



COLORADO FISCAL POLICY INSTITUTE

Justice and Economic Security for *all* Coloradans

STATE OF WORKING COLORADO 2008 December 2008

INTRODUCTION

As Colorado heads into a new year, there are troubling economic signs everywhere. Unemployment and poverty is up. Wages are stagnant. Fewer people are able to get health insurance. And the gap between the wealthy and low- and middle-income earners is growing rapidly. All of these indicators are coupled by rising consumer prices, a national mortgage and housing crisis, the meltdown of investment markets, and the widespread credit crunch. It all means very serious challenges for working Coloradans. What started as a trickle of snow years ago will turn into an outright economic avalanche for Colorado if policymakers and state leaders don't take the right steps.

The State of Working Colorado 2008 examines how well Colorado workers fared over the last business cycle. It compares trends in wages, employment and unemployment, poverty and health insurance from the economic peak of 2000 through the 2001 recession to the peak of the recovery in 2007. In most areas, the news is not good for working families.

While Colorado slowly regained the jobs lost during the 2001 recession and workers went back to work, rates of unemployment and underemployment never reached prerecession levels. Moreover, many workers went back to work for fewer hours than they needed to get by. By 2007, a higher percent of Colorado families worked part-time for economic reasons than in 2000.

More troubling than the data on employment and unemployment is the picture of stagnating wages and growing wage inequality that has emerged over the last several years. Median household income and median family income in Colorado failed to reach pre-recession levels by the close of 2007. At the same time, wage inequality grew from 2000 to 2007. The lower-income workers most vulnerable to an economic downturn, those in the 10th and 20th percentiles, actually earned less in real dollars in 2007 than they did in 2000. Those earning the median wage saw their wages stagnate. Only the highest income earners, those in the 80th and 90th percentiles, saw real gains in wages from 2000-2007. The growing disparity between those at the top and everyone else was coupled with continuing disparities by race, gender and education level. These trends show an uneven recovery from the last recession in Colorado with some workers benefiting more than others, meaning that many Colorado workers are quite vulnerable as we head into another economic downturn.

Colorado's poverty rates offer another glimpse of how families will fare in a new recession. By 2007, a larger share of Coloradans were officially considered poor than in 2000. And, unlike the rest of the nation, the number of Colorado kids living in poverty climbed. In 2007, the rate of poor children in the state has almost doubled from 2000—the fastest growing rate of child poverty in the country.

Along with stagnating wages and fewer hours, many Colorado workers also lost health insurance coverage. The percentage of people without health insurance of any kind in Colorado was higher in 2007 than 2000, and above the national average every year of the business cycle. Colorado did see a decrease in the number of children without health insurance coverage from 2000-2007, but still had one of the highest rates in the country of uninsured poor children. Only Florida and Texas do worse than Colorado in terms of covering kids below 200% of the federal poverty level.

By many measures, 2007 marks the final year of Colorado's recent economic recovery period and therefore may be the high point for Colorado workers. The United States entered a recession in December 2007, and there are many indications that Colorado will follow. In October 2008, the state's unemployment rate increased to 5.7%, the highest point since March 2004, and well above the 3.9% rate from the previous October. Employment growth ground to a halt and wage and salary employment saw the largest declines since October 2001. The job loss was not concentrated in a single area, but seen through seven of the state's major industry sectors. In addition, 2008 ushered in a year of increased costs for basic needs like food and gas and growing unease in the midst of national economic turmoil.

The soft economic recovery that culminated in 2007 might be as good as it gets for working Coloradans, but it still left low- and middle-income families worse off than they were before the previous recession. Not only did Colorado not see positive movement over the last business cycle on long term challenges like wage inequality, wage growth, poverty and hardship, but now that the national economy is facing a large-scale crisis, these challenges for Colorado workers are likely to be exacerbated by the broader economic problems.

This means that Colorado will need to aggressively enact policies that can support workers through a crisis and help build toward long-term growth and stability. The state of working Colorado is in peril, but smart policymaking and strong leadership can help weather this economic storm and lead the state toward shared prosperity and greater economic security.

Key Findings:

Employment

- After sharp declines in 2002 and 2003, overall employment reached pre-recession levels in 2005 and saw strong growth from 2005 through 2007;
- The Natural Resources and Mining, Government and Education and Health Services sectors saw steady growth throughout the recovery period.
- Like many states, the Manufacturing sector in Colorado saw steady declines throughout the 2001-2007 recovery.

Unemployment

- After a dramatic rise with the onset of the recession, Colorado's unemployment rates trended down slowly to 3.7% in 2007. The unemployment rate never reached pre-recession levels from 2001-2007.
- The number of unemployed Coloradans that received unemployment insurance benefits was well below the national average each year of this business cycle. In 2007, less than a quarter of Colorado's unemployed workers received benefits compared to the 36.9 percent nationally.
- Colorado unemployed workers exhausted their unemployment insurance benefits at a much higher rate than that of the nation as a whole, 40% in Colorado compared to 35% nationally.
- Education levels strongly correlated with unemployment levels. Those with less than a high school diploma showed notably higher levels of unemployment.
- More Coloradans were underemployed at the end of the current expansion than at the end of the last economic expansion in 2000, 7.3% in 2007 compared to 5.2% in 2000.
- A greater share of Colorado workers were working part-time involuntarily in 2007 than in 2000.

Income and Wages

- In 2007, median household income in Colorado barely exceeded the 2000 level, \$59,008 in 2000 compared to \$59,209 in 2007 (in 2007 dollars).
- Median income for four-person families in Colorado fell from 2000 to 2007, from \$80,218 in 2000 to \$75,987.
- Only high income earners saw an increase in wages from 2000-2007. Wages for middle-income earners remained relatively flat over the recovery and low-income earners actually lost ground.
- Wage disparities by gender and race persisted in Colorado throughout the recovery period.

Poverty

- Colorado's overall poverty rate was below the national average, but increased from 2000 to 2007, from 9.7% to 12.0%.
- Child poverty rates increased dramatically in Colorado, almost doubling from 2000 to 2007.
- The number of low-income children, or those below 200% of the federal poverty level, declined slightly from 2000 to 2007, from 21.9% in 2000 to 30.05 in 2007.

Health Insurance

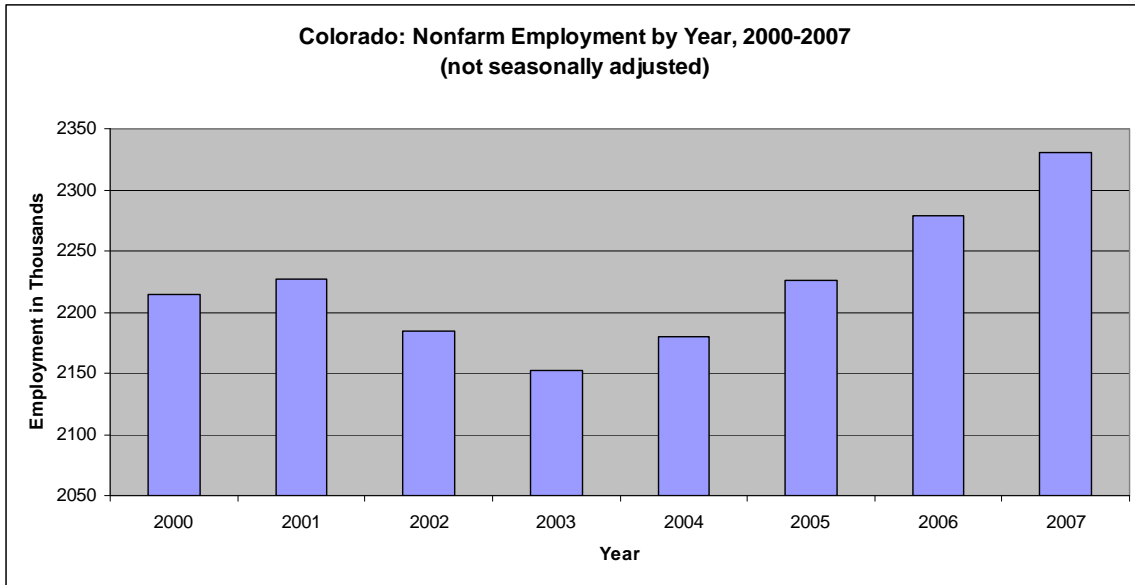
- The number of people without health insurance in Colorado climbed between 2000 and 2007.

- The percentage of Coloradans with private and government insurance fluctuated from 2000-2007, but trended down.
- The percentage of Coloradans without health insurance coverage was higher than the national average for each year of the recovery, 16.4% in Colorado in 2007 compared to 15.3% in the United States in 2007.
- The number of children under 18 without health insurance declined slightly from 2000 to 2007, from 14.2% to 13.0%.
- **At 27.9%, Colorado had the third highest rate of uninsured low-income children in the country in 2007.**

CHAPTER ONE: EMPLOYMENT

In Colorado, after declining from 2001 to 2003, overall employment rebounded and reached 2001 pre-recession levels in 2005 (Figure 1.1). Employment continued to show strong growth throughout 2006, 2007 and the first half of 2008, despite the onset of a national recession in December 2007.

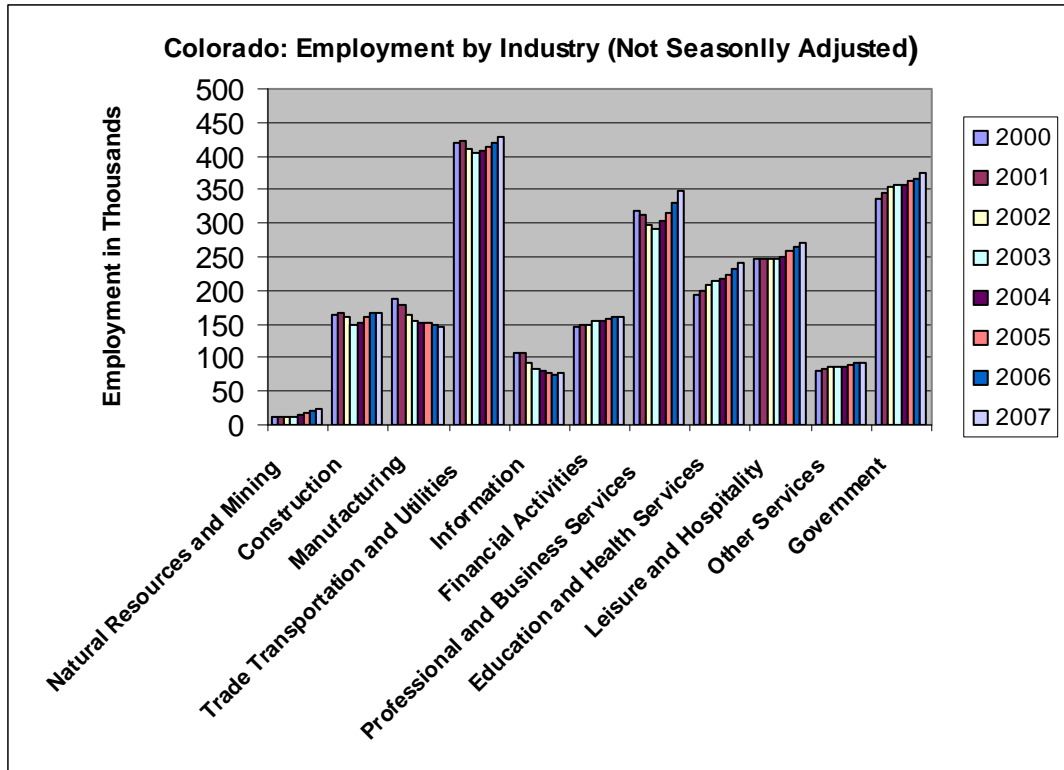
Figure 1.1



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

Key Colorado industries like Construction, Trade Transportation & Utilities, and Professional and Business Services recovered from sharp declines in 2003. Colorado's Manufacturing sector continued to decline from 2002 through 2007. Employment in the Information sector also declined through the period, only rebounding slightly in 2007. Natural Resources and Mining, a small but vital employment sector in the state, saw steady growth through 2007, as did Government and Education and Health (Figure 1.2).

