

THE STATE OF WORKING COLORADO 2003



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The mission of the Economic Policy Institute is to provide high-quality research and education in order to promote a prosperous, fair, and sustainable economy. The Institute stresses real world analysis and a concern for the living standards of working people, and it makes its findings accessible to the general public, the media, and policy makers.

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COLORADO FISCAL POLICY INSTITUTE

The Colorado Fiscal Policy Institute (COFPI) is a project of the Colorado Center on Law and Policy. We conduct research and analysis on state and local tax and budget policies, and other fiscal issues that affect all Coloradans, particularly lower-income Coloradans. COFPI produces reports to educate advocates, policymakers and the public and is supported by grants from the Open Society Institute, the Charles Stewart Mott Foundation, the Colorado Lawyer Trust Account Foundation, and many local contributors. COFPI is a member of the State Fiscal Analysis Initiative coordinated nationally by the Center on Budget and Policy Priorities in Washington D.C.

INTRODUCTION

The Colorado Fiscal Policy Institute published *The State of Working Colorado 2002: Troubling Trends*¹ in January 2003. In this update of the first report, we examine Colorado's economic conditions after the effects of the recent recession, and compare the recovery to the 1990 recession. Some of the findings in this report include the following:

- Fewer Coloradans had jobs after the recent recession, compared to the same time frame after the 1990 recession.
- Total non-farm employment dropped from 2001 to 2003 by 75,000 jobs in Colorado.
- The unemployment rate increased significantly in Colorado from 2.9 percent in 1999 to 6 percent in 2003.
- Hispanic and African American workers experienced the highest levels of unemployment in 2003.
- Over half of the unemployed in Colorado in 2002 exhausted their Unemployment Insurance benefits.
- The underemployment rate in Colorado rose significantly in 2002 and 2003, reflecting the weak economy.
- Median household income declined for the fourth year in a row, from \$43,179 in 1999 to \$49,400 in 2002 (inflation adjusted dollars).
- The number of children living below 200 percent of poverty increased to 33.9 percent in Colorado in 2003, up from 30.5 percent in 2001.

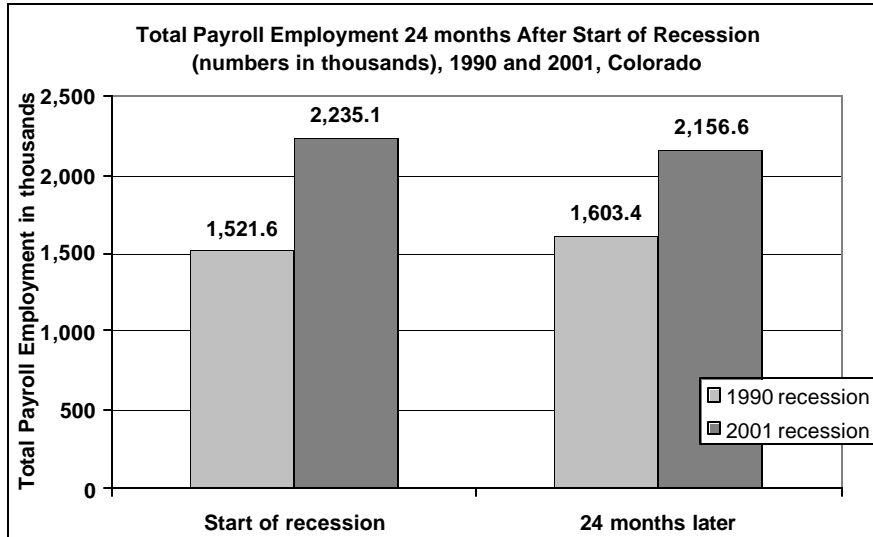
¹ Suzette Tucker-Welch, *The State of Working Colorado 2002: Troubling Trends*, The Colorado Fiscal Policy Institute, 2003.

- The number of Coloradans without health insurance coverage increased from 14.3 percent in 2000 to 17.2 percent in 2003.
- The percentage of workers in Colorado with employer sponsored health insurance decreased from 66.5 percent in 2000 to 61.2 percent in 2003, lower than it was in 1989.
- The number of children 18 and under without health insurance in Colorado rose from 13 percent in 2001 to 14.4 percent in 2002.
- The number of children at or below 200 percent of poverty in Colorado without health coverage increased from 8.6 percent in 1999-2001 to 8.8 percent in 2000-2002.

CHAPTER ONE: EMPLOYMENT

According to the National Bureau of Economic Research, the 1990 recession started in July 1990 and ended in March 1991. The 2001 recession started in March 2001 and ended in November 2001. The recovery from the 1990 recession resulted in an increase in employment of 81,800, a 5.4 percent increase in Colorado, while in the 2001 recession, 78,500 jobs were lost, a -3.5 percent decrease from when the recession began (Figure 1).

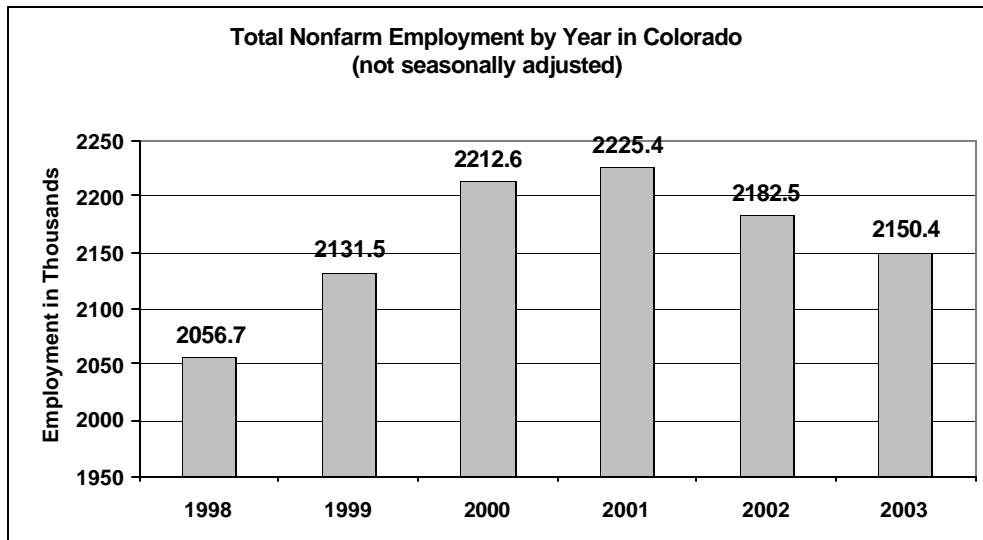
Figure 1



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

Total non-farm employment in Colorado decreased from 2001 to 2003 by 75,000 jobs (Figure 2).

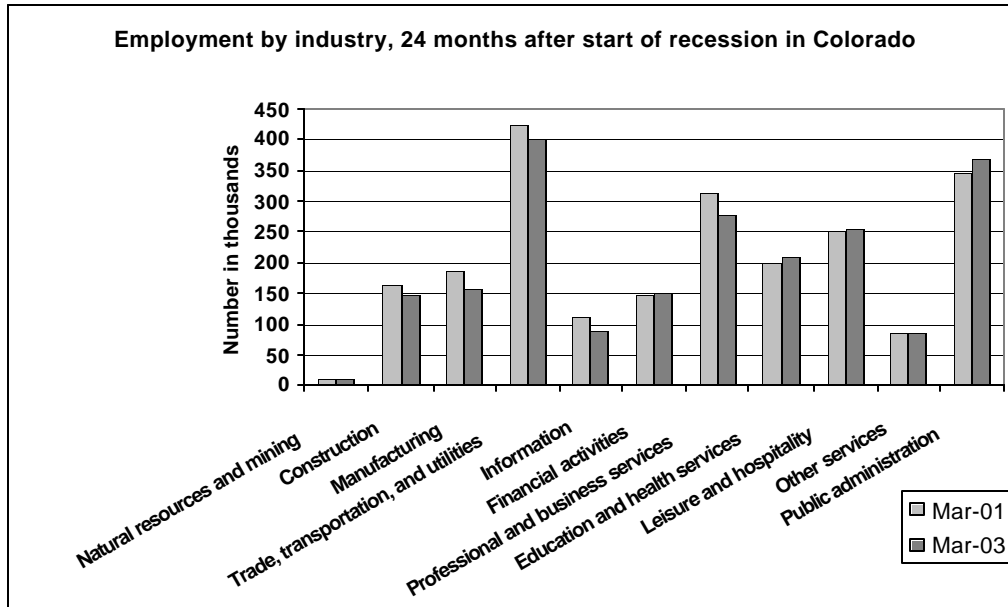
Figure 2



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

Colorado lost jobs in many industries from March 2001 until March 2003. However, Financial Activities, Education and Health Services, Leisure and Hospitality and Public Administration saw gains in employment during that time period (Figure 3).

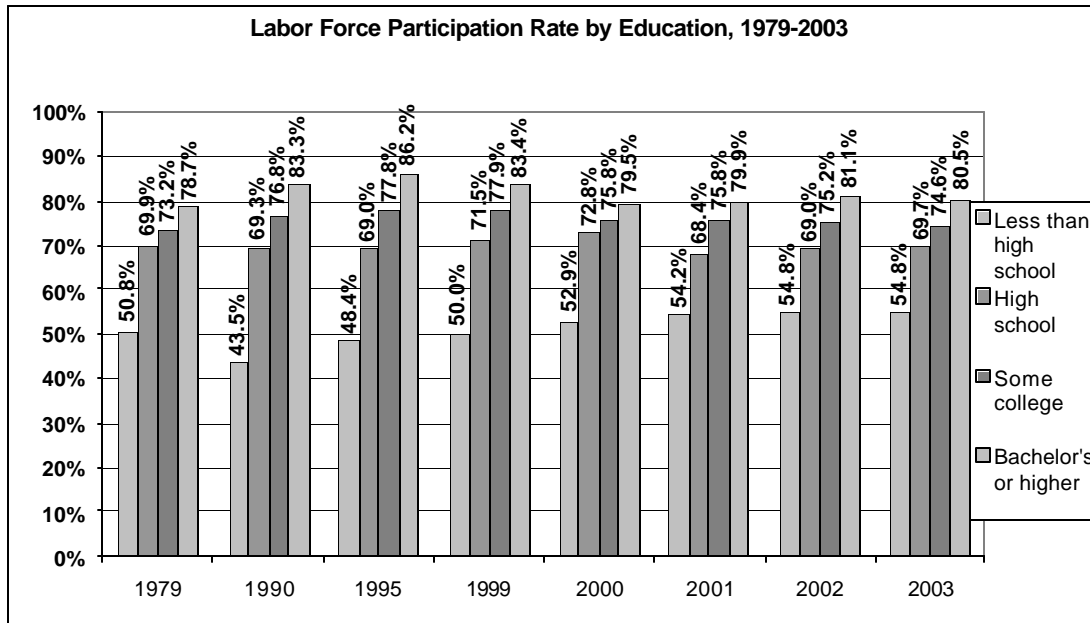
Figure 3



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

The less education a worker had in Colorado, the lower their level of labor force participation (Figure 4). From 2002 to 2003, however, even those with some college and a Bachelor's degree or higher experienced a decrease in labor force participation.

