



COLORADO FISCAL  
POLICY INSTITUTE

## Colorado Recession Watch

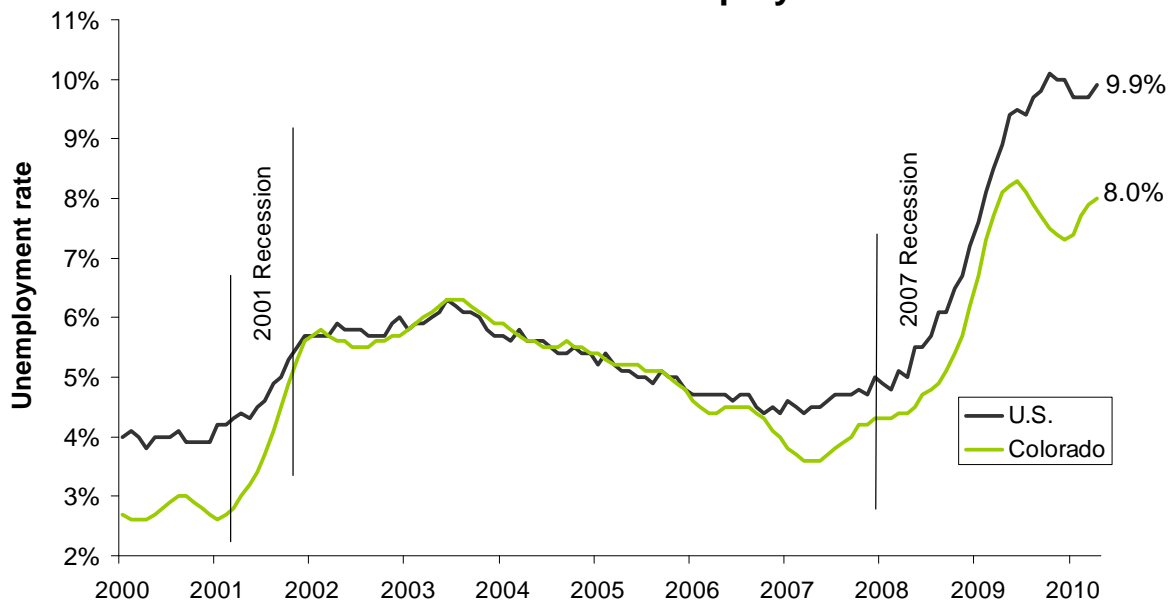
May 24, 2010

In contrast to improved consumer sentiment and employment gains at the national level, economic conditions in Colorado slipped slightly in April. Unemployment increased to 8 percent, and employment fell. Furthermore, the latest data on food and medical assistance in the state suggests the need for these services is greater than ever. As a state known for performing better than the national averages, Colorado's recent performance is disheartening.

### Unemployment

In April, unemployment in Colorado ticked upward yet again, increasing to 8 percent. This mimics the national trend, and continues the second wave of upward unemployment since the start of the recession. (Figure 1) Nationally and locally, this second wave of unemployment may signal workers are restarting their search for work. Colorado continues to experience lower unemployment than the nation as a whole during the recession. The state's unemployment rate is 18<sup>th</sup> lowest in the nation, and its recessionary increase in unemployment ranks 17<sup>th</sup> lowest.<sup>i</sup>

Figure 1  
A second wave of unemployment



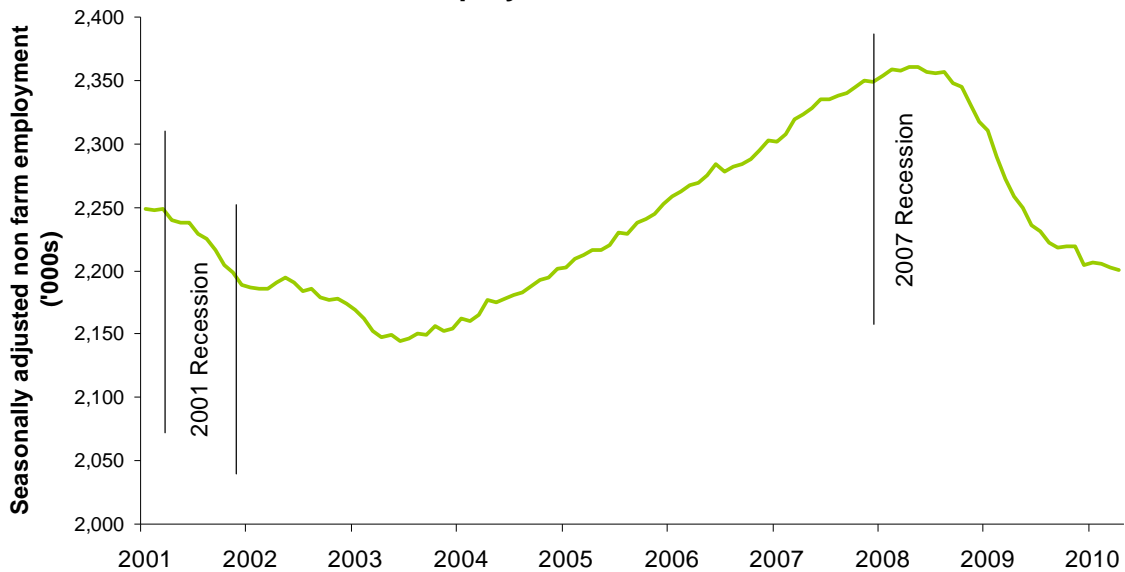
Source: Bureau of Labor Statistics data

### Employment

While the U.S. economy began shedding jobs as soon as the recession began in December 2007, the Colorado economy did not experience an overall decrease in employment until six months later in June 2008. Yet once losses began, the decline was dramatic. (Figure 2) From peak

