THE STATE OF WORKING COLORADO 2002: TROUBLING TRENDS

colorado fiscal policy institute

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Thank you,

Suzette Tucker-Welch

This report draws from a wide variety of data sources to examine how workers and their families are faring in Colorado. In particular, we examine income, wages, employment, and poverty in Colorado. Our findings indicate that, while there are some positive trends, these trends were not shared equally among Colorado's residents and many Colorado families are still struggling to make ends meet.

INCOME TRENDS IN COLORADO

Median household income and median four-person family income in Colorado experienced strong growth over the 1990s. Median household income grew by a 2.7 percent average annual rate from 1989 to 2000, the highest in the nation during that period of time, reaching $48,548 in 2000. Median four-person family income increased at an average annual rate of 2.6 percent, reaching $65,798 in 2000.

Income growth, however, was concentrated in the higher income groups. Indeed, income inequality in Colorado increased over the past decade, indicating that high-income families saw their income grow faster than did low-income families. In the late 1970s, the top 20 percent of families in Colorado had about 6.8 times the income level of the bottom 20 percent of families. By the late 1990s, the top 20 percent had 8 times the income of the bottom 20 percent in Colorado. For the nation as a whole, the top 20 percent had 10 times the income of the bottom 20 percent by the late 1990s. Therefore, while income inequality has grown at a lesser rate in Colorado than in the nation as a whole, it has, nevertheless, increased over the past two decades.

WAGE GROWTH IN COLORADO

Low wage earners in Colorado experienced needed wage growth over the 1990s, after experiencing a significant decline in the 1980s. The 20th percentile average hourly wage grew at an average annual rate of 2.2 percent from 1989-2000, faster than the average wage hourly growth of high and median wage earners (which grew at a rate of 1.3 percent and 1.7 percent, respectively). Despite this growth, the 20th percentile average hourly wage in Colorado in 2001 was still low, at 9 dollars per hour. This wage is not enough to lift a family of three (two adults and one child) above a basic family budget level of $39,000 (see "Poverty and Hardship in Colorado"), even if both parents work full-time, full-year. Approximately twenty percent of workers in Colorado earn less than this amount.

Another troubling fact about low-wage workers in Colorado is that the current economic slowdown seems to have hit them the hardest. From 2000 to 2001, low wage earner hourly wages increased by only 1.4 percent, while high wage earner hourly wages increased by 2.2 percent.These wage growth trends suggest that low-wage workers benefited the most from the economic boom of the 1990s, but the recent recession may hit these workers the hardest as well.

COLORADO EMPLOYMENT TRENDS

Colorado has witnessed a decline in low-skill jobs that provide adequate wages (such as some jobs in manufacturing and government) and an increase in low-skill jobs with low wages (such as many service jobs). The number of manufacturing jobs as a share of total employment fell from almost 15 percent in 1979 to just under 9 percent in 2001. Government jobs fell as a share of total employment by almost 5 percentage points since 1979. Both of these sectors tend to

provide adequate wages and benefits to low-skill workers. The decline in Colorado of these types of jobs is unfortunate. This decline in low-skilled, yet adequately compensated, employment has occurred while low-skilled and poorly compensated employment in Colorado is on the rise. As a share of total employment, employment in the generally low-paying service sector increased by over 10 percentage points from 1979 to 2001, to over 30 percent in 2001.

The changing nature of employment in Colorado may explain a few trends in worker compensation. First, as the number of low-wage jobs increases, there is greater demand for workers, which may explain the 20th percentile wage growth of the 1990s. Second, even though the 20th percentile wage has grown, the shift in types of jobs in Colorado suggests that many current low-wage workers were originally employed in low-skill, higher-wage jobs. In other words, although wages at the bottom have gone up slightly, more, previously well-paid, workers may be getting forced into these low-paying jobs. Finally, since low-skill, low-wage jobs are less likely to offer employee benefits, the shift in employment in Colorado may explain the fall in employer provision of health benefits. Indeed, employer-provided health coverage has fallen over the past two decades. In 1979, 65 percent of Colorado's private-sector employees received employer-provided health care coverage. This percentage dropped to 60 percent by 1999.

POVERTY AND HARDSHIP IN COLORADO

There are many more Colorado families who are struggling to get by than previous data has indicated. While the federal poverty threshold for a family of three in 2000 was $13,738, studies indicate that it takes around $39,000 (over twice the federal poverty level) to live a stable and healthy lifestyle in Colorado. Families who live below twice the poverty level tend to have difficulty meeting basic food, housing, health care, and child care needs. Nearly one in five of these families in Colorado had to miss meals because they did not have enough money to buy food, while 40 percent worried about having enough money to buy food. Fifteen percent had to forgo necessary medical care. A full 36 percent did not have any public or private health care coverage. One in five had difficulty meeting housing and utility bills. Children in such families suffer from inadequate child care and enrichment activities. Indeed, 20 percent of the children in families living below 200 percent of poverty in Colorado were not involved in enrichment activities and 7 percent of children below the age of 12 cared for themselves on a regular basis.

These statistics paint a grim picture of the variety of necessities families in Colorado must forgo due to lack of money. It is particularly disturbing that these struggling working families include those living up to twice the poverty level (and earning more than the 20th percentile average hourly wage). Work in Colorado often does not pay enough to enable families to meet their basic needs.

In conclusion, this report shows that the economic boom of the 1990s helped out many workers in Colorado by increasing wages. Despite this increase, wages and incomes for many Colorado families are still too low and many Colorado families do not earn enough to meet even the most basic needs. Additionally, early data suggest that the recent economic downturn may place greater burden on low-wage and low-income families, while those in higher wage and income groups weather the storm more easily. Reasons for such trends in wage and income growth are due in part to the changing nature of employment in Colorado – with a growth in low-skill, low-wage jobs.

The state of Colorado has often been a trendsetter in terms of citizen and worker rights. It was one of the first states to create the Labor Day holiday by legislative enactment, in 1887. It became one of the first states to pass a workers' compensation law in 1919. It was the second state to ratify the Child Labor Amendment to the Federal Constitution in 1924. Unfortunately, in more recent times, some of the trends have been less positive. In 1991, Colorado became one of the first states to reduce workers' compensation benefits, and granted employers the right to choose the treating physician, giving company-selected doctors the power to determine the severity of work-related illnesses and injuries.

There are several troubling trends regarding income, wages, employment, unemployment, and poverty and hardship in Colorado today. The unfortunate fact is that there continues to be growing income inequality in Colorado between families with incomes at the bottom and middle of the income scale and those at the top. Colorado continues to experience a shift away from higher paying manufacturing and government jobs to lower paying service industry jobs. The number of working families with employer provided benefits, particularly health insurance continues to decline. Most Colorado families are working more hours per year than ever before to make ends meet. High rates of poverty persist in many counties and communities across Colorado and many Coloradans report experiencing hardships as basic as food insecurity.

This report draws from a wide variety of data sources and takes an in-depth look at how workers and their families are faring in Colorado, particularly focusing on trends regarding income, wages, employment, and poverty. It provides extensive facts and data that we hope will aid policy-makers, employers, advocates and citizens in their efforts to understand the trends, and, hopefully, to begin to address them through policy change.

TROUBLING TREND:
Income Inequality Among Families in Colorado Continues to Increase.

Income is the single most important determinant of a family's standard of living.[1] Over the past 30 years, most Americans have seen only modest increases in salary, while the top 100 C.E.O.s have gone from making 39 times the pay of the average worker to more than 1,000 times the pay.[2] Like most states, Colorado has seen an increase in income inequality over the past two decades. From the late 1970s to the late 1990s, inflation-adjusted income in Colorado increased by 31 percent or $34,790 for the top income quintile, and by only nine percent for the bottom income quintile. Moreover, the top fifth of families had average incomes almost ***eight*** times as large as the bottom fifth in Colorado in 1998-2000, and close to three times as large as the middle fifth of families.[3]

TROUBLING TREND:
Lower Wage Jobs are Increasing in Colorado and Higher Wage Jobs are Decreasing.

We all know that prosperity depends on jobs, but it is important to look at not only the number of jobs available, but the quality of those jobs. While the 1990s saw solid growth of 3.7 percent in jobs in Colorado, the quality of those jobs decreased. Like the country as a whole, Colorado saw a shift away from higher-paying jobs in manufacturing and government toward lower paying service and service-related jobs from the late 1970s to 2001. Accompanying the growth in lower-paying industries was a decline in the number of Colorado workers with affordable employer sponsored health insurance.

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

[2] Krugman, Paul. *For Richer, New York Times Magazine.* October 20, 2002.

[3] Center on Budget and Policy Priorities, Economic Policy Institute. *Pulling Apart: A State-by-State Analysis of Income Trends.* January 2000.

TROUBLING TREND:
Poverty and Hardship in Colorado Continue to Impact Families and Children.

Despite the economic boom of the late 1990s and declining poverty rates, approximately 343,000 Coloradans and their children lived at or below the federal poverty threshold in 2000.[4] That meant supporting a family of three on $13,738 or a family of four on $17,603. Even families with incomes up to 200 percent of the federal poverty level, not technically considered poor, reported experiencing the hardships of poverty.

[4] U.S. Census Bureau, 2000 Census.

CHAPTER ONE:
INCOME AND INCOME INEQUALITY

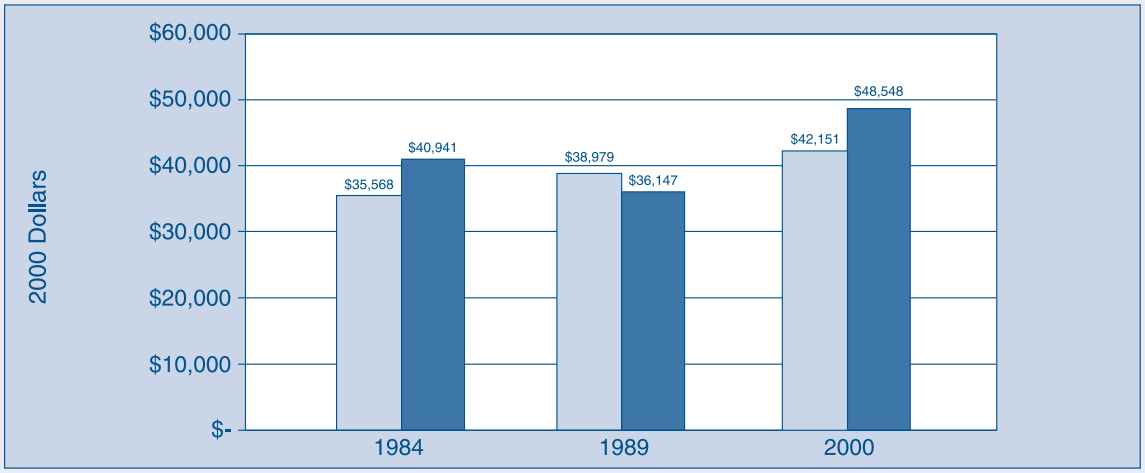
Income is a common measure used to determine how families and individuals are faring. It is primarily through income that people and families meet their basic needs such as food, housing, health care, child care and transportation. This chapter examines trends in household and family income growth as well as trends in income inequality. The Census Bureau provides a number of income measures, one of which is family income, i.e., two or more related persons, and another which is household income, which includes persons living alone. Both of these income measures provide data that can be used to analyze trends in income growth and income inequality.

HOUSEHOLD INCOME

A household consists of any person or group of persons, related or not, living in the same residence, according to the Census Bureau definition. Median household income is used as a measure of how households are faring. Fifty percent of households fall above the median of a measure, and fifty percent fall below the median.

In 2000, Colorado's median household income of $48,548 was higher than the national median household income of $42,151 (Figure 1). In other words, 50 percent of households in Colorado earned more than $48,548 and 50 percent of households in Colorado earned less than this amount.

