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State of Working Colorado: Families vulnerable to downturn
Soft recovery into 2007 leaves families worse off than in 2000;
Unemployment, poverty rising; Wages, health insurance decreasing

Denver, CO – The Colorado Fiscal Policy Institute (COFPI) released its State of Working Colorado 2008 report today, which includes data on employment, wages and income, poverty, insurance, and other economic indicators. This year’s report examines how Colorado workers fared over the last business cycle, from 2000 to 2007. In the broader context, the findings are not good. Low- and middle-income workers ended 2007 in worse shape than they were in prior to the 2001 recession. In the short-term context, the news is no less troubling: unemployment and poverty are on the rise, fewer families have health insurance, and wages and income levels are stagnating or declining.

“The bottom line is that the last expansion left many Colorado families worse off than they were eight years ago,” said **Kathy White, Program Director of COFPI**. “All of the data points to serious challenges for working Coloradans now and into the future, unless bold steps are taken by state leaders.”

“The soft recovery that culminated in 2007 might be as good as it gets for working Coloradans,” added White, “but it still left low- and middle-income families worse off than they were before the previous recession—which has left many Coloradans particularly vulnerable to the current economic crisis.”

This report paints a troubling picture of working Colorado. 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.

State revenue projections and state unemployment figures are expected to be released tomorrow, Friday, December 19th.

Some of the key findings included in this report:

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.

FULL REPORT

<http://www.cclponline.org/pubfiles/SWC2008FINAL.pdf>