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Counting Colorado is a new series exploring poverty and inequality in Colorado. This series will examine who is struggling to make ends meet, opportunities to reduce poverty and the consequences for families and the overall economy for failing to act.

Highlights

- The lowest wage earners have seen wages stagnate since 1980.
- Middle class Coloradans were worse off in 2012 than in 2007.
- Minority households have incomes substantially lower than the statewide median.
- Single parent families struggle to make ends meet.

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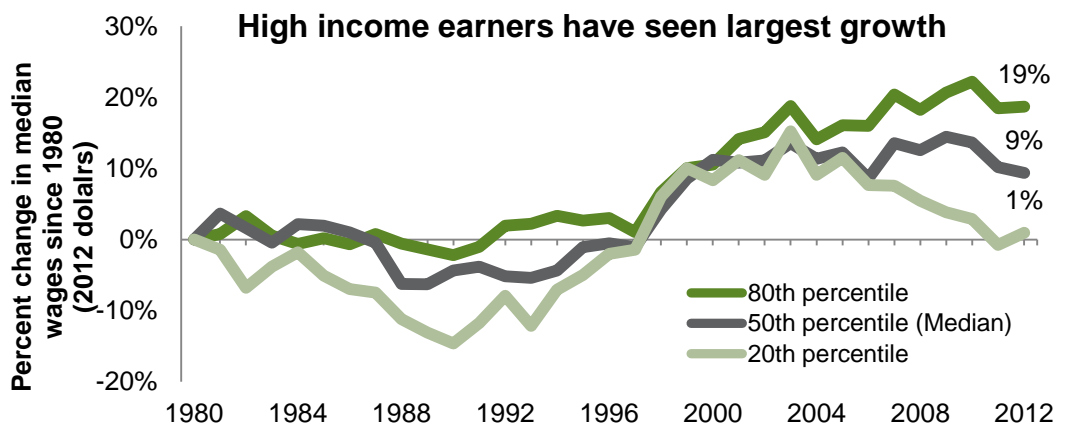
Counting Colorado: Low and moderate earners have had lackluster recovery

In 2012, Colorado remained a state divided. Many Coloradans, especially low and middle wage workers, have been let down by the so-called economic recovery. Low and middle income Coloradans have seen their wages stagnate or even decline as a result of the 2007 recession. Meanwhile a small minority of Coloradans earned the majority of all income in Colorado. This small minority held roughly the same amount of wealth in 2007 as in 2012. In 2012, incomes were generally lowest among minority households and single parent families. To stem the growth of income inequality the state needs good jobs and growing wages. Growth in the working class will translate to increased consumer spending, the benefits of which will ripple throughout Colorado’s economy.

Highest earners continue to do well – while others falter

In 2012, high wage earners, those in the 80th percentile, earned 19 percent higher wages than in 1980. Those in the 20th percentile, on the other hand, earned only 1 percent more in 2012 than they did in 1980. The highest earners in the state have continued to prosper while low and middle income Coloradans have been left behind. (See figure 1.)

Figure 1.



Source: CCLP analysis of Current Population Survey data. Data provided by the Economic Policy Institute.

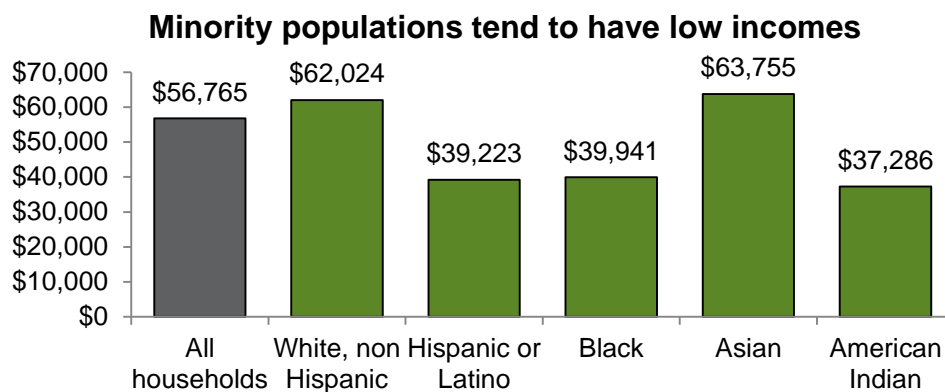
In addition to the disparity in the growth of wages, the highest earners also bring in an overwhelming majority of total state income. According to the American Community Survey, the top 40 percent of earners held roughly 75 percent of all income in 2012; and the top five percent of earners held more than 20 percent of all income in the

state. This income distribution leaves little for the remaining population: The state’s lowest 20 percent of earners brought in only 3.5 percent of all income in the state. Income inequality in Colorado continues to grow. Looking at the income distribution over the course of the 2007 recession, the highest earners brought in roughly the same percent of the state’s income in 2007, 2009 and 2012. This was not true for all Coloradans. Those earners in the 20th to 60th percentiles—the middle class—saw their share of income decrease over the course of the 2007 recession. Simply put, the backbone of the Colorado economy was significantly worse off in 2012 than in 2007.¹

Level of income varies by race

With the exception of Asian households in Colorado, minorities tend to receive incomes below the statewide median. The median incomes for Black, and Hispanic or Latino households was about 35 percent below the statewide median while the median income in the American Indian community was 40 percent below the statewide level. Asian and White households in Colorado both had median incomes substantially above the statewide median. (See figure 2.)

Figure 2.



Source: 2012 American Community Survey.

Income disparity, poverty and family type

Household income varies widely based on family type. The median income for married couple families in Colorado was nearly \$82,000 in 2012. Single parent households, on the other hand, are at a predictable disadvantage as they are likely the only source of income in their family. Single female headed households are the most disadvantaged with a median income of just less than \$35,000 while the median income for single male headed households was much higher, albeit still lower than married couples, at \$46,000. Poverty rates also vary by family type. Single women with children have both the lowest median income in the state and the highest poverty rate. In 2012, the poverty rate for single women with children was 34 percent compared to 21 percent for single men with children and 8 percent for married couples with children.²

¹ Data from 2012 American Community Survey. 1-year estimates.

² Data from 2012 American Community survey. 1-year estimates.