



COLORADO FISCAL  
POLICY INSTITUTE

## Colorado Recession Watch

April 20, 2010

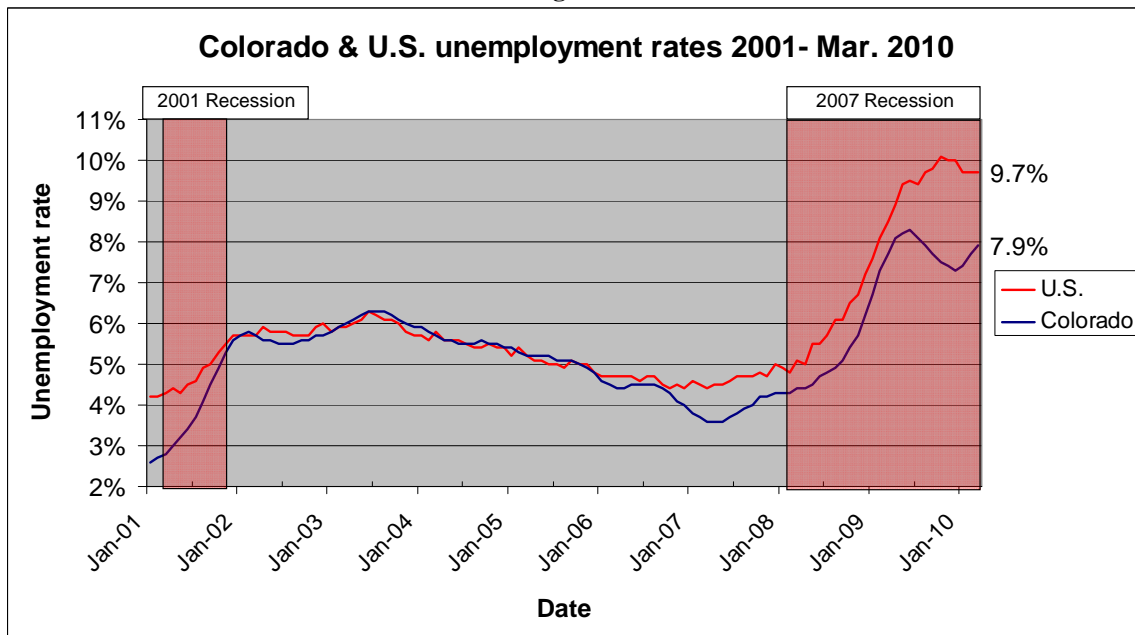
March was a mediocre month for the Colorado economy. Unemployment continued its second bump upward, overall employment and construction employment both declined slightly, and the demand for food and medical assistance continued to grow. March figures show national employment went positive for the first time since the recession began. But while the national recession might be coming close to an official end, a recovery is proving slow in the making.

### Unemployment

**In March state unemployment continued its second bump upward since the beginning of the recession, measuring 7.9 percent.** (figs. 1 and 2) Although this rate is quite high, Colorado continues to stay well below the national rate. (fig. 1) The state has the 18<sup>th</sup> best state unemployment rate in the nation, along with the 15<sup>th</sup> lowest recessionary increase in unemployment.<sup>i</sup>

While dismaying, this bump might be a sign the recession is ending. Because of the design of the survey on which unemployment figures are based, only workers actively looking for work are counted as unemployed. Thus the upward trend since December might show workers are feeling more encouraged and resuming an active search for employment. However, the true mark of economic recovery will be these workers actually finding the jobs they are looking for.

