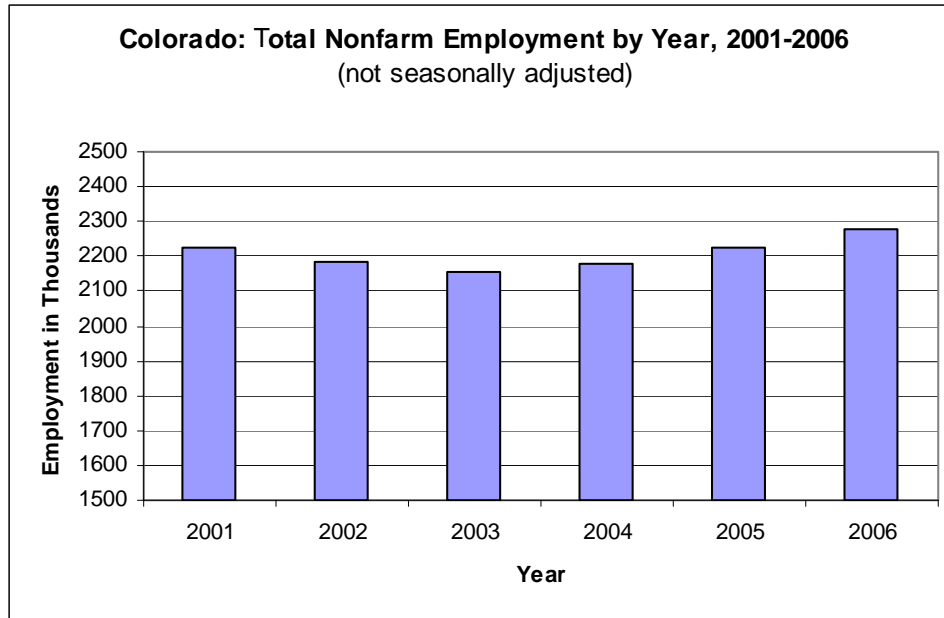
- Total non-farm employment reached pre-recession levels in 2005 and continued to rise.
- The unemployment rate has continued to drop, but still has not reached pre-recession levels.
- Hispanic and African-Americans lagged significantly in their recovery from the recession. They continued to experience higher rates of unemployment, nearly double and triple, respectively, the rate of white unemployment.
- Colorado continued to show higher than national averages on unemployment exhaustion and reciprocity rates. Almost half of the unemployed in Colorado continued to exhaust their Unemployment Insurance Benefits.
- After rising from 2001 to 2003, the underemployment rate continued to decline, but it still has not reached its pre-recession level.
- Median household income has not recovered to pre-recession levels.
- The number of children living below 200 percent of the Federal Poverty Line continued to remain unacceptably high at 33.%.
- The number of Coloradans without health insurance has increased to 746,000.

- The number of Coloradans with private sector insurance has declined over the years, but has stabilized around 55%.
- The number of children 18 and under without health insurance in Colorado fluctuates between 13% and 15%, regardless of the economy.

CHAPTER ONE: EMPLOYMENT

Even though the national recession only spanned eight months, from March through November of 2001, the job losses and economic downturn was significant. In Colorado, employment did not return to pre-recession levels until 2005 (Figure 1.1).

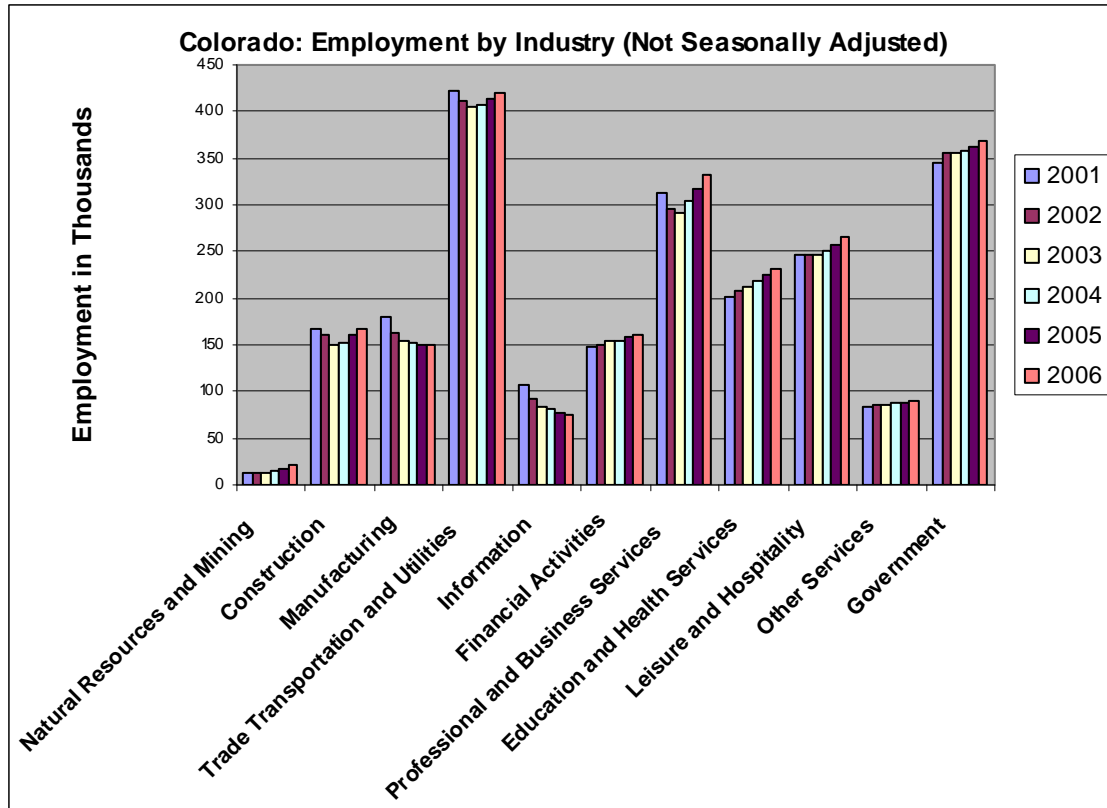
Figure 1.1



Source: Economic Policy Institute analysis of Current Employment Statistics survey data

Construction, Trade Transportation & Utilities, and Professional and Business Services showed a decline after 2001 but then a slow recovery by 2005. Other employment sectors, however, declined steadily since 2001 with no evidence of a reversal by 2005, including manufacturing and information. It was only in 2006 that these employment sectors recovered (Figure 1.2).

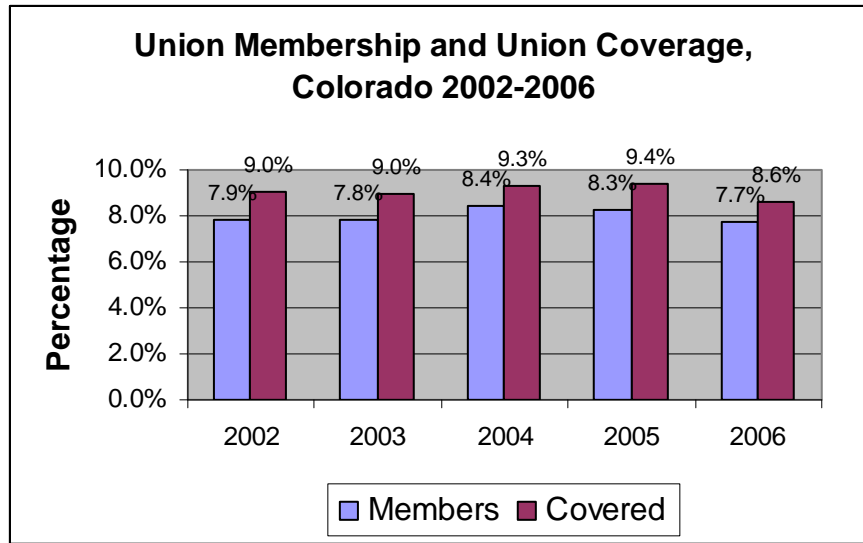
Figure 1.2



Source: Economic Policy Institute analysis of Current Employment Statistics survey data

Fewer workers were members of a union in Colorado in 2006 than at any time in the last five years. The rate of union membership and coverage shows a slow, but steady decline. This means fewer workers have access to the higher wages and better benefits that union members generally receive (Figure 1.3). Workers who do not belong to unions are often represented by unions, spreading the benefits of membership to others, but this number also continues to decline.

Figure 1.3



Source: EPI's analysis of Bureau of Labor Statistics.

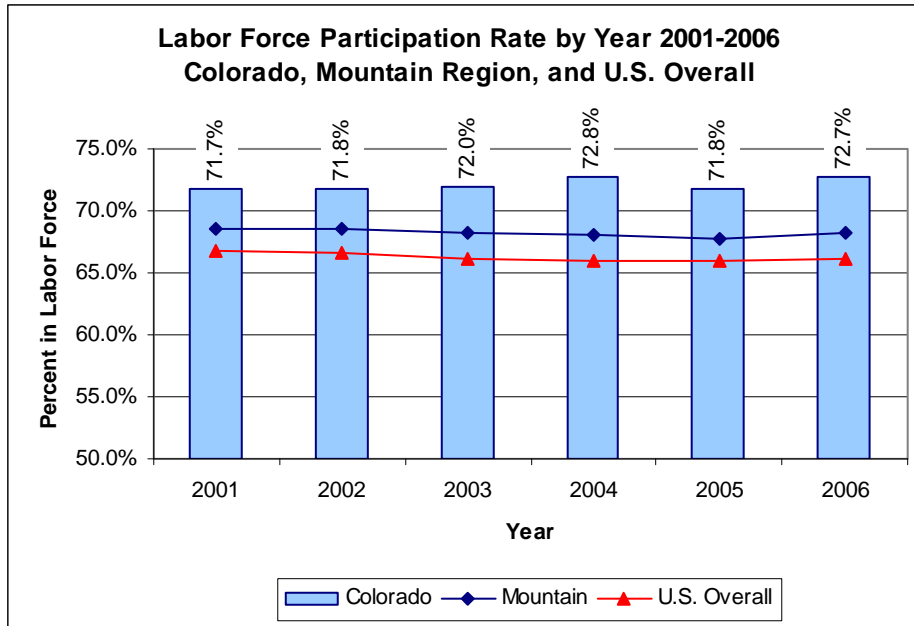
***IMPORTANT NOTE:** Union membership data for 2005 is not strictly comparable with data for 2004 and earlier years because of the introduction in January 2005 of revised population controls used in the CPS. The effect of the revised population controls on the union membership estimates is unknown. However, the effect of the new controls on the monthly CPS estimates was to decrease the December 2004 employment level by 45,000 and the unemployment level by 4,000. The updated controls had little or no effect on unemployment rates and other ratios. For additional information, see "Adjustments to Household Survey Population Estimates in January 2005" in the February 2005 issue of *Employment and Earnings*, available at <http://www.bls.gov/cps/cps05adj.pdf>.

Labor Force Participation

The labor force participation rate represents the proportion of the non-institutional population that is in the labor force. Labor force participation rates are calculated by dividing the total civilian labor force by the total civilian population age 16 and over.

Labor force participation is higher in Colorado than in the region or nationally, and trends are similar at the state-level, regionally and nationally over time—resulting in little fluctuation (Mountain region includes Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada.) (Figure 1.4).