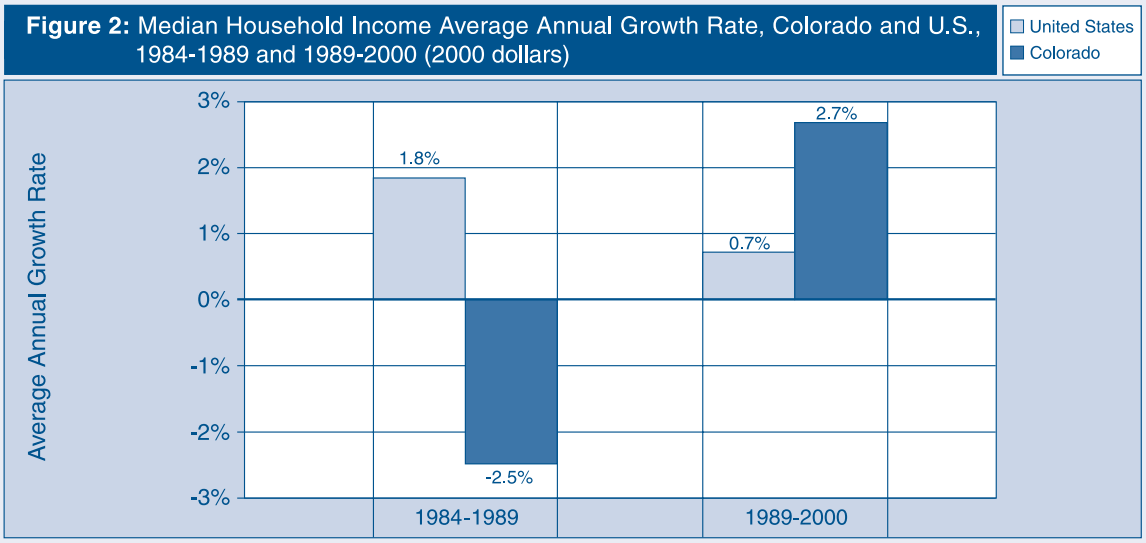
Figure 1: Colorado and U.S. Median Household Income, 1984-2000



Source: EPI's analysis of U.S. Census Bureau data (Historical Income Table, Households, Table H-8)

In addition to a higher median household income than much of the U.S., Colorado experienced stronger growth in this measure of well-being. Median household income in Colorado grew at an average annual rate of 2.7 percent from 1989 to 2000, the highest in the nation during that period of time (Figure 2). By comparison, the U.S. overall experienced an average annual growth rate of less than one percent.

Figure 2: Median Household Income Average Annual Growth Rate, Colorado and U.S., 1984-1989 and 1989-2000 (2000 dollars)



Source: EPI's analysis of U.S. Census Bureau data (Historical Income Table, Households, Table H-8)

Despite the gains of the late 1990s, it is important to note that from 1984-1989 Colorado families experienced a negative average annual growth rate of 2.5 percent in median household income, while the overall U.S. growth rate was 1.8 percent. Therefore, much of Colorado's median household income growth in the 1990s was making up for the losses experienced through the 1980s.

FAMILY INCOME

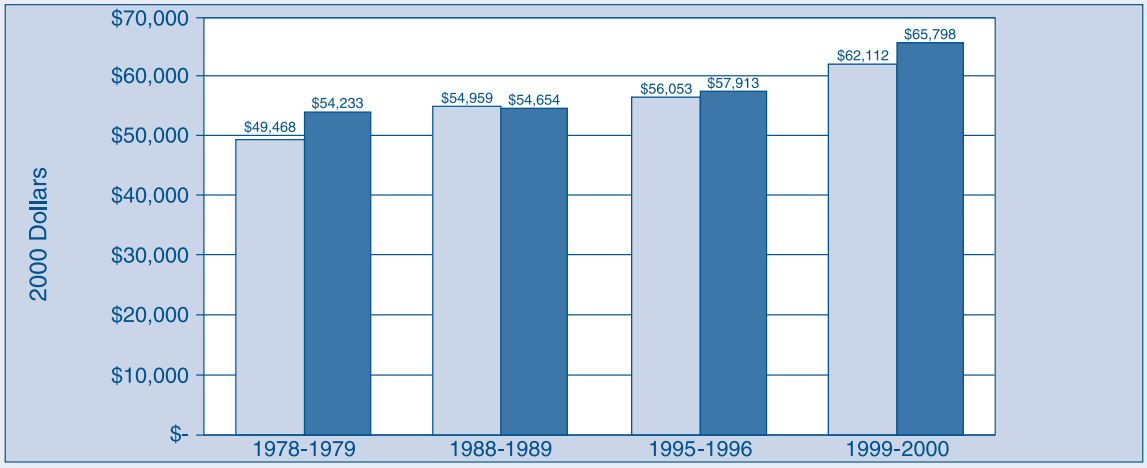
The single most important determinant of a family's standard of living is its income.[5] Family is defined by the U.S. Census Bureau as a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. A family's income determines where they live, what they eat, what schools their children attend, whether or not they can afford adequate childcare and healthcare; in other words, it determines whether or not they will be able to meet at least their basic needs.

Coloradans had slightly higher median family incomes than most people in the United States in 2000. The median four-person family income was $65,798 in Colorado, and $62,112 in the U.S. (Figure 3).[6]

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

[6] Pooled Data is data from different periods of time merged together. Pooling is used to increase the probability of an unbiased estimate. Throughout this report, pooled data is often referenced, usually referring to data from more than one year.

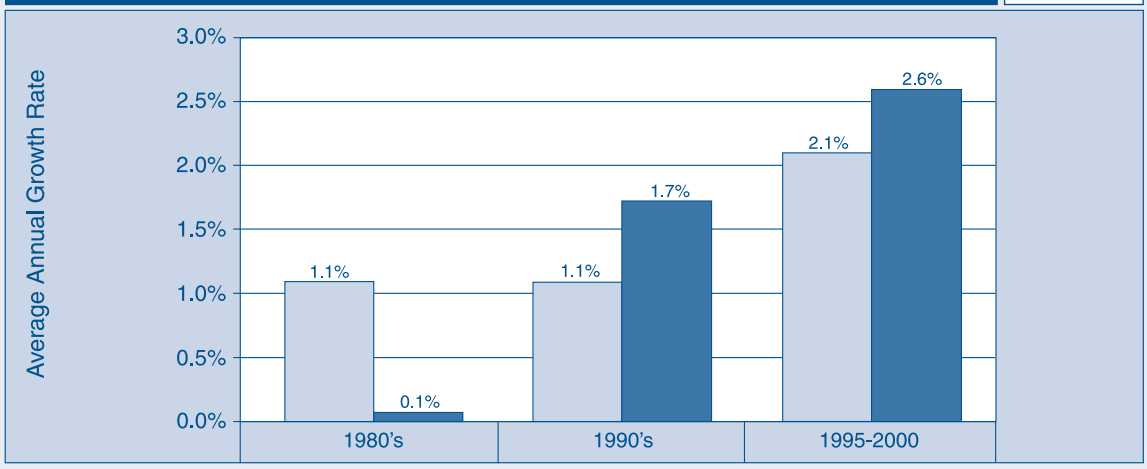
Figure 3: Median Income for Four-Person Families, U.S., Colorado, 1978-1999 (pooled data)



Source: EPI's analysis of Census Bureau, income website

Colorado's median four-person family income average annual growth rate from 1995-00 (based on a 4-year period) was 2.6 percent, higher than the total U.S. growth rate of 2.1 percent (Figure 4). These income trends indicate that during the 1990s, especially the late 1990s, Colorado families generally fared better than families across the U.S. However, again we should note that in the 1980's Colorado families had a one percent lower average annual growth rate in income than families across the U.S. Therefore, the high growth rate of the late 1990s helped Coloradans recover from the slow growth suffered in the 1980s.

Figure 4: Median Four-Person Family Income Average Annual Growth Rate, Colorado and U.S., 1980's, 1990's, and late 1990's



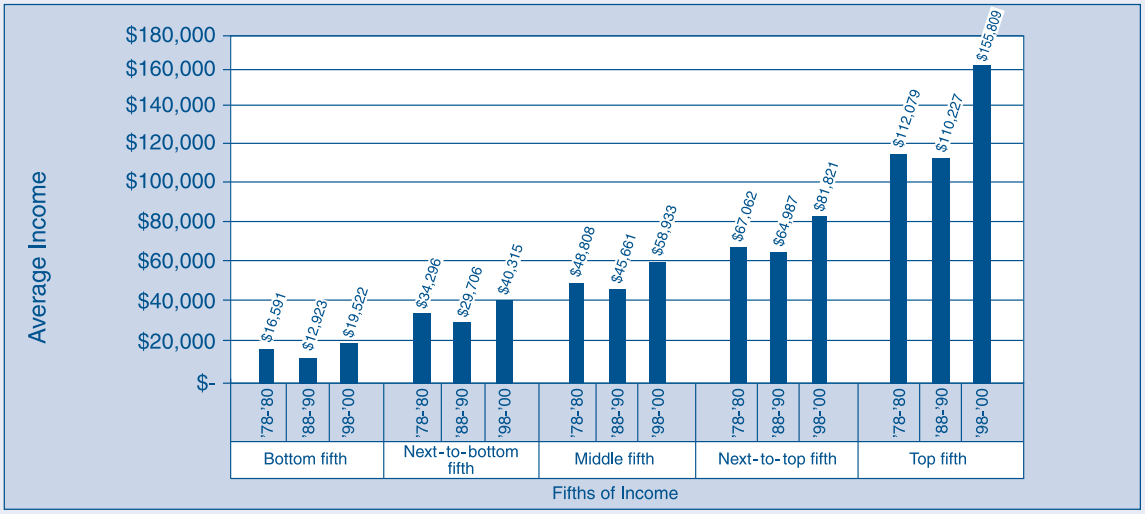
Source: EPI's analysis of U.S. Census Bureau data

INCOME AND INCOME INEQUALITY

Median incomes measure the middle point in an income distribution. Examining median income measures in Colorado during the 1990s paints a relatively favorable picture of how Coloradans fared. An analysis of family income by quintile, however, provides a different way to measure how families are doing. In this analysis persons are arranged in order by their family income and divided into five equally-sized groups. The group of families with the lowest income is referred to as the bottom quintile or bottom 20 percent, the next group is the second-to-bottom quintile, etc. If there was equal distribution among each of the five segments of the income population, 20 percent of the total income would fall into each category. In Colorado, as in the nation overall, income share in the top 20 percent of families is far greater than income share in the bottom 20 percent of families.

As Figure 5 shows, there was slight income growth in the bottom quintile in Colorado, but significant growth for the top quintile.

Figure 5: Average Family Incomes of Fifths, Colorado, 1978-1980, 1988-1990, 1998-2000 (pooled)



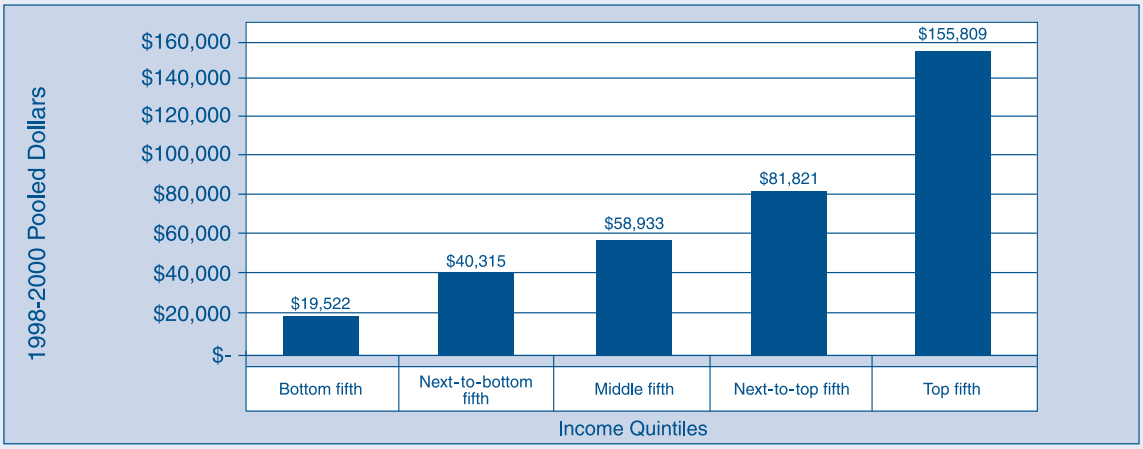
Source: EPI's and CBPP analysis of U.S. Census Bureau CPS data

During the late 1970s a working family in the bottom quintile supported themselves on just over $16,000 per year. After enduring losses in the 1980s, those families saw their incomes increase to just over $19,000 in the late 1990s, an increase of $2,931. In contrast, families in the top quintile making $112,079 in the late 1970s saw their incomes rise to $155,809 by the late 1990s. The $43,730 average income growth in the top quintile from 1988-90 to 1996-98 was more than the total average income of the two bottom income segments in the 1998-2000 time period.