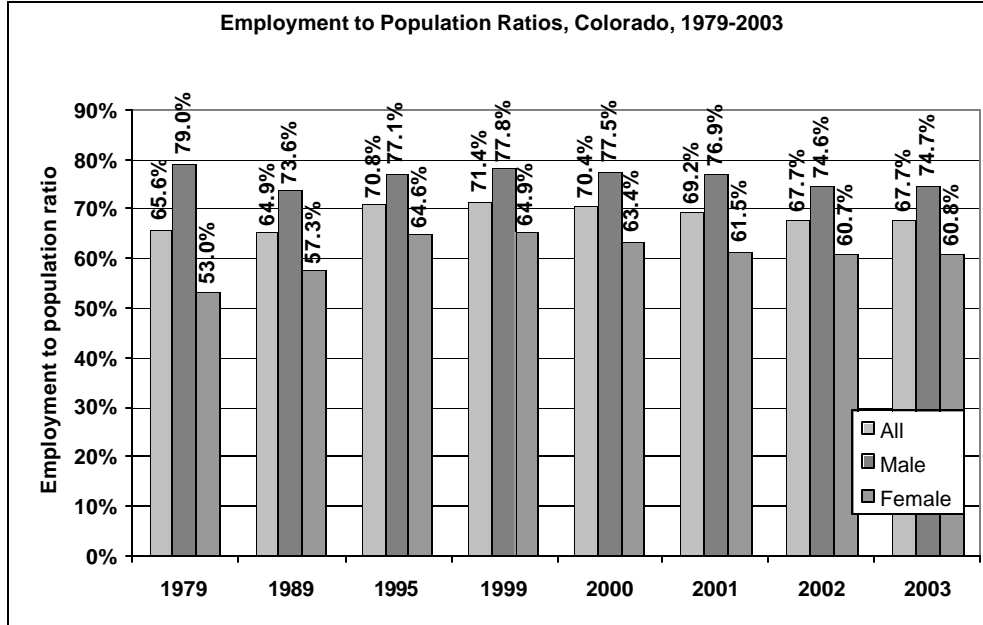
Figure 4



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

The employment to population ratio is the percentage of the civilian non-institutional population 16 years and older that is employed. There was a decrease in the number of people employed relative to the population in Colorado from 2000 to 2003, and only a 0.1 percent increase in 2003 for both males and females (Figure 5).

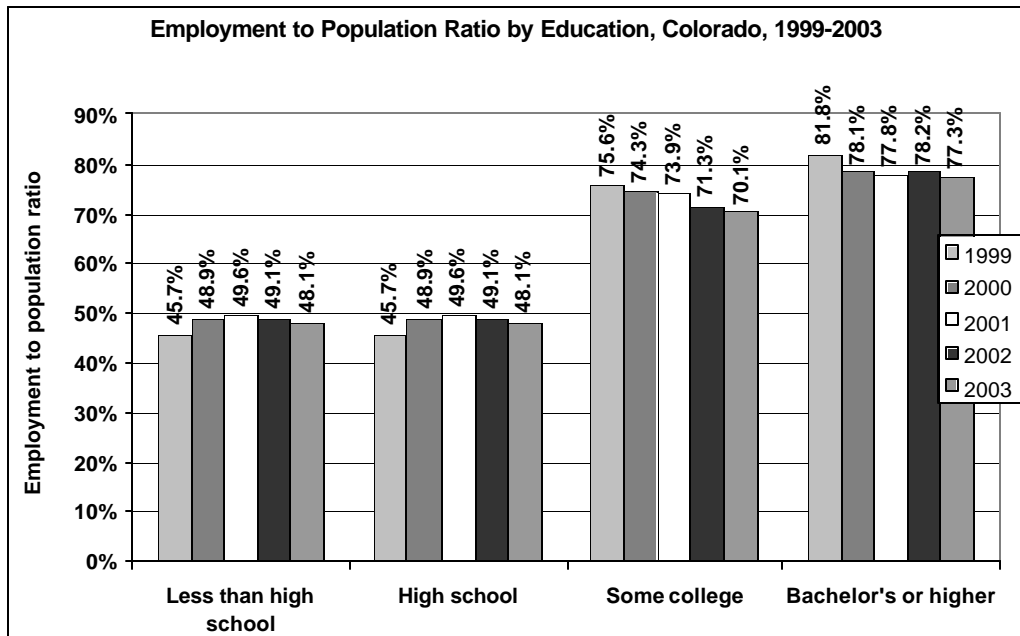
Figure 5



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

The employment to population ratios for all educational levels decreased from 2002 to 2003 (Figure 6). However, workers with less education experienced a much lower level of employment to population, regardless of the timeframe.

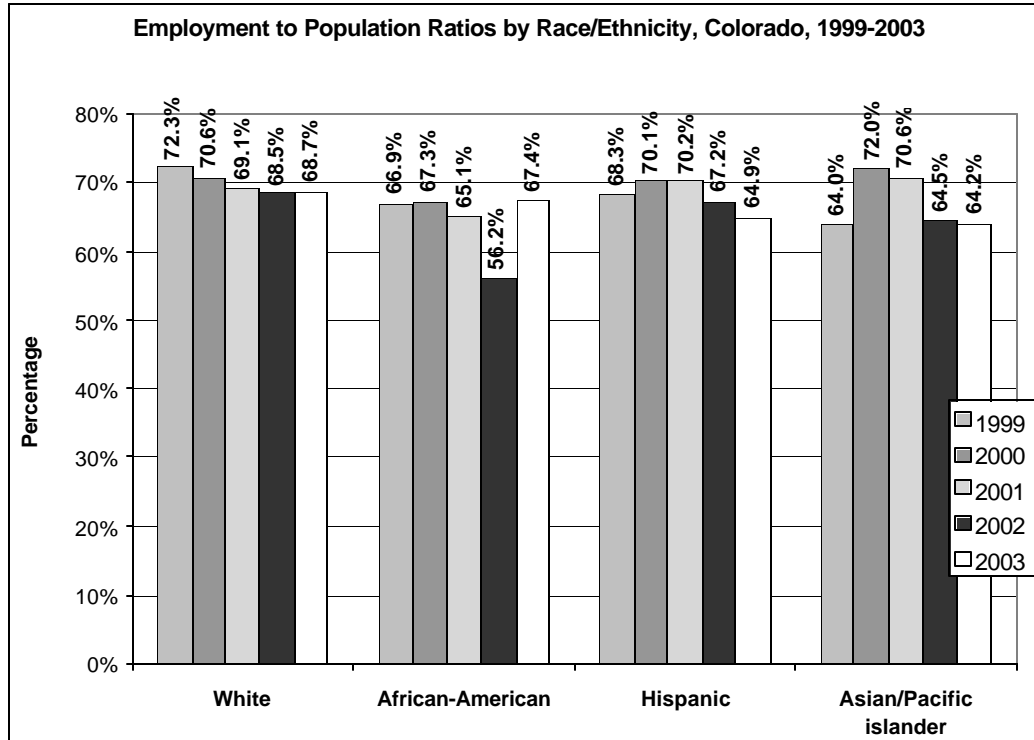
Figure 6



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

Hispanic workers in Colorado experienced a decline in the employment to population ratio from 2000 to 2003. African-American workers saw a decline from 2000 to 2002, but gained significant employment relative to population in 2003. White workers experienced a decline from 1999 to 2002, with a 0.2 percent increase in 2003, and Asian/Pacific workers had declining ratios from 2000 to 2003 (Figure 7).

Figure 7



Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey data.

The unemployment rate increased significantly in Colorado from 1999 to 2003 for males and females alike, although males experienced a greater increase in unemployment than females (Figure 9).

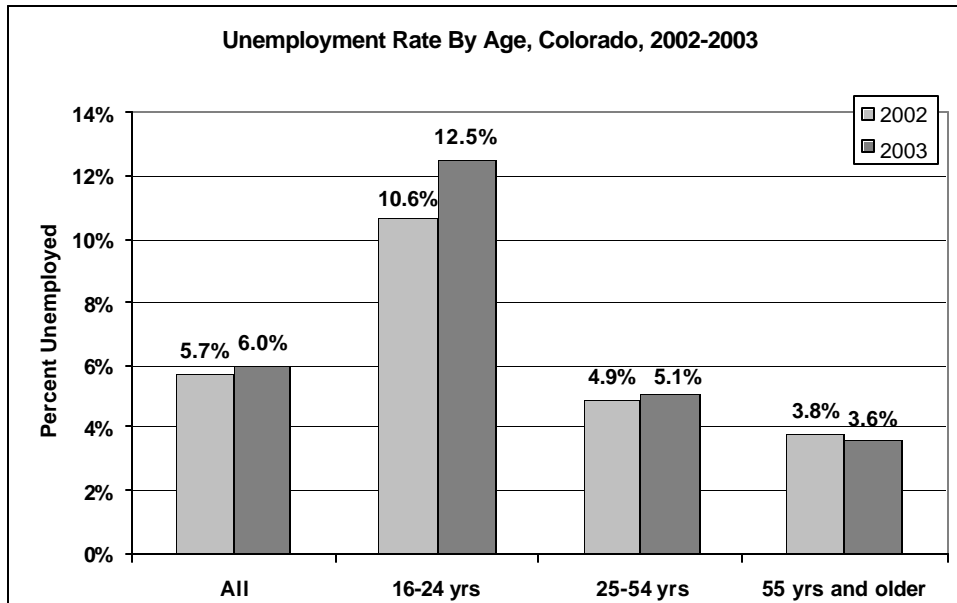
Figure 9



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

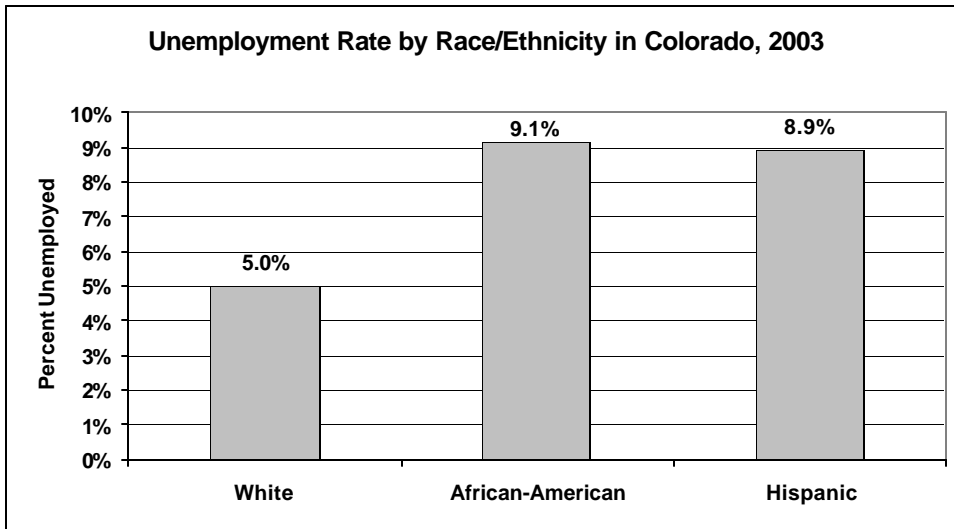
Unemployment rose in every age category except the 55 years and older group from 2002 to 2003 in Colorado (Figure 10).