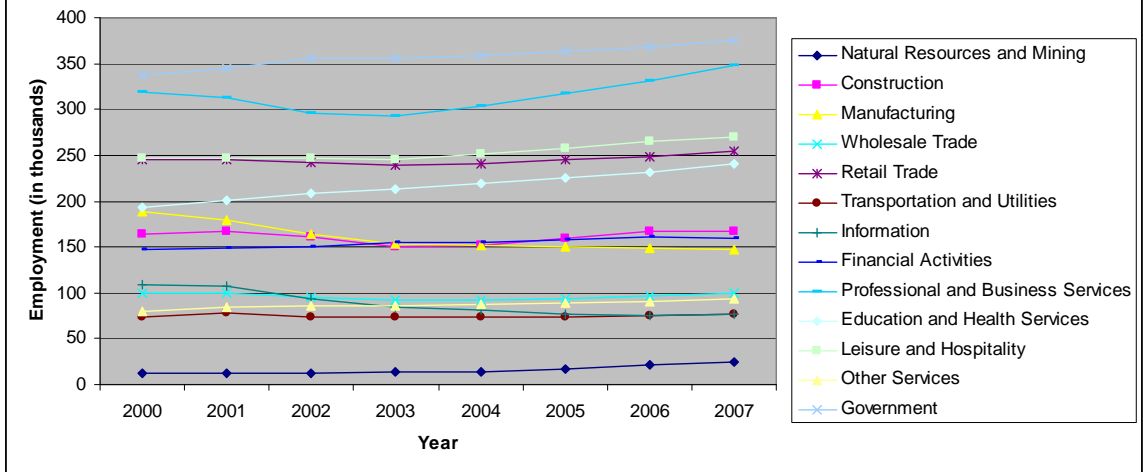
Figure 1.2a



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

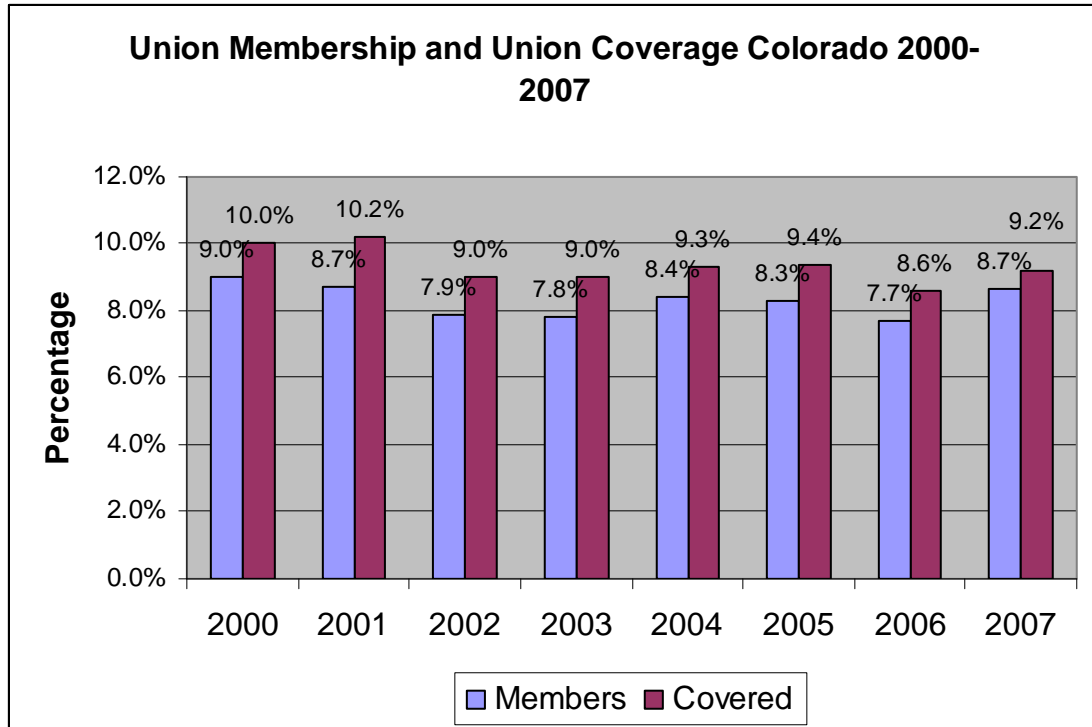
Figure 1.2b

Colorado: Employment by Industry by Year 2000-2007
(not seasonally adjusted)



Union membership continues to erode in Colorado. In 2000, only 9 percent of workers were members of a union. The rate of union membership declined during the recession and regained some ground, but has not reached 2000 levels again this cycle. 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 failed to reach its 2000 rate of 10 percent.

Figure 1.3 (Union Membership)



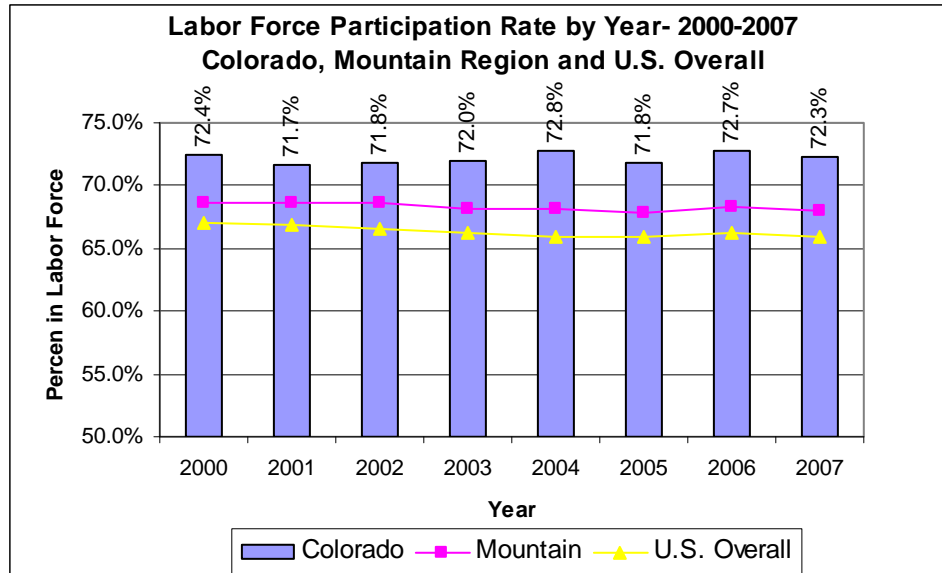
Source: EPI's analysis of Bureau of Labor Statistic, www.bls.gov/news.release/union2.t05.htm, Table 5: Union affiliation of employed wage and salary workers by state

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 for the state, region and nation are similar over time—resulting in little fluctuation (Mountain region includes Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada). Colorado, the Mountain west and the nation experienced slight declines in labor force participation in 2007 (Figure 1.4).

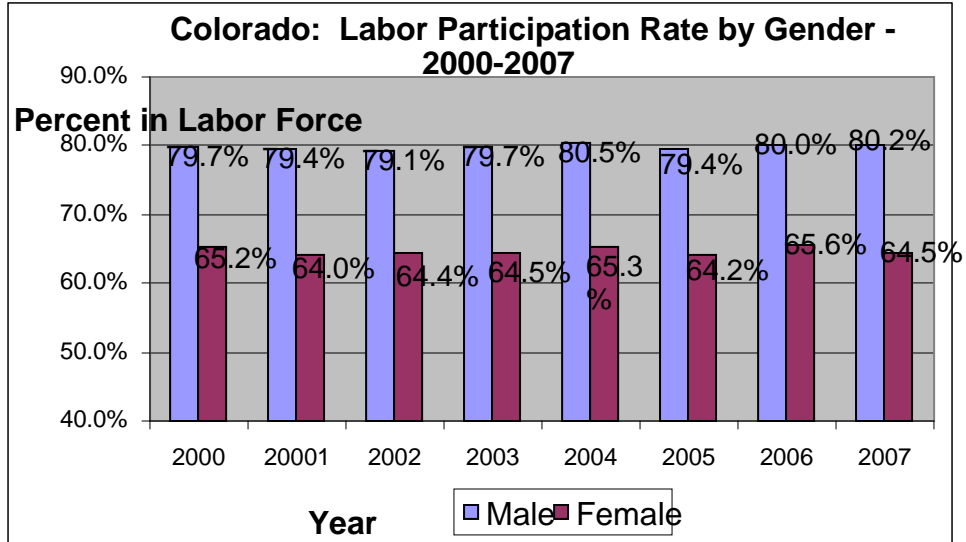
Figure 1.4



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 2007, there were 64.5% of women in the workforce, compared to 80.2% of men as shown in the Figure 1.5. While women saw a slight decline from 2006-2007, it was not a statistically significant drop (Figure 1.5).

Figure 1.5



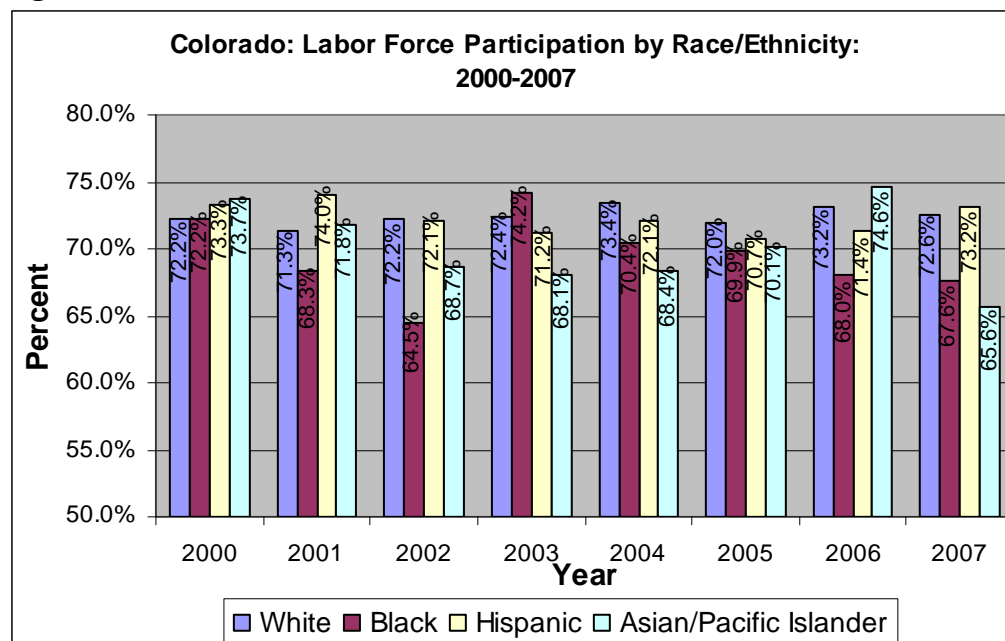
Source: Economic Policy Institute analysis of Current Population Survey data

In 2000, the last year of the previous economic expansion, all races saw relatively strong labor force participation rates – above 71 percent. From 2001 to 2002, African-Americans, Hispanics and Asian-Americans all experienced sharp declines. By 2007, Hispanic participation rates had almost reached pre-recession levels, while Asian/Pacific Islander and African-American rates continued to lag. African-American, Asian/Pacific Islander and Hispanics showed a higher level of volatility over the business cycle than for Whites, who had consistent intermediate level of labor force participation.

In 2001, the official year of the recession, and the following year, labor force participation rates were lowest for African-Americans in Colorado. They surged in 2003, but have been on a steady decline since that time.

In 2006, Asian-Americans showed markedly improved labor force participation rates compared to every other year during and following the recession, but experienced a sharp decline in 2007. Thus, the gap between the rates of Asian Americans and the rates of Whites and Hispanics re-emerged in the same manner as the African-American gap, but in a more dramatic fashion (Figure 1.6)

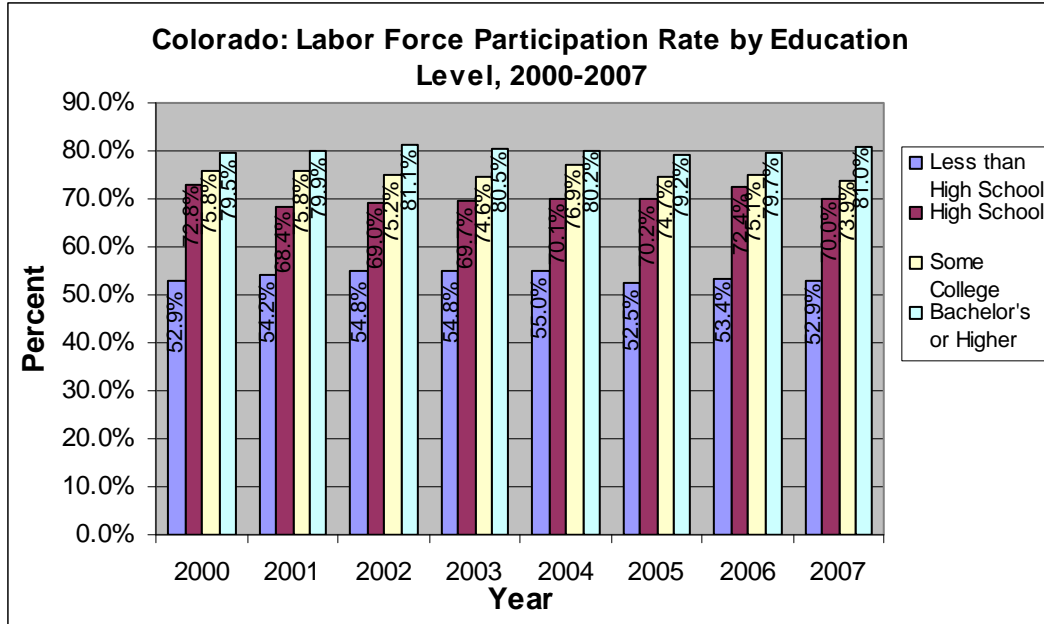
Figure 1.6



Source: Economic Policy Institute analysis of Current Population Survey data

Between 2001-2006, labor force participation rates remained relatively steady all groups. Those with less than a high school education rate, however, saw much lower rates of labor force participation than all other groups. All groups, with the exception of those with a bachelor's degree or higher, saw the gains made in 2006 erased in 2007 (Figure 1.7).