Another way to measure income inequality is income ratio. Income ratio is calculated by dividing the average income of the top quintile by the average income of the bottom quintile. If there was complete equality between quintiles, the number would be one. The greater the number, the greater the inequity. Income inequality among families has increased since the 1970s in the United States.[7] By the late 1990s, the richest 20 percent of families had average incomes 10 times greater than the poorest 20 percent, and almost three times as large as the middle 20 percent of families.

By dividing the top quintile average family income in Colorado of $155,809 by the bottom average family income of $19,522 (Figure 6), the income ratio is eight. This indicates that the families in the top income quintile made almost eight times the income of families in the bottom quintile; they also made 2.7 times as much as the middle fifth of families.

Figure 6: Average Colorado Family Income by Quintile, 1998-2000 (pooled)

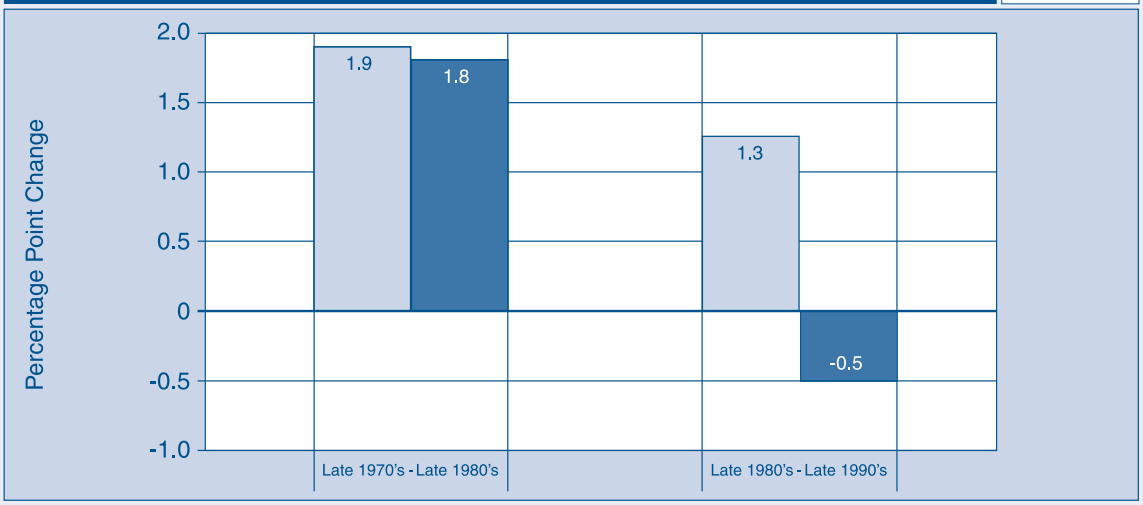


Source: EPI's and CBPP analysis of U.S. Census Bureau CPS data

Income inequality in Colorado increased from the late 1970s to the late 1980s by 1.8 percentage points (Figure 7). In the boom of the late 1990s some of this increase in inequality from the 1980s was reversed. Indeed, the ratio of income of the top 20 percent of families to the bottom 20 percent of families fell by 0.5 percentage points. This was not enough, however, to reverse the trend. The growth in median income noted in the previous section was not equally distributed across all income categories.

[7] Economic Policy Institute/Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends,* January 2000.

Figure 7: Change in the Ratio of Income of the Top 20 % of Families to the Bottom 20% of Families, Colorado and U.S., Late 70's-Late 80's and Late 80's-Late 90's



Source: EPI's and CBPP analysis of U.S. Census Bureau CPS data

CONCLUSIONS

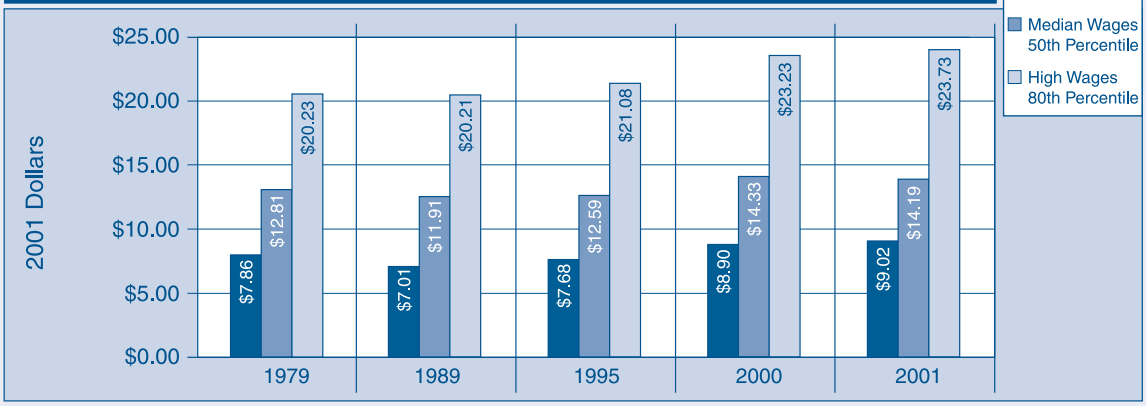
The long-term trend of increased income inequality among families in Colorado is quite troubling. It confirms many people's suspicions that Colorado has not provided an opportunity for all families to survive and thrive. The gap between the rich and the poor really is widening and the middle class is stagnating. Even more troubling is the fact that income inequality has persisted despite the unusually favorable economic conditions of the 1990s. The persistence of this trend over time suggests that unless addressed, a growing number of Coloradans will struggle to secure the necessary requirements for a healthy family life.

Wages and salaries make up roughly three-fourths of total family income, and this proportion is even higher among the broad middle class.[8] Wage trends are, therefore, the primary determinant of income growth and income inequality trends.[9] This chapter examines the trends in wage growth and wage inequality in Colorado.

In Colorado, wages rose in the 1990s, especially in the late 1990s, due to low unemployment and higher productivity than experienced in the 1970s and 1980s. However, wage inequality also grew. In Colorado, those earning high wages experienced not only higher pay than low and median wage earners, they also experienced a greater increase in their wages over time. Low wage earners saw a very slight increase in wages and median wage earners saw a slight decrease from 2000 to 2001 (Figure 8).

Over the longer period between 1979 to 2001, low wage earners saw a $1.16 average hourly wage increase in 2001 dollars, middle wage earners experienced a $1.38 average hourly wage increase, while during that same period, high wage earners saw a $3.50 average hourly wage increase.

Figure 8: Average Hourly Wage by 20th, 50th, and 80th Wage Percentile, Colorado, 1979-2001



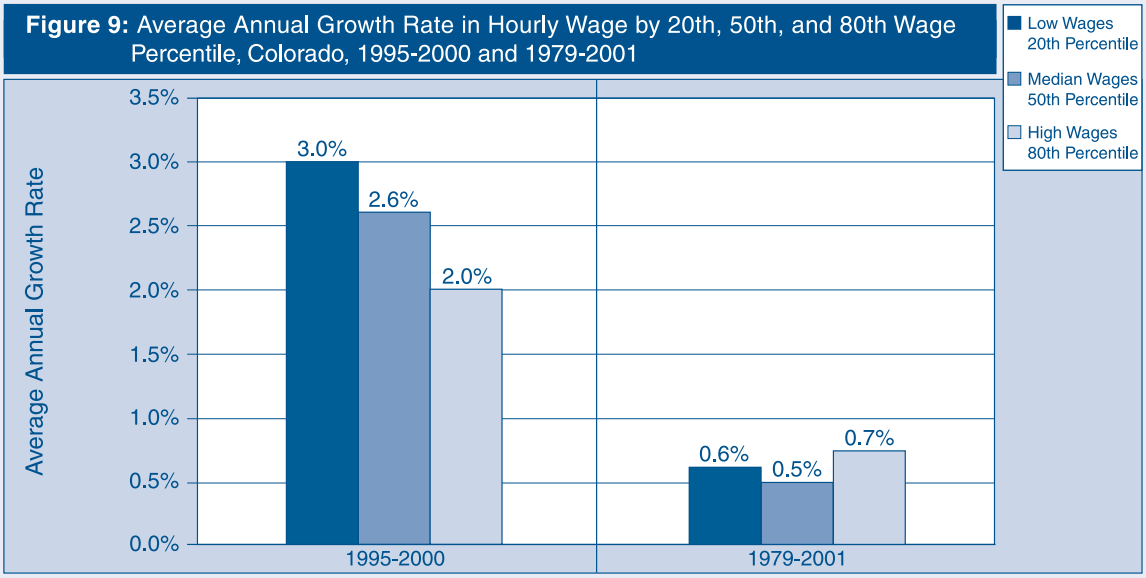
Source: EPI's analysis of U.S. Census Bureau data

Low and median wage earners saw slightly greater percentage increases in wages than did high wage earners during the favorable economic conditions experienced from 1995-2000. However, the longer trend, from 1979-2001, indicates that the three groups have experienced nearly identical average annual percent changes in wages (Figure 9).

[8] Mishel, L., Bernstein, J., and Schmitt, J. *The State of Working America, 2000-01*, Economic Policy Institute, Cornell University Press, 2001.

[9] Ibid.

Figure 9: Average Annual Growth Rate in Hourly Wage by 20th, 50th, and 80th Wage Percentile, Colorado, 1995-2000 and 1979-2001

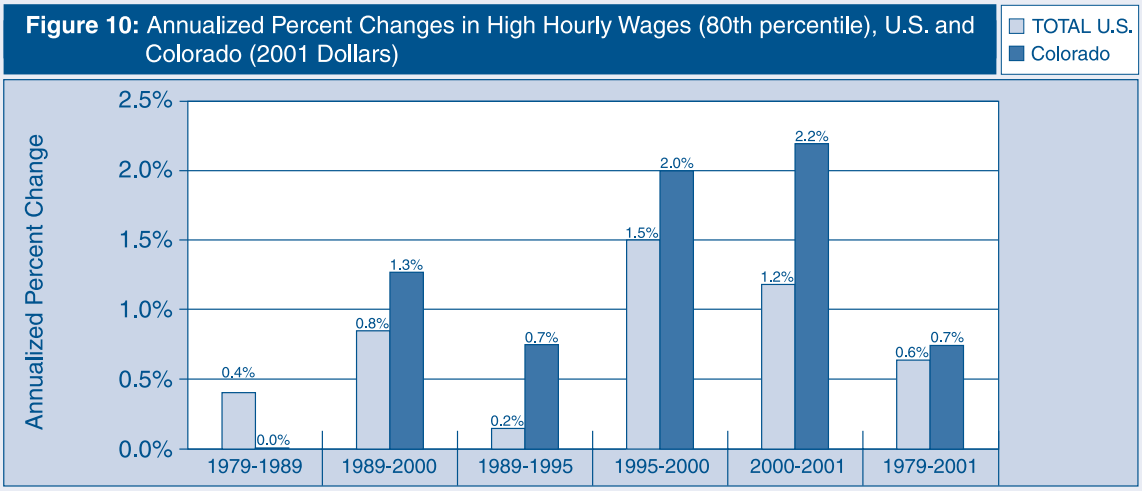


Source: EPI's analysis of U.S. Census Bureau data

HIGH WAGES (80th Percentile)

Wages at the 80th percentile grew considerably in the U.S. and in Colorado from 2000 to 2001. Colorado outpaced the U.S. in wage growth in this top 20th percentile, a growth rate of 2.2 percent in Colorado, compared with 1.2 percent in the U.S. as a whole (Figure 10).

Figure 10: Annualized Percent Changes in High Hourly Wages (80th percentile), U.S. and Colorado (2001 Dollars)



Source: EPI's analysis of U.S. Census Bureau CPS data

As Table 1 shows, hourly wages in this income category ranged from a low of $17.19 in Montana to a high of $24.94 in California (in 2001 dollars). Hourly wages in this income percentile increased in Colorado, and in the West, but decreased in many states, from 1979-2001.[10]

[10] EPI's analysis of CPS data.