Figure 10



Source: EPI's analysis of Census Bureau data

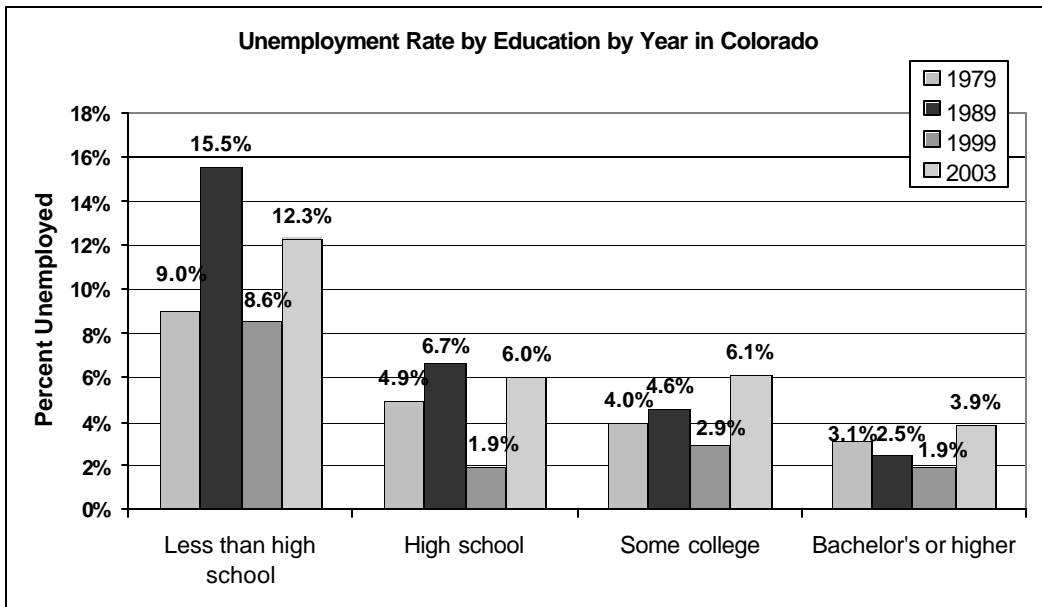
Figure 11



Source: EPI's analysis of Census Bureau data

Education is a key factor in unemployment rates. The less educational attainment a worker has, the more likely they are to be unemployed (Figure 12). Unfortunately, in 2003, the unemployment rate was higher for all education levels than it was at the end of 1999. Those with less than a high school education had an unemployment rate of 12.3 percent in 2003, higher than it had been since 1989.

Figure 12

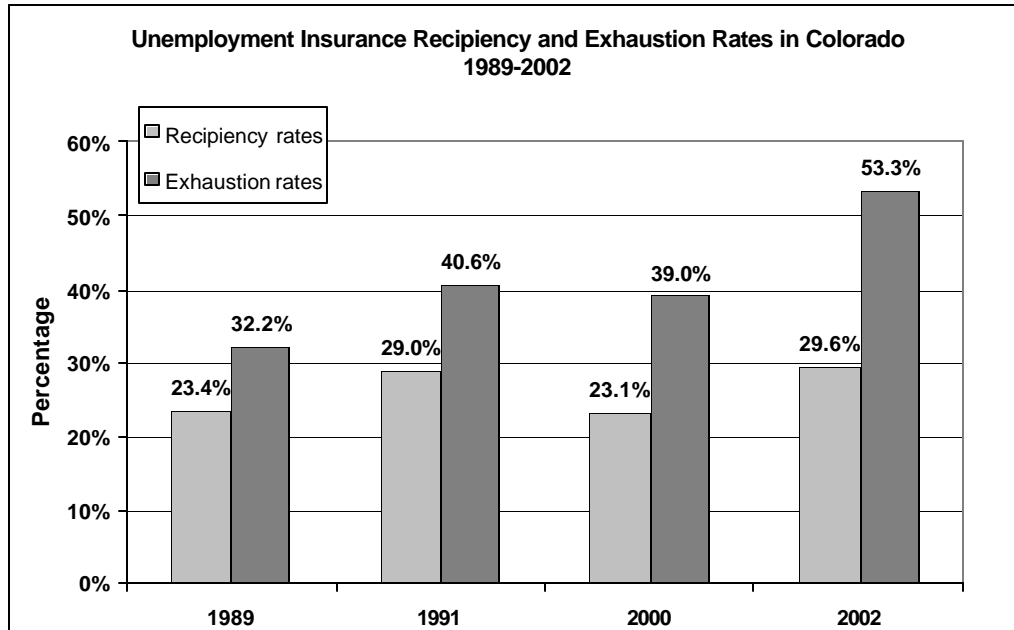


Source: EPI's analysis of U.S. Census Bureau data

Unemployment Insurance

The Unemployment Insurance (UI) Recipency Rate measures the number of unemployed workers making an unemployment insurance claim as a percent of all unemployed workers. The Exhaustion Rate is a ratio used to estimate the number of unemployed workers who are still unemployed after their benefits expire. The UI system typically offers 26 weeks or less of benefits and if the recipient makes a claim for the last week of benefits for which they are eligible, they are issued a "final payment." Figure 13 shows the rate of Unemployment Insurance Recipency and Exhaustion Rates in Colorado from 1989 to 2002. Over half of the unemployed in Colorado in 2002 had exhausted their UI benefits.

Figure 13



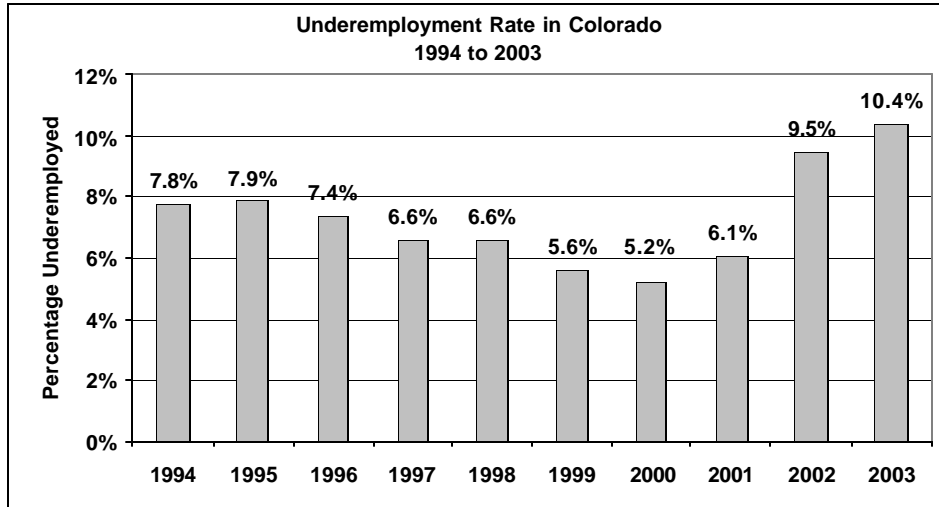
Source: EPI's analysis of Bureau of Labor Statistics data

Underemployment

In the Underemployment category, the Bureau of Labor Statistics (BLS) includes the unemployed, discouraged workers (people who looked for work at some point over the past year, but have given up due to lack of prospects), involuntary part-timers (part-time workers who would prefer full-time work), and a smaller group of people who want to work but face a barrier such as lack of transportation or child care.

The underemployment rate in Colorado rose significantly in 2002 and 2003, reflecting the weak economy (Figure 14). Over 10 percent of Coloradans were underemployed in 2003, higher than anytime in the last decade.

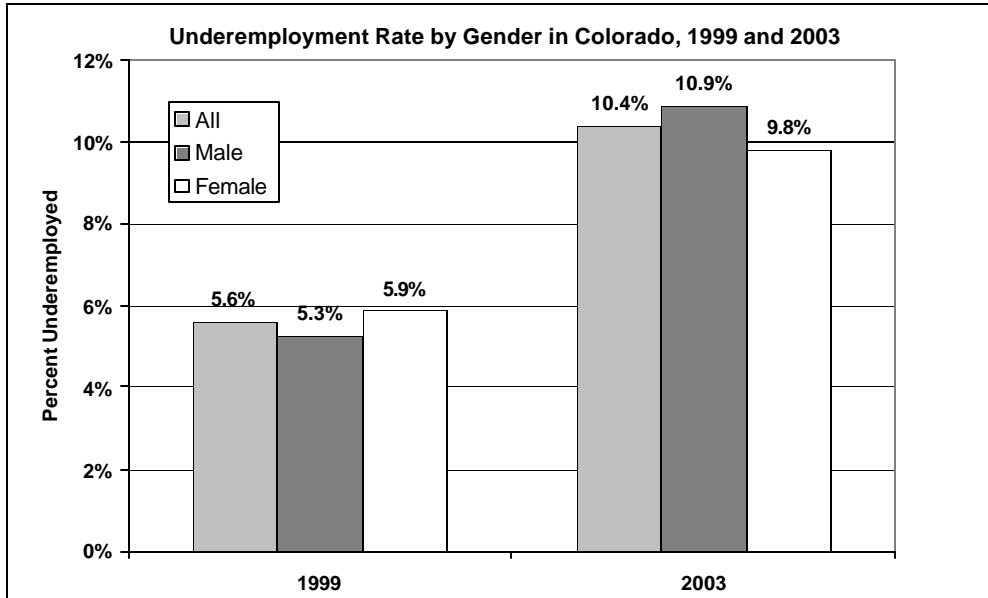
Figure 14



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

Females fared slightly better than males in terms of being underemployed in 2003 compared to 1999 (Figure 15).

