



COLORADO FISCAL POLICY INSTITUTE

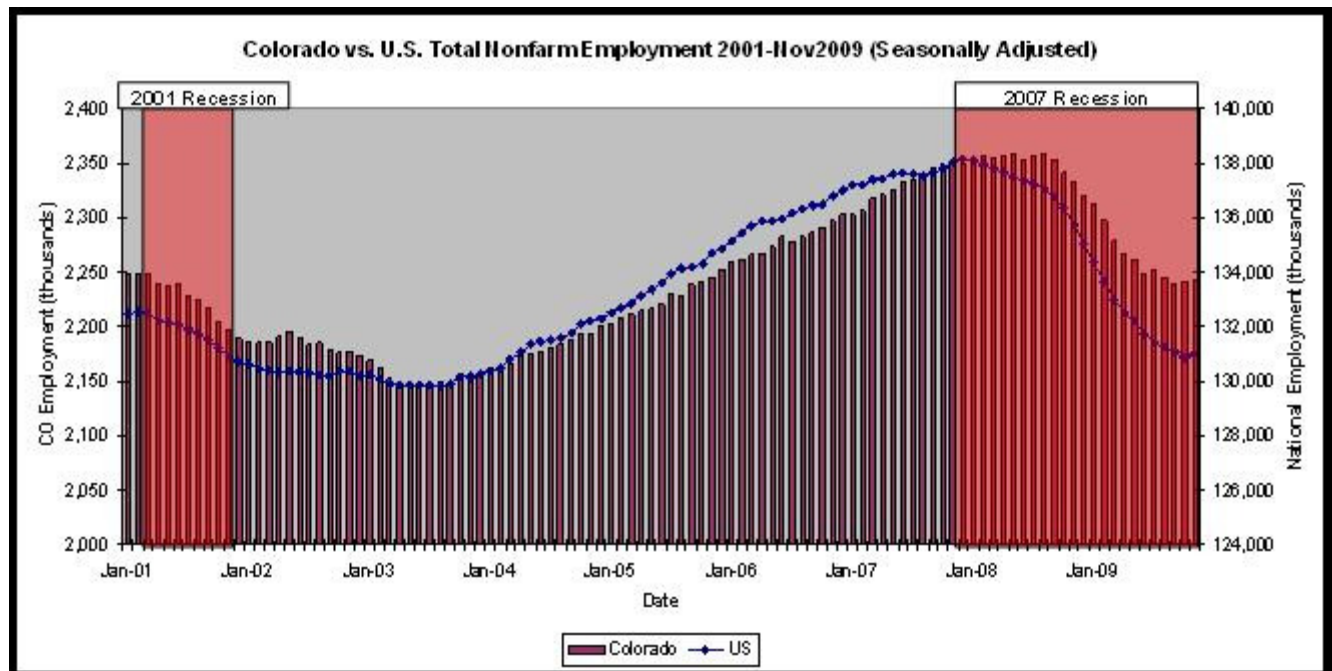
Justice and Economic Security for all Coloradans

Colorado Recession Watch¹ *December 2009*

Unemployment figures have improved recently, and the “Great Recession” is likely nearing an end in Colorado. However, the downturn has deeply impacted the state and national economies, proving longer and more painful than any recession in recent history.

In November 2009, Colorado’s unemployment rate dropped 0.1 percentage points to 6.9%—the fourth consecutive month the state jobless rate has stayed level or declined. In another positive trend, the state economy gained jobs on net for the second straight month, adding 1,800 jobs in November. Unfortunately, unemployment is still up nearly three percentage points and employment down more than 100,000 jobs on net since the recession began. What’s more, enrollment in food stamp assistance (SNAP), medical programs for the poor (Medicaid) and for children (CHP+) has grown at a dramatic rate since the onset of the downturn, and shows no sign of slowing. Colorado has a long way to go to recovery.

Employment



Source: Author's analysis of BLS Current Employment Statistics Survey data

Colorado gained 1,800 jobs in November 2009, the second consecutive month of net job growth. However, the state was still down 18,900 jobs (0.8% of pre-recession workforce) since May