Table 1:
Average Hourly Wage in the 80th Percentile Among Western States, 1979-01 (2001 dollars)

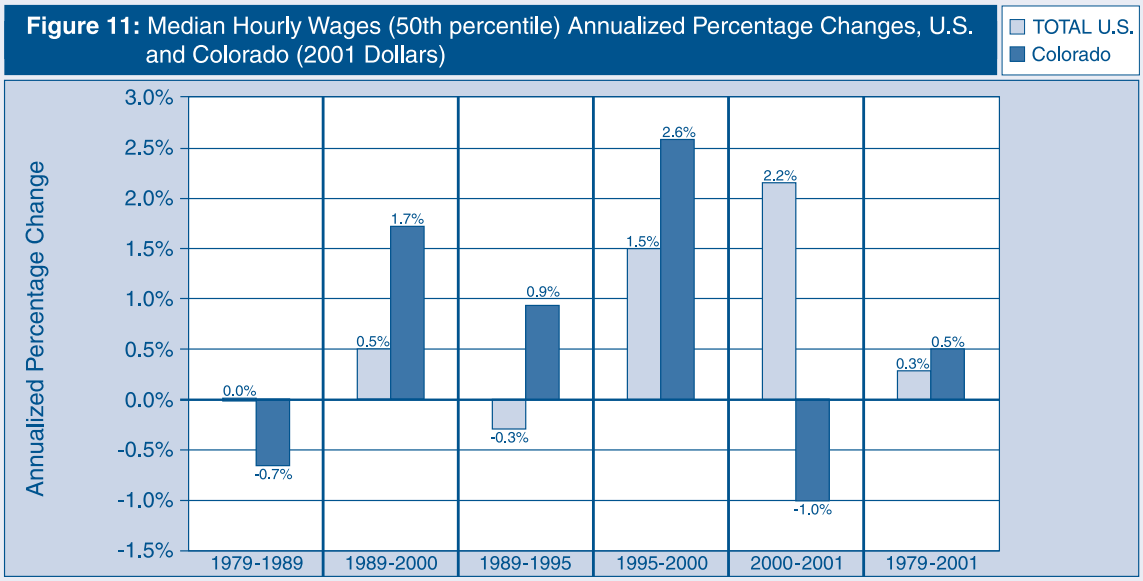
	1979	1989	1995	2000	2001
WEST	$ 20.80	$ 20.96	$ 21.08	$ 22.72	$ 23.18
Montana	$ 18.08	$ 16.81	$ 16.23	$ 16.91	$ 17.19
Idaho	$ 18.20	$ 16.37	$ 17.30	$ 18.71	$ 19.04
Wyoming	$ 21.00	$ 19.28	$ 18.06	$ 18.35	$ 19.17
Colorado	$ 20.23	$ 20.21	$ 21.08	$ 23.23	$ 23.73
New Mexico	$ 18.85	$ 16.92	$ 18.08	$ 18.71	$ 18.33
Arizona	$ 19.32	$ 19.09	$ 18.62	$ 20.18	$ 20.21
Utah	$ 18.44	$ 18.29	$ 17.95	$ 19.88	$ 20.25
Nevada	$ 19.87	$ 19.28	$ 18.80	$ 19.38	$ 19.82
Washington	$ 21.67	$ 20.45	$ 20.78	$ 22.88	$ 23.06
Oregon	$ 20.10	$ 18.89	$ 19.30	$ 20.72	$ 21.25
California	$ 21.32	$ 22.40	$ 22.53	$ 24.26	$ 24.94
Alaska	$ 30.26	$ 27.17	$ 25.38	$ 24.03	$ 24.76
Hawaii	$ 19.39	$ 20.74	$ 20.56	$ 19.62	$ 20.42

Source: EPI's analysis of U.S. Census Bureau CPS data

MEDIAN WAGES (50th Percentile)

While there was high growth in median wages in Colorado from 1995 to 2000 (2.6 percent), from 1979 to 2001 there was a negligible change (Figure 11). The growth in median wages was dramatically different from 2000-01, at a negative 1.0 percent. Over a twenty year period, from 1979 to 2001, median wages grew by only 0.5 percent.

Figure 11: Median Hourly Wages (50th percentile) Annualized Percentage Changes, U.S. and Colorado (2001 Dollars)



Source: EPI's analysis of U.S. Census Bureau CPS data

Table 2 shows that Colorado's median hourly wages in 2001 were $14.19, rising from $12.59 in 1995, higher than the in the West overall.[11] Only Alaska had higher median hourly wages in 2001.

[11] EPI's analysis of CPS data.

Table 2:
Average Hourly Median Wage Among Western States, 1979-01 (2001 dollars)

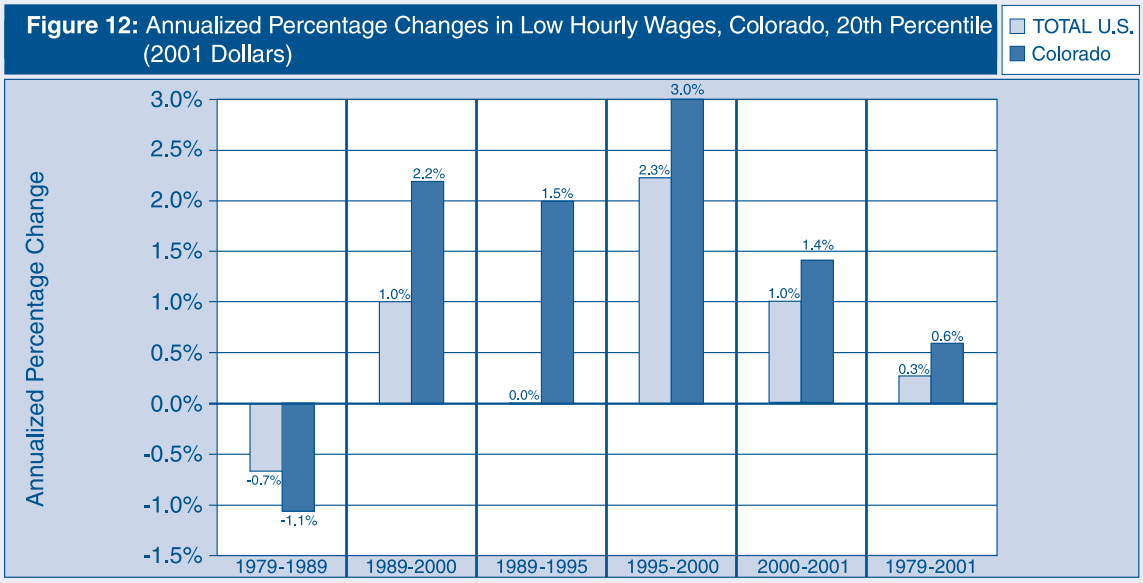
	1979	1989	1995	2000	2001
WEST	$ 13.14	$ 12.91	$ 12.20	$ 13.04	$ 13.22
Montana	$ 11.88	$ 10.30	$ 10.27	$ 10.30	$ 10.22
Idaho	$ 11.40	$ 10.10	$ 10.64	$ 11.32	$ 11.23
Wyoming	$ 13.43	$ 11.32	$ 10.77	$ 11.18	$ 12.00
Colorado	$ 12.81	$ 11.91	$ 12.59	$ 14.33	$ 14.19
New Mexico	$ 11.45	$ 9.94	$ 10.41	$ 11.15	$ 11.08
Arizona	$ 11.62	$ 11.52	$ 11.00	$ 12.23	$ 12.57
Utah	$ 12.13	$ 11.25	$ 10.86	$ 12.17	$ 12.15
Nevada	$ 11.96	$ 12.12	$ 11.51	$ 11.92	$ 12.13
Washington	$ 13.95	$ 13.15	$ 12.58	$ 13.89	$ 13.76
Oregon	$ 13.25	$ 12.59	$ 12.20	$ 12.55	$ 13.37
California	$ 13.31	$ 13.63	$ 12.87	$ 13.46	$ 13.85
Alaska	$ 18.91	$ 16.31	$ 15.12	$ 15.06	$ 15.25
Hawaii	$ 11.98	$ 12.96	$ 12.22	$ 12.18	$ 12.35

Source: EPI's analysis of U.S. Census Bureau CPS data

WAGES IN THE 20th PERCENTILE

In Colorado, growth in low wages slightly outpaced the U.S. overall. Wages in the 20th percentile in Colorado increased at an average annual rate of 0.6 percent from 1979 to 2000, while in the U.S. they increased very slightly by 0.3 percent (Figure 12). Low-wage workers in Colorado experienced the largest part of their wage gain in the 1990s, as did most wage earners, when the country as a whole was experiencing an economic boom.

Figure 12: Annualized Percentage Changes in Low Hourly Wages, Colorado, 20th Percentile (2001 Dollars)



Source: EPI's analysis of U.S. Census Bureau CPS data

As shown in Table 3, the average hourly wage in the 20th percentile in Colorado increased from $7.86 in 1979 to $9.02 in 2001, with the largest gains seen between 1995 and 2000.

Table 3:
Average Hourly Wage in the 20th Percentile Among Western States, 1979-01 (2001 dollars)

	1979	1989	1995	2000	2001
WEST	$ 8.17	$ 7.46	$ 7.17	$ 7.93	$ 8.06
Montana	$ 7.28	$ 6.36	$ 6.67	$ 6.78	$ 6.96
Idaho	$ 7.30	$ 6.27	$ 6.77	$ 7.42	$ 7.71
Wyoming	$ 8.11	$ 6.57	$ 6.50	$ 7.17	$ 7.54
Colorado	$ 7.86	$ 7.01	$ 7.68	$ 8.90	$ 9.02
New Mexico	$ 7.16	$ 6.09	$ 6.73	$ 7.12	$ 6.95
Arizona	$ 7.57	$ 7.04	$ 6.90	$ 7.90	$ 8.04
Utah	$ 7.65	$ 7.04	$ 7.08	$ 7.97	$ 7.96
Nevada	$ 7.93	$ 7.69	$ 7.83	$ 8.01	$ 8.19
Washington	$ 8.79	$ 7.77	$ 7.81	$ 8.68	$ 8.40
Oregon	$ 8.48	$ 7.58	$ 7.56	$ 8.10	$ 8.29
California	$ 8.34	$ 7.82	$ 7.05	$ 7.74	$ 8.00
Alaska	$ 11.87	$ 10.11	$ 9.19	$ 9.22	$ 9.73
Hawaii	$ 7.30	$ 8.03	$ 8.04	$ 7.57	$ 7.86

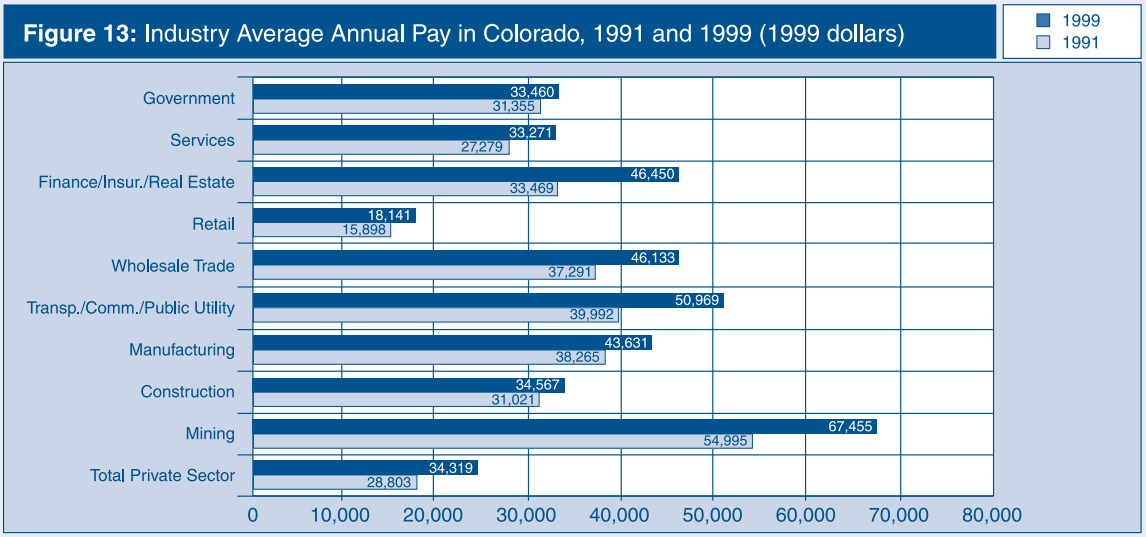
Source: EPI's analysis of U.S. Census Bureau CPS data

AVERAGE ANNUAL PAY BY INDUSTRY

The average annual pay (in 1999 dollars) in Colorado increased in most industries as shown in Figure 13. Note that retail trade was the lowest average annual pay sector, and services were the second lowest average annual pay sector.