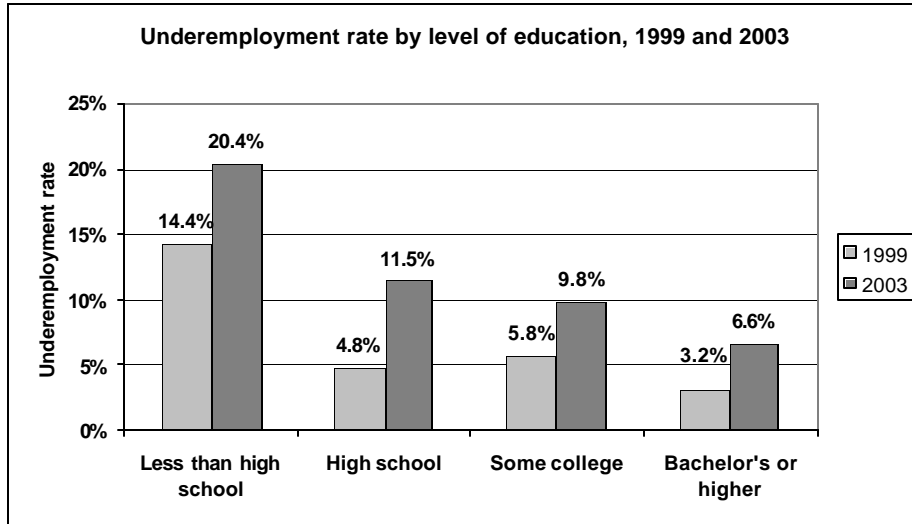
Figure 15



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

Underemployment was also higher for workers in Colorado with less education than for those with more education, in both strong (1999) and weak (2003) economic times (Figure 16). In 2003, the underemployment rates were much higher than they were in 1999.

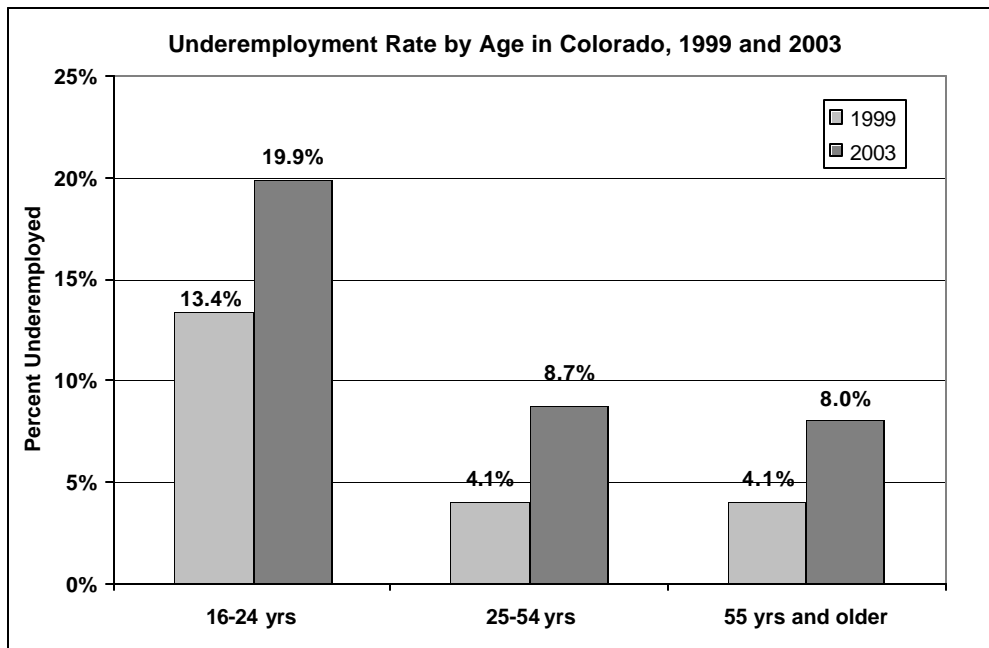
Figure 16



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

Workers 16 to 24 experienced the highest levels of underemployment in Colorado in both 1999 and 2003, although it was much higher in 2003 than it was in 1999 in all age categories (Figure 17).

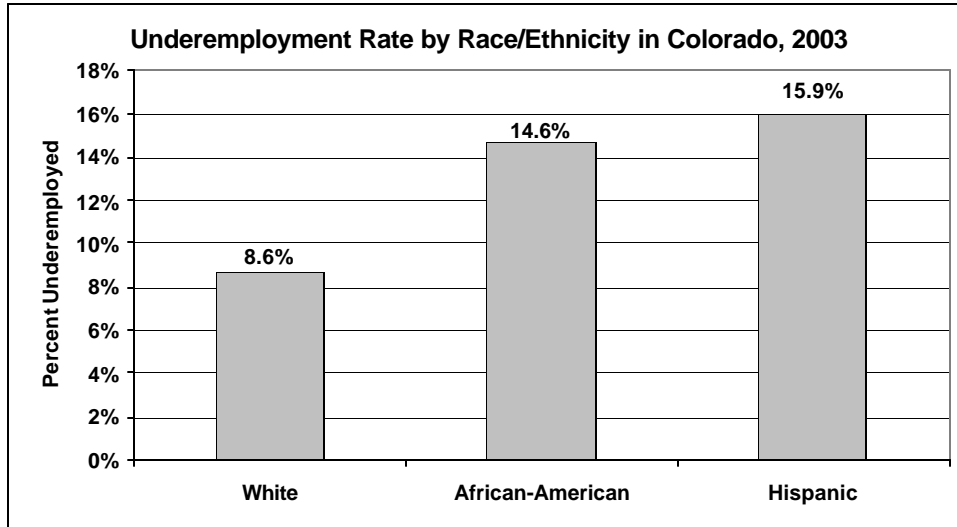
Figure 17



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

Underemployment was also greater for Hispanics and African-Americans than for Whites in 2003 (Figure 18).

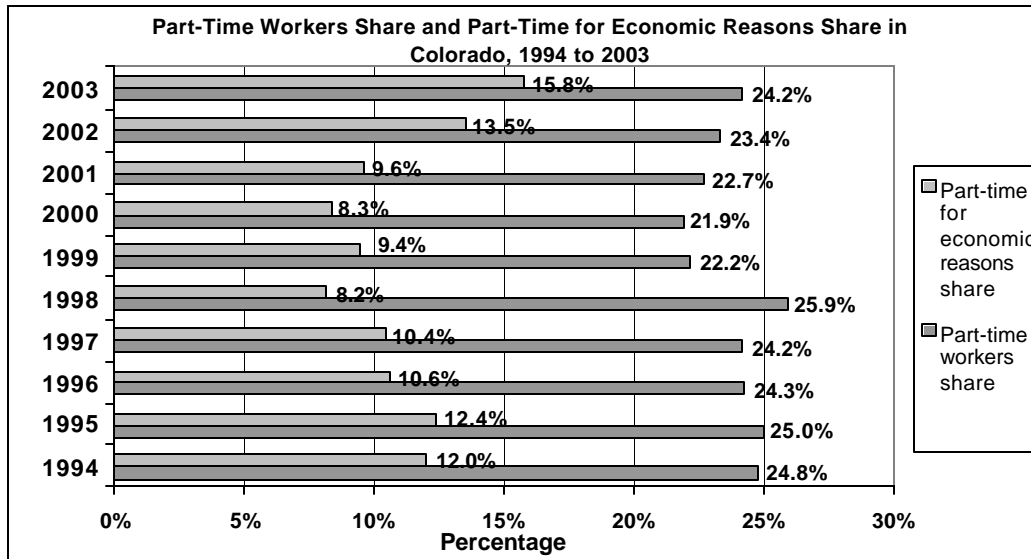
Figure 18



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

The number of workers who worked part-time for economic reasons increased each year from 2000, and was at a higher level in 2003 (15.8 percent) than at any time in the past decade (Figure 19).

Figure 19



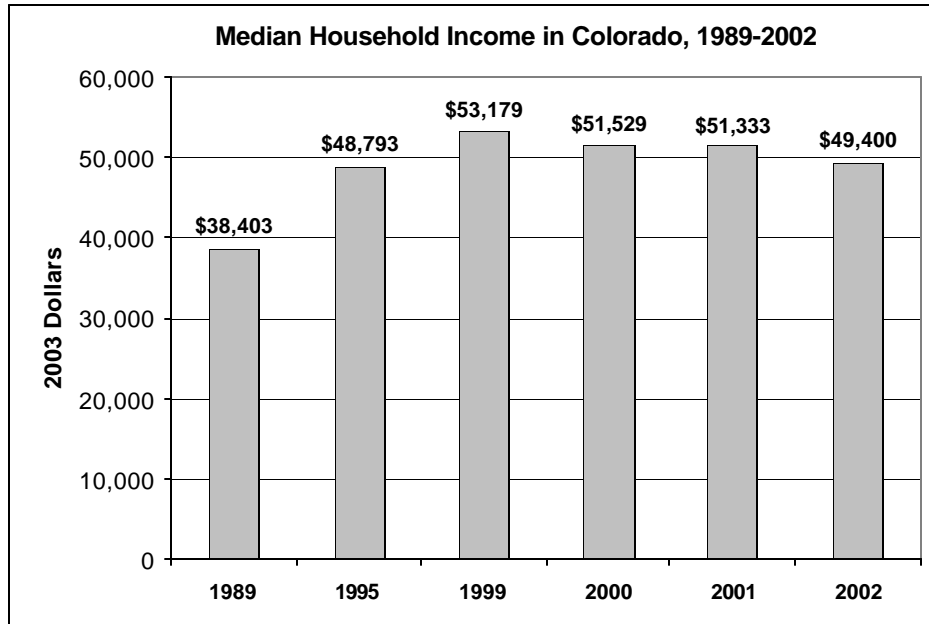
Source: EPI's analysis of U.S. Census Bureau data

CHAPTER THREE: INCOME AND WAGES

Household Income

Median household income is the income level which divides the income distribution into two equal groups, half having incomes above the median, half having income below the median for all households. A household consists of all people who occupy a single housing unit. In 1999, the median household income in Colorado was \$53,179 in 2003 dollars. In 2002, it was \$49,400 in inflation-adjusted dollars. In other words, Coloradans experienced decreasing household income from 1999 to 2002 (Figure 20).