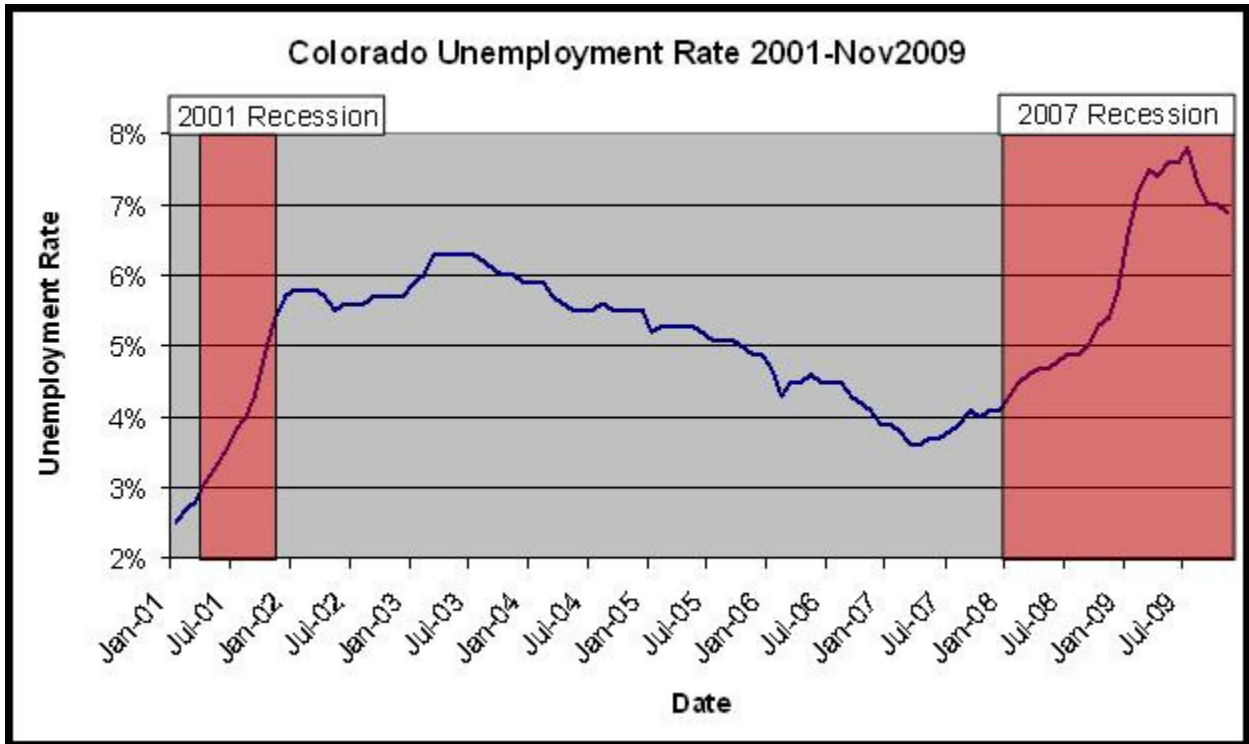
¹ Unless otherwise noted all data are from the Bureau of Labor Statistics Current Employment Survey

and down 90,000 jobs (3.9% of pre-recession workforce) since November 2008. **Since the recession officially began in December 2007, Colorado has lost 105,900 jobs on net, or 4.5% of its workforce, ranking 27th nationally in recessionary job loss.**²

COLORADO TOTAL EMPLOYMENT (November 2009)				
This Month	2,242,900			
Change This Recession Level and Percentage Change:	-105,900			
Current Recession	-105,900	-4.5%	Dec-07	to Nov-09
Since Last Month	1,800	0.1%	Oct-09	to Nov-09
Last Three Months	-2,300	-0.1%	Aug-09	to Nov-09
Last Six Months	-18,900	-0.8%	May-09	to Nov-09
Last Year	-90,000	-3.9%	Nov-08	to Nov-09

Source: EPI Analysis of BLS Current Employment Statistics Survey

Unemployment



Source: Author's Analysis of Bureau of Labor Statistics State Employment Data

According to the most recent November figures, the Colorado unemployment rate is up 2.8% since the beginning of the recession in December 2007 when unemployment stood at 4.1%.

² Economic Policy Institute analysis of BLS Current Employment Survey data

Nationally this is the eleventh smallest recessionary increase in unemployment rate. Furthermore, Colorado’s current unemployment rate of 6.9% (November 2009) is the **twelfth lowest current unemployment rate.**³

It is worth noting that while the state unemployment rate fell 0.4 percentage points from August 2009 to November 2009, the Colorado economy still lost 2,900 jobs on net during this period. This discrepancy is likely explained by discouraged workers.⁴ When workers stop actively looking for work, they are considered discouraged, and are no longer counted among the ranks of unemployed.

