



COLORADO FISCAL
POLICY INSTITUTE

Colorado Recession Watch

August 20, 2010

The United States economy stagnated in July and has since been showing signs of worsening. Troublingly, national total jobless claims increased steadily during the past six weeks, and first-time jobless claims rose the past three straight weeks.ⁱ Colorado’s unemployment rate has remained unchanged for four months, and employment levels have held effectively constant for seven straight months. That prolonged stagnation is hurting Coloradans, who continue to turn to unemployment benefits (extended in late July), and are increasingly looking to public programs for help paying for food and medical expenses.

Unemployment

In July, the unemployment rate in Colorado stayed at 8 percent for the fourth straight month. Even at this high rate, Colorado continues to perform better than the nation as a whole. (Figure 1) Relative to other states, Colorado’s unemployment rate is the 32nd highest, and its recessionary increase in unemployment ranks 33rd worst.ⁱⁱ

Figure 1

A steady malaise



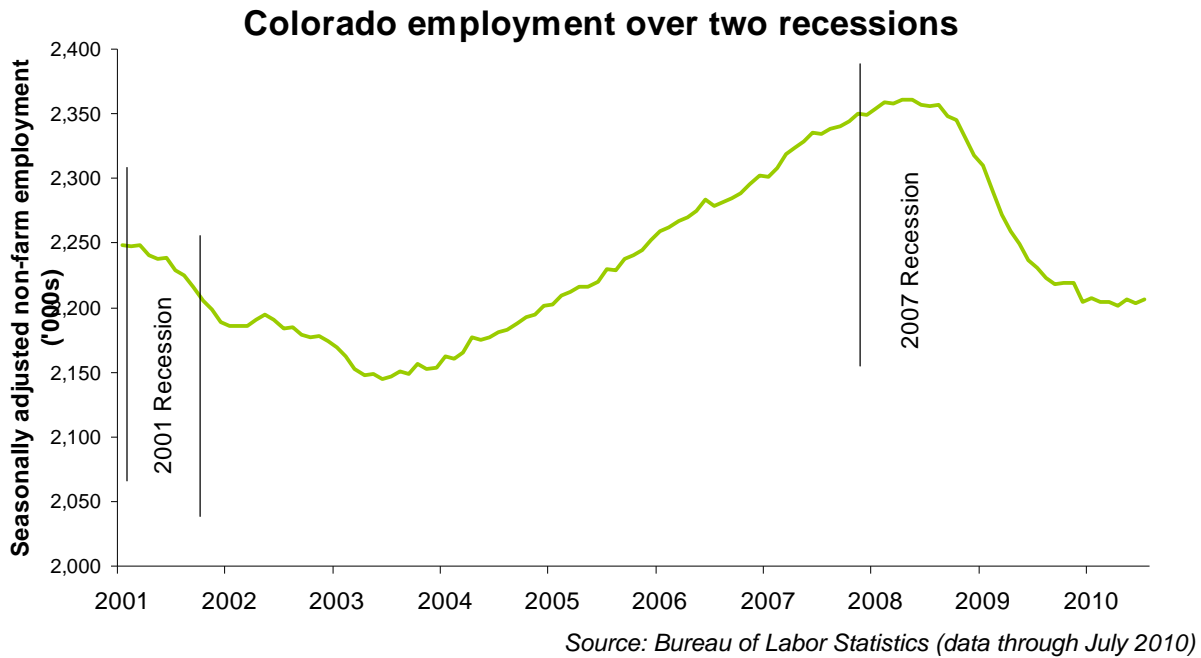
Source: Bureau of Labor Statistics (data through July 2010)

Employment

Colorado employment decreased by 3,400 jobs during July; however, that change was not statistically meaningful. Indeed, employment in Colorado has been effectively unchanged for seven months. (Figure 2) Overall, Colorado’s employment losses have been severe during the recession despite the state’s lower-than-average unemployment rate. From the onset of the recession in December 2007, Colorado

has lost 142,400 jobs, or 6 percent of its pre-recessionary labor force. As a percentage, that is the 16th largest state job loss in the country.ⁱⁱⁱ