Figure 1.7

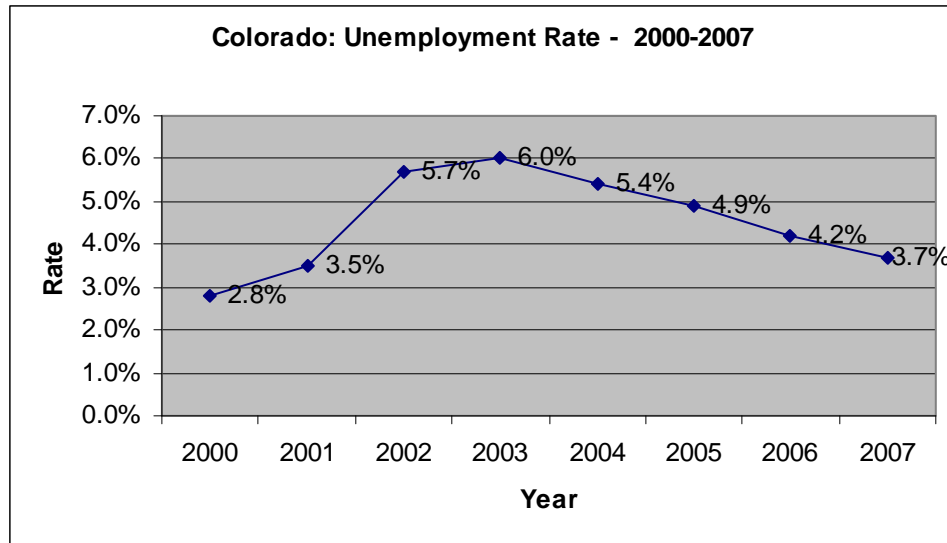


Source: Economic Policy Institute analysis of Current Population Survey data

CHAPTER TWO: UNEMPLOYMENT

Following a dramatic rise in unemployment in the wake of the 2001 recession, Colorado's jobless rate continued falling in 2007, but remained higher than pre-recession levels. After reaching a historic low of 2.8% in 2000, 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 steadily to 3.7% in 2007 (Figure 2.1).

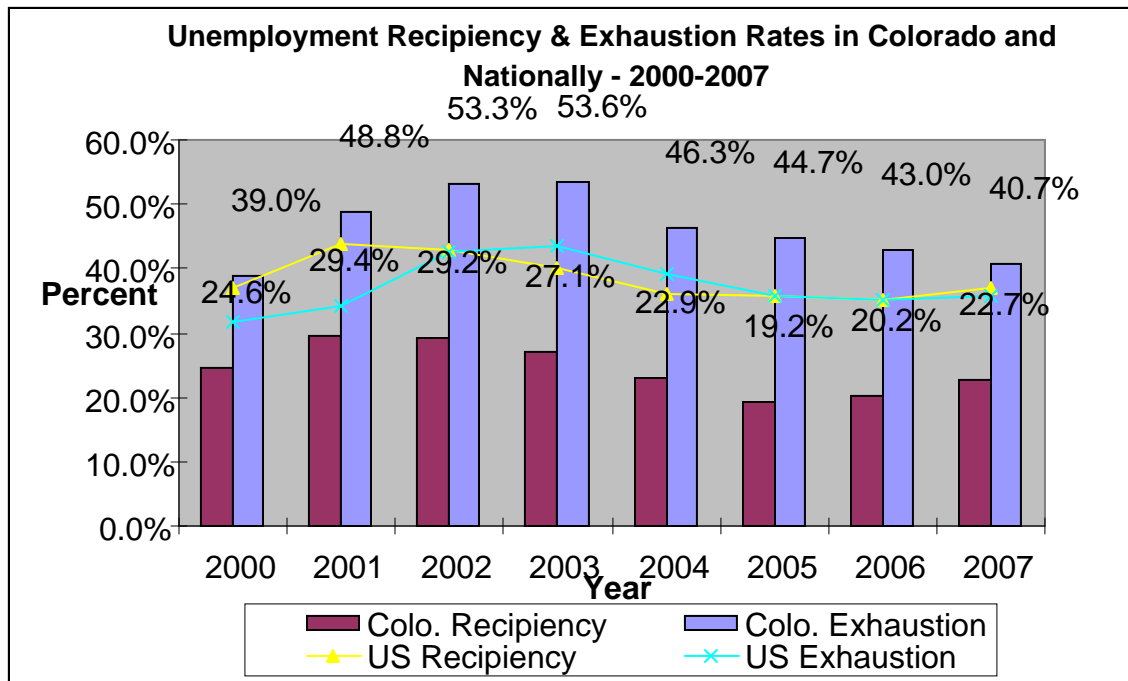
Figure 2.1



Source: Economic Policy Institute analysis of Current Population Survey data

The number of unemployed Coloradans that receive unemployment insurance benefits was consistently well below the national average in each year of the business cycle. For instance, in 2007, 22.7 percent of Colorado's unemployed workers received benefits compared to 36.9 percent nationally or the Mountain West regional average of 37 percent. In addition, those who did receive benefits exhausted their benefits at higher rates for all years relative to the national rate.¹ For instance, 40% of Colorado recipients exhausted their benefits in 2007 whereas only 35.6% did so nationally (Figure 2.2).

Figure 2.2(Unemployment Insurance Reciprocity & Exhaustion Rates)



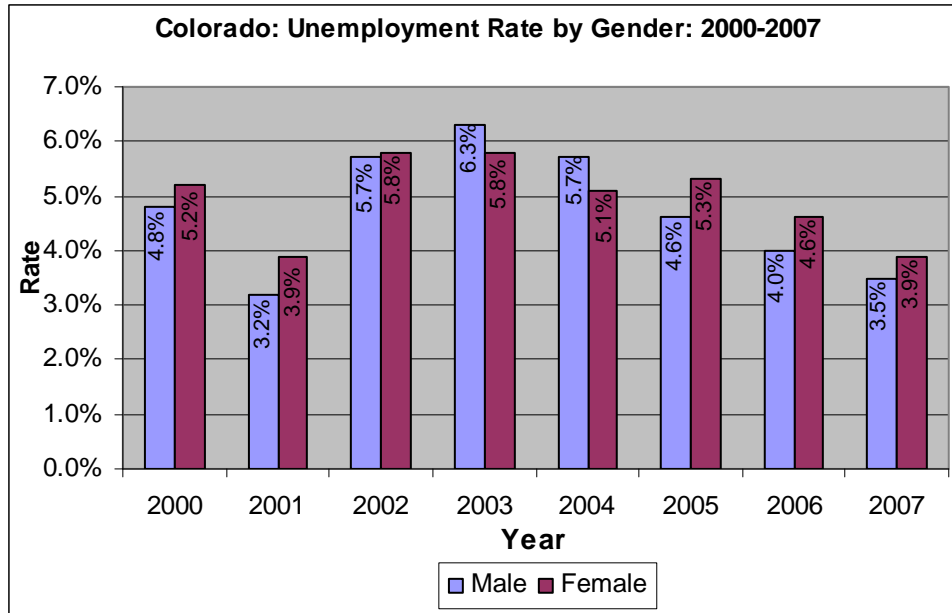
Source: EPI's analysis of US Dept. of Labor data

In Colorado, the long-term unemployed, or those workers out of work for more than 26 weeks, represented 13.1 percent of the unemployed, compared to 17.6 percent nationally. As a share of the labor force, long-term unemployment was 0.48.

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 every other year (Figure 2.3).

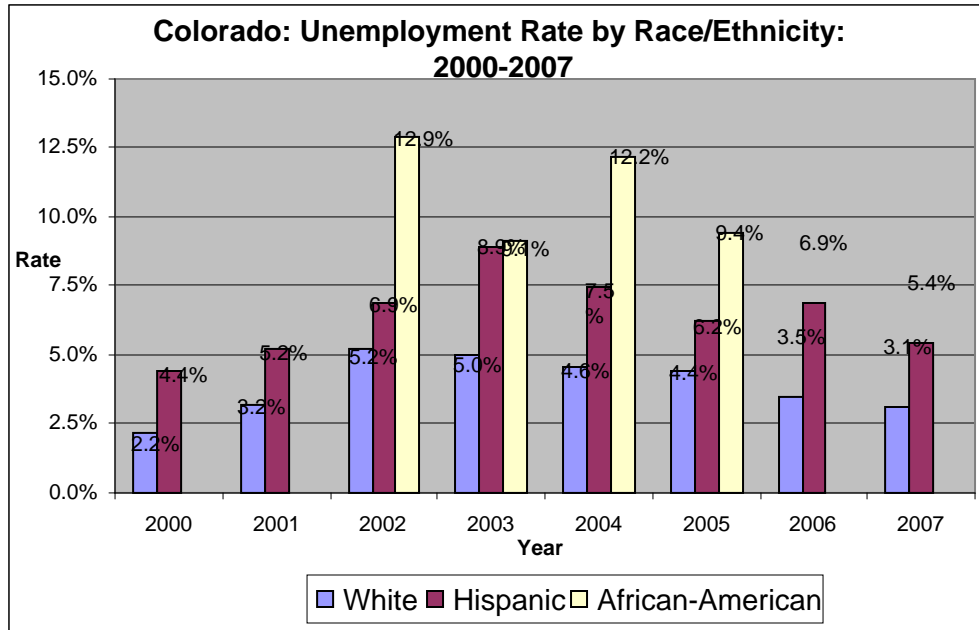
Figure 2.3



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 2007, unemployment rates almost returned to 2001 levels for Whites and Hispanics after peaking in 2003 and 2004 (Figure 2.4).

Figure 2.4

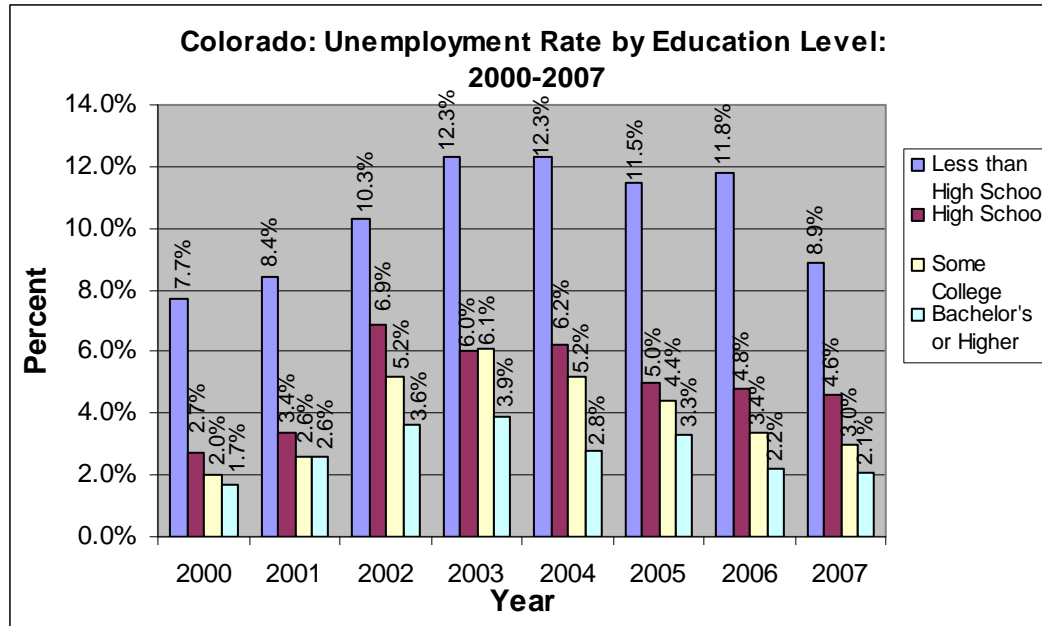


Source: Economic Policy Institute analysis of Current Population Survey data

Note: Data was unavailable for African-Americans in 2000, 2001, 2006 and 2007, and unavailable for Asian-Americans for all years.

Education level strongly correlated with unemployment levels. Those with less than a high school diploma showed notably higher levels of unemployment than those with higher amounts of education. For instance, in 2007 those with less than a high school diploma had an unemployment rate of 8.9 percent compared to 4.6 percent for high school graduates. Unemployment rates were trending down slowly for all education levels from 2005 through 2007 (Figure 2.5).