Service Industries include business and repair services (e.g. janitors), entertainment and recreational services, professional services (e.g. health, education, and social services), personal services (e.g. hotel workers), and services in private households.

Figure 13: Industry Average Annual Pay in Colorado, 1991 and 1999 (1999 dollars)



Source: EPI's analysis of U.S. Census Bureau CPS data

As shown in Table 4, the top 21 occupations by employment in Colorado were among the lowest paying occupations, in general.[12] An estimated 79,319 retail salespersons, the top occupational group, made an average hourly wage of $10.70 in 2000-2001. The second highest employment category, general office clerks, estimated at 52,013, made $11.39 average hourly wage. In fact, the top 20 occupations are made up primarily of nurses, elementary school teachers, service industry workers, waiters and waitresses, office clerks, cashiers, fast food workers, janitors and cleaners, customer service reps, secretaries, truck drivers, sales reps and construction laborers. Approximately 678,496 workers in Colorado worked, for the most part, in the lowest paying occupations, making an average hourly wage of $14.45.

[12] Colorado Department of Labor and Employment, Labor Market Information Section, Workforce Research & Analysis, *2000-2001 Occupational Wages, www.coworkforce.com/LMI/wages.*

Table 4: Top 21 Occupations by Employment in Colorado (1/2002)

OCCUPATIONAL TITLE	ESTIMATED EMPLOYMENT	AVERAGE HOURLY WAGE
Retail Salespersons	79,319	$10.70
Office Clerks, General	52,013	$11.39
Cashiers	48,134	$8.71
Waiters & Waitresses	43,238	$8.35
General & Operations Managers	39,709	$36.06
Combined Food Prep & Serving Wkrs, Inc Fast Food	37,670	$7.22
Bookkeeping, Accounting & Auditing Clerks	31,670	$13.64
Janitors & Cleaners, Ex Maids & Housekeeping Cleaners	31,181	$9.14
Customer Service Representatives	31,048	$13.26
Registered Nurses	30,302	$21.90
Laborers & Freight, Stock & Material Movers, Hand	30,158	$10.12
First-Line Supervisors/Mgrs of Office & Administrative Support Wkrs	25,087	$19.32
Executive Secretaries & Administrative Assistants	24,342	$16.37
Stock Clerks & Order Fillers	23,808	$11.39
Truck Drivers, Heavy & Tractor-Trailer	23,569	$15.58
Secretaries, Ex Legal, Medical & Executive	22,032	$12.64
First-Line Supervisors/Mgrs of Retail Sales Wkrs	21,738	$17.42
Elementary School Teachers, Ex Special Education	21,500	*No Data Available*
Truck Drivers, Light/Delivery Services	20,754	$12.41
Sales Reps, Wholesale & Manufacturing, Ex Tech & Sci Products	20,638	$22.37
Construction Laborers	20,586	$11.03

At the other extreme, only about 42,000 people worked in the top paid occupations, including surgeons, anesthesiologists, judges, engineers, etc., earning an average hourly wage of $46.67 (Table 5).[13]

Table 5: Top 21 Occupations by Average Annual Wage in Colorado (1/2002)

OCCUPATIONAL TITLE	ESTIMATED EMPLOYMENT	AVERAGE HOURLY WAGE
Anesthesiologists	334	$68.65
Surgeons	816	$64.60
Obstetricians & Gynecologists	259	$61.48
Dentists	1,317	$60.67
Psychiatrists	109	$60.34
Chief Executives	7,525	$54.94
Family & General Practitioners	753	$48.99
Physicians & Surgeons, All Other	10,000	$48.03
Engineering Managers	5,260	$41.65
Computer & Information Systems Managers	7,781	$40.94
Air Traffic Controllers	663	$40.71
Petroleum Engineers	350	$40.16
Judges, Magistrate Judges & Magistrates	392	$40.06
Physicists	278	$40.00
Nuclear Engineers	32	$39.64
Sales Managers	4,943	$39.26
Computer & Information Scientists, Research	362	$38.66
Mathematicians	68	$38.26
Podiatrists	39	$38.18
Materials Scientists	223	$37.76
Internists, General	501	$37.05

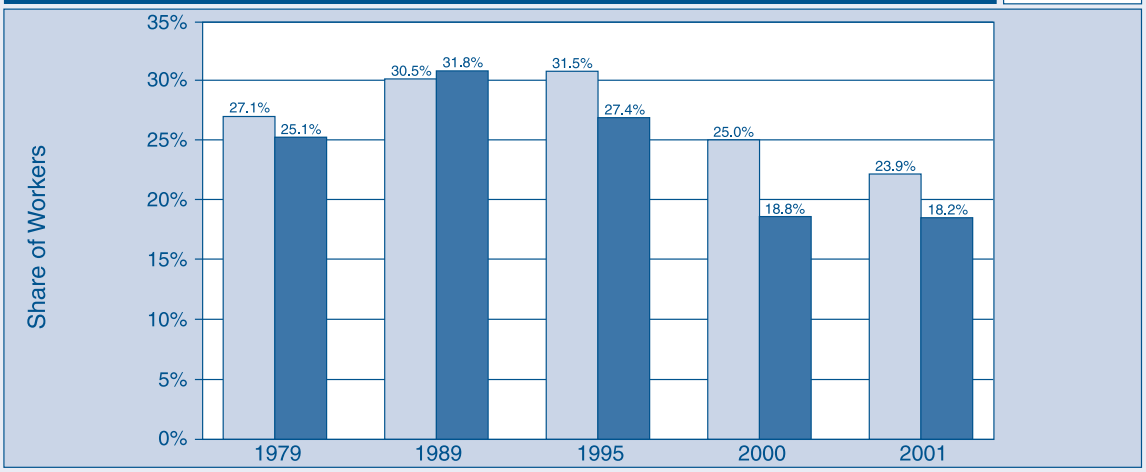
[13] Colorado Department of Labor and Employment, Labor Market Information Section, Workforce Research & Analysis, *2000-2001 Occupational Wages, www.coworkforce.com/LMI/wages.*

POVERTY LEVEL WAGES

There was good news concerning wages in the 1990s. The share of workers earning less than poverty-level wages (that is, the share of workers earning less than the wage necessary to raise a family of four above the official poverty threshold) decreased from 1995 to 2001 in Colorado and the U.S.

In Colorado, the share of poverty level wages in 2001 was 18.2 percent, down from 18.8 percent in 2000, and from a high of 31.8 percent in 1989 (Figure 14). However, this still means that almost one-fifth of all workers in Colorado earned wages too low to lift a family of four above the federal poverty level in 2001.

Figure 14: Poverty Level Wage Shares in Colorado, 1979, 1989, 1995, 2000, 2001



Source: EPI's analysis of U.S. Census Bureau CPS data

EDUCATION AND WAGES

Education continues to be an important factor in determining wages. According to the 2002 Denver Metro Job Vacancy Survey, employers were willing to pay between $9.70 and $11.80 per hour for those jobs which required a GED or high school diploma. For jobs where some vocational training was necessary, the range increased to $12.90 and $16.90 per hour, and increased again to $16.60 and $20.10 for those jobs requiring a two-year degree.[14]

Colorado has a high proportion of well-educated citizens, relative to the U.S. In 2000, 25.3 percent of Coloradans had a high school education, 31.4 percent had some college, and 23.5 percent of the population had a bachelor's degree.[15]

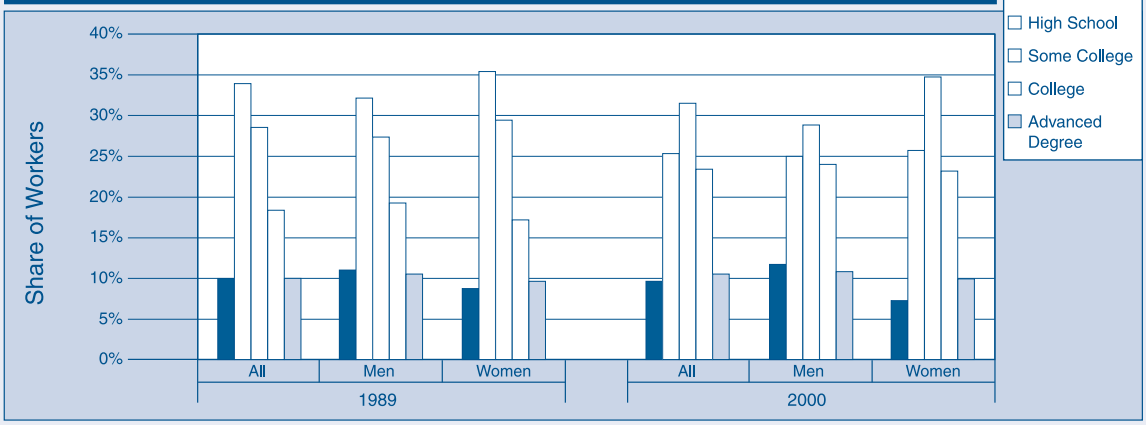
GENDER AND EDUCATION

Slightly fewer women than men had college degrees in 2000 in Colorado, but many more women than men had some college, 6.1 percent more. And, more women than men had at least a high school diploma. Only 6.9 percent of women compared to 11.7 percent of men had less than a high school education (Figure 15). Overall, in Colorado, the number of all workers with some college and college degrees increased from 1989 to 2000.

[14] Colorado Department of Labor & Employment, Denver Metro Job Vacancy Survey, July 2002. More than half of Colorado's entire population lives within the seven county Denver Metro region.

[15] EPI's analysis of CPS data.

Figure 15: Educational Attainment by Gender, Colorado, 1989, 2000



Source: EPI's analysis of U.S. Census Bureau CPS data

BENEFITS

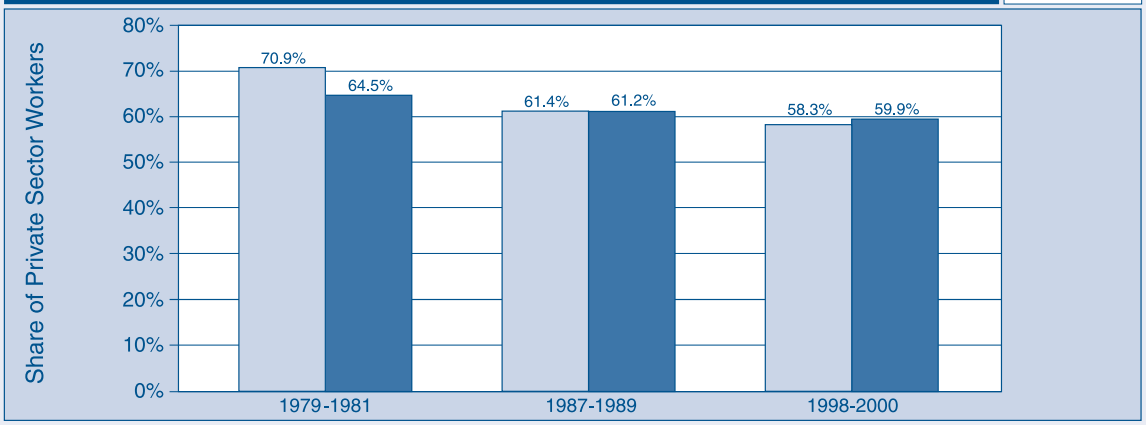
Benefits are an important component when assessing the well-being of working families. Slow growth in wages can be offset by increases in benefits and decreases in benefits can be ameliorated by sufficient increases in wages. Regardless, wages and benefits make up a package that should be evaluated together. Of particular importance for working families are health insurance and pensions. Faced with rising costs for basic needs, workers without health insurance often sacrifice preventive care for themselves or their families, and workers without pensions are often forced to abandon future security for present self-sufficiency.