Figure 20



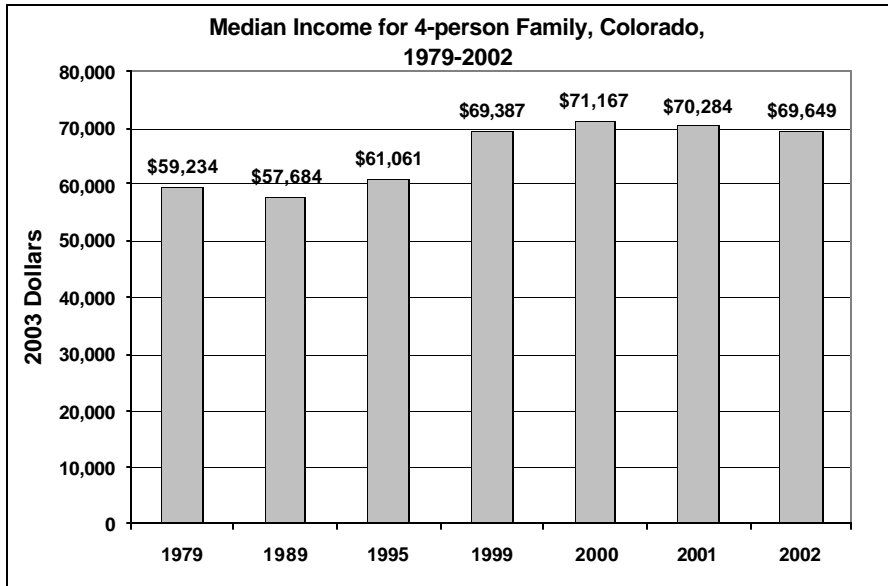
Source: EPI's analysis of U.S. Census Bureau data

Family Income

Family income is the most important determinant of a family's standard of living.² Median four-person family income is the income level which divides the income distribution into two equal groups, half having incomes above the median and half having incomes below the median. A four-person family income is comprised of four people living together (one of whom is the householder) who are related by birth, marriage or adoption. Coloradans had less family income in 2002 than in 2001 or 2000 in inflation-adjusted dollars, an indication that families had less to spend in 2002 than in 2000 or 2001 (Figure 21).

² Mishel, L., Bernstein, J. Boushey, H. *The State of Working America 2002-03*. New York: ILR Press, 2003.

Figure 21

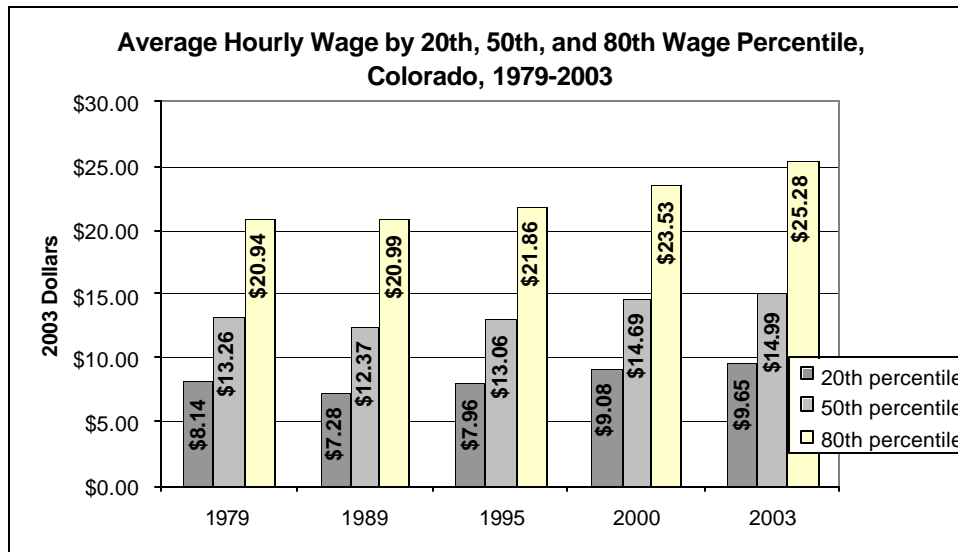


Source: EPI's analysis of U.S. Census Bureau data

Wages

Wages and salaries account for most of a family's total income, especially among the middle class.³ Between 1979 and 2003, in inflation-adjusted dollars, low-wage workers (20th percentile) in Colorado gained \$1.51, middle-wage workers (50th percentile) gained \$1.73, and high-wage workers (80th percentile) gained \$4.34 (Figure 22).

Figure 22

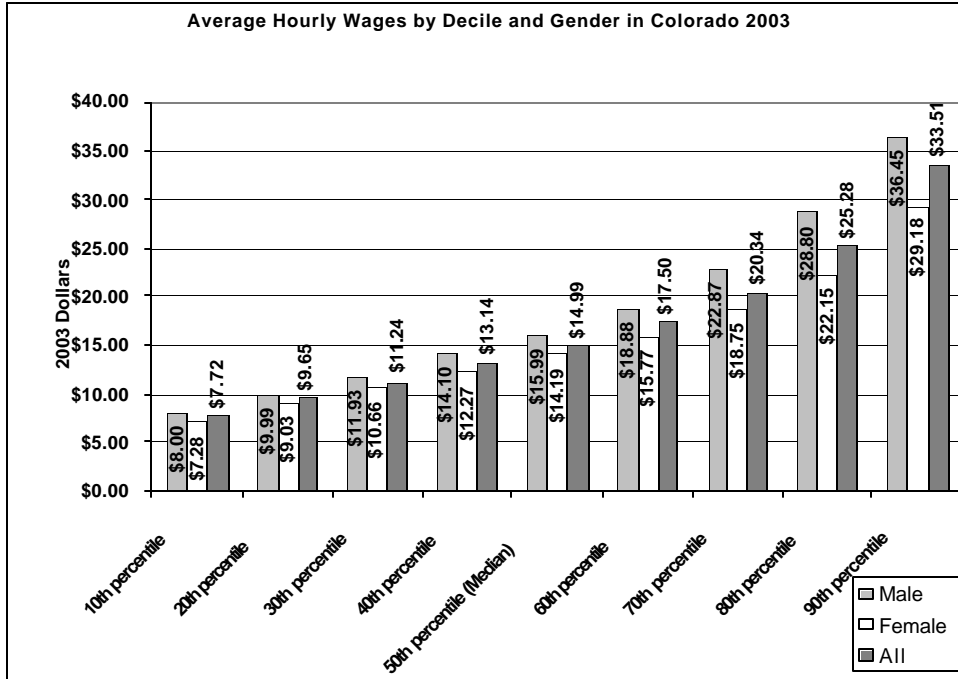


Source: EPI's analysis of U.S. Census Bureau data

³ Mishel, L., Bernstein, J., and Schmitt, J. *The State of Working America, 2000-01*, Economic Policy Institute, Cornell University Press, 2001.

Males continue to be paid more than females in every income decile (Figure 23). Wage inequality between genders is relatively low at the lower end of the wage distribution, but the gap between men and women's wages increases at the upper end of the wage distribution. Overall, workers in the 90th wage percentile earned 4.3 times more than those workers in the 10th wage percentile in Colorado in 2003.

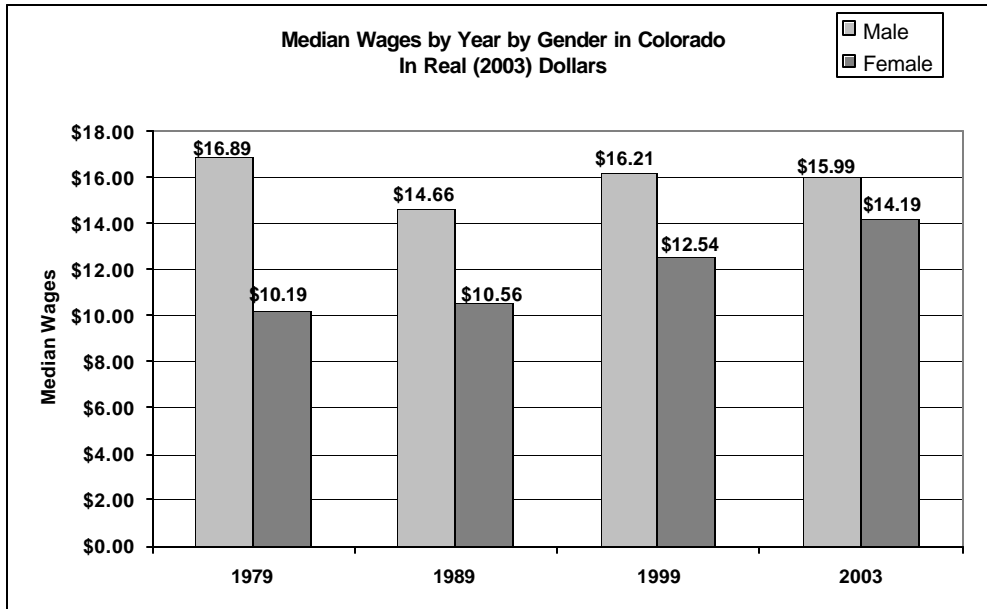
Figure 23



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

While real median hourly wages have increased over time for women and decreased over time for men, women still earn less than men in Colorado. Women earned 89 cents for every dollar earned by a male in Colorado in 2003 (Figure 24).