employment in May 2008, the Colorado economy has lost 160,500 jobs, or 6.8 percent of its labor force.<sup>ii</sup> While severe, these losses are on par with national trends — Colorado’s job losses as a percentage of the labor force rank 15<sup>th</sup> worst among states.<sup>iii</sup> In April, Colorado employment declined another 2,600 jobs.

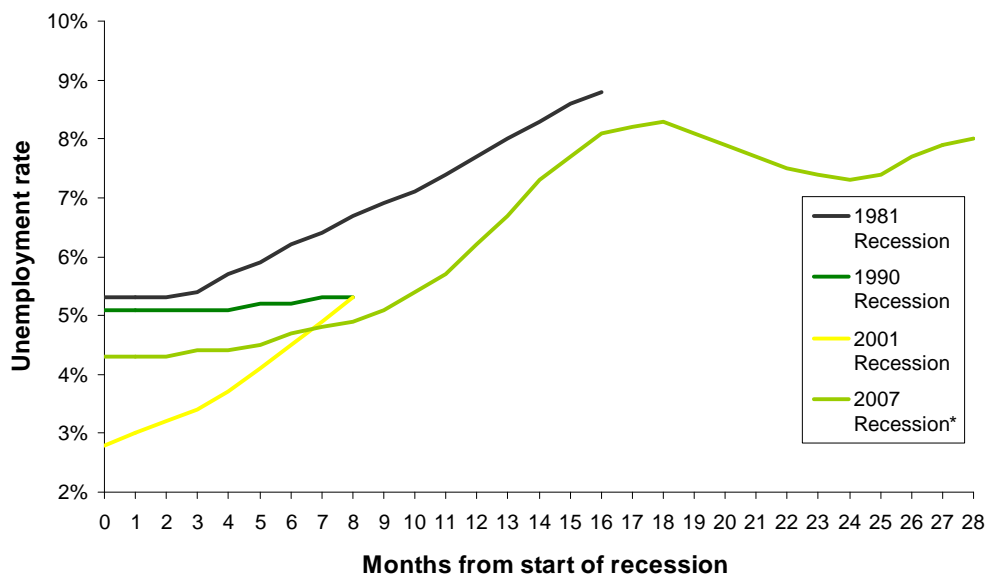
**Figure 2**  
**Colorado employment over two recessions**



Source: Bureau of Labor Statistics Current Employment Statistics Survey data

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 28 months as of April 2010 and saw a 4 percent increase in unemployment at its peak.<sup>iv</sup> (Figure 3.)

**Figure 3**  
**Colorado unemployment rate in 4 recent recessions**



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

\*The 2007 recession has not yet officially ended

### Construction jobs

The construction sector has taken a huge hit during the Great Recession, losing more than one-third of total employment since the recession began. In April, Colorado construction employment declined another 3,000 jobs. (Figure 4)

Figure 4

COLORADO CONSTRUCTION EMPLOYMENT (April 2010)				
<b>This month</b>	<b>109,600</b>			
<b>Level and percentage change:</b>				
Current recession	-57,100	-34.3%	Dec-07	to Apr-10
Since last month	-3,000	-2.7%	Mar-10	to Apr-10
Last three months	-5,700	-4.9%	Jan-10	to Apr-10
Last six months	-11,800	-9.7%	Oct-09	to Apr-10
Last year	-26,200	-19.3%	Apr-09	to Apr-10
<i>Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey</i>				

### Job shortfall

Job shortfall is a calculation to help put longer-term changes in employment into context. It measures the difference between actual employment and what employment would need to be to keep up with population growth. In April 2010, the Colorado job shortfall stood at 244,564 jobs. (Figure 5)

Figure 5

COLORADO JOB SHORTFALL SINCE RECESSION BEGAN (Dec. 07 – April 10)	
Working age population growth	4.1%
Employment this month	2,200,300
Employment level needed	2,444,864
<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>244,564</b>