HEALTH CARE PROVISIONS

The provision of private sector employer provided health care has been decreasing since the early 1980s. In 1998-2000, in Colorado only 59.9 percent of workers in the private sector were provided with health care coverage, compared to 61.2 percent in 1987-1989, and 64.5 percent in 1979-1981 (Figure 16).[17]

[17] *Poverty Despite Work,* Colorado Fiscal Policy Institute, 2001, CBPP analysis of Census Bureau data for years 1997-1999.

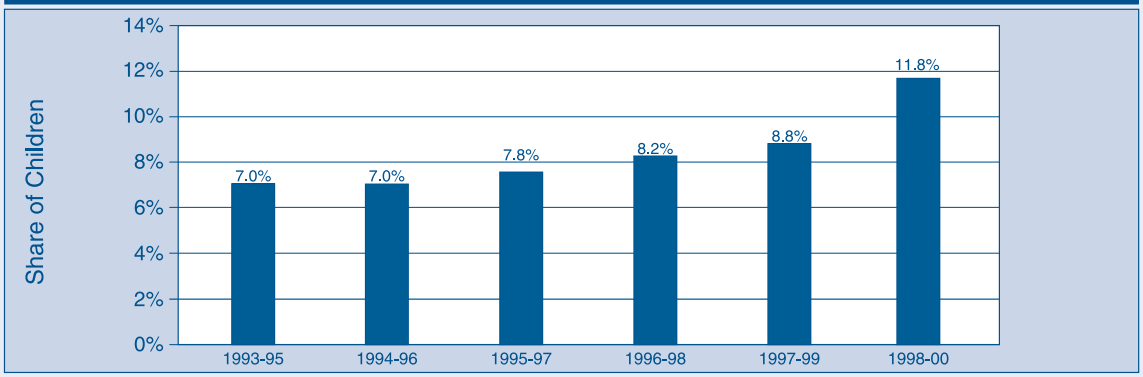
Figure 16: Share of Private Sector Workers with Employer-Provided Health Care Coverage, Colorado, U.S., 1979-2000



Source: EPI's analysis of U.S. Census Bureau CPS data

As employer health care coverage for workers declines, often so does health care coverage for children. Seven percent of the children living below the 200 percent poverty level in Colorado were uninsured in the 1993-1995 period. And while the number of children in poverty in Colorado decreased over time, the number of children at 200 percent poverty who lacked health insurance of any kind increased to 11.8 percent in 1998-2000 (Figure 17).

Figure 17: Share of Children Living Below 200 Percent of Poverty Who Are Not Covered by Health Insurance, Colorado, 1993-2000

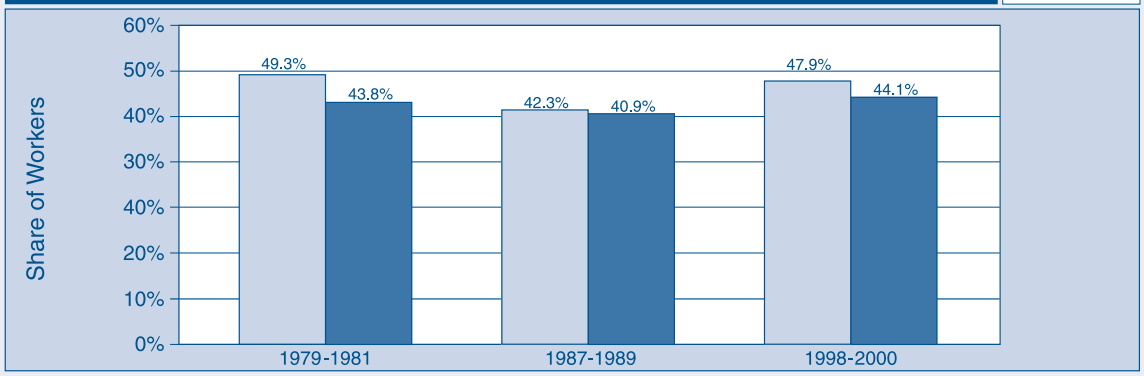


Source: Author's analysis of U. S. Census Bureau data, PHC-T-2

PENSION COVERAGE

Colorado employees had a lower share of employer provided pension coverage in the 1998-2000 timeframe than U.S. workers overall (Figure 18). While the number of Colorado workers with pension coverage has not declined as the number of workers with health insurance has, fewer than half of Colorado workers enjoy pension coverage.

Figure 18: Share of Private Sector Employees with Employer-Provided Pension Coverage, Colorado, U.S., 1979-2000

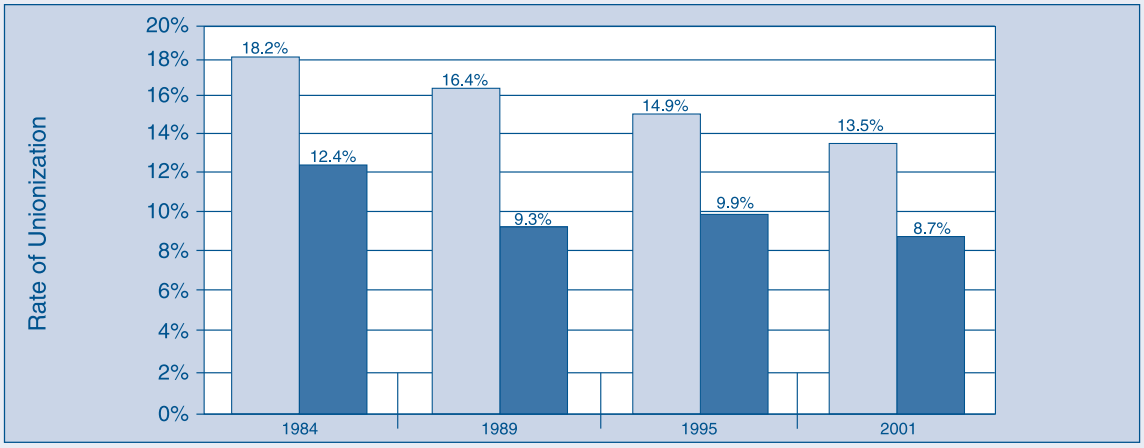


Source: EPI's analysis of U.S. Census Bureau CPS data

UNIONIZATION AND EMPLOYMENT

Historically, labor unions have provided representation for workers in order to improve their present and future conditions of work. Job placement, job training, health insurance, retirement benefits, higher wages, and a greater voice in management decisions through collective bargaining activities are usually obtained through labor union membership. Nevertheless, unionization has continued to decrease over the past 20 years, both at the national level and in Colorado (Figure 19). As membership declines, so does power of collective bargaining.

Figure 19: Share of Workers Covered by Collective Bargainging, U.S., Colorado, 1984-2001



Source: EPI's analysis of U.S. Census Bureau CPS data

CONCLUSIONS

The prosperity of the late 1990s brought with it increased wages for low, medium and high wage earners. However, increases for low and medium wage earners were not significant enough to reverse the unequal growth rates of the previous two decades. In other words, the gap between low wage earners and high wage earners persisted despite the boom of the late 1990s.

There was good news for Colorado. Fewer workers earned poverty level wages in 2001 than prior years, and many attained the education that helps boost earning potential. Unfortunately, that good news is tempered by the fact that more workers and their children went without health insurance or the power of collective bargaining to improve their working conditions. Taken together, these are troubling trends for the state of working Colorado.

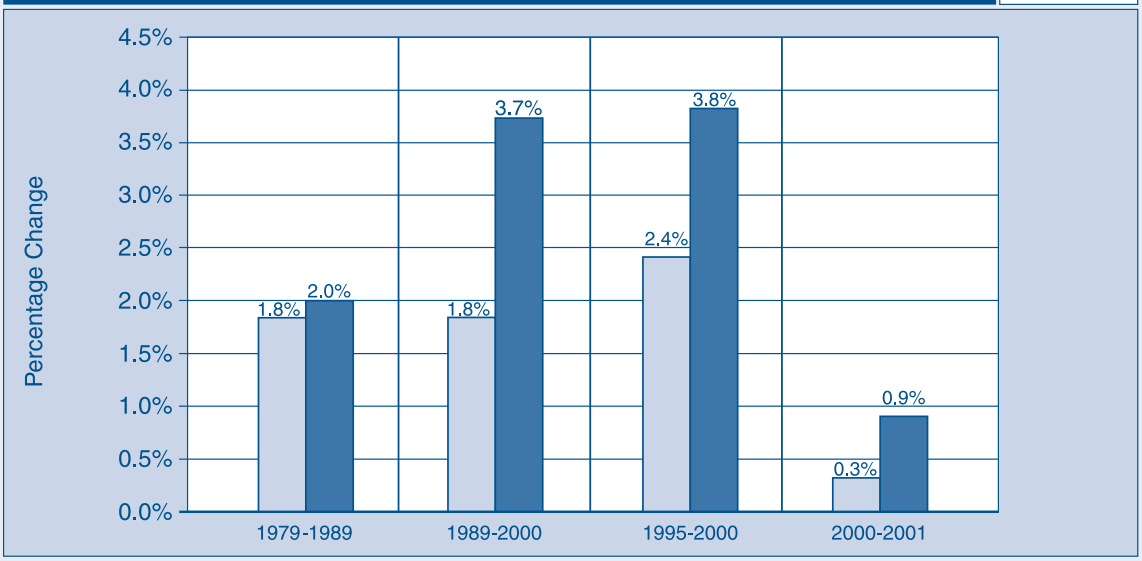
EMPLOYMENT

Total payroll employment, also called nonfarm payroll employment, is a measure of employment growth, which is a key determinant of unemployment and underemployment.[18] Unemployment and underemployment can vary considerably depending on a number of factors, including the specific industry sector, the demographics of a region, and the economy. Payroll employment is based on a national survey of business establishments, while civilian employment is based on a national survey of households.

While there was growth in total payroll employment in Colorado in the 1990s, certain sectors experienced declines and others saw growth. The declines were, for the most part, in sectors with traditionally higher paying jobs for less skilled, less educated workers, and the growth was in sectors with lower paying jobs.

In the last half of the 1990s, employment in Colorado grew by 3.8 percent, outpacing the U.S. by 1.4 percent (Figure 20). However, with the onset of the recession employment growth slowed considerably. From 2000-01 employment grew by only 0.9 percent in Colorado and a mere 0.3 percent nationally.

Figure 20: Change in Total Payroll Employment, U.S., Colorado, 1975-85, 1985-95, 1995-2000



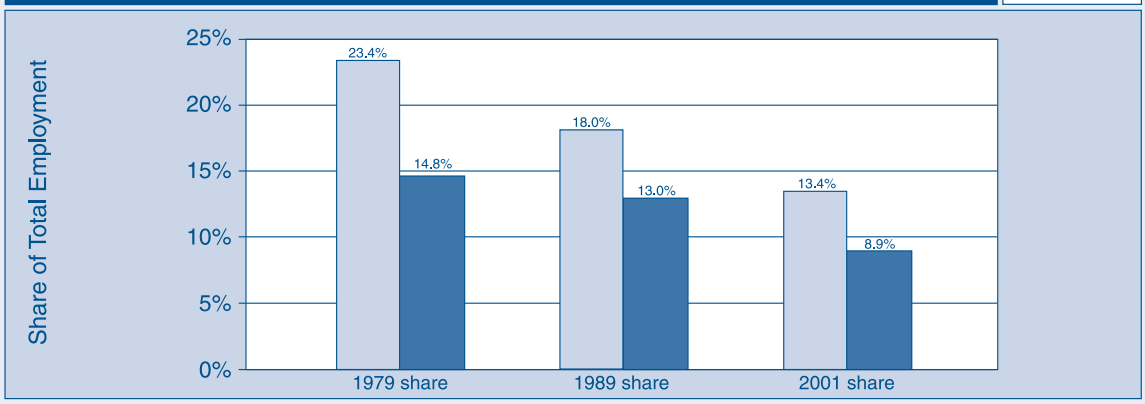
Source: EPI's analysis of BLS data

THE MANUFACTURING SECTOR

Across the nation, manufacturing employment is declining. The loss of manufacturing employment means a loss in higher paying jobs, particularly for less-educated employees. Nationally, there was a 4.5 percentage point decrease in the share of all workers employed in manufacturing from 1989 to 2001. In step with the nation, Colorado lost 4.1 percentage points of its manufacturing employment during that same period of time. In 1989, 13 percent of Colorado workers were employed in manufacturing, but by 2001 this percentage had dropped to 8.9 (Figure 21).