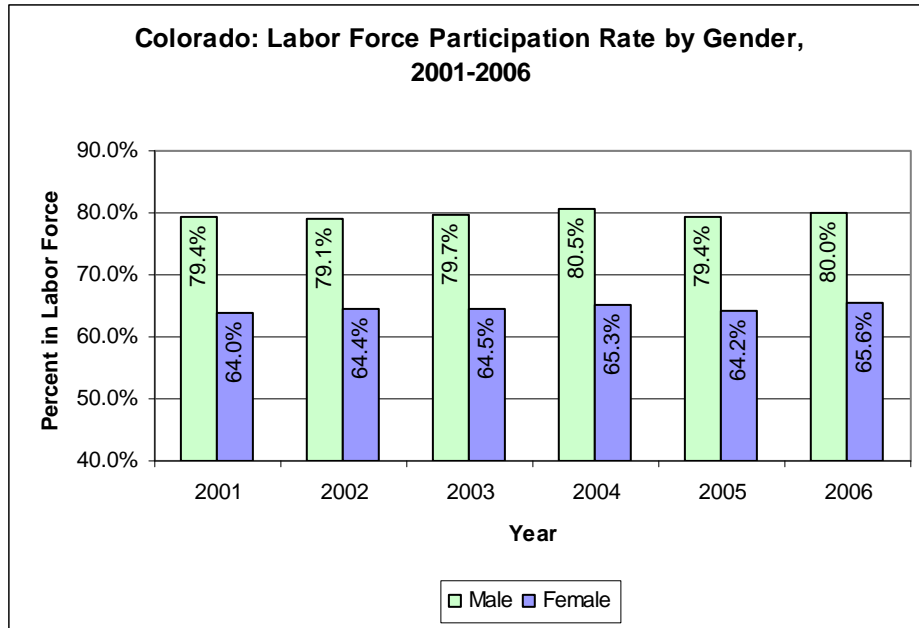
Figure 1.4



Source: Economic Policy Institute analysis of Current Population Survey data

Historically, women in Colorado have a lower rate of participation in the labor force. In 2006, there were 65.5% of women in the workforce, compared to 80.0% of men as shown in the table below (Figure 1.5).

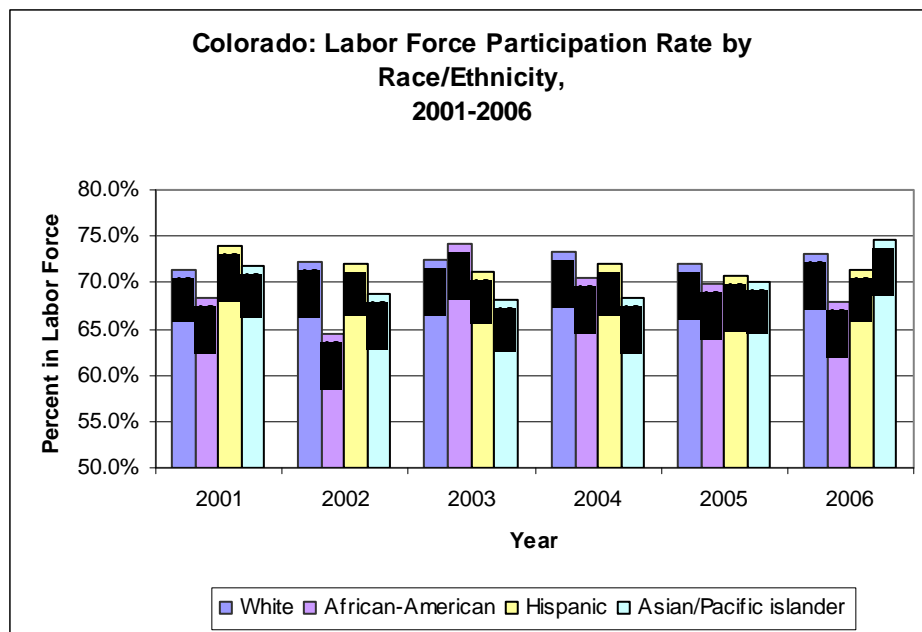
Figure 1.5



Source: Economic Policy Institute analysis of Current Population Survey data

In 2001, the official year of the recession, labor force participation rates were highest for Hispanics, and lowest for African-Americans in Colorado. Whites and Asian-American/Pacific Islanders showed intermediate levels of labor force participation. African American labor force participation rates showed a dramatic decline at the onset of the recession between 2001 and 2002, but rebounded sharply by 2003. By 2005, their labor force participation rate was similar to other racial/ethnic groups. However, by 2006, all other groups had experienced increased participation rates while rates for African-Americans remained flat. Thus, the gap between African-Americans and other groups re-emerged. The labor force participation rate for Hispanics declined steadily from 2001 to 2005 and had just begun a recovery by 2006. Asian-American/ Pacific Islanders showed markedly improved labor force participation rates compared to every other year during and following the recession (Figure 1.6).

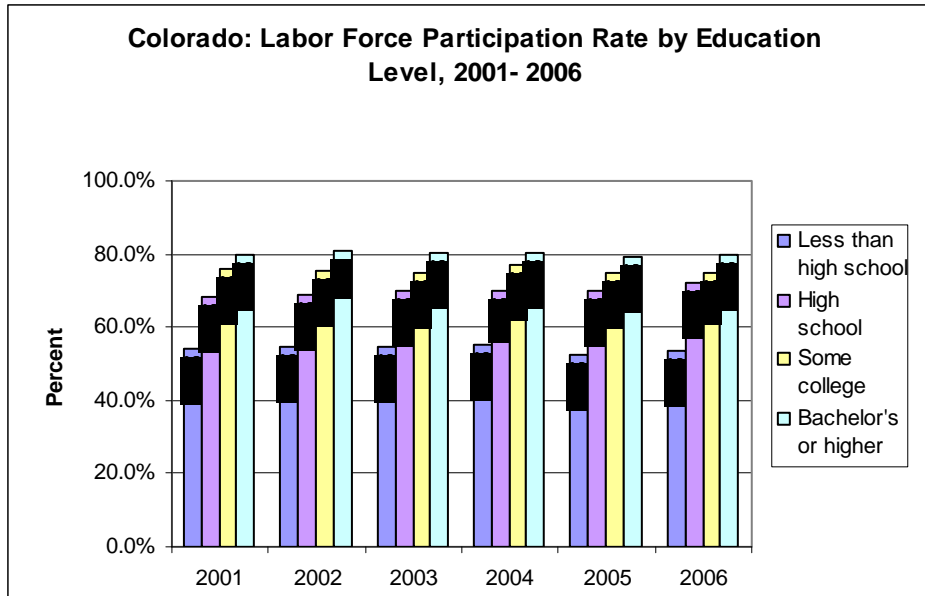
Figure 1.6



Source: Economic Policy Institute analysis of Current Population Survey data

Between 2001-2006, labor force participation rates remained steady for those with a high school education or higher. However, those with less than a high school education have seen small but steady declines in labor force participation rates between 2001 and 2005, with a modest turnaround in 2006 (Figure 1.7).

Figure 1.7

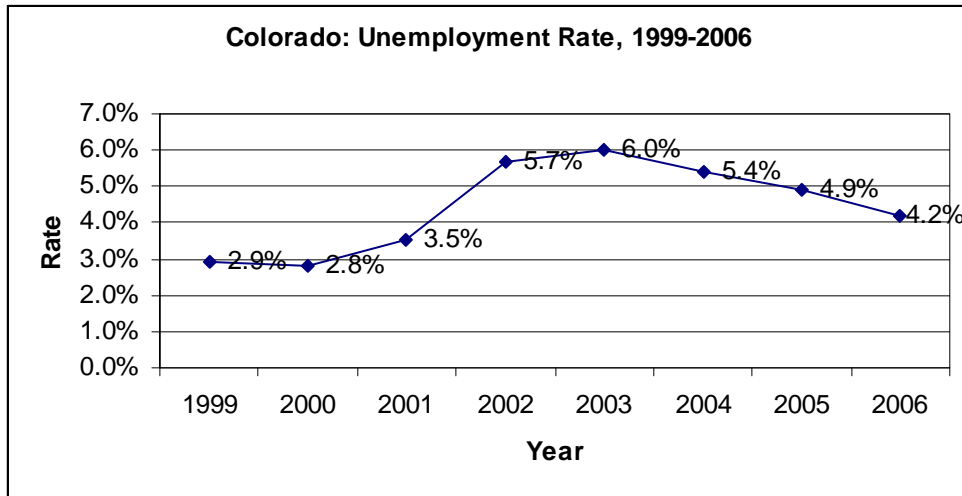


Source: Economic Policy Institute analysis of Current Population Survey data

CHAPTER TWO: UNEMPLOYMENT

Following a rise in unemployment in the wake of the 2001 recession, Colorado's jobless rate continued falling in 2006, but remained higher than pre-recession levels. After reaching a historic low of 2.8% in the last year of the economic expansion of the late 1990s, the state's overall unemployment rate reached a recession high of 6.0 percent in 2003. The rate fell to 4.2% in 2006 (Figure 2.1).

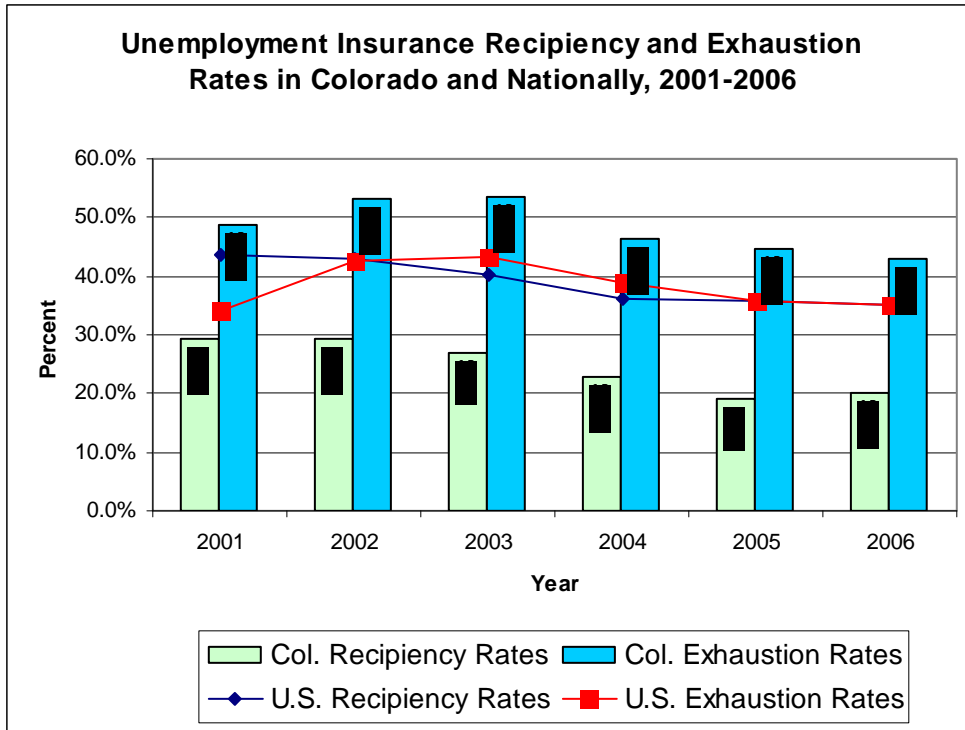
Figure 2.1



Source: Economic Policy Institute analysis of Current Population Survey data

However, while the national data shows a higher rate of unemployment reciprocity relative to Colorado, the state's unemployment insurance recipients exhausted their benefits at higher rates for all years relative to the national rate.¹ For instance, 43% of Colorado recipients exhausted their benefits in 2006 whereas only 20% did so nationally (Figure 2.2).