Figure 2.5



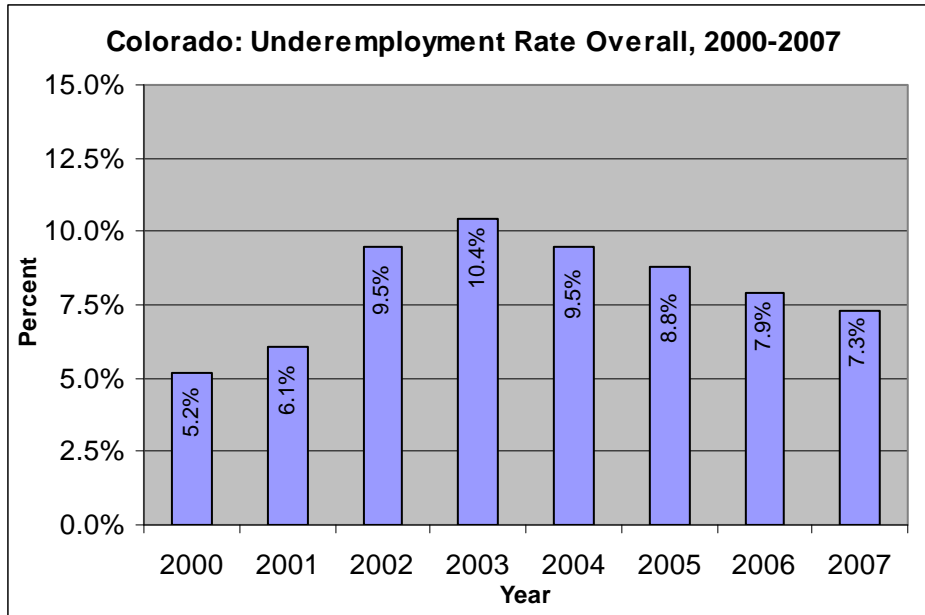
Source: Economic Policy Institute analysis of Current Population Survey data

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.

With the onset of the recession, the underemployment rate in Colorado jumped dramatically from 2001-2002. Underemployment remained high throughout the recovery period and never reached its pre-recession level of 5.2 percent. In 2007, the last year of the expansion, 7.3 percent of Colorado workers were underemployed (Figure 2.6).

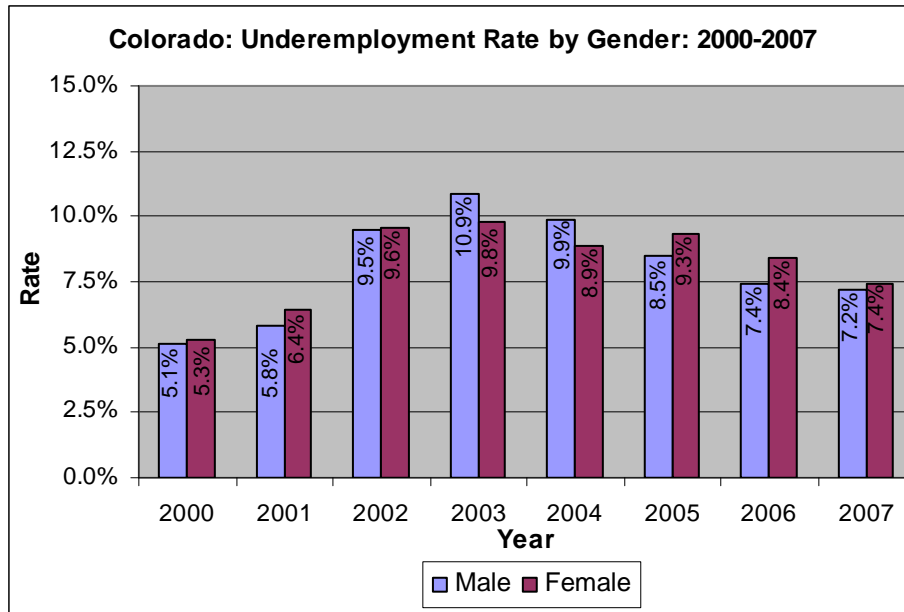
Figure 2.6



Source: Economic Policy Institute analysis of Current Population Survey data

In 2000, the last year of the expansion, women and men in Colorado experienced similar rates of underemployment, 5.3% and 5.1% respectively. With the start of the recession in 2001, Colorado saw a jump in the number of men and women who were underemployed. By 2003, the rate of underemployment for men peaked at 10.9%, more than double what it had been in 2000, and higher than the rate for women that same year (9.8). After 2003, the rate of underemployment for men and women began dropping, but has not reached pre-recession levels (Figure 2.7).

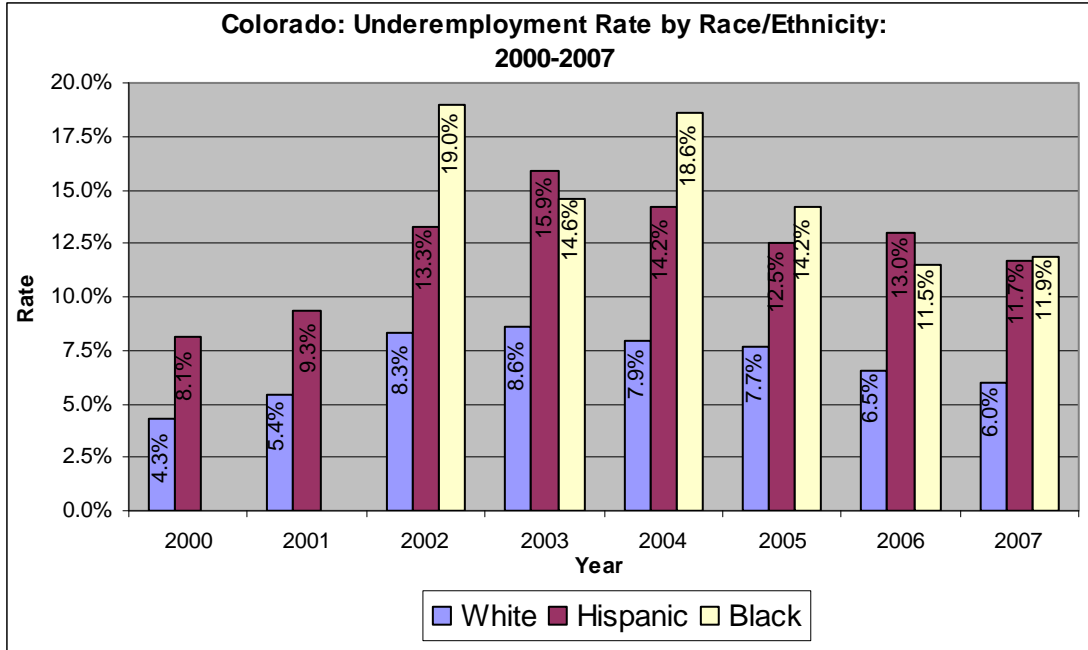
Figure 2.7



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). With the onset of the recession, underemployment rates for African-Americans and Hispanics increased more quickly than for Whites and also stabilized more slowly over the full business cycle.

Figure 2.8

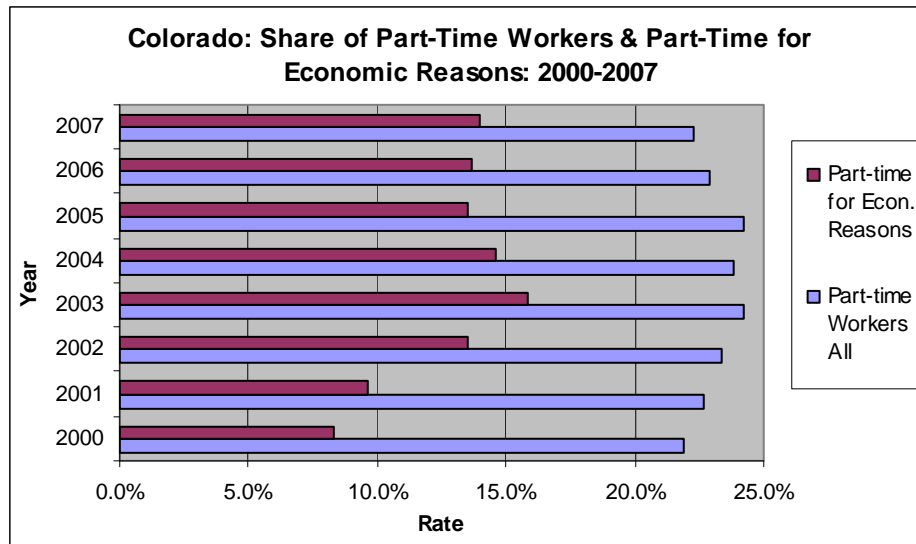


Source: Economic Policy Institute analysis of Current Population Survey data

Note that data is not available for Asian-Americans.

During the recession and slow recovery, more Coloradans worked part-time for economic reasons. 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 2007 (Figure 2.9).

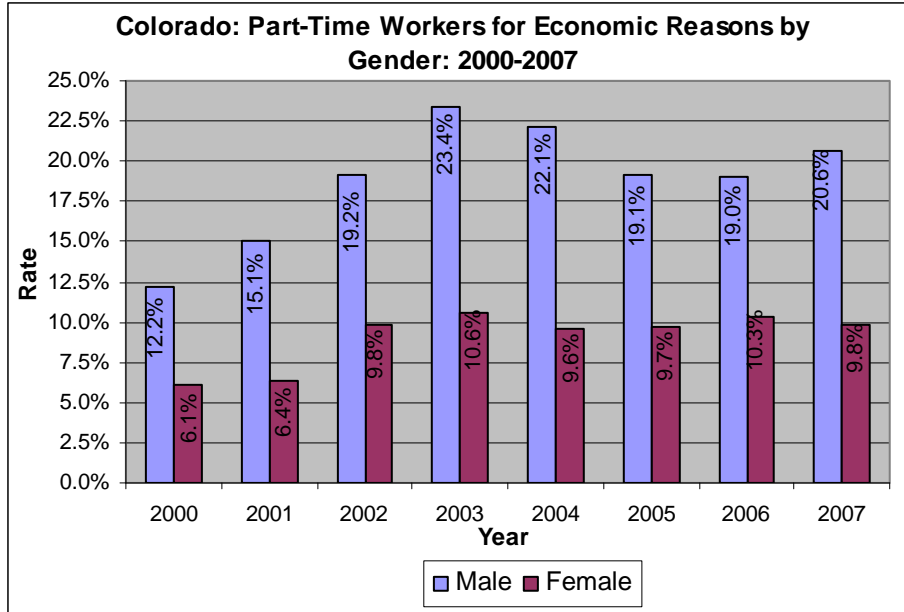
Figure 2.9



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 2000 and 2007 (Figure 2.10). Again, by 2003, the rate of men working part-time for economic reasons had almost doubled from 2000. The rate of women working part-time for economic reasons also saw a significant increase from 2001 to 2002 and remained at the higher levels through 2007.

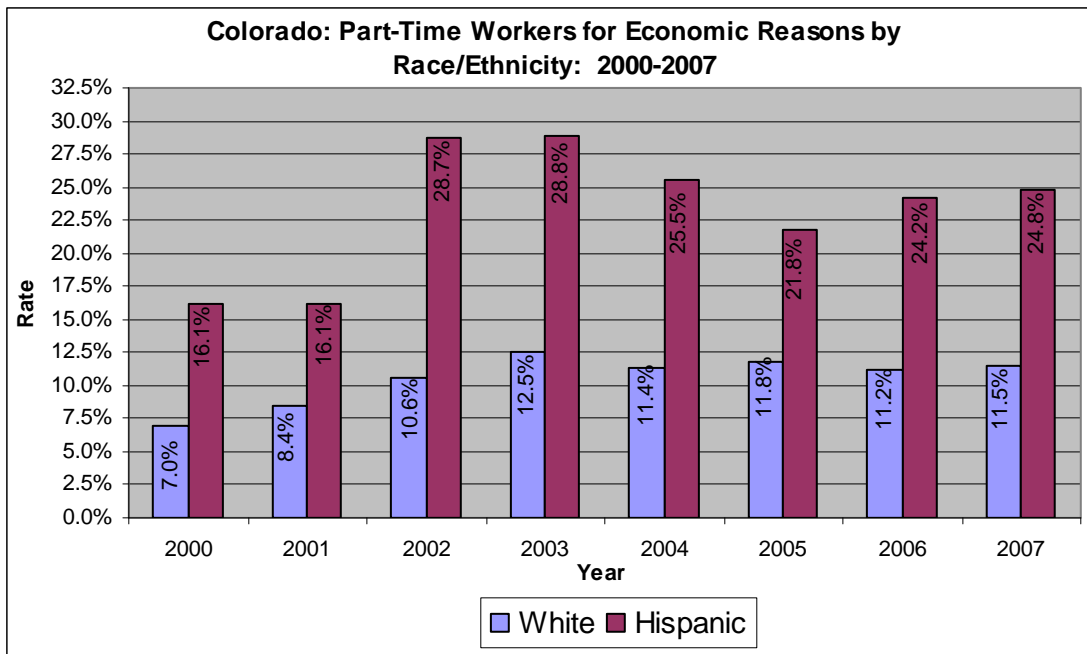
Figure 2.10



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 and again in 2007. In 2007, almost a fourth of Hispanic workers in Colorado worked part-time involuntarily compared to the one in ten rate for Whites (Figure 2.11).