Figure 1



Source: Analysis of Bureau of Labor Statistics state employment data

Figure 2

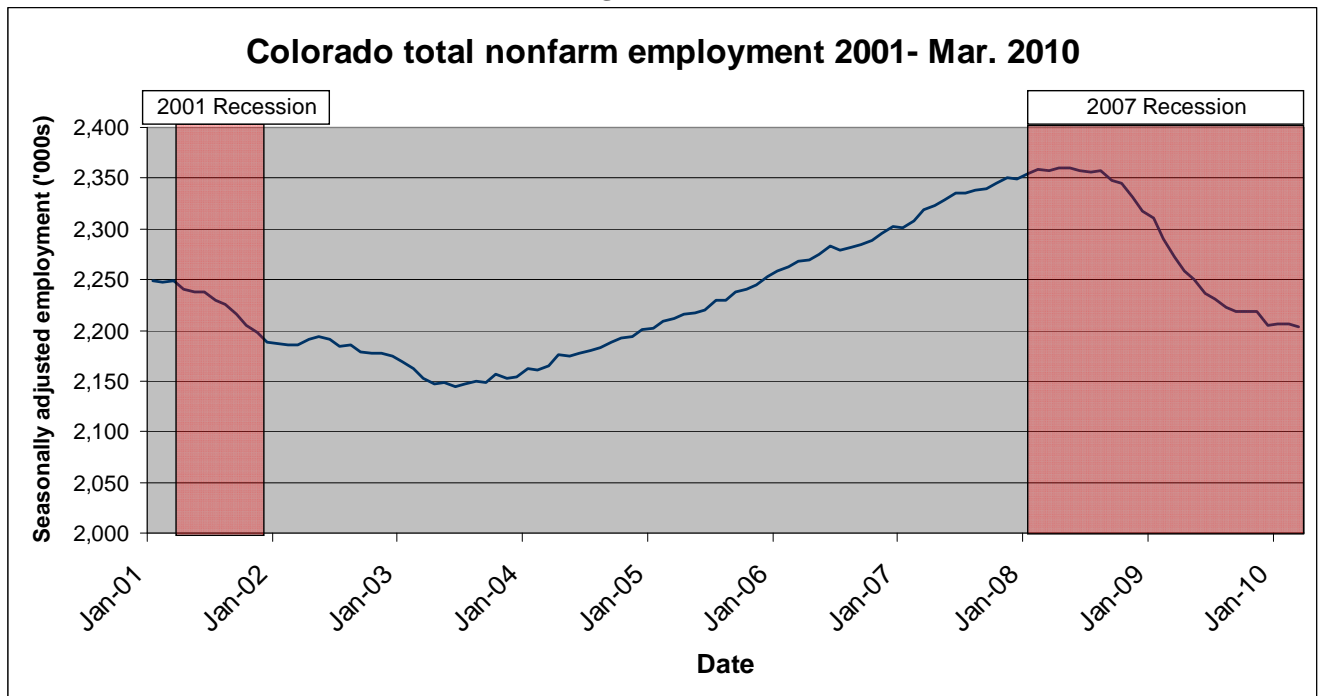
COLORADO UNEMPLOYMENT RATE (March 2010)			
<b>This month</b>	<b>7.9%</b>		
<b>Percentage point change:</b>			
Current recession	+3.6	Dec-07	to Mar-10
Since last month	+0.3	Feb-10	to Mar-10
Last three months	+0.6	Dec-09	to Mar-10
Last six months	-0.2	Sep-09	to Mar-10
Last year	+0.2	Mar-09	to Mar-10

Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

### Employment

While the U.S. economy began shedding jobs as soon as the recession began in December 2007, revised figures show the Colorado economy did not experience an overall decrease in employment until six months later, in June 2008 (fig. 3). Yet once losses began, the decline was dramatic. **From peak employment in May 2008, the Colorado economy has lost 157,900 jobs, or 6.7 percent of its labor force.** (fig. 4) While severe, these losses are on par with national trends — Colorado’s job losses as a percentage of the labor force rank 20<sup>th</sup> highest among the states.<sup>ii</sup> Recently, the economic downturn seems to have bottomed out. Job losses have slowed, and from December 2009 to March 2010 overall state employment has declined only slightly. (fig. 3)

Figure 3



Source: Analysis of Bureau of Labor Statistics Current Employment Statistics Survey data