Figure 2.2



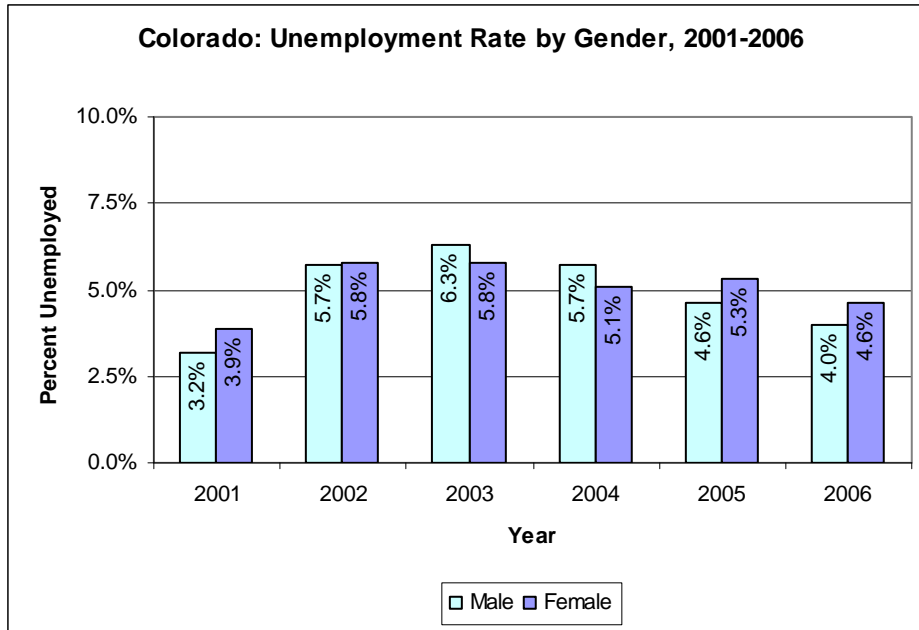
Source: EPI's analysis of US Dept. of Labor data

In addition, in Colorado long-term unemployment represented over 10% of the unemployed. As a share of the labor force, long-term unemployment was 0.5%. Long-term unemployed is defined as persons who have been unemployed for more than 26 weeks, half a year.

¹ Unemployment Insurance Reciprocity is determined by the percentage of those who were unemployed in a given year who received unemployment benefits. Of those receiving benefits, exhaustion rates are calculated as the percentage who received benefits through their maximum 26 weeks of eligibility.

Note that the male unemployment rate exceeded the female rate in 2003 and 2004, but the female rate exceeded the male rate in 2005 (Figure 2.3).

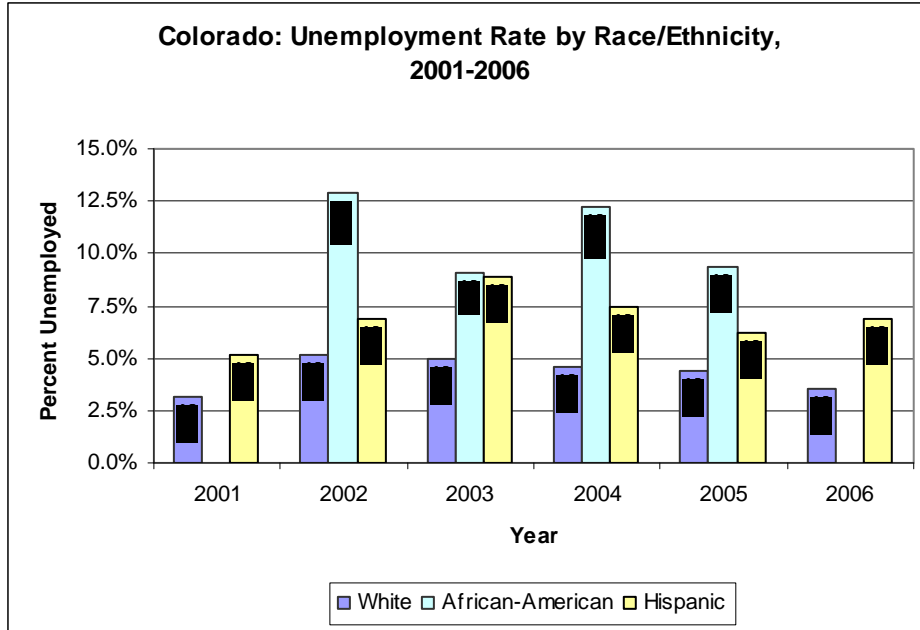
Figure 2.3



Source: Economic Policy Institute analysis of Current Population Survey data

For all years, unemployment rates were much lower for whites than for Hispanics and especially African-Americans in Colorado. In 2006, unemployment rates remained above 2001 levels for whites and Hispanics, and they peaked higher (at 8.9%) and later (in 2003 instead of 2002) for Hispanics relative to whites (Figure 2.4).

Figure 2.4

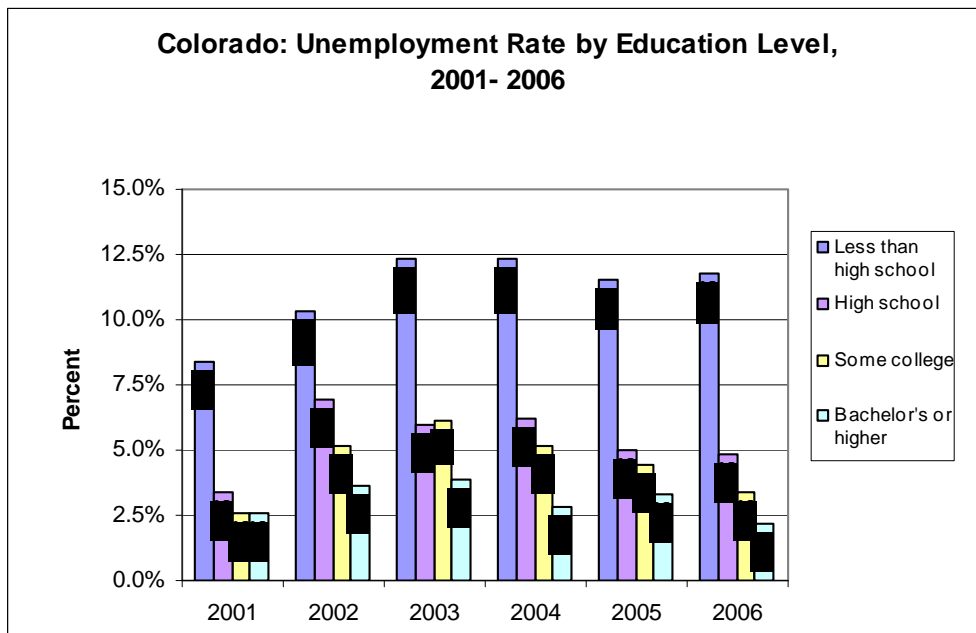


Source: Economic Policy Institute analysis of Current Population Survey data

Note: Data was unavailable for African-Americans in 2001 and 2006, and unavailable for Asian-Americans for all years.

Education level strongly correlated with unemployment levels from 2001 through 2006. Those with less than a high school diploma showed notably higher levels of unemployment than those with higher amounts of education, and their unemployment rate in 2006 was markedly higher than it was in 2001. Although unemployment rates were trending down by 2005, they did not reach 2001 levels for all education categories and the declines actually leveled off in 2006 (Figure 2.5).

Figure 2.5



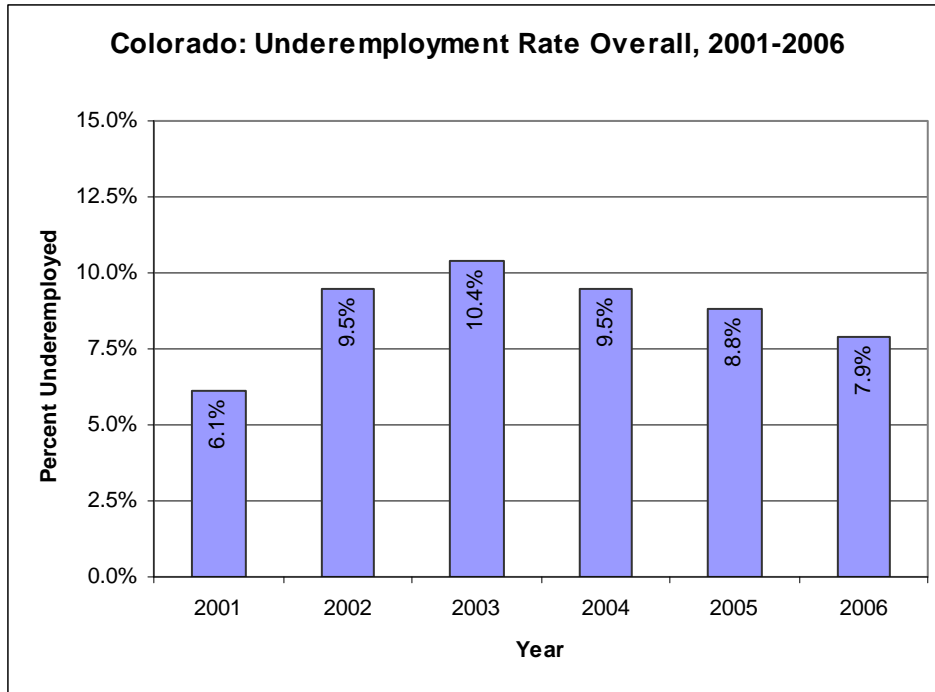
Source: Economic Policy Institute analysis of Current Population Survey data

Underemployment

While the unemployment rate is an important indicator of economic health, it does not fully capture weak labor markets or the possible underutilization of labor. Unemployment numbers only include those workers who report that they are willing and able to work and have looked for work in the past four weeks; the data overlooks those who are not fully employed or who would like to be employed but are no longer actively seeking employment. Rates of “underemployment” present a broader view of the labor market’s strength or weakness. Underemployment rates include those who are unemployed, so-called discouraged workers who are no longer looking for work, and those who are working part-time involuntarily.

The underemployment rate in Colorado increased considerably from 2001- 2002, then declined through 2006. However, the rate in 2006 remained almost a third higher than in 2001, with close to 8% of Colorado workers experiencing underemployment (Figure 2.6).