Figure 2.11



Source: Economic Policy Institute analysis of Current Population Survey data

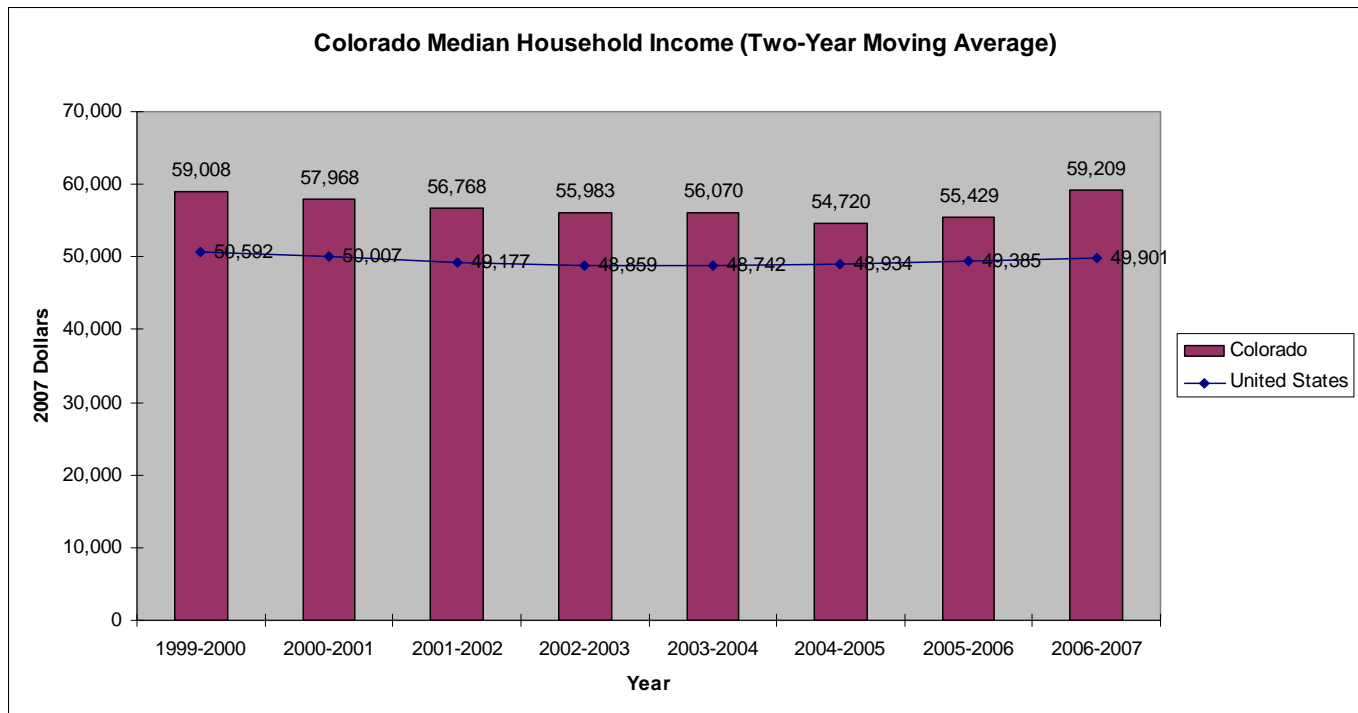
Note: Data are only available for Whites and Hispanics. Due to sample sizes data for African Americans and other racial/ethnic minorities is unavailable.

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. For all years, Colorado median household income was higher than the national median. Median household income declined in Colorado with the onset of the recession and struggled to rebound. Median household income in the state did reach pre-recession levels in the 2007 peak (Figure 3.1).

Figure 3.1



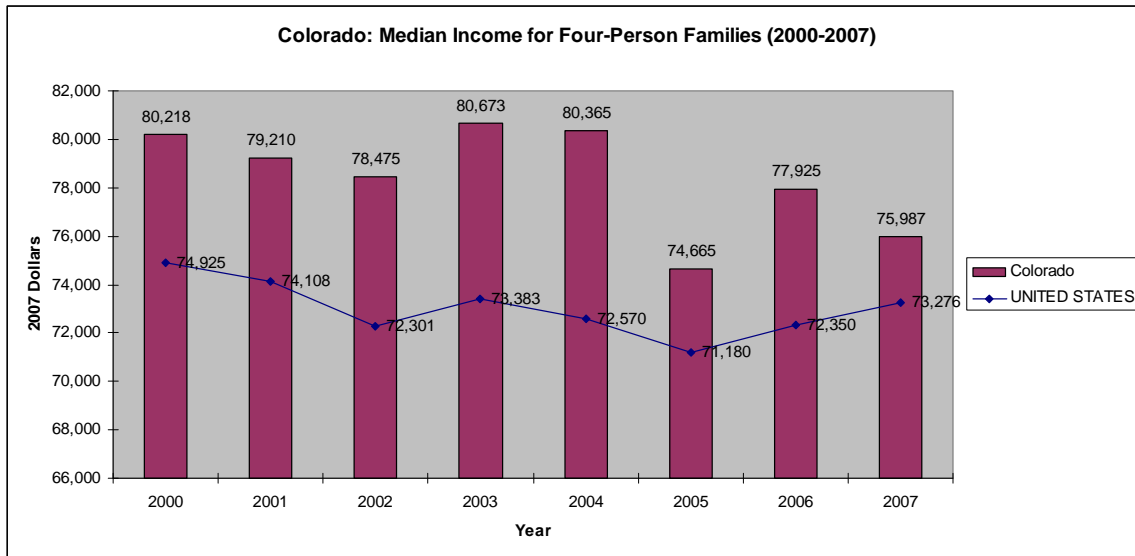
Source: Economic Policy Institute analysis of U.S. Census Bureau Data,
<http://www.census.gov/hhes/www/income/income07/statemi2.xls>
<http://www.census.gov/hhes/www/income/histinc/h08.html>

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 in Colorado 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.

Figure 3.2



Source: Economic Policy Institute analysis of Current Population Survey data (2001-2004)

Source: Economic Policy Institute analysis of American Community Survey data (2005-2007)

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.

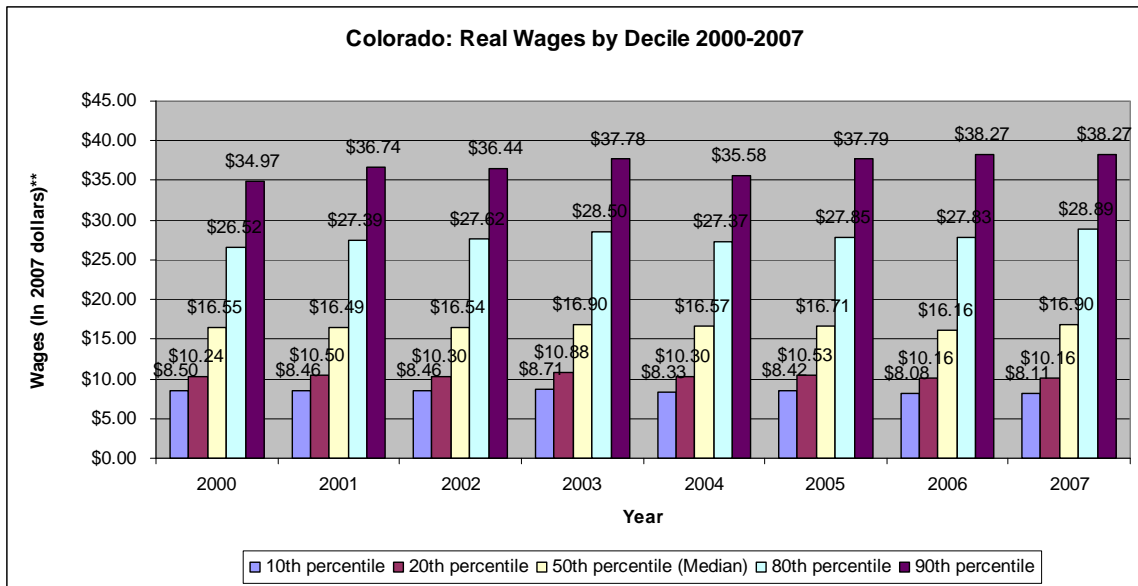
³ Mishel, L.; Bernstein, J.; Allegretto, S.; *The State of Working America 2006-07*. New York: from ILR Press, 2007.

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.

Those earning the highest wages (the 80th and 90th percentiles) are the only earners in the wage distribution who have attained significant gains over time. The lowest wage earners (the 10th and 20th percentiles) saw wages stagnate over this business cycle, by 2007 actually losing ground from the peak of the previous expansion in 2000 (Figure 3.3).

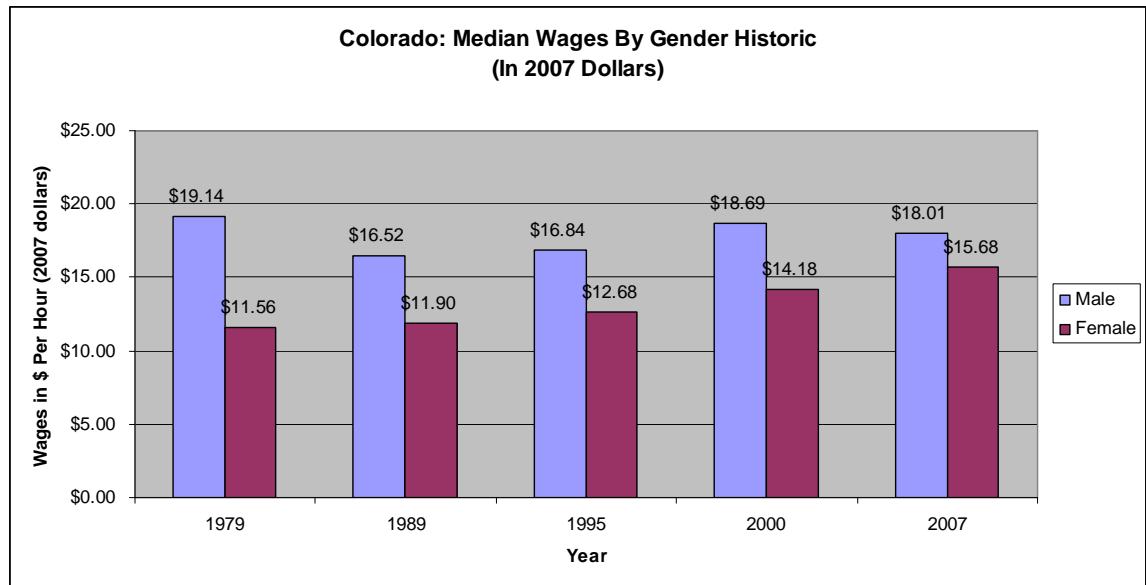
Figure 3.3



Source: Economic Policy Institute analysis of Current Population Survey data
 ** using CPI-U-RS

Wage inequality between men and women has diminished dramatically in historical terms. In real dollars, in 1979 the median wage for women was \$11.56 compared to a median wage of \$19.14 from men. By 2007, that gap had narrowed, but there remains about a \$2.33 per hour difference in median wages for males and females. Assuming full-time employment, wage differences translate into more than \$4,800 per year (Figure 3.4). In other words, in 1979 women earned roughly 61 cents to a man’s dollar and in 2007 they earned roughly 87 cents on the dollar.