COLORADO UNEMPLOYMENT RATE (November 2009)			
This Month	6.9%		
Percentage Point Change:			
Current Recession	+2.8	<i>Dec-07</i>	<i>to Nov-09</i>
Since Last Month	-0.1	<i>Oct-09</i>	<i>to Nov-09</i>
Last Three Months	-0.4	<i>Aug-09</i>	<i>to Nov-09</i>
Last Six Months	-0.7	<i>May-09</i>	<i>to Nov-09</i>
Last Year	+1.5	<i>Nov-08</i>	<i>to Nov-09</i>

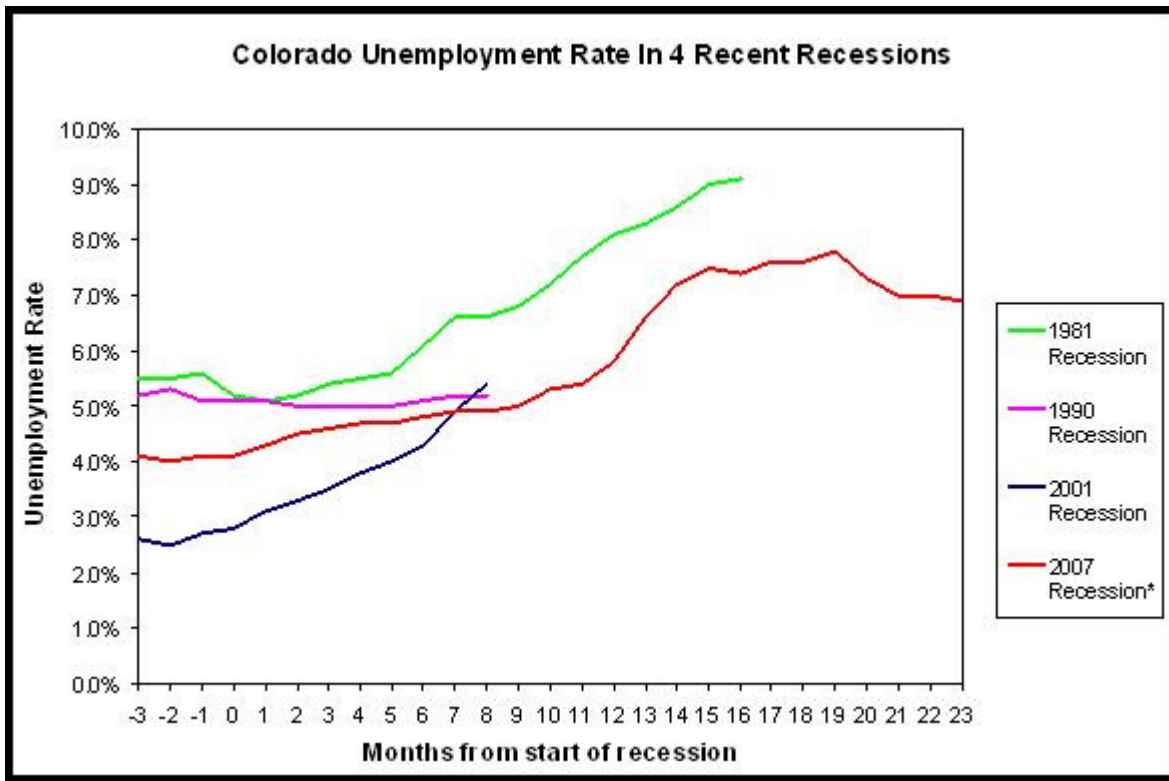
Source: EPI Analysis of BLS Current Employment Statistics Survey

A look at the current recession alongside the three previous recessions reveals the unusual depth and duration of the current recession. Only one of the previous recessions—the 1981 recession—saw higher unemployment rates and while the overall rate was higher in 1981, the changes in unemployment rate from “peak to trough” were on par with what we have seen in the current decline. Furthermore, **no recession since the Great Depression has been as long as the current one, which had lasted 23 months as of November 2009.**⁵

³ Source: EPI analysis of November 2009 BLS Current Employment Survey data

⁴ Monthly data on discouraged workers are not available from the BLS, but the most recent discouraged worker figures support this claim. See <http://www.bls.gov/opub/ils/pdf/opbils74.pdf> for BLS 2008 Q1 underemployment figures and analysis.