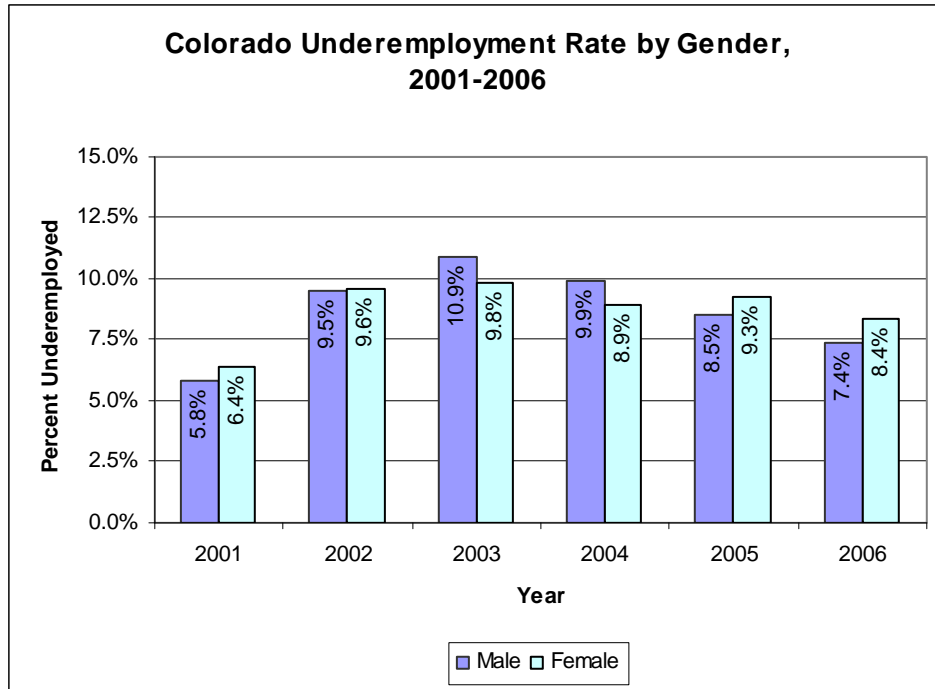
Figure 2.6



Source: Economic Policy Institute analysis of Current Population Survey data

In the three years following the national recession, Colorado's underemployment rate for men equaled and then exceeded that of women. By 2005, however, women's underemployment rate exceeded men's. Although both men and women experienced declines in 2006 from peak rates in 2003, underemployment remained higher than pre-recession levels in 2001 (Figure 2.7).

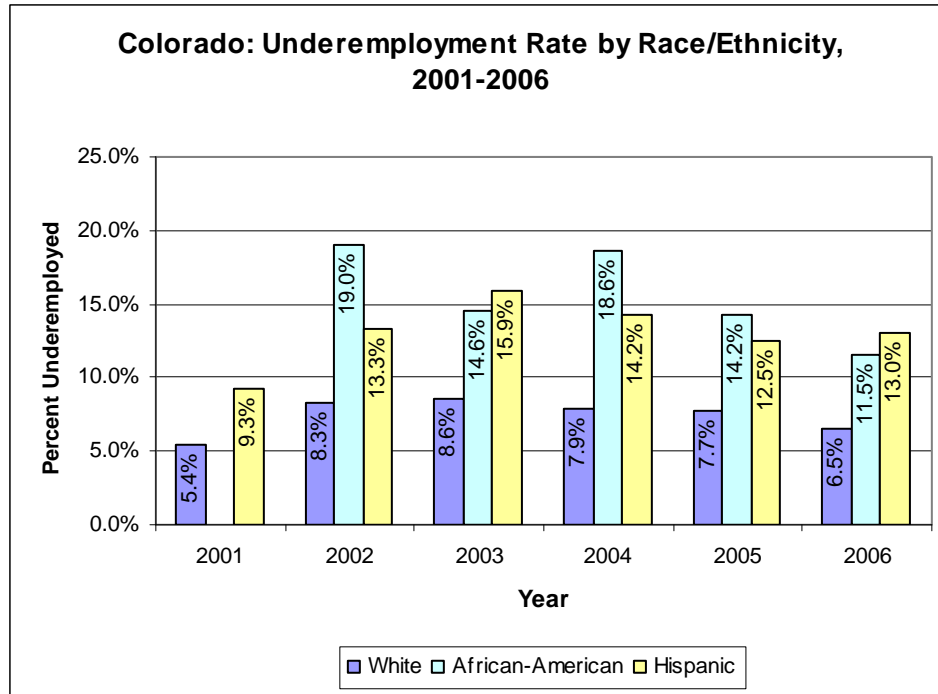
Figure 2.7



Source: Economic Policy Institute analysis of Current Population Survey data

Underemployment rates for all years were lower for whites relative to African-Americans and Hispanics (Figure 2.8). Non-white underemployment rates increased more quickly over that time span than for whites. Likewise, non-white underemployment stabilized more slowly after peaking in 2002-2003 than it did for whites.

Figure 2.8

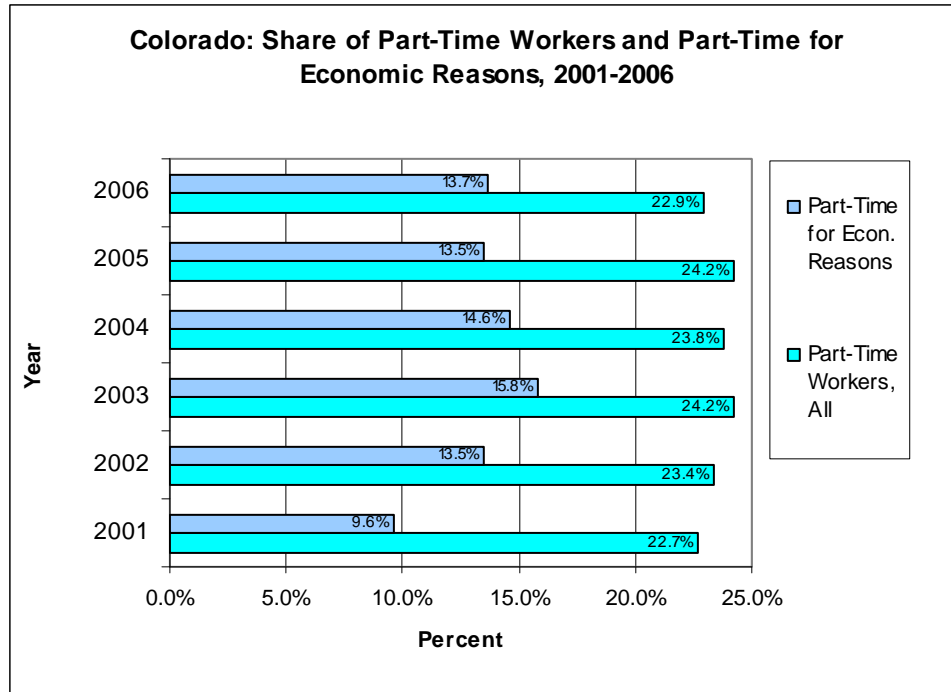


Source: Economic Policy Institute analysis of Current Population Survey data

Note that data is not available for Asian-Americans.

Part-time work remained stable in Colorado between 2001 and 2006, but the share of those working part-time for economic reasons (involuntary part-time workers) jumped more than 40% between 2001 and 2002, and remained at this level or higher through 2006 (Figure 2.9).

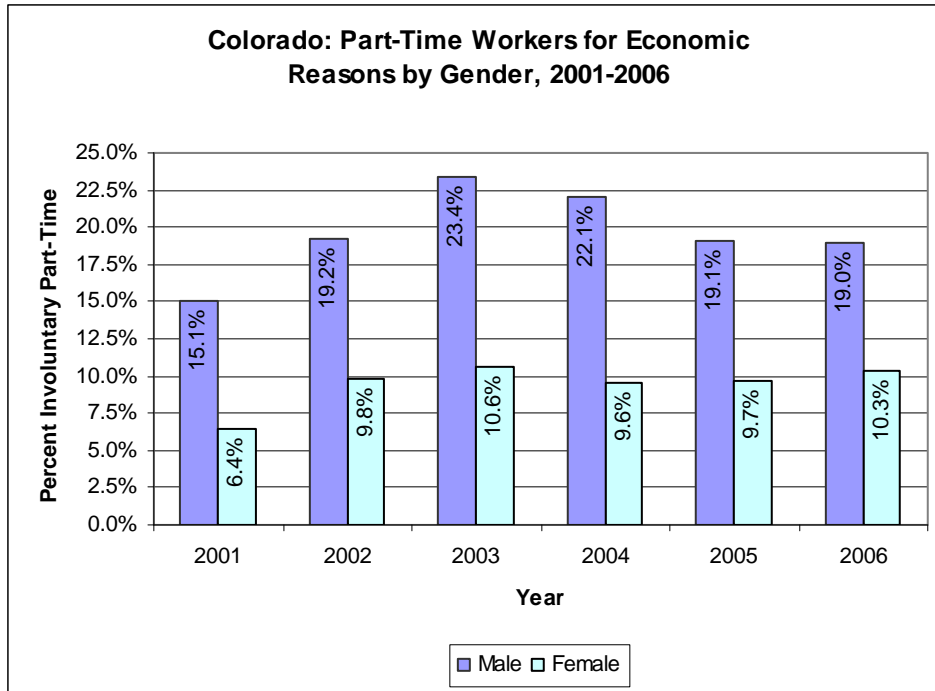
Figure 2.9



Source: Economic Policy Institute analysis of Current Population Survey data

Involuntary part-time work was much more common for men than for women for all years between 2001 and 2006 (Figure 2.10).

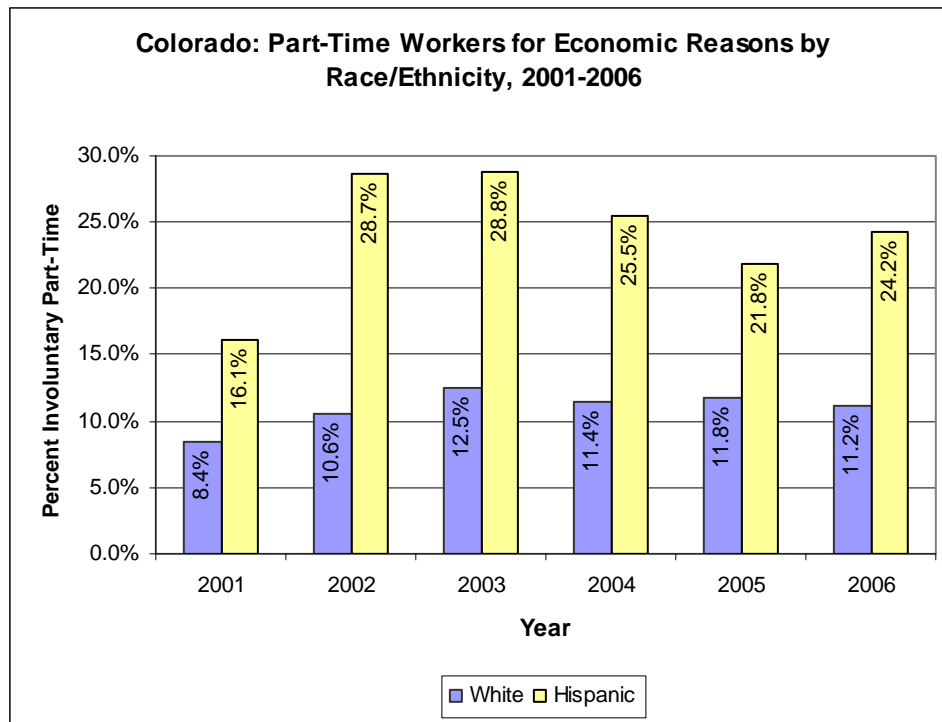
Figure 2.10



Source: Economic Policy Institute analysis of Current Population Survey data

Involuntary part-time work is much higher for Hispanics than whites, generally twice as high or more. Between 2001 and 2002, part-time work for economic reasons nearly doubled for Hispanics. It increased for whites during this time as well, but much less dramatically. Though the rate of involuntary part-time work declined for Hispanics by 2005, it crept up in 2006. In 2006, almost 1/4 of Hispanic workers in Colorado worked part-time involuntarily; a little more than 1 in 10 white workers did so (Figure 2.11).