Figure 24

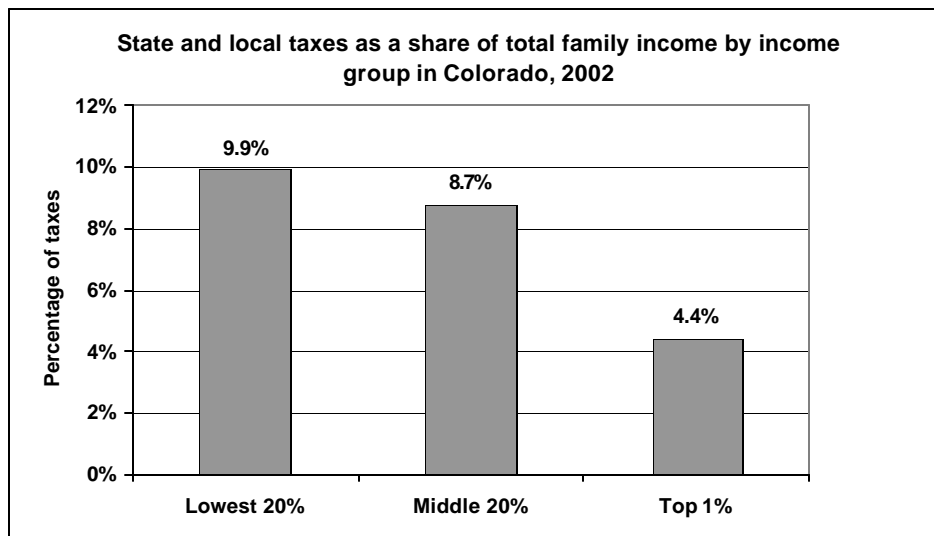


Source: EPI's analysis of U.S. Census Bureau data

Tax Burdens and Income Categories

In 2002, workers in Colorado earning wages in the bottom quintile of the income distribution paid almost 10 percent of their income in state and local taxes, workers in the middle income quintile paid 8.7 percent of their income in state and local taxes, and workers in the top income quintile paid 4.4 percent of their income in state and local taxes. In other words, the less workers earned, the more in taxes they typically paid as a share of their total income (Figure 25).

Figure 25

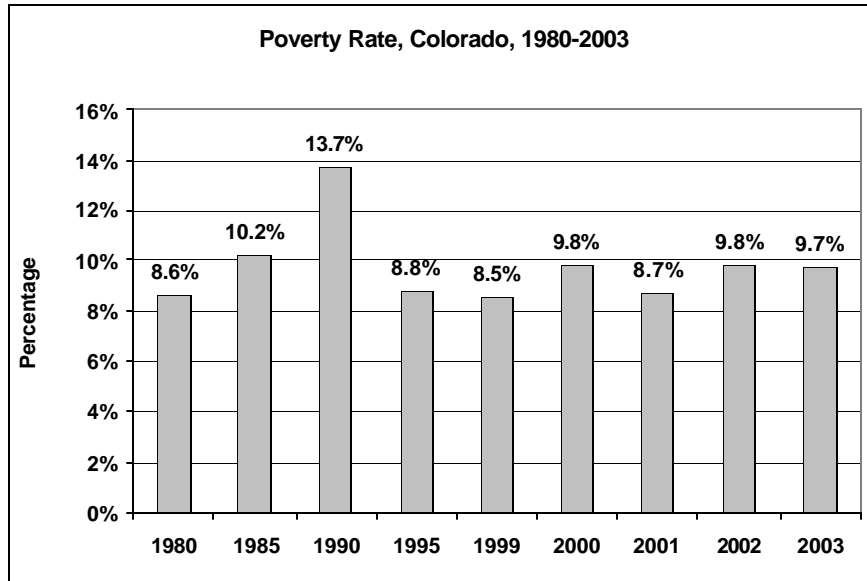


Source: EPI's analysis of U.S. Census Bureau data

CHAPTER FOUR: POVERTY

The U. S. Census Bureau uses a set of money income thresholds that vary by family size to determine who is below the poverty line. If a family's total income is less than that family's threshold, then that family, and every individual in it is determined to be below the poverty threshold. In 2003 the 4-person family threshold for poverty was \$18,810 annually. In 2003, 9.7 percent of Colorado's citizens had incomes below the poverty threshold, down slightly from 2002 by 0.1 percent (Figure 26).

Figure 26

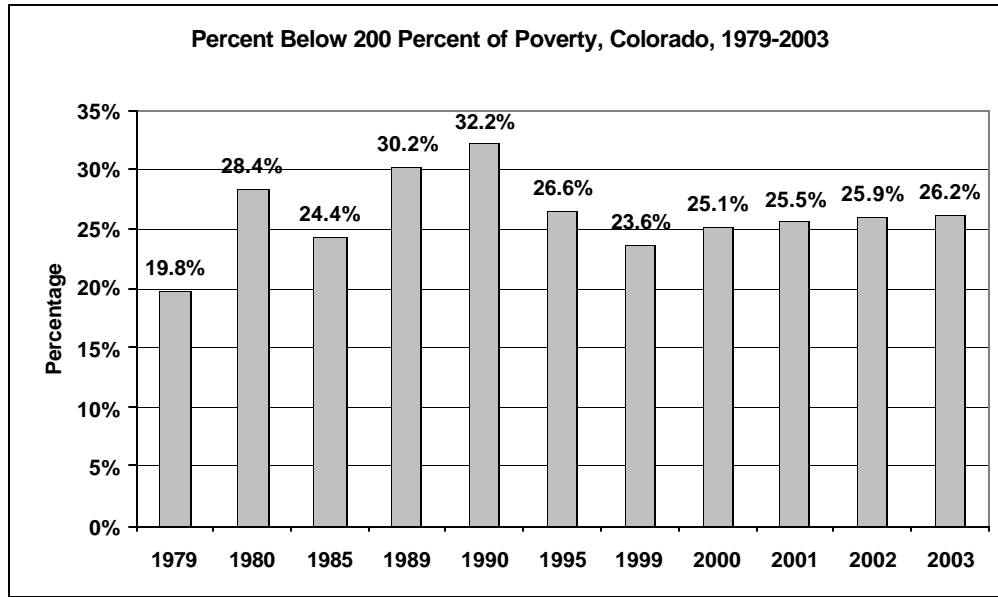


Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement

The number of Coloradans who lived below 200 percent of poverty has been increasing since 2000, to 26.2 percent in 2003 (Figure 27). The poverty threshold for one person in 2003 was \$9,393, and for a household of 4 it was \$18,810. A single person would earn less than \$18,786, and a household of 4 would earn less than \$37,620 at 200 percent of poverty. In comparison, the Self-Sufficiency Standard for Colorado⁴ calculates that in 2003 a family of two adults and an infant and a preschooler in Denver County needed to earn \$51,344 annually in order to meet their basic needs. A single person needed to earn \$18,732, about 200 percent of poverty. In other words, many Coloradans were barely earning enough to meet their basic needs in 2003.

⁴ Pearce, Diana, and Brooks, J., The Self-Sufficiency Standard for Colorado 2004: A Family Needs Budget, prepared for the Colorado Fiscal Policy Institute, April 2004.

Figure 27

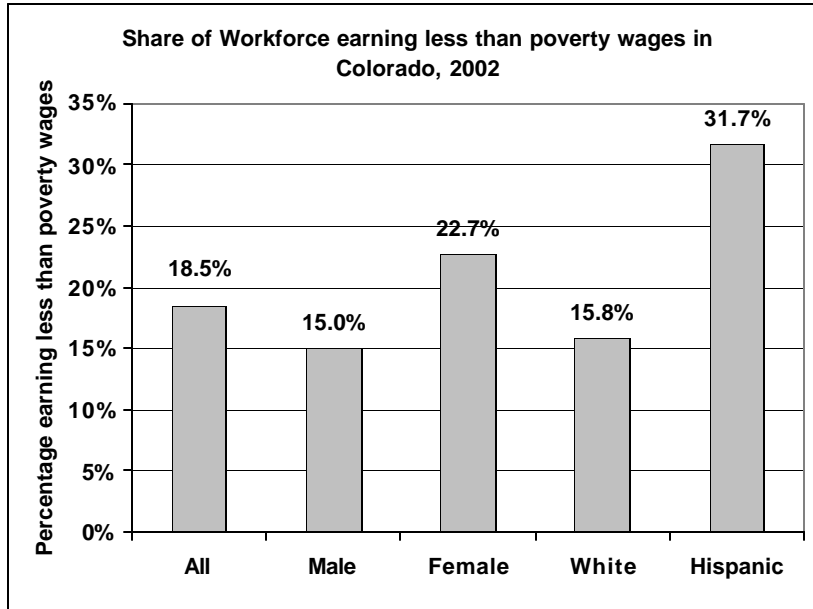


Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement

The "poverty wage" is defined as the hourly wage that a full-time, year-round worker must earn to sustain a family of four at the poverty threshold. The poverty threshold used here is the Census Bureau's preliminary estimate of the weighted average 4-person family threshold for 2002 (\$18,390--see <http://www.census.gov/hhes/poverty/threshld/02prelim.html>). This number is divided by 40 hours per week and 52 weeks per year to equal an hourly wage of \$8.84 in 2002 dollars. Twice the poverty wage is \$17.68. Note: "poverty wage" is not a proxy for poverty; from 2000 to 2001, for example, the poverty wage statistics improved because of wage growth, but poverty still rose.

The percentage of those in the workforce in Colorado earning less than poverty wages was considerably higher in 2002 than the percent of those below the poverty threshold, depending upon a number of factors, including gender and race. Overall, 18.5 percent of Colorado's workforce earned less than poverty wages in 2002; however, 22.7 percent of females earned less than poverty wages, and 31.7 percent of Hispanics earned less than poverty wages (Figure 28).

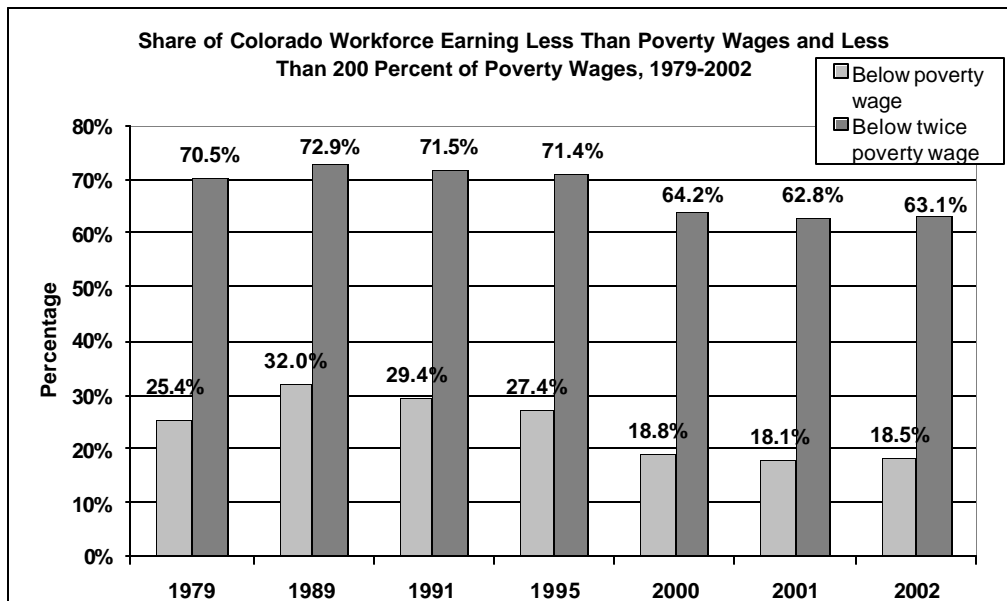
Figure 28



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

While the percentage of Colorado's workforce earning less than poverty wages and less than double poverty wages has been decreasing in general, in 2002, there was a slight increase in the percentage of workers earning 100 percent and 200 percent of poverty (Figure 29).