[18] Ibid.

Figure 21: Ratio of Manufacturing Employment to Total Employment, U.S., Colorado, 1979-01

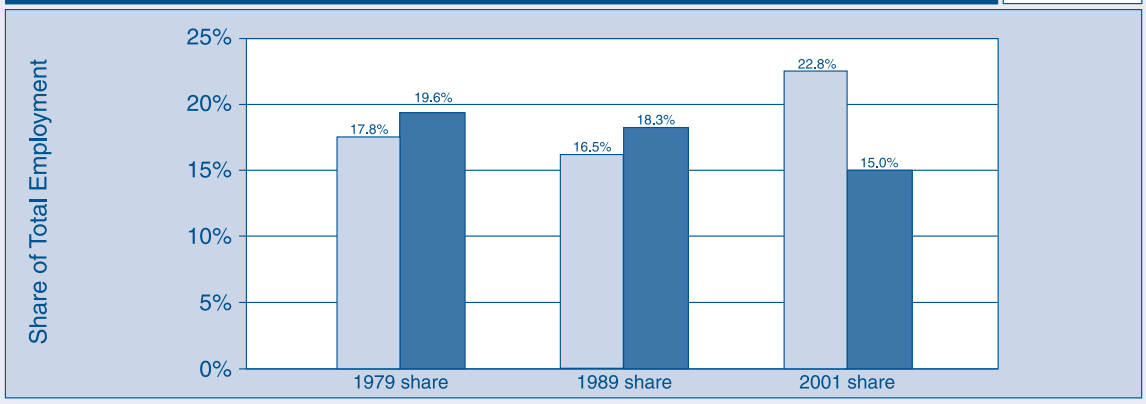


Source: EPI's analysis of Bureau of Labor Statistics, CES data

THE GOVERNMENT SECTOR

As with manufacturing jobs, government jobs typically pay well and provide workers with essential benefits and opportunities for education and advancement. Colorado has been losing government jobs since 1979. From 1989 to 2001, at the national level, government jobs increased, but the share of Colorado workers employed in the government sector fell by 3.3 percentage points during that time (Figure 22).

Figure 22: Ratio of Government Employment to Total Employment, U.S., Colorado, 1979-01



Source: EPI's analysis of Bureau of Labor Statistics, CES data

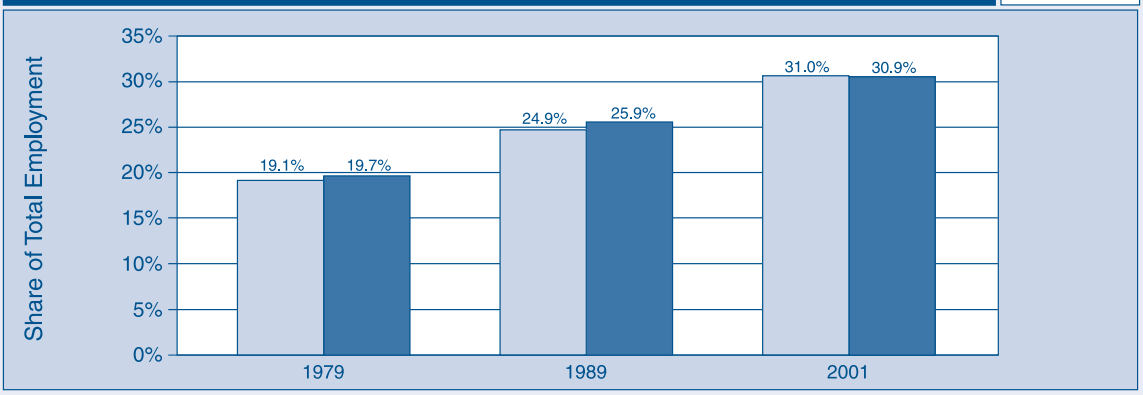
THE SERVICE AND RETAIL SECTORS

On the rise across the nation and in Colorado are jobs in the service sector. According to the U. S. Census Bureau, in the year 2000, there were 2,219,519 employed civilians age 16 and over in Colorado; 916,276 of those employed were in the services industry, and another 260,982 in retail trade.[19] These traditionally lower paying jobs comprised almost 50 percent of Colorado's total employed labor force in that time period.

THE SERVICE SECTOR

Service sector jobs have risen steadily in Colorado since 1979. In 2001, 30.9 percent of total employment in Colorado was in the service sector (Figure 23). This sector overall is traditionally a lower paying sector that more often employs women and less-educated workers. However, the service sector includes jobs as varied as restaurant, auto repair, health services and legal services.

Figure 23: Ratio of Service Employment to Total Employment, U.S., Colorado, 1979-01



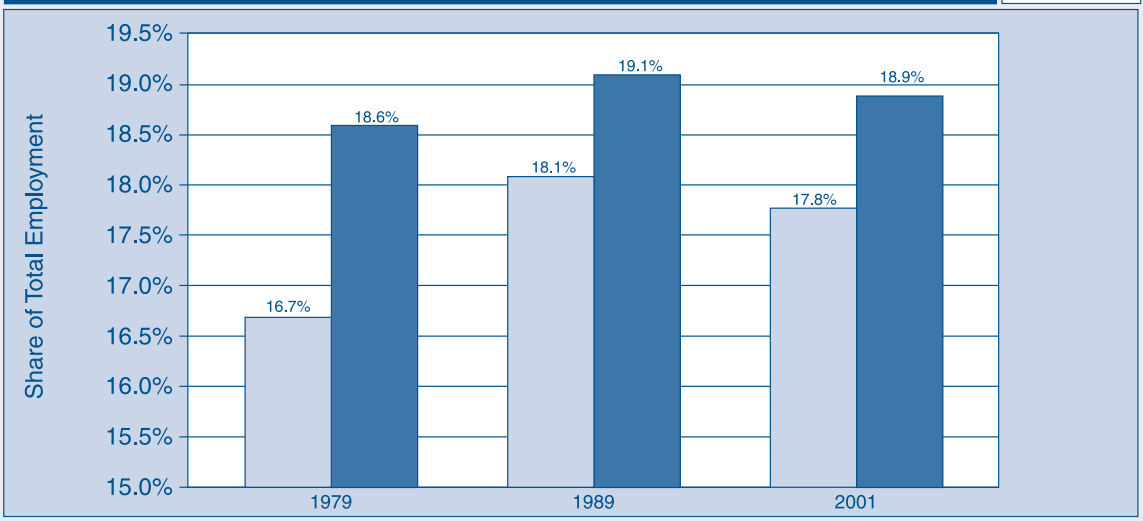
Source: EPI's analysis of Bureau of Labor Statistics, CES data

THE RETAIL SECTOR

After strong increases, Colorado and the nation saw a slight decrease in retail employment from 1989 to 2001. Retail employment, along with services employment, typically is low-paying and without the benefits of vacations, pensions, and health coverage. In Colorado, 18.9 percent of total employment in 2001 was in retail (Figure 24).

[19] U.S. Census Bureau Supplementary Survey, QT-03, 2000.

Figure 24: Ratio of Retail Employment to Total Employment, U.S., Colorado, 1979-01

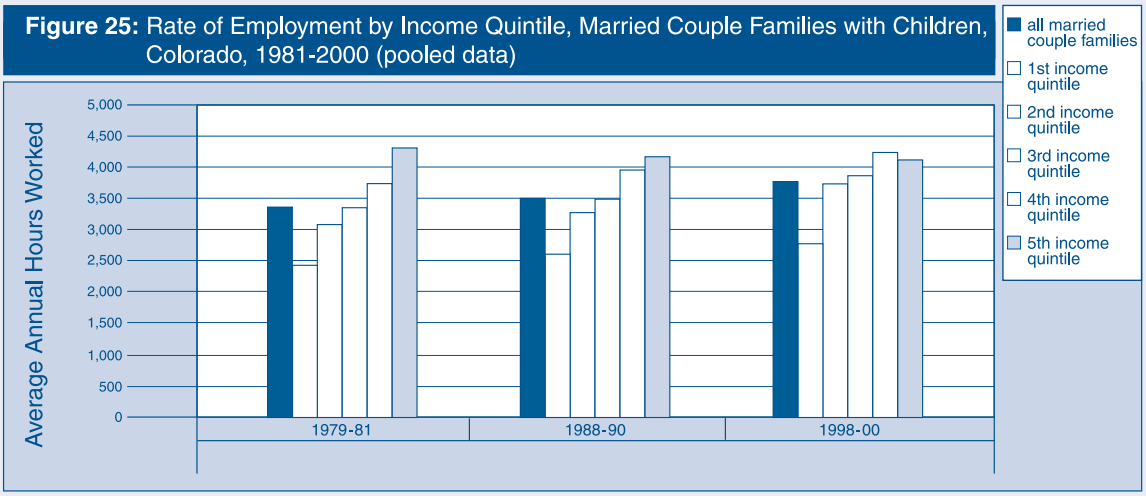


Source: EPI's analysis of Bureau of Labor Statistics, CES data

WORK TIME ALLOCATION

In Colorado, the average married couple family increased the average number of annual hours worked from 1979-2000 (Figure 25). Only those families in the top income quintile saw a reduction in the hours worked over the course of a year.

Figure 25: Rate of Employment by Income Quintile, Married Couple Families with Children, Colorado, 1981-2000 (pooled data)

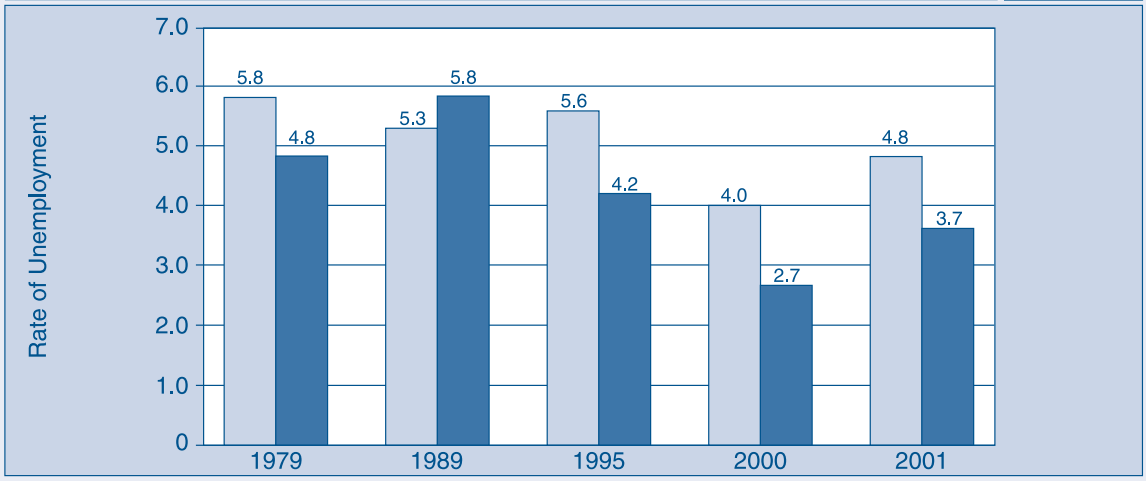


Source: EPI's analysis of Census Bureau March Current Population Survey data

UNEMPLOYMENT AND UNDEREMPLOYMENT

Unemployment in Colorado in 2000 was a historical series low of 2.7 percent, and it was 4.0 percent nationally (Figure 26). This period of near full employment translated into modest increases in income and wages for low-wage workers.

Figure 26: Rate of Unemployment, U.S., Colorado, 1979-2001



Source: EPI's analysis of BLS data from Labstat website

Unfortunately, Colorado's unemployment rate shot up to 5.9 percent in January 2002, and continued to remain high throughout 2002.[20] Whether or not the gains made by low-wage workers in the time of prosperity can weather current unfavorable conditions has yet to be seen.