Figure 2.11



Source: Economic Policy Institute analysis of Current Population Survey data

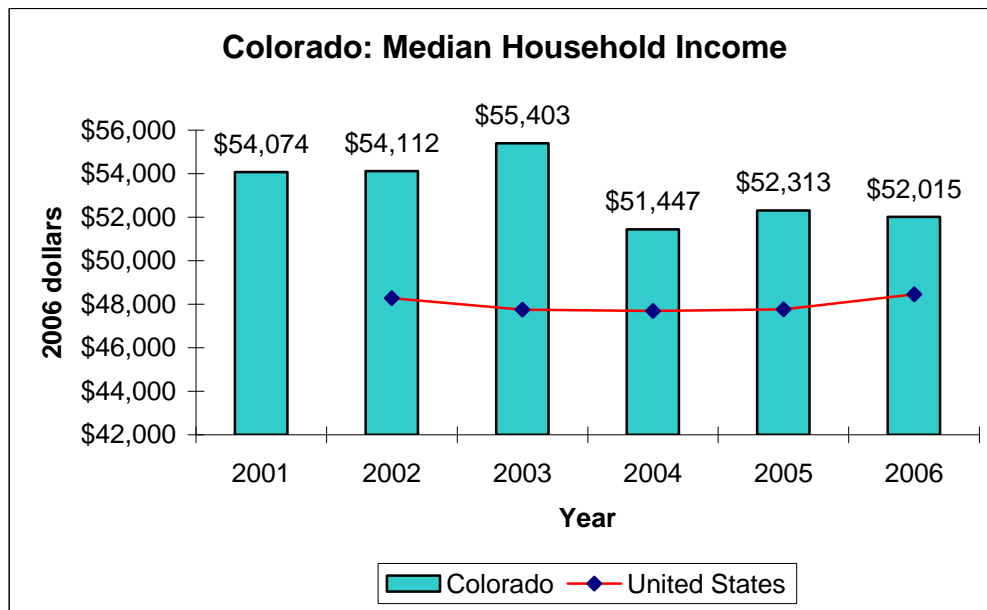
Note: Data are only available for Whites and Hispanics. Due to sample sizes data for African Americans and other racial/ethnic minorities is unavailable.

CHAPTER THREE: INCOME AND WAGES

Household Income

If all the households in Colorado were lined up according to income, those households falling directly in the middle represent the median. Except for a peak in 2003, median household income has declined in Colorado since 2001, and has remained statistically unchanged since 2004. Throughout this period, median household incomes remained stagnant. In 2001, Colorado's median household income exceeded the national median by almost \$8,000; by 2005, the median household income in Colorado was just over \$4,000 higher than the national median (Figure 3.1).

Figure 3.1

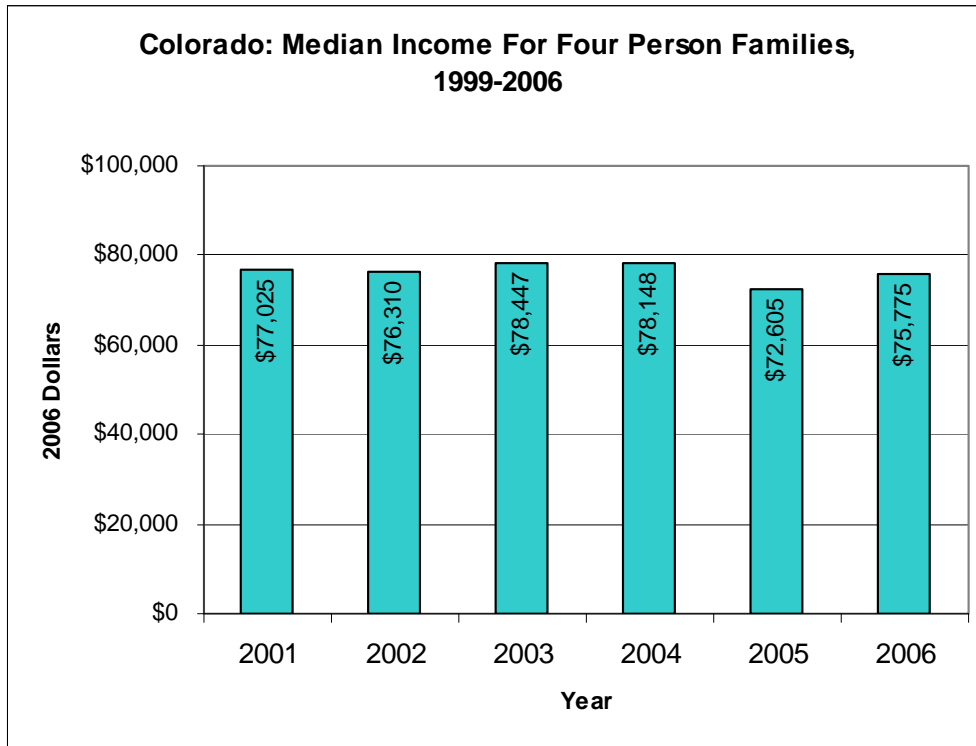


Source: Economic Policy Institute analysis of U.S. Census Bureau Data, <http://www.census.gov/bbes/www/income/histinc/b08.html>

Family Income

Family income is the most important determinant of a family's standard of living.² Most working families depend on their income to meet their immediate consumption needs (like food and gas), to finance longer-term investments in goods and services (like housing and education), and to build their savings.³ Median family incomes for families of four also trend higher than the national median. As would be expected, the fluctuations in median family incomes are similar to that for median household income. Families at the median also earned less in 2006 than they did in 2001 (Figure 3.2).

Figure 3.2



Source: Economic Policy Institute analysis of Current Population Survey data (2001-2003, 2006)

Source: Economic Policy Institute analysis of American Community Survey data (2004-2005)

Note: The decline from 2004 to 2005 is likely the result of changing from CPS to ACS as source data.

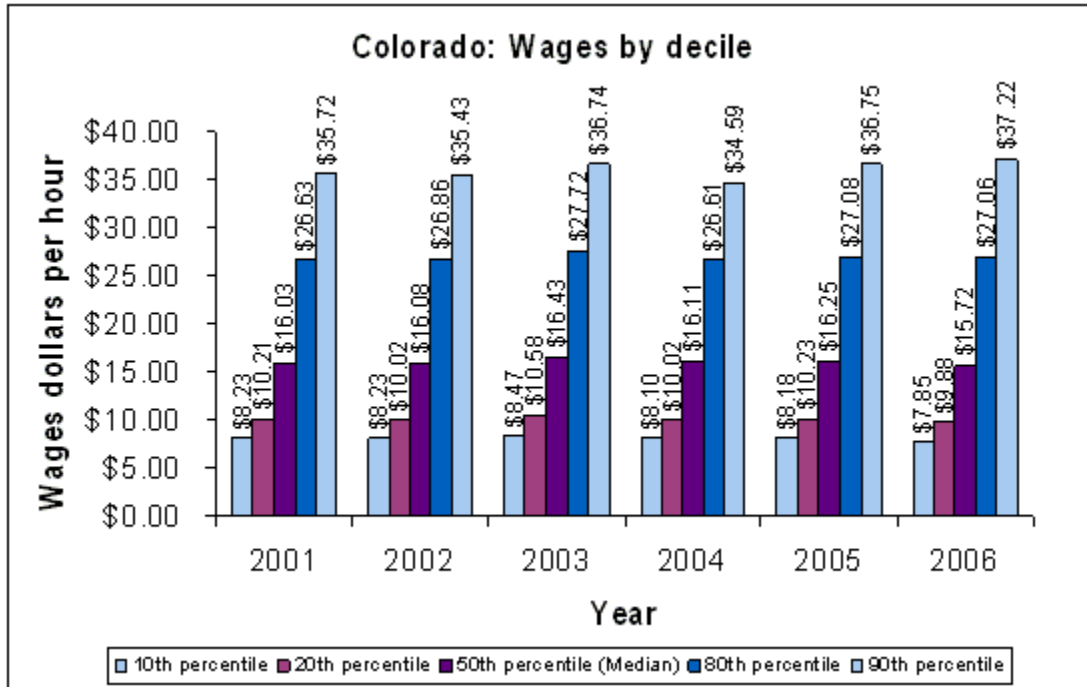
² Mishel, L.; Bernstein, J.; Boushey, H. *The State of Working America 2002-03*. New York: ILR Press 2003.

³ Mishel, L.; Bernstein, J.; Allegretto, S.; *The State of Working America 2006-07*. New York: Forthcoming from ILR Press, 2007.

Wages and Wage Inequality

Wages and salaries make up the bulk of total family income. Wage trends are, therefore, the primary determinant of income growth and income inequality trends. With the exception of a peak for all wage groups in 2003, the trend for wages for lower and middle wage earners have stagnated or decreased from 2001 to 2006. Those earning the highest wages (the 80th and 90th percentiles) are the only earners in the wage distribution who have attained gains over time (Figure 3.3).

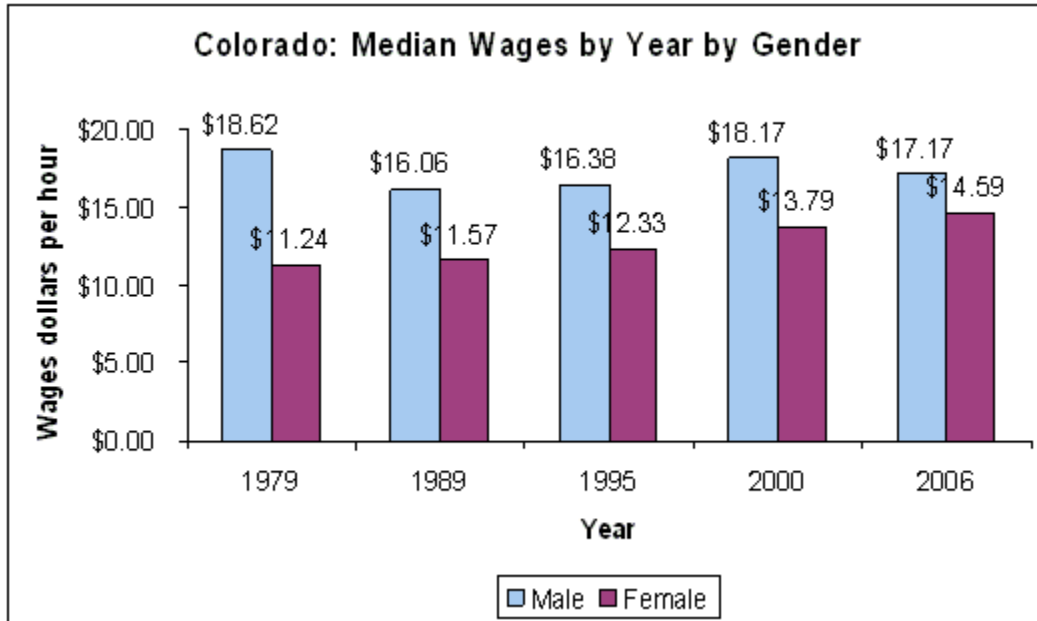
Figure 3.3



Source: Economic Policy Institute analysis of Current Population Survey data

Wage inequality between men and women has diminished dramatically in historical terms; however, there remains about a \$3 per hour difference in median wages for males and females. Assuming full time employment that wage difference equals over \$6,000 per year (Figure 3.4).