⁵ NBER reporting of business cycles and contractions. <http://www.nber.org/cycles.html>



Source: EPI analysis of November 2009 Bureau of Labor Statistics Data

*The 2007 recession has officially not yet ended

Construction Jobs

The construction sector is considered an economic harbinger by many experts, as employment in this sector is highly volatile, and changes here often foreshadow larger economic trends. Construction employment data for Colorado reveals that recently losses have slowed. In fact, **November was the first month the Colorado construction industry gained jobs since the recession began.** Unfortunately, the construction sector as a whole has taken a huge hit during the Great Recession—**losing roughly one-fifth of total employment since the recession began.**

COLORADO CONSTRUCTION EMPLOYMENT (November 2009)					
This Month	133,000				
Level and Percentage Change:					
Current Recession	-34,000	-20.4%	Dec-07	to	Nov-09
Since Last Month	600	0.5%	Oct-09	to	Nov-09
Last Three Months	-4,400	-3.2%	Aug-09	to	Nov-09
Last Six Months	-5,800	-4.2%	May-09	to	Nov-09
Last Year	-21,900	-14.1%	Nov-08	to	Nov-09

Source: EPI Analysis of BLS Current Employment Statistics Survey

Job Shortfall

Job shortfall is a metric to help contextualize changes in the size of the labor market. If economic activity is to remain constant barring all other changes (e.g. in productivity, unemployment,

etc.), the number of jobs must grow at the same rate as the population. If the job growth rate falls behind, presumably this means that other factors of the economy are “stretching” to make up the shortfall—e.g. unemployment is increasing or employed workers are forced to be more productive. **In November 2009 the Colorado job shortfall was estimated at 195,191 jobs.**

COLORADO JOB SHORTFALL SINCE RECESSION BEGAN (DEC 07-NOV 09)	
Working age population growth	3.8%
Total Jobs This Month	2,242,900
Calculated Jobs Needed <i>(the number of jobs total in the state if job growth kept pace with working age population growth)</i>	2,438,091
Job Shortfall	195,191

Source: EPI Analysis of BLS Current Employment Statistics Survey

Medicaid and CHP+

During the recession Colorado has also seen substantial caseload growth in Medicaid and the Child Health Program (CHP+), which provide medical care for low income residents and children, respectively. **Since the start of the recession, the total combined caseload of these two programs has increased by 26%.⁶** During this period, total state population grew by approximately 3.3%⁷. Thus since the start of the recession, **combined Medicaid and CHP+ caseload grew roughly eight times faster than state population.⁸** This explosive growth rate in caseload underscores the economic hardship for many Coloradans, who during the recession were forced to rely on the state for medical support in staggering numbers.

COLORADO MEDICAID & CHP+ ENROLLMENT (November 2009)				
This Month	560,176			
Level and Percentage Change:				
Current Recession	114,843	25.8%	Dec-07 to	Nov-09
Since Last Month	3,131	0.6%	Oct-09 to	Nov-09
Last Six Months	32,904	6.2%	May-09 to	Nov-09
Last Year	73,103	15.0%	Nov-08 to	Nov-09

Source: Author's Analysis of HCPF Premiums, Expenditures and Caseload Reports

⁶ Author's analysis of HCPF "Premiums, Expenditures and Caseload Reports". <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1209635766663>

⁷ Author's analysis of CO State Demography Office population figures. http://www.dola.state.co.us/dlg/demog/pop_totals.html

⁸ Author's analysis of HCPF "Premiums, Expenditures and Caseload Reports". <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1209635766663>

Food Stamps

The recession has also created a substantial need for the nutritional assistance provided by the USDA's Supplemental Nutritional Assistance Program (SNAP). In September 2009, 363,738 Coloradans received food stamps. **This is up 4% from August 2009, tying Michigan for the largest state increase in participation that month.**⁹ Furthermore, **SNAP participation in September 2009 was up 37% from September 2008, and 47% since the recession began.**¹⁰

COLORADO SNAP PARTICIPATION (September 2009)					
This Month	363,738				
Level and Percentage					
Change:					
Current Recession	115,963	46.8%	Dec-07	to	Sep-09
Since Last Month	14,124	4.0%	Aug-09	to	Sep-09
Last Year	98,289	37%	Sep-08	to	Sep-09

Source: Author's analysis of USDA SNAP Program Data

The Path to Recovery

It seems the worst of the recession is behind Colorado. It has left high unemployment, employment losses, a job shortfall, and a huge demand for nutritional and medical assistance in its wake. Hard work and wise choices will be needed from policymakers, citizens, and workers alike on the path to a sustainable, robust recovery.

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⁹ Food Research Action Coalition Analysis of USDA SNAP program data.

http://www.frac.org/html/federal_food_programs/programs/fspparticipation.html

¹⁰ Author's analysis of USDA SNAP Program Data. <http://www.fns.usda.gov/pd/snapmain.htm>