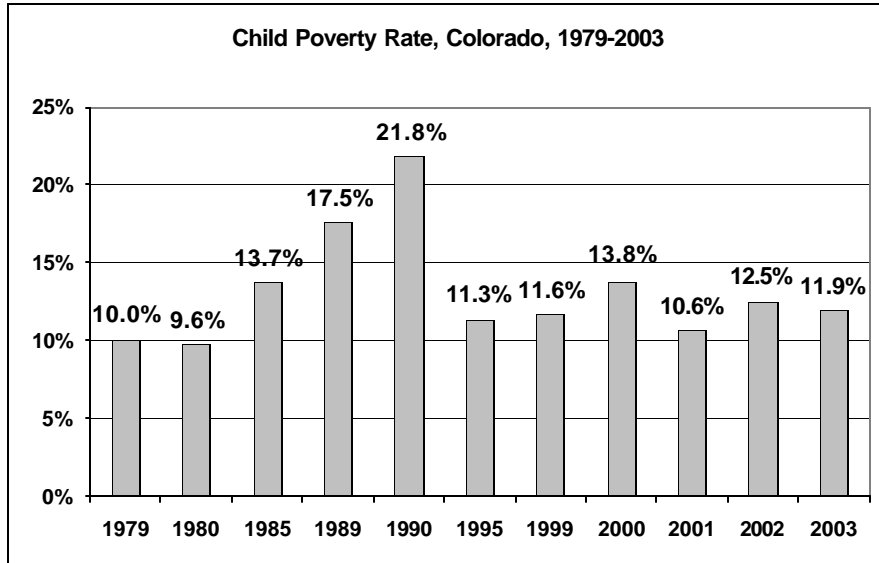
Figure 29



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

The number of children living below the poverty rate decreased slightly in Colorado in 2003, from 12.5 percent in 2002 to 11.9 percent in 2003 (Figure 30). While the decrease was a positive sign concerning children living in poverty in Colorado, the rate was higher than it was in 2001, indicating that many families and their children continued to struggle economically in 2003, long after the end of the recession.

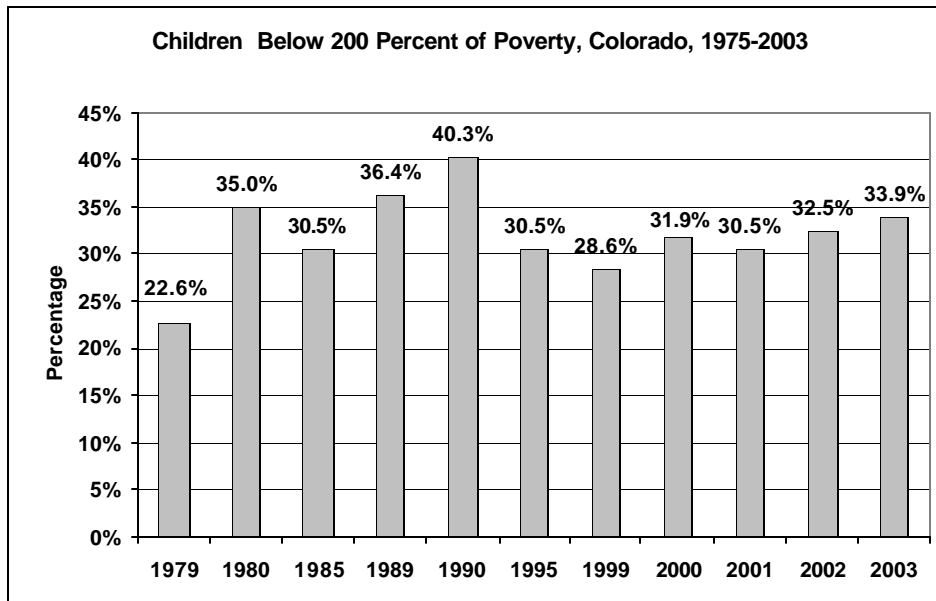
Figure 30



Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement

In 2003, 33.9 percent of Colorado's children lived at or below 200 percent of poverty (Figure 31). This was an increase of 3.4 percent from 2001, and a 5.3 percent increase from 1999. This is another indication that working families were struggling economically in Colorado in 2003, most likely earning less than they needed to meet their basic needs.

Figure 31

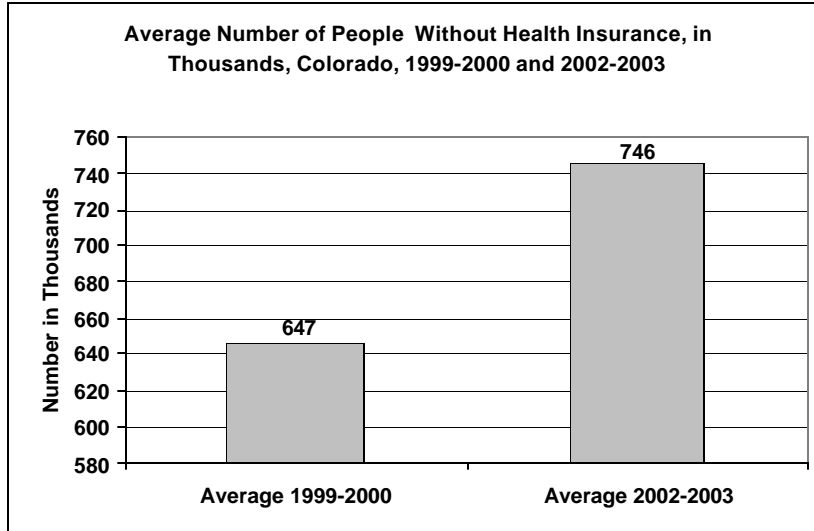


Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement

CHAPTER FIVE: HEALTH CARE

The average number of people without health insurance in Colorado increased from 647,000 in the 1999-2000 timeframe to 746,000 in the 2002-2003 timeframe (Figure 32). This was a statistically significant change, from 14.9 percent in 1999-2000 to 16.7 percent in 2002-2003.

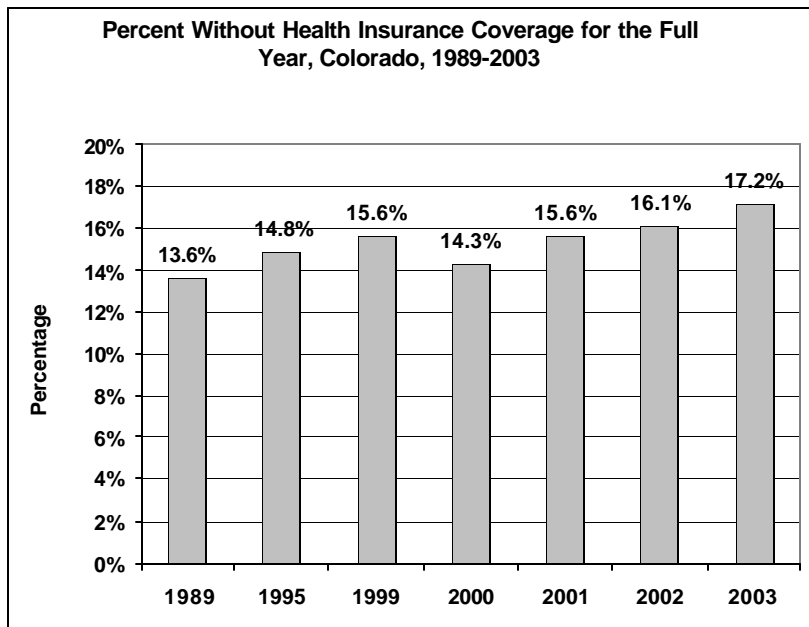
Figure 32



Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2000, 2001, 2003, and 2004 Annual Social and Economic Supplements.

In 2003, 17.2 percent of all Coloradans were without health care coverage in Colorado, an increase from 14.3 percent in 2000 (Figure 33). This is likely due to the combination of increasing health care costs and decreasing jobs and incomes.

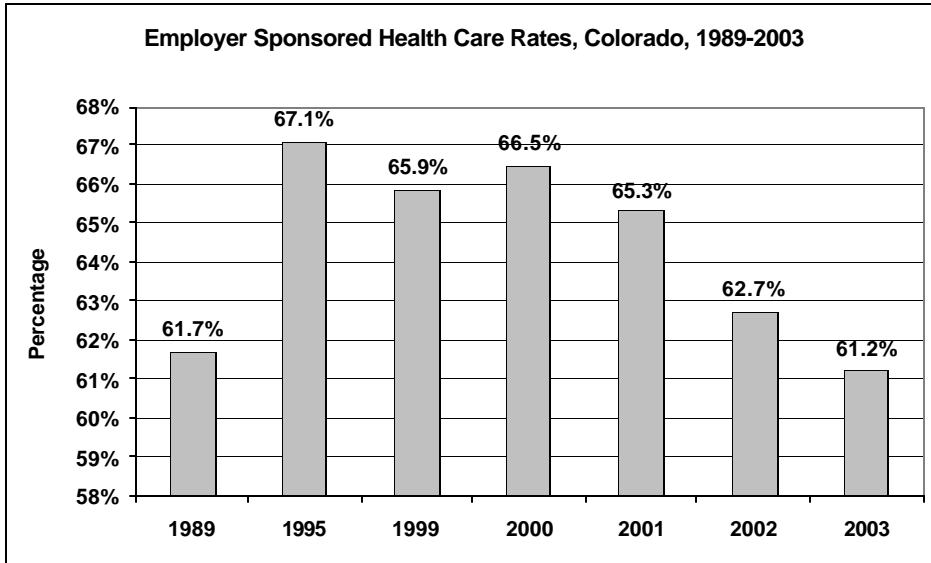
Figure 33



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

Additionally, the percentage of workers in Colorado with employer sponsored health insurance decreased from 66.5 percent in 2000 to 61.2 percent in 2003 (Figure 34).