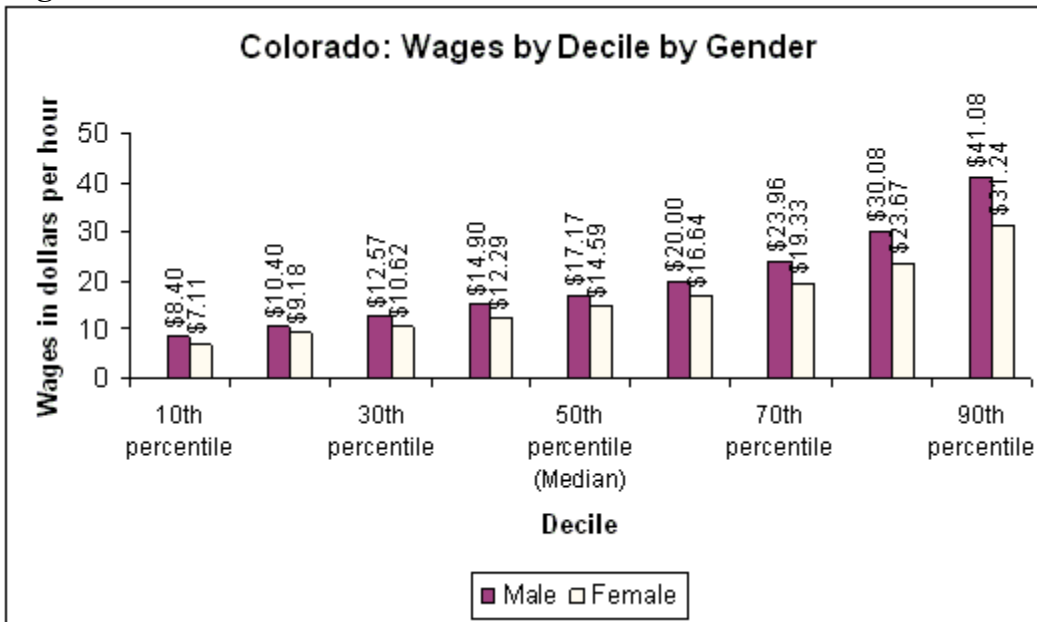
Figure 3.4



Source: Economic Policy Institute analysis of Current Population Survey data

As wages increase, wage inequality between women and men also increases. Thus, in 2006 at the lower wage levels women earned about one dollar less than their male counterparts, but at the highest wage levels women earned nearly ten dollars less than men (Figure 3.5).

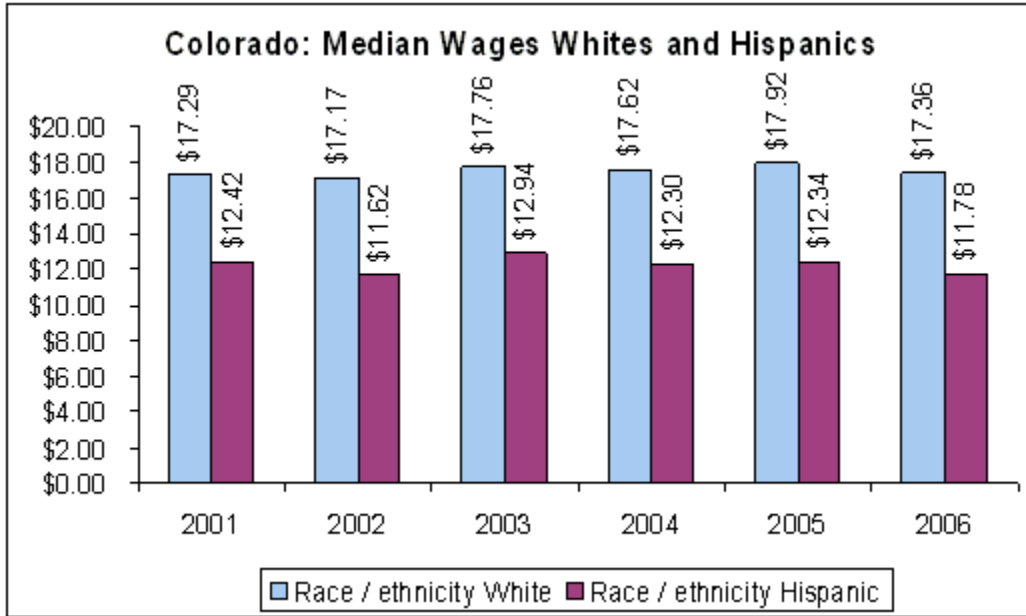
Figure 3.5



Source: Economic Policy Institute analysis of Current Population Survey data

Inequality is also present in the median wages of whites and Hispanics. Hispanics have consistently made about \$5 per hour less than whites. While gains were made in 2003, by 2006, Hispanics were making less than they were in 2001, while whites were making slightly more (Figure 3.6).

Figure 3.6



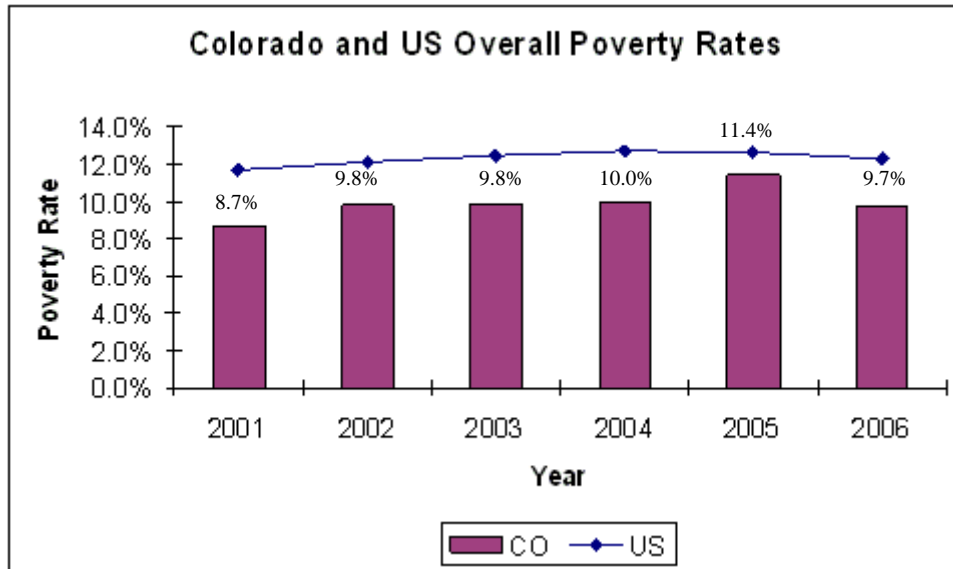
Source: Economic Policy Institute analysis of Current Population Survey data

Note: Due to small sampling sizes, data for African-Americans and other minority populations is unavailable.

CHAPTER FOUR: POVERTY AND ECONOMIC SELF-SUFFICIENCY

As with other economic indicators, Colorado compares favorably to the U.S. in its overall poverty rate, but has trended closer to national rates in recent years. This is because national poverty rates, both overall and among children, remained relatively flat between 2001 and 2006 while Colorado's poverty rates, particularly for children, have increased over this period (Figure 4.1). The Federal Poverty Line (FPL) is defined as three times the monthly cost of food for a family.

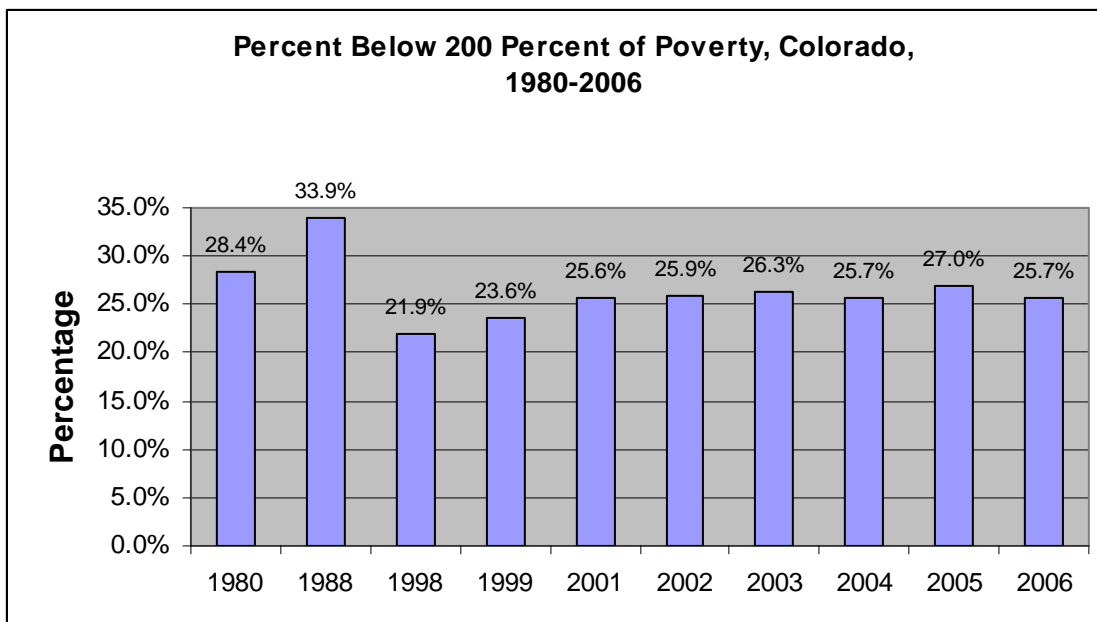
Figure 4.1



Source: EPI's Analysis of U.S. Census Bureau, Source: <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>

The Federal Poverty Line for 2006 (the dollar amount the U.S. Census uses to calculate the number of people in poverty) was \$16,242 for a family of three and \$20,444 for a family of four. It should be noted however, that while the FPL provides an indication of the number of people in poverty, it is not an accurate measure of economic well-being. In fact, according to the Self-Sufficiency Standard (SSS) for Colorado estimates show that families in most areas of the state require at least two times the FPL to make ends meet.⁴ The SSS is an objective measure of how much income is needed for a family of a certain composition in a given place to adequately meet their basic needs-without public or private assistance. A family of four would earn less about \$40,888 at 200 percent of poverty. According to the Census, over 25% of Coloradoans live below 200 percent of the FPL (Figure 4.2). One in five families in Colorado does not make enough to meet all of their basic needs.⁵

Figure 4.2



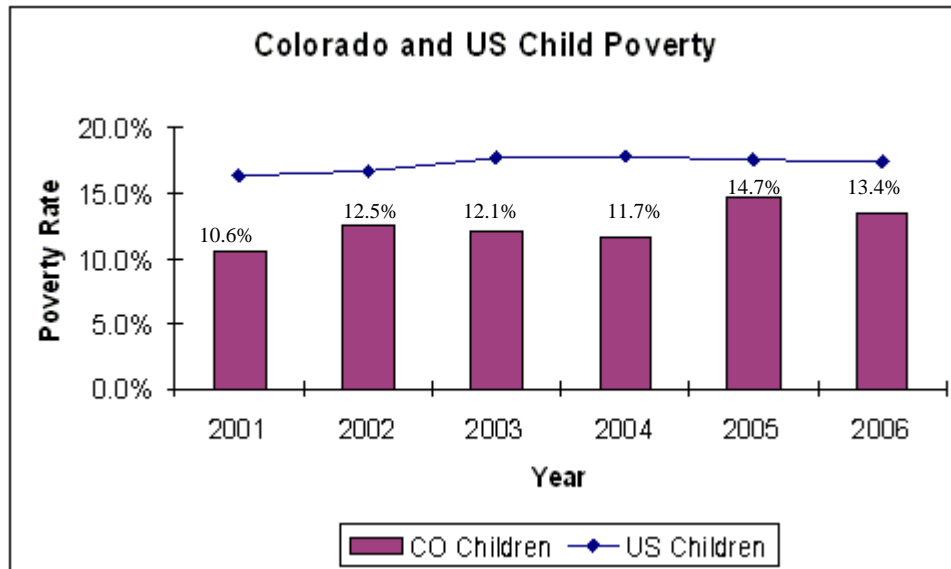
Source: EPI analysis of Current Population Survey March supplement

⁴ Colorado Fiscal Policy Institute, Self-Sufficiency Standard for Colorado 2004.