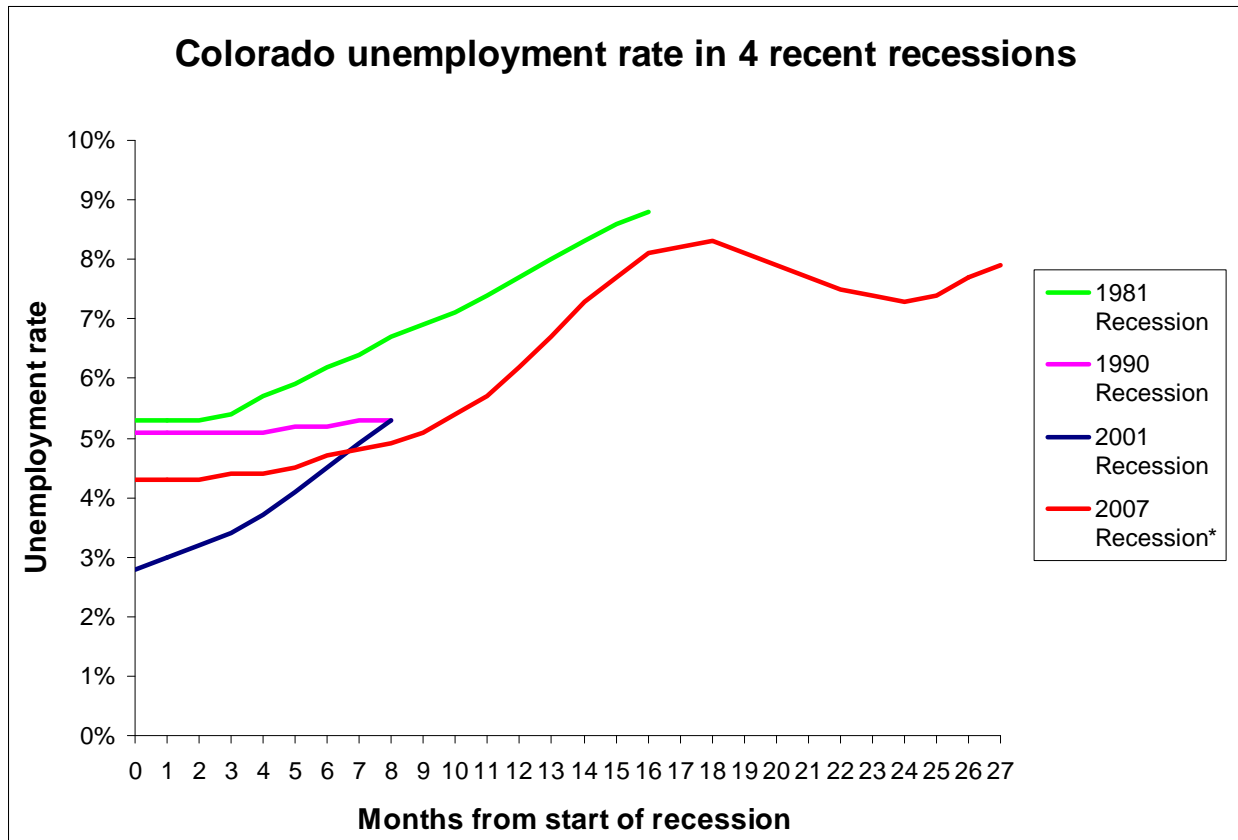
Figure 4

COLORADO TOTAL EMPLOYMENT (March 2010)				
<b>This month</b>	<b>2,202,900</b>			
<b>Change this recession</b>	<b>-146,300</b>			
<b>Level and percentage change:</b>				
Current recession	-146,300	-6.2%	Dec-07	to Mar-10
Since peak employment	-157,900	6.7%	May-08	to Mar-10
Since last month	-1,600	-0.1%	Feb-10	to Mar-10
Last six months	-15,500	-0.7%	Sep-09	to Mar-10
Last year	-69,200	-3.0%	Mar-09	to Mar-10

Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

A look at the current recession alongside the three previous recessions reveals the unusual depth and duration of the Great Recession. **No recession since the Great Depression has been as long or as severe as the current one, which has lasted 27 months as of March 2010 and saw a 4 percent increase in unemployment at its peak.**<sup>iii</sup> (fig.5)