Figure 3.4



Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Wage data from 2000–2007 shows that men experienced a dip in median wages with the onset of the recession in 2001 and that median wages for men did not reach pre-recession levels by 2007. In contrast, median wages for women fluctuated over that same time period and reached higher levels in 2007 than in 2000 (Figure 3.5)

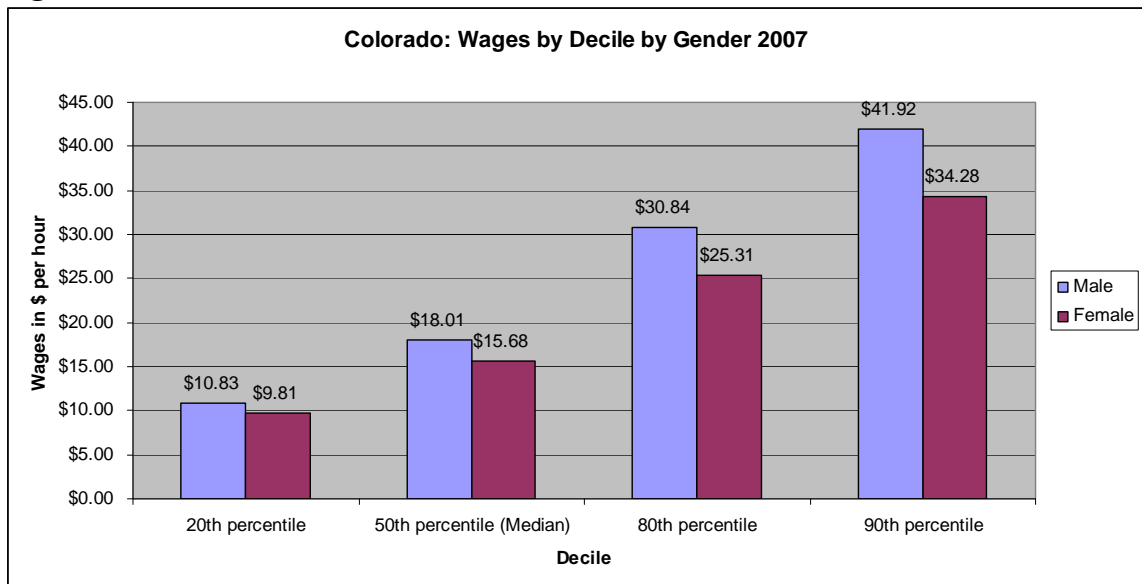
Figure 3.5



Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

As wages increase, wage inequality between men and women also increases. In 2007, at the lower wage levels (20th percentile) women earned about one dollar less than their male counterparts, but at the highest wage level (90th percentile) women earned more than \$7.50 per hour or roughly 18% less than men (Figure 3.6).

Figure 3.6

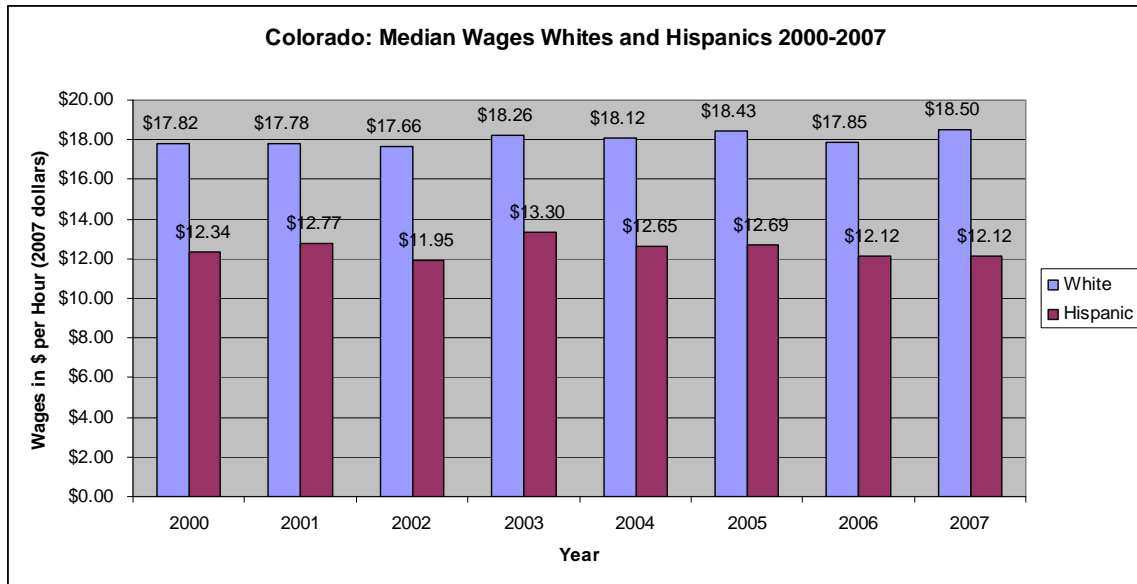


Source: Economic Policy Institute analysis of Current Population Survey data

Wage inequality is also present between Whites and Hispanics. Hispanics have consistently made about 1/3 less than Whites. In 2007, the median wage for Hispanics was roughly \$12.12 per hour while for Whites it was \$18.50. While gains were made in 2003, by 2007,

Hispanics were making less than they were in 2001, while Whites were earning roughly a dollar more (Figure 3.7)

Figure 3.7

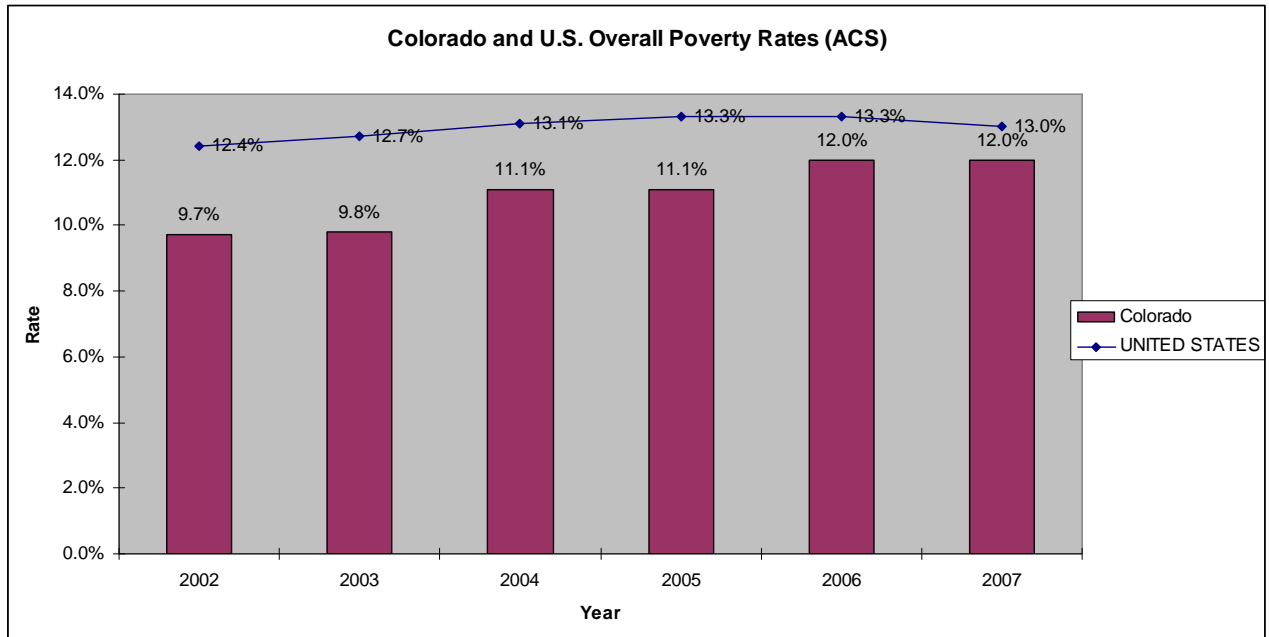


Note: Due to small sampling sizes, data for African-Americans and other minority populations is unavailable.

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 2002 and 2007, while Colorado's poverty rates have increased over this period (Figure 4.1). Using American Community Survey data, Colorado's poverty overall rate of poverty remained at 12% between 2006 and 2007, compared to the national rate of 13%.

4.1



Source: EPI's Analysis of American Community Survey Data, <http://factfinder.census.gov>.

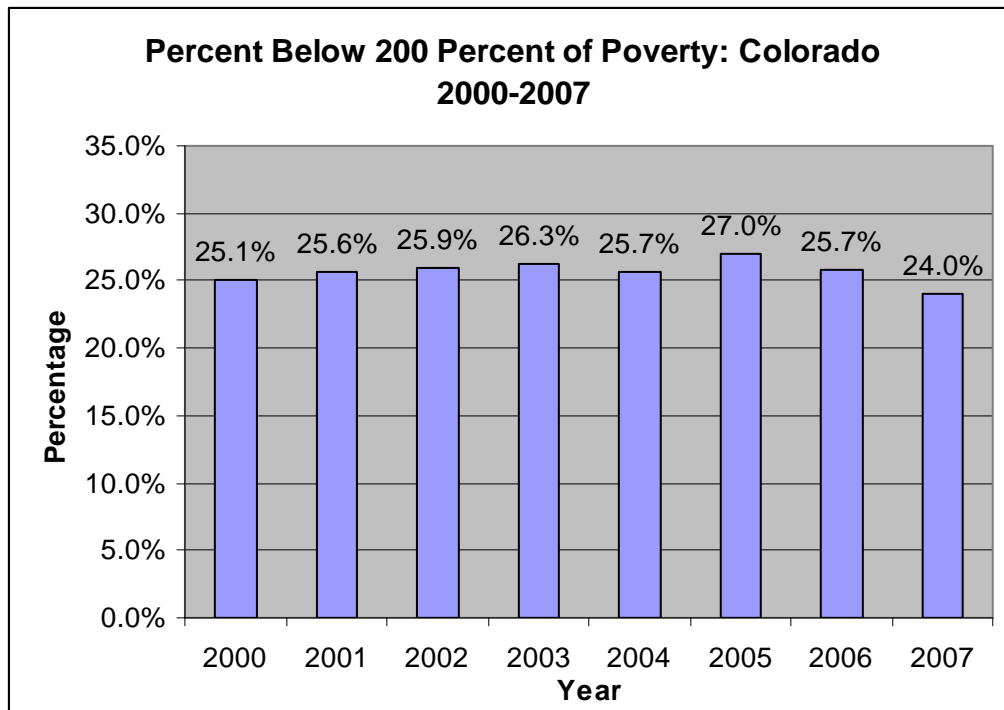
Note: The report switches from using statistics from the Current Population Survey to American Community Survey. The CPS uses a three year average for the states. The ACS collects data continuously throughout the year with a previous 12 month reference period. The universe changes from 2005-2006 to include group quarters population. This makes the series discontinuous, especially for areas with large group quarters populations. The American Community Survey estimates are published every year at the state level and for counties with over 65,000 people. (Note: Between 2000 and 2004, data were provided only for counties with populations over 250,000 people). The U.S. Census Bureau clearly states that trends up to 2004 are valid and then trends after 2005 going forward are valid but there is a "break" in the data sequence between 2004 and 2005.

The Federal Poverty Line (FPL) for 2007 (the dollar amount the U.S. Census uses to calculate the number of people in poverty) was \$16,530 for a family of three and \$21,203 for a family of four. It should be noted however, that while the FPL provides an indication of the number of people in poverty and is the official measure of poverty across the United States, it is not an accurate measure of economic well-being. Most researchers today recognize that the FPL is outdated and no longer reflects the true costs of living and working in America.

An alternative measure of family well-being is the Self-Sufficiency Standard (SSS). The SSS has been developed for more than 20 states including Colorado. It measures the cost of basic needs for more than 100 different types of families, living in geographically specific areas. The SSS for Colorado calculates the cost of housing, transportation, health care, child care, food, miscellaneous needs and taxes for more than 100 different compositions of families in all 64 Colorado counties.

Two very different pictures of how Colorado families are faring emerge when comparing the FPL to the SSS for Colorado. In Denver County 2008, the FPL assumes that a family of one adult and two small children would be considered “poor” with an annual income of \$17,170. By contrast, the SSS for Colorado assumes that same family needs \$41,523 per year to meet their basic needs without public or private assistance. The SSS for Colorado finds that most families in the state require at least two times the FPL to make ends meet.⁴ According to Census data, that’s roughly 24% of Colorado families (Figure 4.2)

Figure 4.2



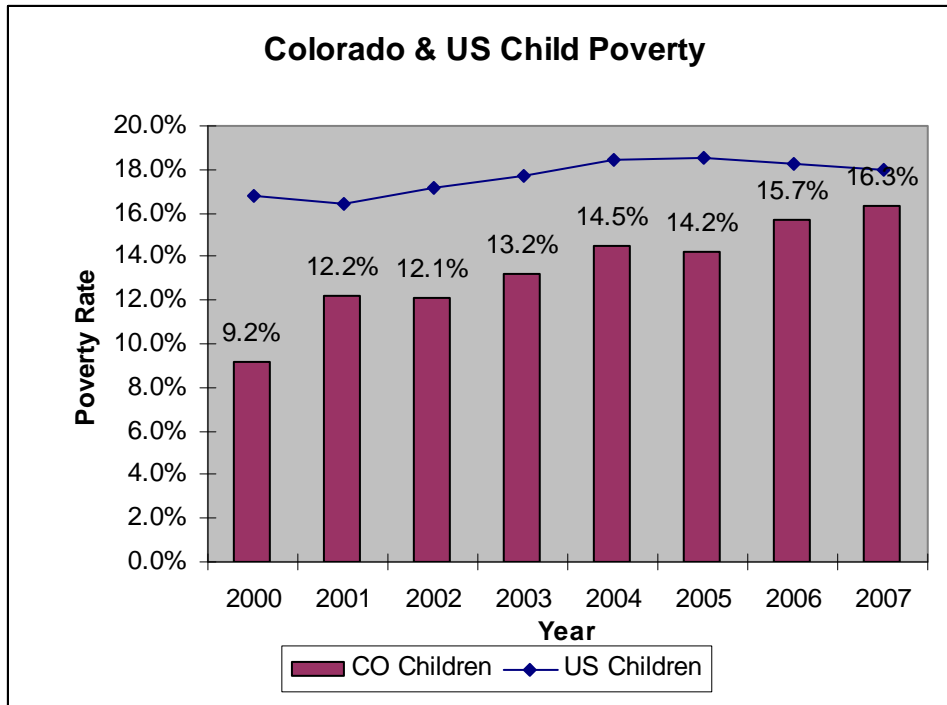
Source: EPI analysis of Current Population Survey March supplement. No comparable ACS information exists.