⁵ Colorado Fiscal Policy Institute, Overlooked and Undercounted 2006.

The child poverty rate in Colorado is higher than the overall rate of poverty in the state. Overall poverty rates increased every year between 2001 and 2005, before declining in 2006. However, child poverty rates fluctuated during this period, but increased considerably in 2005 compared to previous years, and remained high in 2006 (Figure 4.3).⁶

Figure 4.3

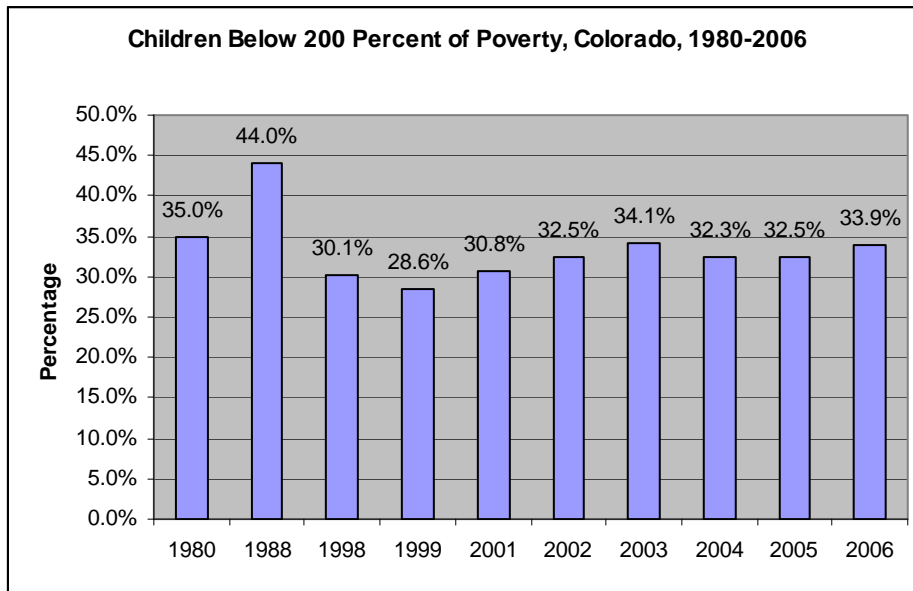


Source: EPI analysis of Current Population Survey March supplement

⁶ By some measures (U.S. Census American Community Survey), Colorado experienced an increase in child poverty in 2006 and is the only state in the country that experienced a significant increase in the child poverty rate for that year.

The number of children below 200 percent of the Federal Poverty Line is higher than the overall rate by almost ten percent. For 2006, almost a third of the children in the state live below 200 percent of poverty. This is an increase from 2004 and 2005 by 1.4% and 1.6%, respectively. It is also a 5.3% increase from the 1999 low of 28.6%. This is another indication that working families are struggling economically, most likely earning less than they need to meet their basic needs (Figure 4.4).

Figure 4.4

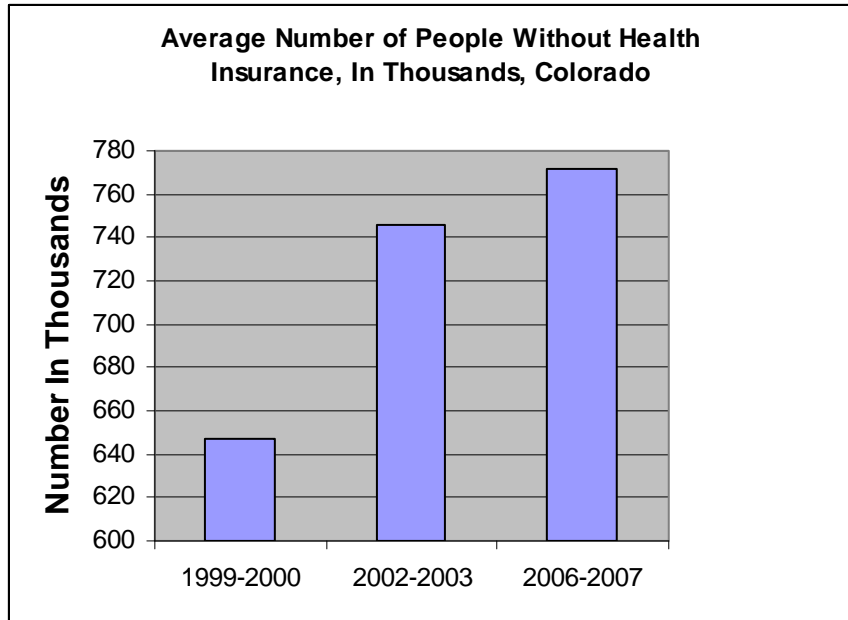


Source: EPI analysis of Current Population Survey March supplement

CHAPTER FIVE: HEALTH CARE

The average number of people without health insurance in Colorado increased from 647,000 in the 1999-2000 to 746,000 in the 2006-2007 (Figure 5.1). While a statistically significant change occurred from 14.9% in 1999-2000 to 16.7% in 2002-2003, the overall rate has remained the roughly same between 2002-2003 and 2006-2007.

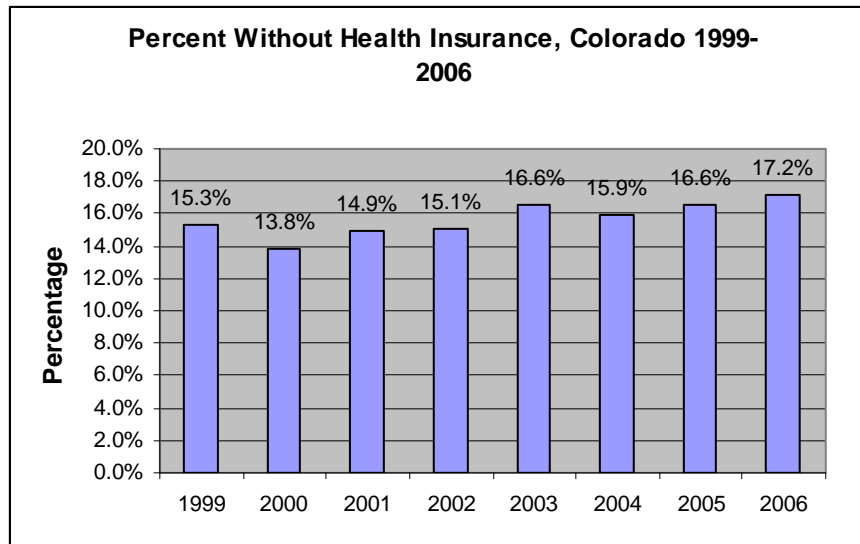
Figure 5.1



Source: U.S. Census Bureau, *Income Poverty and Health Insurance Coverage in the United States: 2006*, Issued August 2007. EPI's analysis of U.S. Census Bureau, *Current Population Survey, 2000, 2001, 2003, and 2004 Annual Social and Economic Supplement*.

In 2006, 17.2 percent of all Coloradans were without health care coverage in Colorado, an increase from 13.8 in 2000 (Figure 5.2). This is likely due to increasing health care costs including insurance, as well as stagnate wages, declining family incomes, and decreasing rates of employer-provided health insurance.

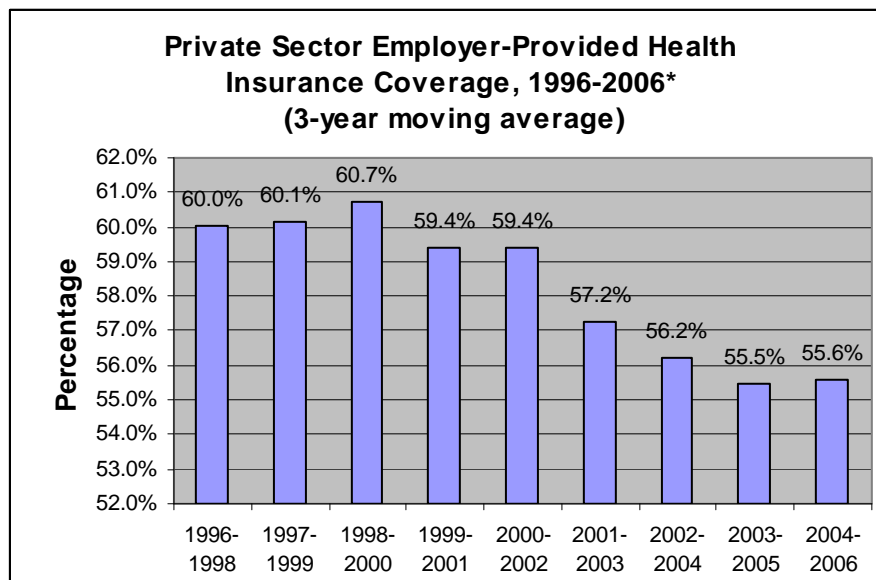
Figure 5.2



U.S. Census Bureau, Current Population Survey, 2000 to 2007 Annual Social and Economic Supplements. Source: <http://www.census.gov/hhes/www/hlthins/historic/hihistt4.html>

Additionally the percentage of private sector employer-provided health insurance continued to decline over the past decade from a high of 60.7% to the current 55.6% (Figure 5.3).

Figure 5.3

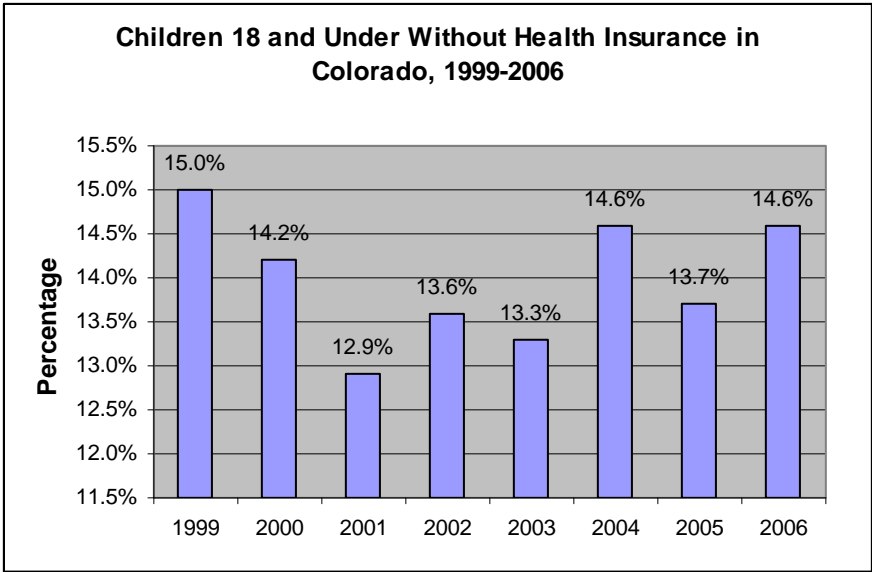


Source: EPI analysis of Current Population Survey March supplement

Note: Universe is private-sector wage and salary workers age 18-64, who worked at least 20 hours per week and 26 weeks per year.

The number of children 18 and under without health insurance in Colorado continued to hover between 13.0% and 15.0% (Figure 5.4). The number of children without health insurance remains volatile, which could be attributed to changes and funding cuts to public health services like the State Children Health Insurance Program (SCHIP).

