



COLORADO CENTER
on LAW & POLICY

FACT SHEET: Poverty in Colorado

August 2008

Colorado Poverty Facts:

- Child poverty rate is 15.3 and the fastest growing rate in the country (see more info below)
- Colorado's overall poverty rate remains under the national average at 10.6, or nearly a half million Coloradans, though it has gradually increased in recent years.
- Colorado's unemployment rate is currently 5.1%. That's up from 3.7% in June 2007.
- Household incomes declined last year, and have not recovered to pre-2001 recession levels.
- More than 772,000 Coloradans do not have health insurance. That's 16.6%.
- According to exhaustive research on the Colorado Self-Sufficiency Standard, one in five households cannot afford to make ends meet.
- Xcel shut-offs likely to increase by 33% from 2007. Xcel disconnected 54,000 people in 2007 for delinquent bills. That means they expect 72,000 shut offs in 2008. 1.6 million customers in Colorado. Other utilities told the post that their shut offs are up 25%.

In July 2007, the Colorado Children's Campaign released a study showing that Colorado was home to the fastest growing rate of child poverty, with a 73 percent increase from 2000-2006. In 2006, 180,000 children were living in poverty, which is 76,000 more than in 2000. This increase occurred despite the fact that the total number of children in the state grew by only six percent.

Perhaps more alarming than this overall increase in the number of kids living in poverty is the depth of poverty Colorado families have experienced since 2000. The fastest growing sector of children in poverty are those in extreme poverty - below 50% of the federal poverty level. Since 2000, Colorado has seen a 116% increase in the number of children living in families with incomes below 50% of the FPL, roughly \$10,000 for a family of four in 2006.

This report confirmed Census data released by the Colorado Center on Law and Policy (CCLP) in September 2007 that showed Colorado as the only state in the country with a significant increase in child poverty.

The Colorado Self-Sufficiency Standard:

The Colorado Self Sufficiency Standard is the level of income needed to pay for the basics like housing, food, child care, health care, transportation, miscellaneous costs, and taxes. The county-by-county demographic breakdowns in the report utilize this standard, which is based on a "bare-bones" budget that excludes any restaurant or take-out food costs, credit card or loan payments, or emergency funds.

A 2007 Colorado Center on Law and Policy (CCLP) report showed one in five Colorado households, nearly 250,000 total, cannot afford to make ends meet; neither can 54 percent of single mothers. Six out of 10 households with inadequate income are white; nearly nine out of 10 are headed by a U.S. citizen. And nearly half of the households who cannot afford basic needs are married couples with children.

In a 2008 CCLP self-sufficiency report, key findings included:

- Food prices for rural counties have increased 45 percent since 2004
- On average, health care costs have increased 35 percent since 2004
- Housing and child care costs continue to be the highest costs, on average, for Colorado families
- Spikes in health care costs and food prices are adversely affecting families living in rural Colorado

What should Colorado do?

Poverty cannot be viewed in any kind of isolated context. It must be viewed as a whole, as part of the continuum of economic self-sufficiency.

Sometimes when child poverty is discussed, education is the only solution considered. While education is obviously critical, it is not the whole answer. Child poverty means family poverty. That means there are working parents who don't make enough money for their families' basic needs. To fix child poverty, poverty must be addressed as a whole.

At a time when policymakers and legislators are poised to make key decisions at the state and local levels to address the economic woes of low- and middle-income Coloradans, this snapshot of poverty and the overarching data compiled from the Self-Sufficiency Standard provides a tool and a means to figure out what the most effective policy priorities should be.

The focus should be on policies that help increase wages and earnings; create a fairer tax system; reduce costs in key areas such as health care, housing, child care, transportation, and others; and strengthen work supports, critical public assistance, community investments, and other programs that move families toward self-sufficiency, particularly those in rural communities.

One of the most immediate and effective tools that lawmakers have to fight poverty is the **state Earned Income Tax Credit** (EITC). President Reagan actually called the EITC "the best anti-poverty, best pro-family...measure to come out of Congress."

Restoring the state EITC in Colorado would provide much need tax relief to 264,000 working Colorado families and pump \$52 million directly into local economies. It's a proven anti-poverty tool on the national level, and in other states, in no small part because there's no bureaucracy involved and because it puts more money in people's pockets to pay for basic yet vital everyday needs.

For more information on poverty issues in Colorado, check out www.cclponline.org.