⁴ Colorado Fiscal Policy Institute, Self-Sufficiency Standard for Colorado 2008: A Family Needs Budget, http://cclponline.org/pubfiles/SelfSufficiency08_FinalProof.pdf.

Child Poverty

Child poverty rates have increased dramatically in Colorado since 2000. In 2007, more than 16% of Colorado's kids lived in poverty compared to 9% in 2000. In fact, according to one recent report, Colorado had the fastest growing rate of the number of children living in poverty than any other state in the nation.⁵ At the same time that Colorado's child poverty rate has been trending up the national rate has been trending down (Figure 4.3).

4.3

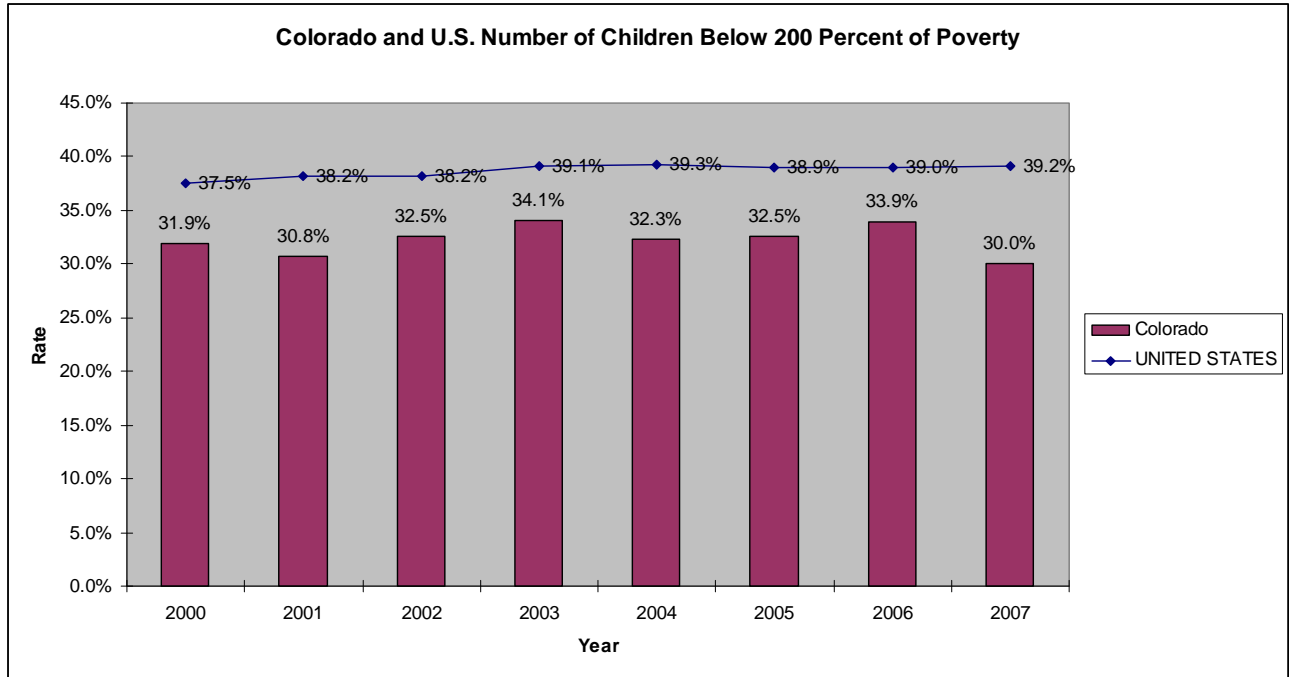


Source: EPI's Analysis of American Community Survey Data, <http://factfinder.census.gov>.

⁵ Colorado Children's Campaign, *Kids Count in Colorado 2008*, June 2008, 5. <http://www.coloradokids.org/includes/downloads/kidscount2008.pdf>

The number of children below 200 percent of the FPL in Colorado in 2007 was roughly 30%, down slightly from 31.9% in 2000 and from the high of 34.1% in 2003. While below the national rate of 39%, this still means that almost one third of all Colorado kids were living in households struggling to make ends meet in 2007 (Figure 4.4).

4.4

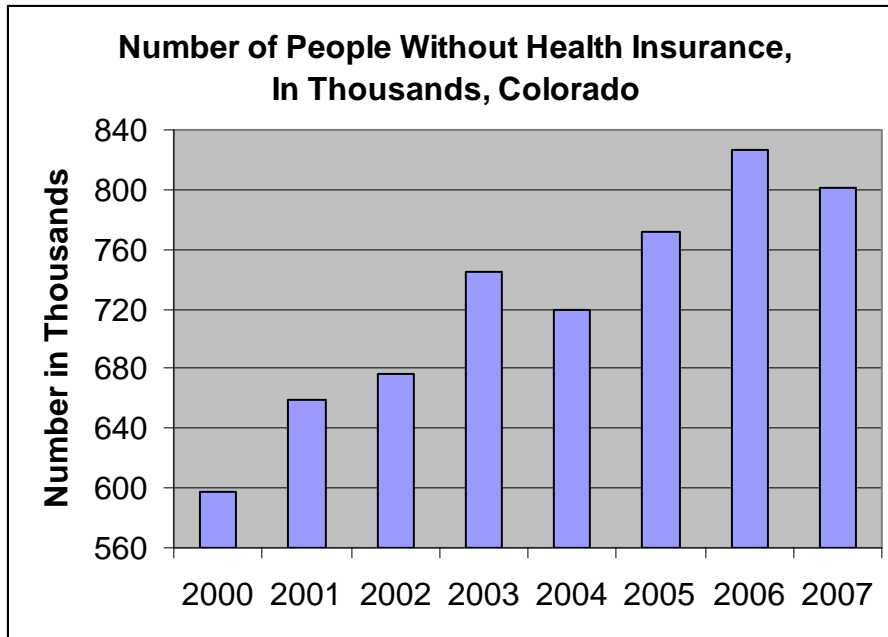


Source: EPI analysis of Current Population Survey March supplement

CHAPTER FIVE: HEALTH CARE

The average number of people without health insurance in Colorado increased from 598,000 in 2000 to 801,000 in the 2007 (Figure 5.1). While a statistically significant change occurred from 13.8% in 2000 to 16.6% in 2003, the overall percentage rate has remained roughly same between 2004 – 2007, from 15.9% to 17.2%.

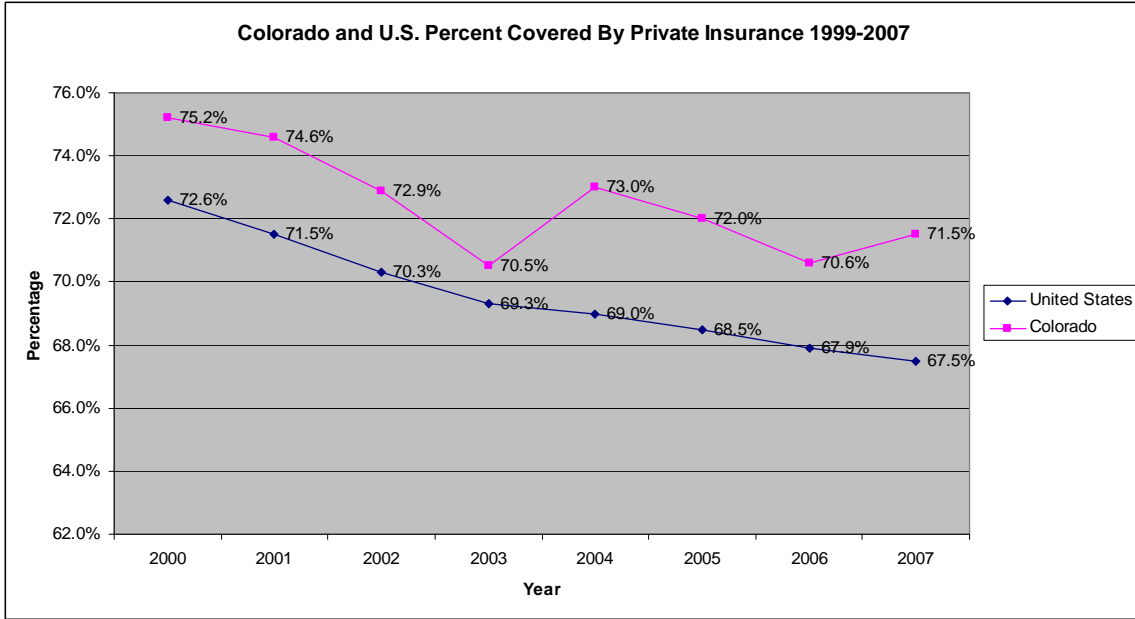
5.1



U.S. Census Bureau, Revised CPS ASEC Health Insurance Data, March 2007. Source: <http://www.census.gov/bhes/www/healthins/usernote/schedule.html>.

In Colorado, the number of people covered by private health insurance has fluctuated and trended down. In 2000, 75.2% of Coloradans had private health insurance. That number dropped to 71.5% in 2007. The number of people covered by private health insurance across the nation has declined steadily over the last business cycle, from 72.6% in 2000 to 67.5% in 2007. (Figure 5.2)

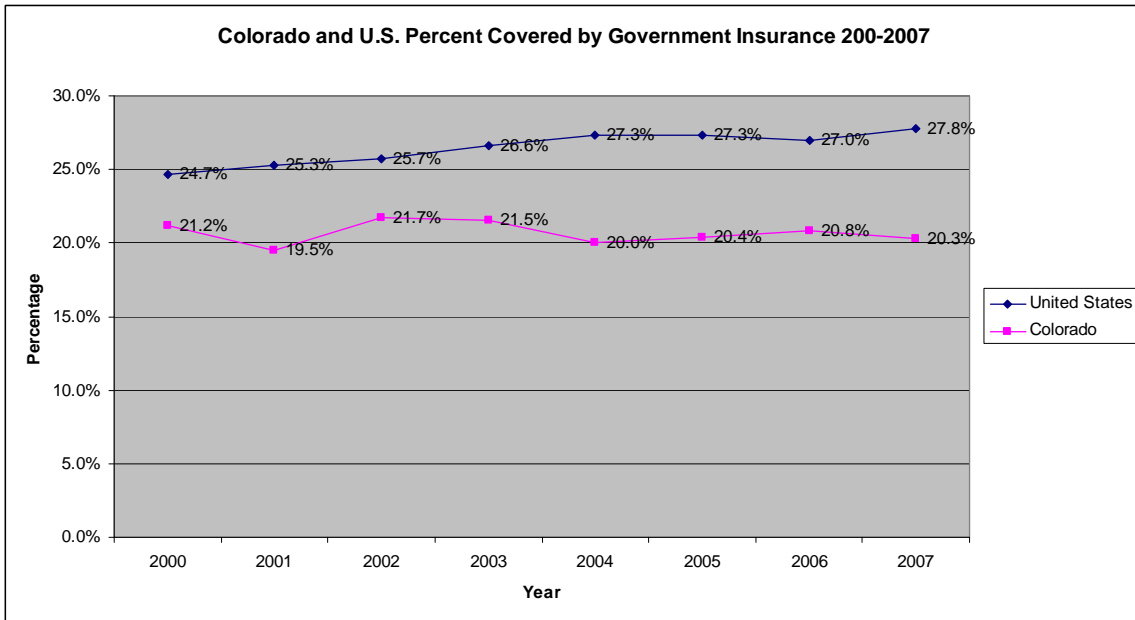
5.2



Source:
<http://www.census.gov/bbes/www/bltbins/bistoric/bibist4.xls>
http://www.census.gov/bbes/www/cpste/cps_table_creator.html
<http://www.census.gov/bbes/www/bltbins/bistoric/index.html>

The number of people covered by public health insurance in Colorado has also declined slightly from 2000 to 2007. At the end of the last economic expansion, roughly 21% of all Coloradans were covered by government health insurance. In 2007, that number dropped slightly to 20.35%. During the same period, the percentage of people across the country covered by public health insurance increased from 24.7% to 27.8% (Figure 5.3).