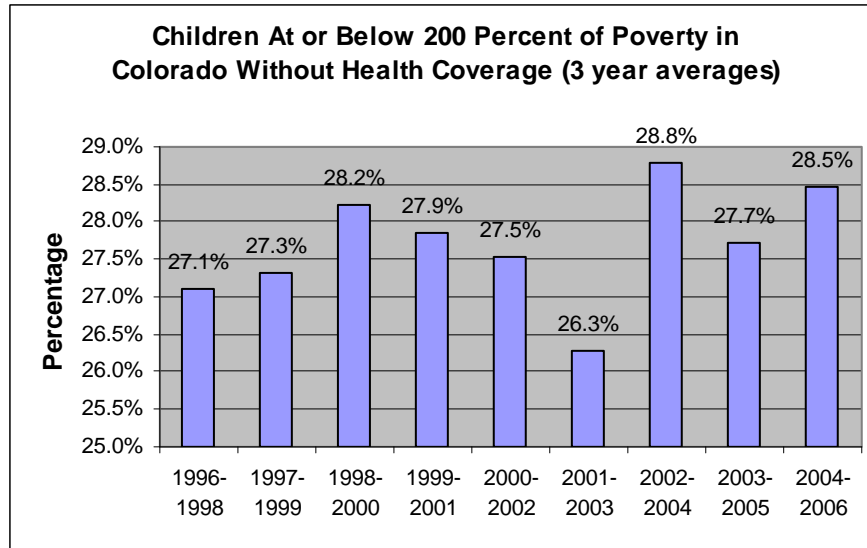
Figure 5.4



Source: EPI's analysis of U.S. Census Bureau data, <http://www.census.gov/hhes/www/hlthins/historic/hibist5.html>

The number of children in Colorado living below 200 percent of the Federal Poverty Line without health coverage varies from a 26.3% to 28.8%, a difference of 2.5%. (Figure 5.5) Again, this rate shows a high degree of volatility. This volatility may indicate an acute sensitivity to changes in the families' economic conditions.

Figure 5.5



Source: EPI's analysis of U.S. Census Bureau data, <http://www.census.gov/hhes/www/hlthins/lovinckid.html>, <http://www.census.gov/hhes/www/hlthins/liuc06.html>

Note: Only the final column (2004-2006) reflects the revised health insurance numbers. Unrevised years cover 1999-2005.

CONCLUSION

The State of Working Colorado 2007 reveals an incomplete recovery from the 2001 recession, both in terms of what was recovered and by whom. The report shows that a significant gap remains between where people are now, where they were prior to the recession, and where they need to be going forward to ensure economic security. The partial recovery experienced by moderate- to low-income families combined with the likelihood of another economic downturn makes it clear that policy changes are needed to prevent families from falling farther behind and propel them toward self-sufficiency.

This report also shows stagnating or declining wages. It was only recently that employment levels returned to pre-recession levels. Poverty rates have been increasing, especially for children. Gains were unevenly experienced by different groups. Those who benefited the most from the recovery were either upper income, white or male or some combination.

In Colorado, only those in the top 20th percentile experienced wage growth. Those at and under the median actually saw their wages fall. Colorado's median household income and median four-person family income, while above the national average, were still below their 2001 figures.

When looking at employment, the number of people employed did not reach pre-recession levels until 2005. Still, the overall unemployment rate remains higher than pre-recessions levels. While unemployment fell from a high of 5.7% in 2002 to 4.2% in 2006, it still did not reach the low of 2.8% experienced in 2000. Involuntary part-time workers remained at a steady level above 13% from 2002 to 2006. So while more jobs were created, they possibly did not replace the lost jobs in terms of quality. In addition, the state experienced more population growth so more people were vying for the available jobs.

While national poverty rates have remained flat, the poverty rates for Colorado have generally increased over the period from 2001 to 2005, particularly for children. Poverty rates have increased every year from 2001 until spiking in 2005 before falling slightly in 2006, nearing the poverty rates from 2002 to 2004.

Access to healthcare made the recovery even more anemic for low- and moderate-income families. The number and percent of people without healthcare rose in 2006-2007. The number of private sector, employer-provided insurance remained at a 3-year moving average of 55% from a high of almost 62% from 1998-2000. So not only are wages stagnating, but families are facing more uncertainty in terms of medical access, coverage, and affordability.

Not only are lower-income families seeing bare trickles of a recovery coming their way, but certain demographic groups are faring even worse. For example, blacks and Hispanics face unemployment rates almost triple and double, respectively, of whites. And when they work, they often they earn less. Women also show a similar gap in employment and earnings, compared to their male counterparts.

To achieve greater economic stability and self-sufficiency, three strategies should be used in conjunction with each other. Policies for low- to moderate-income families should be targeted to increase income, decrease everyday costs, and strengthen work supports.

Increasing income

These policies should create and develop individual assets to earn sufficient wages to make themselves self sufficient. Public policy options should include:

- Restoring the state Earned Income Tax Credit (EITC) and making it permanent. It is the single best policy for rewarding work and reducing poverty. The federal EITC goes to working families who make below a pre-determined threshold. The credit is refundable so that working families without a tax liability will still get a tax refund. Colorado has an EITC in statute, but it has not been funded since 2001. Restoring the state EITC could add an additional \$400 to the maximum \$4000 that some families receive from the federal credit. A state EITC, at 10% of the federal credit, would pump \$52 million into the economy and help more than 250,000 households pay for vital every day needs like housing, health care, and transportation.
- Raising the state minimum wage. Colorado raised its minimum wage by initiative in 2006. It was raised from \$5.15 to \$6.85 in 2006, and adjusted to \$7.02 in 2007. Every year it will be adjusted annually for inflation as measured by the Consumer Price Index used for Colorado. The new challenge will be to transform the minimum wage into a living wage.
- Expand Child and dependent care tax provisions. While these credits can be an important part of a comprehensive solution, as currently designed they have shortcomings.⁷ For instance, both the federal and state child care tax credits are not refundable and therefore do not benefit the poorest families. These could be made refundable and increased for greater effectiveness. Other downsides to the current tax credits are that many low-income families cannot afford to incur child care expenses and wait for reimbursement after filing their taxes, and the value of the current credits or deductions is often well below the cost of child care. Thus these credits are most useful when implemented in conjunction with other policies to reduce the cost of child care to low-income families.
- Promoting Individual Development Accounts (IDAs). Until lately, states, through TANF (Temporary Assistance for Needy Families), would penalize those who tried to save develop economic assets. They would often count their savings against their benefits. Even now many states do not allow their TANF recipients to have assets which exceed \$2,000. Unlike those states, Colorado TANF asset limit is \$15,000. IDAs are managed by community-based organizations and are held at local financial

⁷ Ibid, p.12.

institutions. In this program, a public or private entity provides a matching contribution toward regular savings made by families.⁸

- Establish and enforce pay equity laws. These laws require employers to compensate persons based on skills, effort, responsibility, and working conditions, not on race, gender or age.
- Improve access to higher education and vocational training. Job training and education is the key to help workers find occupations that pay adequate wages and provide economic self-sufficiency.

Decreasing Expenses

These policies would help mitigate the costs necessary to start and stay on the road to self-sufficiency. Public policy options should include:

- Expand basic cash assistance to individuals, and provide other work supports such a transportation vouchers.⁹
- Provide work expense allowances to working families. A work expense allowance offsets some work-related costs by providing a monthly cash payment to low income working families.¹⁰
- Expand child care to low- and moderate-income families. Counties in Colorado should provide the maximum amount of child care allowed by statute.
- Expand health care coverage. This can be achieved by broadening Medicaid and SCHIP (State Children’s Health Insurance Program) eligibility incrementally to assist more low-income families and individuals. SCHIP provides health insurance to children from working families that make too much to qualify for Medicaid but too little to afford coverage without assistance. SCHIP has successfully reduced the rate of uninsured children in the country by one-third. But with nine million children currently uninsured in the country and an estimated 180,000 in Colorado, much more can be done. Congress should work to expand the SCHIP program and grant states additional flexibility to craft programs that best suit the needs of individual states.
- Expanding the Food Stamp Program. In Colorado, over 251,000 people receive food stamps and another 220,000 households are considered “food insecure.” That is, those households are on the threshold of going hungry at any given time. Congress should work to strengthen the Food Stamp Program by increasing the minimum benefit of \$10 which has not increased in 30 years and to increase the

⁸Pearce, Dr. Diana, *The Self-Sufficiency Standard for Colorado* 2008, Colorado Fiscal Policy Institute, 2008

⁹ *Poverty Despite Work in Colorado*, Colorado Fiscal Policy Institute, 2001

¹⁰ *Ibid*, p.18

purchasing power of the food stamp which has been declining since programmatic changes were implemented in 1996.

Strengthen Work Supports

These policies assist workers in the event of a job loss or other economic hardship until they can rebound. These policies include:

- Extend unemployment benefits during periods of weak labor markets. This would especially be applicable to Colorado because of its high rates of exhausting benefits.
- Expand the list of “good cause” reasons for leaving work voluntarily in the unemployment insurance system. When workers leave for good cause, they remain eligible to receive benefits. Good cause often does not cover those reasons leading to the loss of work that often occur for low- and moderate-income families, such as lack of child care or inability to afford transportation to get to work.
- Paying dependent allowances. Some states provide additional unemployment insurance benefits to workers with children or sick family members.
- Allow for presumptive eligibility. Many low income families are excluded from benefits for which they qualify due to issues of access or paperwork. Benefits are denied because of bureaucratic hurdles. Departments can create short, clearly worded forms, minimize verification requirements, and reduce reporting and renewal requirements.
- Increase outreach programs to make more people aware of programs and their applications processes. A universal application would be ideal. Many low income people simply do not apply for benefits due to lack of awareness, lack of access, or lack of time to navigate the bureaucratic process.

To improve and strengthen the State of Working Colorado, a comprehensive strategy is needed to increase family income, bolster wages, reduce costs, and improve work supports. There is no silver bullet, no one policy or strategy that will bridge the gap to economic security for low- and moderate-income people. A variety of policy changes must be pursued in order to achieve true reform. Colorado’s strict budget constraints make the task of enacting these recommendations more difficult than it might otherwise be. Meaningful change that will empower working families and bolster Colorado’s economy will not only require strong public-private partnerships, but also comprehensive fiscal reform. The policy solutions outlined in this report will not be effective if they are simply implemented in a piecemeal approach. Rather, true reform will necessitate fixing the entire fiscal landscape so that one priority is not cannibalized for another. Paving the way for economic self-sufficiency and strengthening the State of Working Colorado means continued advocacy and policy reform efforts are needed to make this all a reality.

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The mission of the Economic Policy Institute is to provide high-quality research and education in order to promote a prosperous, fair and sustainable economy. The Institute stresses real world analysis and a concern for the living standards of working people and it makes its findings accessible to the general public, the media, and policy makers.

EPI works to strengthen democracy by providing people with the tools to participate in the public discussion on the economy, believing that such participation will result in economic policies that better reflect the public interest.

COLORADO FISCAL POLICY INSTITUTE

The **Colorado Fiscal Policy Institute**, a nonprofit, nonpartisan project of the Colorado Center on Law and Policy, promotes justice and economic security for *all* Coloradans. COFPI is a dynamic organization, leading the effort to resolve some of Colorado's biggest fiscal challenges. As both a resource and catalyst, the Institute works for changes in public policy through timely, credible and accessible fiscal policy analysis, education, advocacy and coalition building.

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