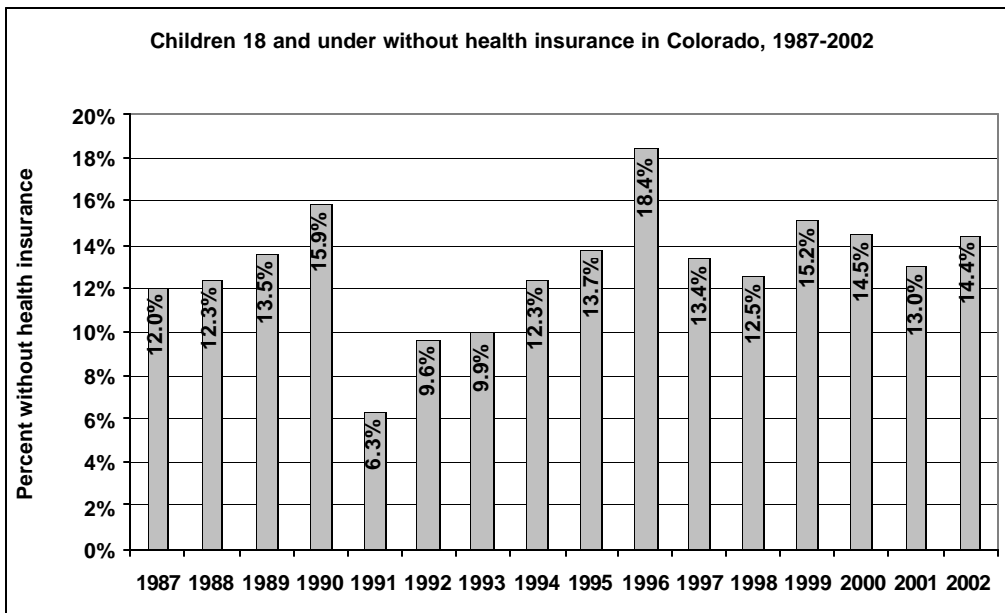
Figure 34



Source: EPI's analysis of U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement

The number of children 18 and under without health insurance in Colorado rose from 13 percent in 2001 to 14.4 percent in 2002 (Figure 35).

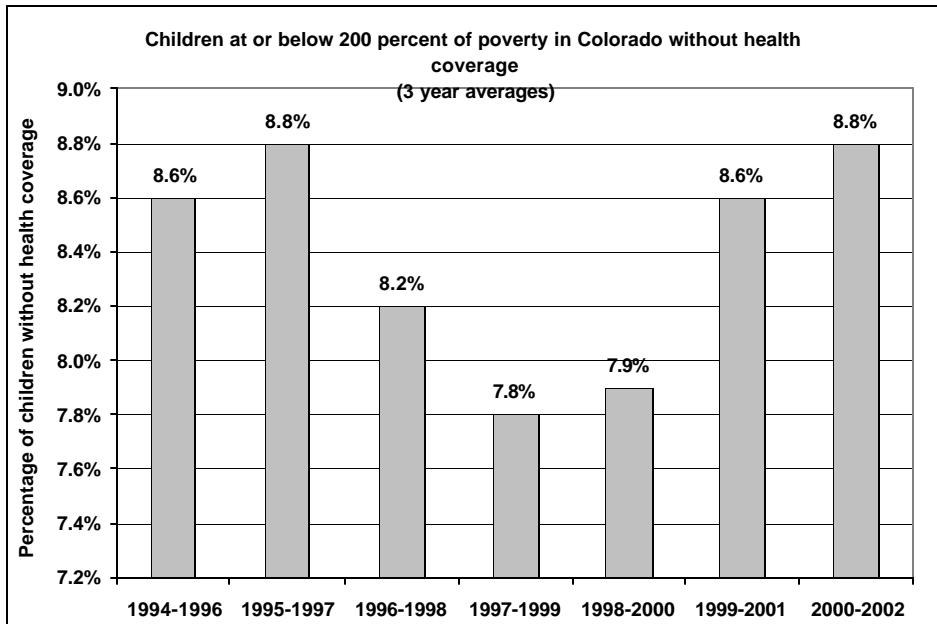
Figure 35



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

The number of children in Colorado living below 200 percent of poverty without health coverage increased to 8.8 percent in 2000-2002, up from 8.6 percent in 1999-2001 (Figure 36).

Figure 36

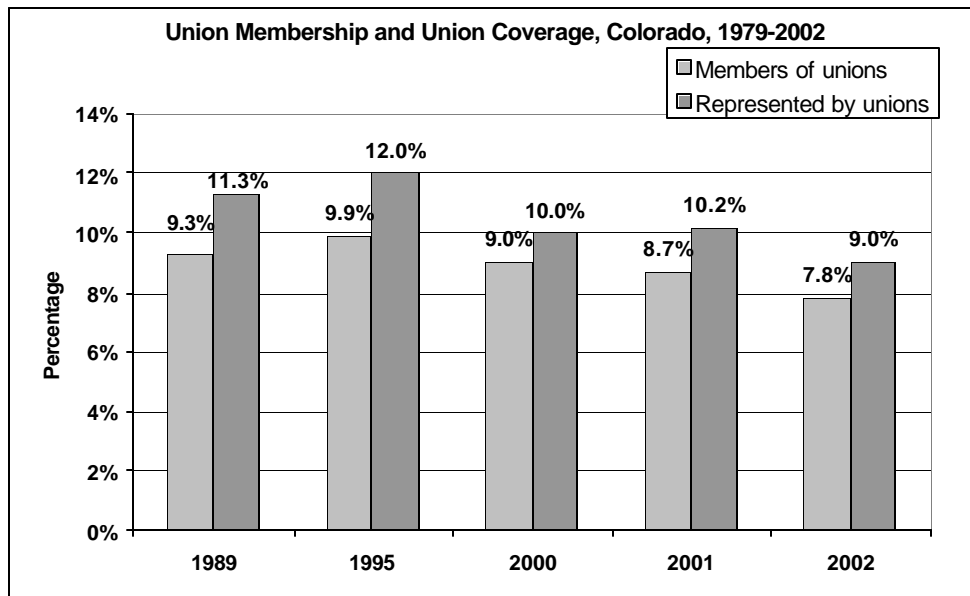


Source: EPI's analysis of U.S. Census Bureau data

Union Membership

Fewer workers were members of a union in Colorado in 2003 since any point in time from 1989. This means that fewer workers have access to the higher wages and better benefits that union members generally receive (Figure 37). While there is decreasing union membership in Colorado, workers who don't belong to unions are still often represented by unions, although this number is also decreasing.

Figure 37



EPI's analysis of Bureau of Labor Statistics

CONCLUSIONS

In this update on the state of working Colorado, the story is all about job loss and slow economic recovery. There was a loss in total payroll employment from 2001 to 2003 and a decline in total non-farm employment from 2001 to 2003. At this point of recovery after the 1990 recession, Colorado had gained 81,800 jobs, a 5.4 percent increase. In contrast, Colorado saw a -3.5 percent decrease, or a loss of 78,500 jobs, after the 2001 recession.

All workers, regardless of their level of education experienced declines in labor force participation from 2002 to 2003, and employment to population declined for workers at all levels of education as well.

The unemployment rate increased to 6.3 for males in Colorado in 2003, from 5.7 percent in 2002, and stayed flat at 5.8 percent for women. Overall, the unemployment rate went from 5.7 percent in 2002 to 6.0 percent in 2003.

Hispanic and African-American workers were especially hard hit by unemployment in 2003, with 8.9 percent of Hispanics unemployed, and 9.1 percent African-Americans unemployed. The rates were even higher for underemployment, at 15.9 percent and 14.6 percent respectively. Overall, over 10 percent of Coloradans were underemployed in 2003, higher than at anytime in the last decade.

Workers in the 16-24 age category had the highest unemployment rates in 2003, at 12.5 percent. Education helped workers in 2003, but even those with a Bachelor's degree or higher had 3.9 percent unemployment, and those with less than high school had 12.3 percent.

The number of part-time workers who worked part-time for economic reasons in Colorado increased from 8.3 percent in 2000 to 15.8 percent in 2003. These were workers who wanted to work full-time, but couldn't because of the weak economy.

Over 50 percent of the unemployed in Colorado in 2002 exhausted their unemployment insurance benefits.

The median household income in real dollars decreased in Colorado for the 4th year in a row, down from \$53,179 in 1999 to \$49,400 in 2002. Median family income also declined, from \$71,167 in 2000 to \$69,649 in 2002 in inflation-adjusted dollars.

Women earned 89 cents for every dollar earned by a man in Colorado in 2003.

Colorado workers earning wages in the lowest 20th percentile in 2002 paid 9.9 percent of their income to State and local taxes, while those in the top 1 percent only paid 4.4 percent in taxes.

The poverty rate in Colorado decreased slightly in 2003 from 2002, by 0.1 percent, to 9.7 percent. However, the percent of Coloradans living below 200 percent of poverty in 2003 was 26.2 percent up from 23.6 percent in 1999. However, the percentage of those in the workforce in Colorado earning less than poverty wages was 18.5 percent. Women and Hispanics fared the worst, with 22.7 percent of women and 31.7 percent of Hispanics earning less than 200 percent of poverty. Even more discouraging, workers earning less than 200 percent of poverty wages in Colorado increased from 62.8 percent to 63.1 percent.

The rate of children in poverty in Colorado decreased slightly from 2002, at 12.5 percent, to 11.9 percent in 2003. However, almost 34 percent of Colorado's children lived below 200 percent of poverty, up from 32.5 percent in 2002.

Finally, the average number of people without health insurance increased from 14.9 percent in the 1999-2000 timeframe to 16.7 percent in 2002-2003. This equated to 746,000 Coloradans

without health insurance. In 2003, 17.2 percent of all Coloradans did not have health insurance coverage for the full year, up from 16.1 percent in 2002. Coloradans also had less employer-sponsored health care in 2003, at 61.2 percent, down from 66.5 percent in 2000.

Children 18 and under in Colorado also lost ground regarding health care coverage. Over 14 percent of them didn't have health insurance in 2002, up from 13 percent in 2001.

In conclusion, the past few years of falling employment and income are taking their toll on the well-being of Colorado families. Lackluster job growth has meant stagnant incomes, continuing income inequality and declining health insurance coverage. While these findings are disappointing, they highlight the importance of creating quality jobs and opportunities for greater economic independence for all Colorado workers during good times. Workers in every category suffered job loss and some hardships associated with the loss of a job, those workers with higher levels of education and higher income better weathered the downturn. While the 2001 recession lies in the past, the challenge of creating self-sufficiency for all Colorado families lies in the future.



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