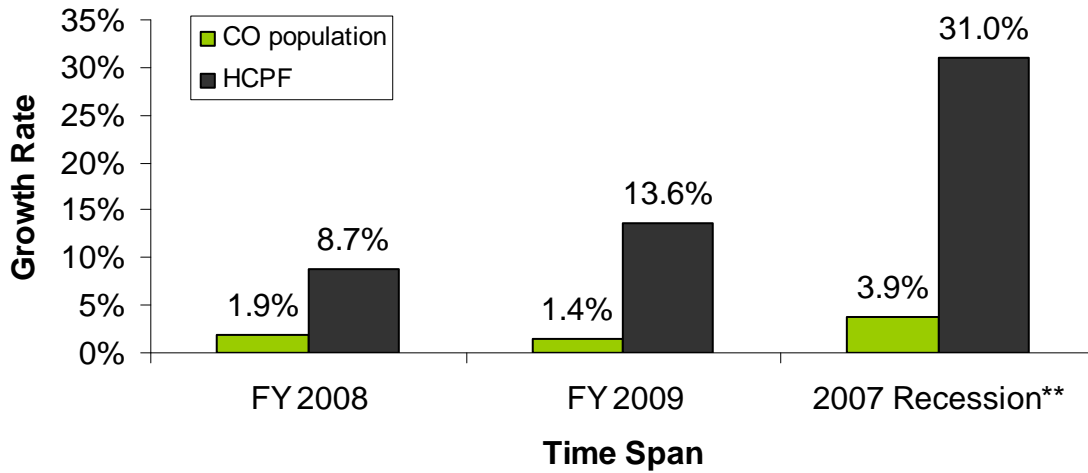
*Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey*

### 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. (Figure 6) Since the start of the recession, the total combined caseload of these two programs has increased 31 percent. (Figure 7) During this period, the state population grew approximately 3.9 percent.<sup>v</sup> Thus, since the start of the recession, combined Medicaid and CHP+ caseload grew just under 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 6**  
**Colorado HCPF caseload\* growth dramatically outpaces population growth**



*Source: Author's analysis of HCPF Premiums, Expenditures and Caseload Reports*  
 \*HCPF caseload is defined as the sum of Medicare and Children's Basic Health Plan caseloads  
 \*\*2007 Recession = December 2007 – April 2010

**Figure 7**

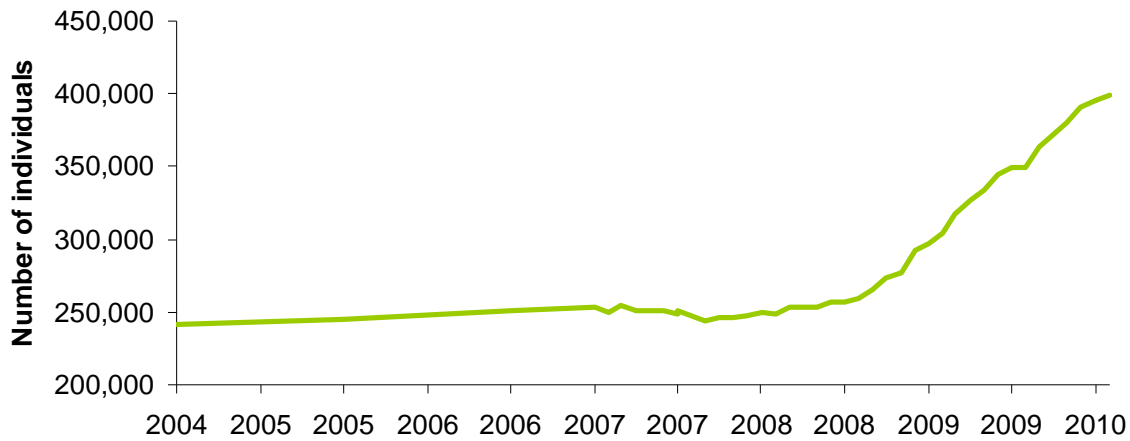
COLORADO MEDICAID & CHP+ ENROLLMENT (April 2010)				
<b>This month</b>	<b>583,578</b>			
<b>Level and percentage change:</b>				
Current recession	+138,245	+31.0%	Dec-07	to April-10
Since last month	+3,224	+0.6%	Mar-10	to April-10
Last six months	+26,533	+4.8%	Oct-09	to April-10
Last year	+61,181	+11.7%	April-09	to April-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. Departments of Agriculture's Supplemental Nutritional Assistance Program (SNAP), formerly called food stamps. (Figure 8) In February 2010, 398,862 Coloradans received food stamps, up 61 percent since the recession began. (Figure 9)

**Figure 8**  
**Colorado food stamp enrollment up dramatically during recession**



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

**Figure 9**

COLORADO FOOD STAMP PARTICIPATION (February 2010)					
<b>This month</b>	<b>398,862</b>				
<b>Level and percentage change:</b>					
Current recession	151,087	61.0%	<i>Dec-07</i>	<i>to</i>	<i>Feb-10</i>
Since last month	3,282	0.8%	<i>Jan-10</i>	<i>to</i>	<i>Feb-10</i>
Last year	94,180	30.9%	<i>Jan-09</i>	<i>to</i>	<i>Jan-10</i>

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

**A slow recovery**

With national unemployment turning positive in recent months, the Great Recession may be close to its official end. Still, the effects of the Great Recession reverberate throughout Colorado. Recently the downturn has produced a second wave of high unemployment and sliding employment. 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> Analysis of U.S. Bureau of Economic Analysis Current Employment Survey data.

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

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

<sup>v</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)