Figure 5



Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

\*The 2007 recession has not officially ended

## Construction jobs

The construction sector has taken a huge hit during the Great Recession, **losing close to one-third of total employment since the recession began.** In March Colorado construction employment declined slightly. (fig.6)

Figure 6

COLORADO CONSTRUCTION EMPLOYMENT (March 2010)				
<b>This month</b>	<b>112,000</b>			
<b>Level and percentage change:</b>				
Current recession	-54,700	-32.8%	Dec-07	to Mar-10
Since last month	-2,600	-2.3%	Feb-10	to Mar-10
Last three months	-5,300	-4.5%	Dec-09	to Mar-10
Last six months	-11,500	-9.3%	Sep-09	to Mar-10
Last year	-28,600	-20.3%	Mar-09	to Mar-10

Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

## Job shortfall

Job shortfall is a calculation to help put longer-term changes employment into context. It measures the difference between actual employment and what employment would need to be to keep up with population growth. **In March 2010, the Colorado job shortfall stood at 238,996 jobs.** (fig.7)

Figure 7

COLORADO JOB SHORTFALL SINCE RECESSION BEGAN (Dec. 07 – Feb. 10)	
Working age population growth	3.9%
Employment this month	2,202,900
Employment level needed	2,441,896
<i>(the number of jobs total in the state if job growth kept pace with working age population growth)</i>	
<b>Job shortfall</b>	<b>238,996</b>

Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

## Medicaid and CHP+

During the recession Colorado has seen consistent and substantial caseload growth in Medicaid and the Children's Basic Health Program (CHP+), programs that 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 29 percent.** (fig. 8) During this period, the state population grew about 3.4 percent.<sup>iv</sup> Thus, since the start of the recession, **combined Medicaid and CHP+ caseload grew roughly eight times faster than the state population.** This explosive growth rate in caseload underscores the economic hardship for many Coloradans, who are forced to rely on the state for medical support in staggering numbers as the recession drags on.

Figure 8

COLORADO MEDICAID & CHP+ ENROLLMENT (February 2010)				
<b>This month</b>	<b>573,006</b>			
<b>Level and percentage change:</b>				
Current recession	127,673	28.7%	Dec-07	to Feb-10
Since last month	1,553	0.3%	Jan-10	to Feb-10
Last six months	26,992	4.9%	Aug-09	to Feb-10
Last year	68,423	13.6%	Feb-09	to Feb-10

Source: Analysis of Colorado Health Care Policy and Financing Premiums, Expenditures and Caseload reports

### Food stamps

The recession has also created a substantial need for the nutritional assistance provided by the U.S. Department of Agriculture's Supplemental Nutritional Assistance Program (SNAP). **In January 2010, 395,580 Coloradans received food stamps, up 60 percent since the recession began.** (fig. 9)

Figure 9

COLORADO SNAP PARTICIPATION (January 2009)				
<b>This month</b>	<b>395,580</b>			
<b>Level and percentage change:</b>				
Current recession	147,805	59.7%	Dec-07	to Jan-10
Since last month	4,924	1.3%	Dec-09	to Jan-10
Last year	97,952	32.9%	Jan-09	to Jan-10

Source: Analysis of U.S. Department of Agriculture SNAP program data

### Turning a corner?

With national employment growth positive for the first time since December 2007, the Great Recession may well be close to its official end. Still, the effects of the Great Recession reverberate throughout Colorado. Here the downturn has produced a quarter of increasing unemployment and no job growth. As a result Colorado continues to struggle with a growing job shortfall and a huge demand for nutritional and medical assistance.

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Unless otherwise noted all figures are from the U.S. Bureau of Economic Analysis Current Employment Survey

<sup>i</sup> Economic Policy Institute analysis of U.S. Bureau of Economic Analysis Current Employment Survey data.

<sup>ii</sup> Economic Policy Institute analysis of U.S. Bureau of Economic Analysis Current Employment Survey data.

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

<sup>iv</sup> Analysis of Colorado State Demography Office population figures.

[http://www.dola.state.co.us/dlg/demog/pop\\_totals.html](http://www.dola.state.co.us/dlg/demog/pop_totals.html)