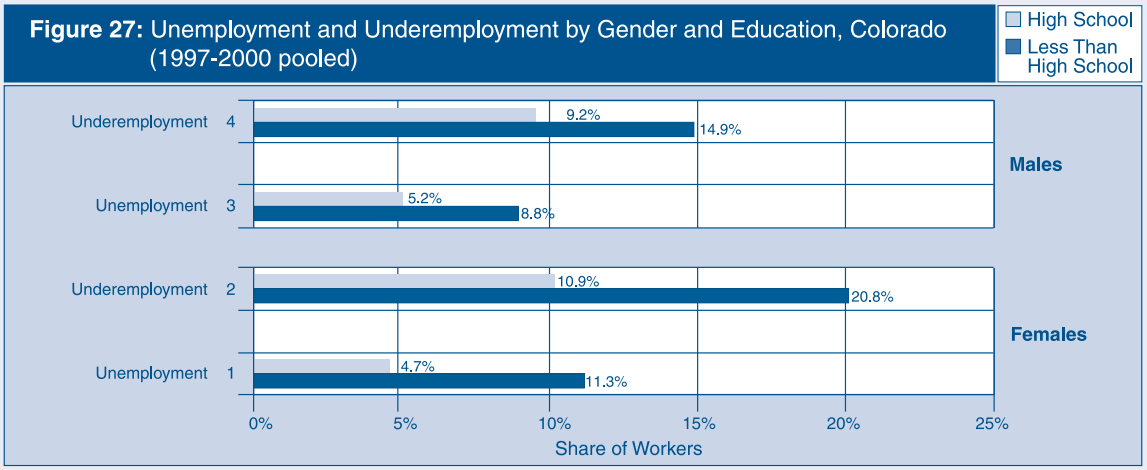
A look at unemployment and underemployment statistics for Colorado again proves education to be an essential part of job security and opportunity. Underemployment is defined as those persons who are unemployed, are not seeking work due to discouragement about job prospects, are involuntary part-time workers, or have sought work in the past year but are not currently looking for other reasons, such as lack of child care.[21]

Figure 27 shows that in the late 1990s women and men with less than a high school education, between the ages of 18-35, were more likely than their counterparts who graduate from high school to be unemployed and underemployed. More than 20 percent of women with less than a high school diploma were underemployed compared to 10.9 percent of women who completed high school. Rates of unemployment declined from 11.3 percent for those women without a high school diploma to 4.7 percent for those with a diploma. Statistics showed similar patterns for men. Those men without a high school diploma were underemployed at a rate of 14.9 percent compared to 9.2 percent for their more educated counterparts. The rates of unemployment for those men without a high school diploma was 8.8 percent compared to 5.2 percent for those men who completed high school.

[20] Colorado Department of Labor and Employment, www.coworkforce.com.

[21] Mishel, L., Bernstein, J., and Schmitt, J. *The State of Working America, 2000-01,* Economic Policy Institute, Cornell University Press, 2001.

Figure 27: Unemployment and Underemployment by Gender and Education, Colorado (1997-2000 pooled)



Source: EPI's analysis of U.S. Bureau of the Census Current Population Survey

CONCLUSIONS

Colorado enjoyed strong employment growth through the last half of the 1990s. More jobs made it easier for many people to find work, evidenced by historically low unemployment rates. However, employment growth was concentrated in the service and retail sectors, which overall tend to offer lower pay, fewer benefits and less opportunity to workers when compared with the manufacturing and government sectors. While this shift toward a service economy in Colorado is part of a prolonged, national trend, the long term consequences for workers is quite troubling. Lower pay, fewer benefits, less opportunity means that many Colorado workers will continue to work more hours to support their families.

Each year the U.S. Census Bureau uses a set of income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than the threshold for that year, then that family, and everyone in it, is considered poor. For instance, the 2000 federal poverty threshold for a family of three was $13,738 and $17,603 for a family of four. All members of families of three surviving on $13,738 and less were considered poor. According to the 2000 census, approximately 343,000 Coloradans, or 8.1 percent of the population, were poor.

The Census Bureau's poverty threshold is the most commonly used measure of family well-being. Most public programs designed to help working families, such as housing or medical assistance, rely upon the federal poverty threshold to determine who needs assistance. However, in recent years the inadequacy of the threshold has become evident. Researchers who developed the formula for determining the threshold in the 1960s assumed that families spent about one-third of their income on food. Thus, they set the poverty threshold at three times the cost of a minimal food budget. Since then, the formula has remained basically unchanged, but is updated annually for inflation.

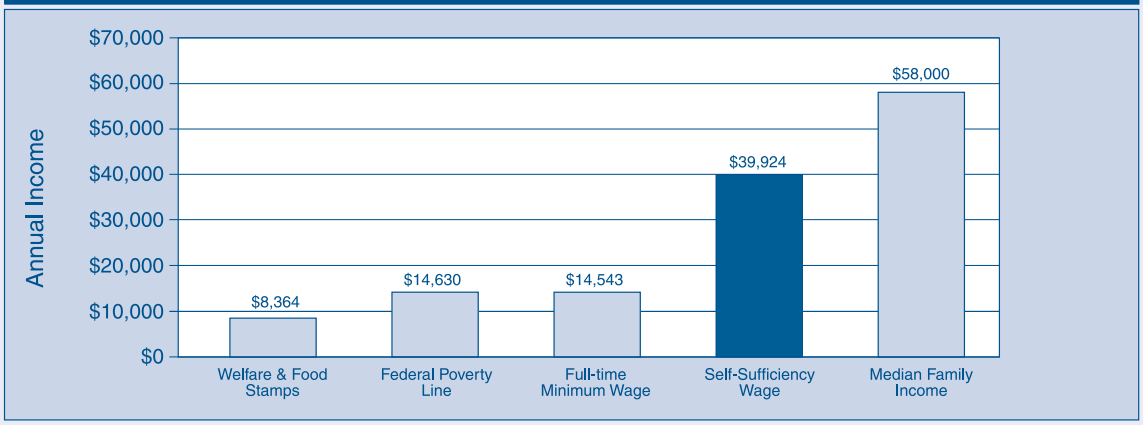
Critics contend that the formula no longer reflects the true costs of living for American families. It does not consider work-related or other costs, such as housing, child care or transportation. The fixed ratio does not account for costs that rise faster than others, like medical costs. It does not vary geographically nor consider the effect of taxes and tax credits. These criticisms have led the Census Bureau and other analysts to develop alternative measures of poverty in order to better evaluate how families are doing. When any of these alternative measures of poverty are used, the number of families considered poor dramatically increases.

To better evaluate how families were faring in Colorado, the Colorado Fiscal Policy Institute contracted with Dr. Diana Pearce and Wider Opportunities for Women to develop such an alternative measure of family well-being and in 2001 published the *Self-Sufficiency Standard for Colorado*. The *Self-Sufficiency Standard* calculated the amount of income required for 70 different family types to meet their basic needs, without public or private assistance of any kind in all 63 Colorado counties. Basic needs were considered to be not only food, but also transportation, health care, child care, housing and taxes. In most cases, the incomes most Colorado families needed to be self-sufficient were more than double the federal poverty threshold. For instance, as Figure 28 shows, the self-sufficiency income for a three-person family in 2001 consisting of one adult, one preschooler and one school-age child living in Denver County was $39,924, much more than 200 percent of the federal poverty level for the same size family that year.

When the *Self-Sufficiency Standard* is used to measure the percentage of Coloradans who need some type of assistance, the number increases from 8.1 percent to around 20 percent. One estimate showed that a substantial portion of Colorado families, just under 25 percent, lacked adequate income to meet their basic needs.[22]

[22] The Bell Policy Center, *Colorado: The State of Opportunity,* 2002 Report.

Figure 28: The Self-Sufficiency Standard Compared to Other Benchmarks, Colorado, 2001



Source: The Self-Sufficiency Standard for Colorado: A Family Needs Budget, prepared for the Colorado Fiscal Policy Institute, 2001

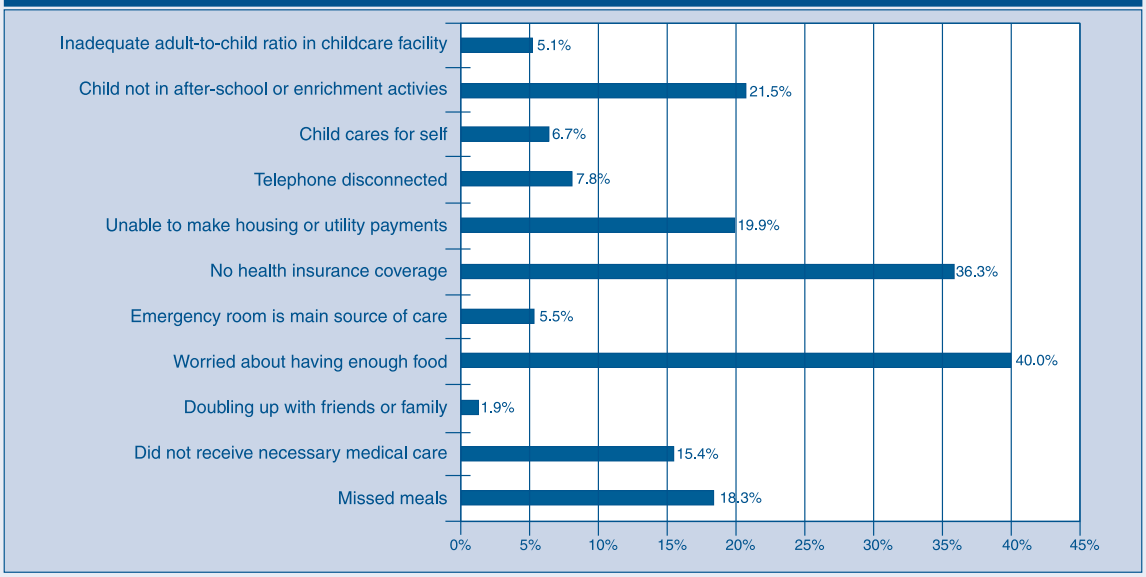
In fact, many Colorado families, not technically considered poor, reported experiencing the hardships of poverty. A recent U.S.D.A study found that some 8.8 percent of Coloradans were food insecure in 1996-1998.[23] Food insecurity is defined as not always having access to enough food to meet basic needs. Even more troubling, 3.4 percent of those households reported that one or more household members were hungry at least some time during the year due to inadequate food resources.

In another study, published by the Economic Policy Institute in 2001, 40 percent of Coloradans living in families with incomes below 200 percent of the poverty level reported being ***worried about having enough food***. Close to 20 percent reported having skipped meals. Other troubling findings of the study included 36.3 percent of respondants reporting that they had no health insurance coverage, 15.4 percent reporting not receiving necessary medical care, almost 20 percent stating they were unable to make a house or utility payment, and 6.7 percent reporting having a child under age 12 who cared for herself or himself (Figure 29).[24]

[23] Nord, Mark, Jamison, Kyle, Bickel, Gary. *Prevalence of Food Insecurity and Hunger, by State, 1996-98.* Food and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture, Food Assistance and Nutrition Research Report No. 2.

[24] Boushey, Brocht, Gundersen, and Bernstein. *Hardships in America: The Real Story of Working Families.* Washington, D.C., Economic Policy Institute, 2001.

Figure 29: Proportion of People in Colorado Living in Families with Income below 200% of Poverty and Experiencing Hardships



Source: Table 13 in Boushey, Brocht, Gundersen, and Bernstein, (2001) Hardships in America: The Real Story of Working Families, Washington, D.C., Economic Policy Institute

CONCLUSIONS

While Colorado had declining rates of poverty at the end of the 1990s there were still large numbers of families and children living in poverty and many more struggling to fulfill the fundamental requirements of living. Moreover, many families reported suffering hardships as basic as worrying about food, missing meals or foregoing necessary medical treatment. Colorado cannot fully claim to be a prosperous state until these problems of poverty and hardship are addressed.

SUMMARY

The data speak volumes about the challenges many working Coloradans face today and will continue to face in the future unless we begin to address the long term trends identified in this report.

The long term trends of income inequality, wage inequity, the loss of opportunity for quality jobs, as well as continuing poverty and hardship must be addressed through policy and infrastructure change. Opportunities to make changes that will impact these trends exist but it will take all of us to accomplish such change. We can, for example, create jobs that move people toward greater self-sufficiency and thus reduce the need for public or private assistance. We can provide increased access to training and education in order to better prepare people for better paying jobs. We can begin to ensure that parents and caretakers have access to affordable and quality child care so that parents need not worry about their children's safety while they are at work or at school. We can do more to provide access to affordable and quality healthcare and housing for Coloradans. To accomplish any of the above, however means that we may have to set new or different priorities and have the political will to move them forward. Are we up to the long-term challenge?

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