Figure 5.3

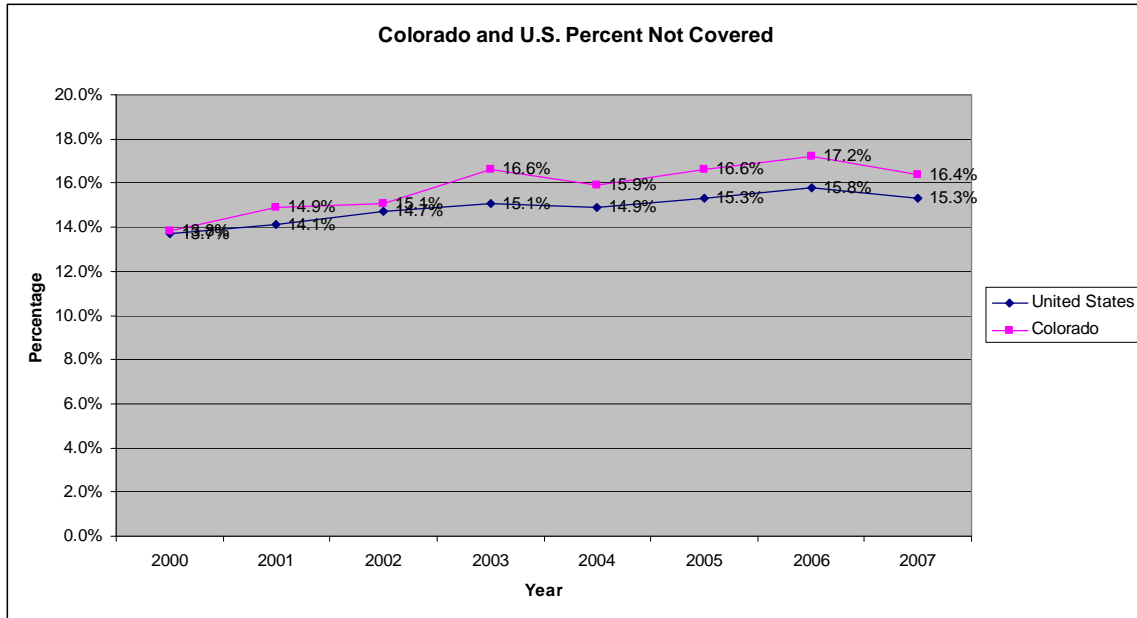


Source:

<http://www.census.gov/bbes/www/blthins/bistoric/hibist4.xls>
http://www.census.gov/bbes/www/cpssc/cps_table_creator.html
<http://www.census.gov/bbes/www/blthins/bistoric/index.html>

These converging trends help explain why the percentage of Coloradans without health insurance coverage of any kind has increased above the national average. By the end of the expansion, 2007, 16.4% of Coloradans lacked health coverage of any kind compared to 15.3% nationally (Figure 5.4).

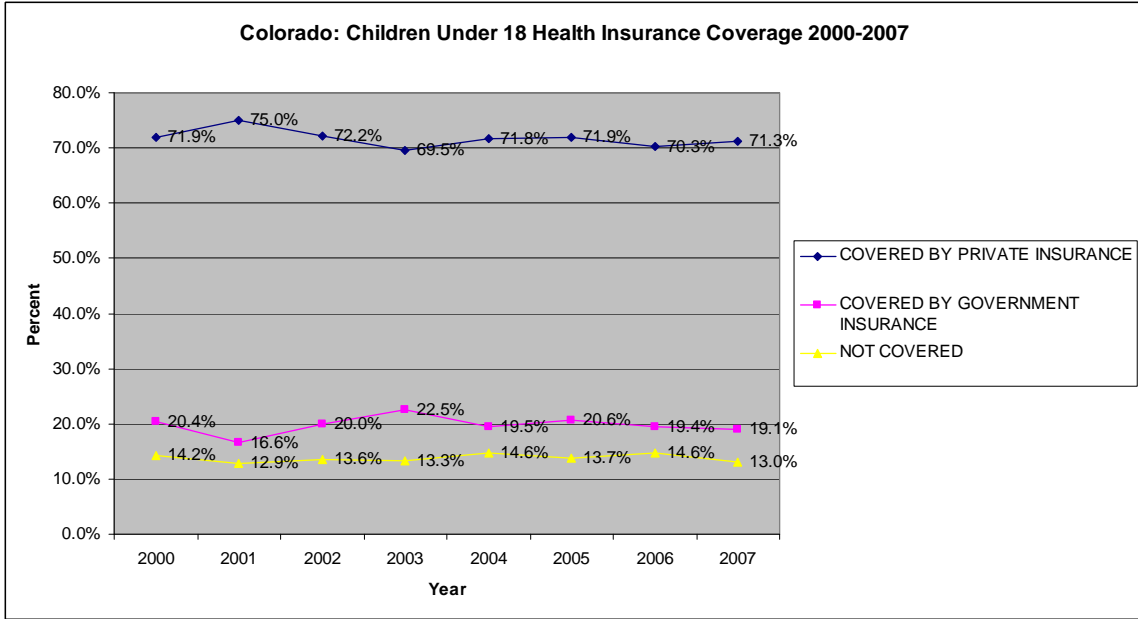
Figure 5.4



Source:
<http://www.census.gov/bbes/www/blthins/bistoric/hibist4.xls>
http://www.census.gov/bbes/www/cpssc/cps_table_creator.html
<http://www.census.gov/bbes/www/blthins/bistoric/index.html>

The percentage of children under 18 with private and public health coverage has remained relatively unchanged from 2000-2007. However, there was a slight decrease in the number of Colorado kids without health insurance coverage of any kind between 2000 and 2007, from 14.2% in 2000 to 13.0% in 2007 (Figure 5.5)

Figure 5.5



Source:

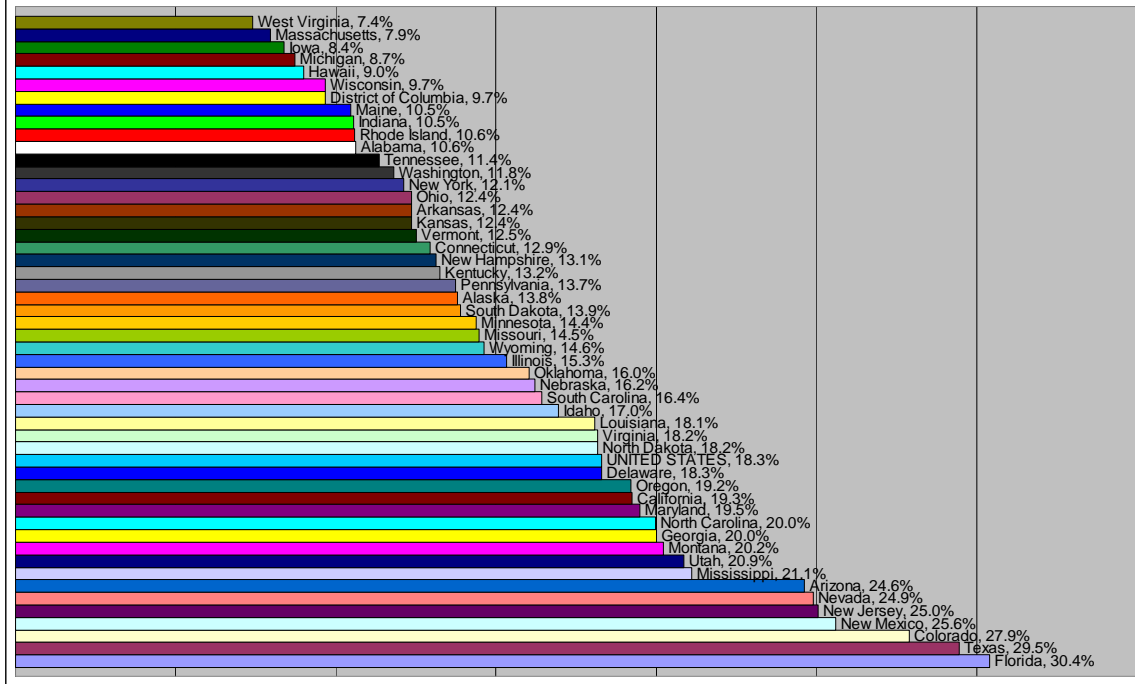
<http://www.census.gov/bhes/www/blthins/historic/bibistt5.xls>

http://www.census.gov/bhes/www/cps/cps_table_creator.html

While the decrease in uninsured children of all income levels in the state is positive, unfortunately Colorado still has the third highest percentage of low-income children without health coverage in the country. At 27.95 Colorado's percentage of poor kids without health insurance is only surpassed by Florida at 30.4% and Texas at 29.5%. All three states are well above the national average of 18.3% (Figure 5.6).

5.6

Percentage of Low-Income Children Without Health Insurance Coverage by State 2007
(2005-2007 Three Year Moving Average)



Source:

<http://www.census.gov/bbes/www/bltbins/liuc07.html>

<http://www.census.gov/bbes/www/bltbins/lowinckid.html>

CONCLUSION

All of this data confirms that Colorado workers face very serious economic challenges. Coupled with the national recession, the mortgage and housing crisis, the market meltdown, and the credit crunch, the state of working Colorado is indeed in peril.

Fixing it will require bold leadership and sound policymaking from state lawmakers, so that Coloradans can weather this storm and so that our state can move towards long-term economic growth and stability.

This perilous economic environment demands a menu of solutions that include directly infusing the amount of money that families earn and keep, decreasing day-to-day expenses and costs of vital consumer needs, reducing barriers to access services, and building and strengthening a safety net for Colorado workers.

Boosting the amount of money families earn and keep.

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.
- Expand child and dependent care tax provisions. These credits can be an important part of a comprehensive solution particularly if they are made refundable and available to the poorest families.
- Establish and enforce pay equity laws in order to close the pay gap. 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 job training. Job training and education is a crucial long-term strategy to helping workers find and keep jobs that that pay adequate wages and promote economic self-sufficiency.

Decreasing expenses and removing barriers to assistance.

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

- Colorado should prioritize finding solutions to the problems caused or exacerbated by the Colorado Benefits Management System or CBMS. It is essential that Colorado actively work to remove administrative barriers to safety net programs like Food Stamps, Temporary Assistance to Needy Families, Medicaid and the Children’s Health Plan so that families can access supports that already exist.
- Expand access to quality, affordable child care and early education opportunities to more working families. As one of the most expensive costs of working, Colorado should pursue increasing the availability of quality child care. This might include increased provider rates or increasing funding for programs that serve at-risk kids.
- 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 when they reauthorize the program in 2009 and grant states additional flexibility to craft programs that best suit the needs of their residents.
- Expand access to the Food Stamp Program, recently renamed the Simplified Nutrition Assistance Program or SNAP. In Colorado, over 259,000 people receive SNAP every month and another 220,000 households are considered “food insecure.” That is, those households are on the threshold of going hungry at any given time. Unfortunately, Colorado ranks 49th in the number of eligible people who actually receive SNAP benefits. Just over half of all eligible people manage to receive SNAP benefits in Colorado, which means that not only do Colorado families go hungry, but the state leaves roughly x million federal dollars on the table every year. As a result, Colorado loses x millions in economic activity every year.

Strengthen the Safety Net for Workers

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 and make it easier for extended benefits to “trigger on.” 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 loss of child care or transportation to get to work.

- Paying dependent allowances. Some states provide additional unemployment insurance benefits to workers with children or sick family members.
- Adopt an alternative base period in the unemployment insurance system. In Colorado, the current base period used for calculating benefits consists of "the first 4 of the last 5 completed calendar quarters." Workers must earn at least \$2,500 in the base period to qualify for UI benefits. Only nine other states have an earnings threshold as high. Depending upon when a UI claim is filed, the wages considered for eligibility can include wages earned as long as 18 months prior to filing and exclude almost 6 months of earnings. This serves to exclude very low wage workers and recent entrants to the workforce, such as women with young children or seniors returning to work for economic reasons. These workers are most vulnerable to cutbacks and layoffs in a weakening or slack job market. Colorado should adopt this simple measure to extend the safety net to those who need it most.

All of this is not to say that government is the answer to every problem. However, government is equipped to take on problems that the private sector and free market are unwilling or unable to take on themselves, particularly in times of economic downturns.

History shows that bold public investments, rather than cuts, are a sound economic strategy for broader growth. This holds especially true during tough economic times.

The menu of solutions above is not exhaustive, but it is imperative. Without action on the part of state leaders and policymakers, the current economic conditions will only worsen, and the state of working Colorado threatens to tumble deeper into peril.

However, Colorado workers can and will weather this economic crisis, and our state can move towards long-term growth and economic security. Whether that is because of or in spite of the actions taken by state leaders, remains to be seen.

ACKNOWLEDGEMENTS

We would like to acknowledge the Economic Policy Institute (EPI) and their staff who provided the Colorado Fiscal Policy Institute with data and technical support for this report.

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.

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