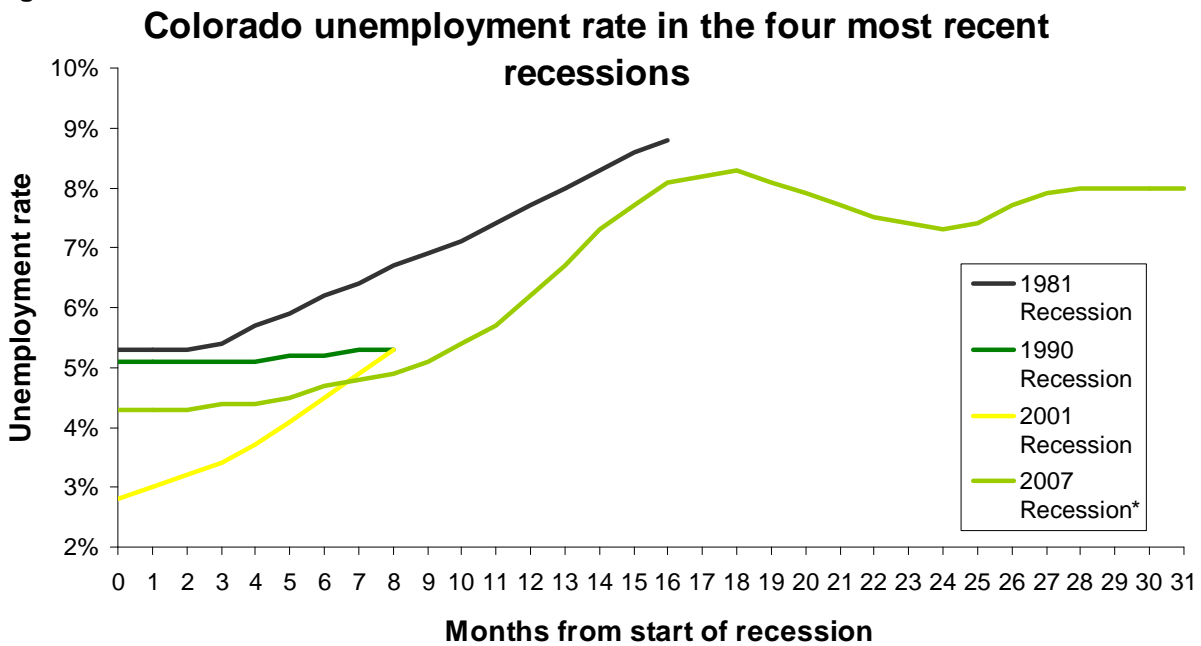
Figure 2



Depth and duration

A look at the current recession alongside the three previous recessions reveals the unusual length and depth of the Great Recession. No recession since the Great Depression has been as prolonged or as severe as the current one, which has lasted 31 months as of July.^{iv} (Figure 3)

Figure 3



Construction jobs

The construction sector took a huge hit during the Great Recession, losing more than one-third of total employment. In July, Colorado construction employment decreased by close to 2,000 jobs. (Figure 4)

Figure 4

COLORADO CONSTRUCTION EMPLOYMENT (July 2010)				
This month	109,700			
Level and percentage change:				
Current recession	-57,000	-34.2%	Dec-07	to Jul-10
Since last month	-1,800	-1.6%	Jun-10	to Jul-10
Last three months	-1,200	-1.1%	Apr-10	to Jul-10
Last six months	-5,600	-4.9%	Jan-10	to Jul-10
Last year	-17,400	-13.7%	Jul-09	to Jul-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 in employment into context. It measures the difference between actual employment and what employment would need to be to keep up with population growth since the onset of the recession. Thus, the shortfall is essentially a measure of how far the economy has strayed from its pre-recessionary trajectory. In July, the Colorado job shortfall stood at 254,398 jobs. (Figure 5)

Figure 5

COLORADO JOB SHORTFALL SINCE RECESSION BEGAN (Dec. 07 – July 10)	
Working age population growth	4.7%
Employment this month	2,205,300
Employment level needed	2,459,698
<i>(the number of jobs total in the state if job growth kept pace with working age population growth)</i>	
Job shortfall	254,398

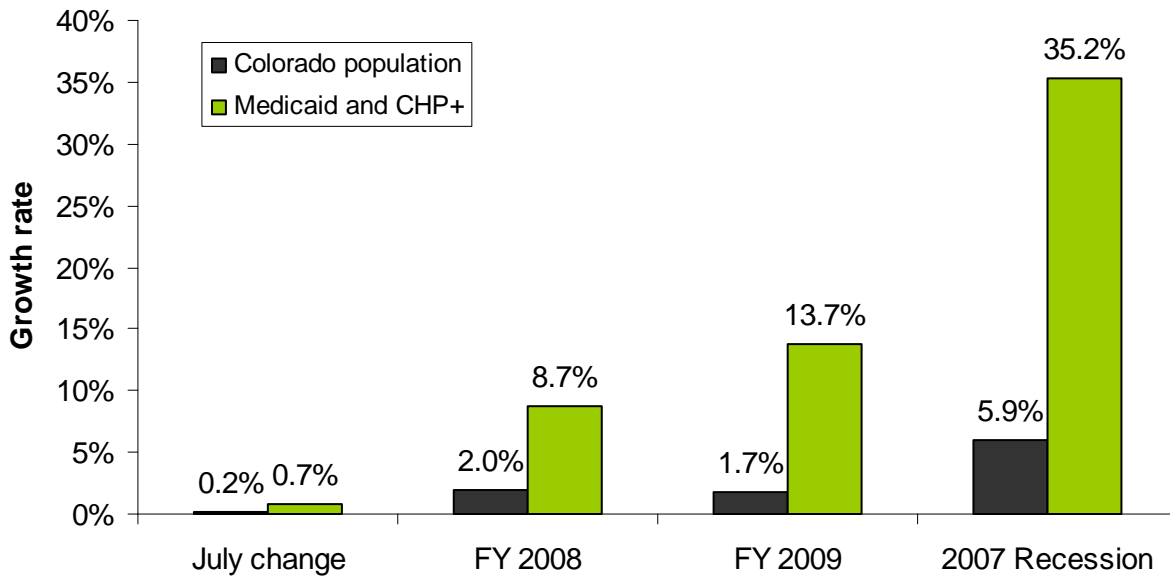
Source: Economic Policy Institute analysis of Bureau of Labor Statistics Current Employment Statistics Survey

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 combined caseload of those programs has increased 35 percent.^v During that period, the state population grew an estimated 5.9 percent, meaning that since the start of the recession, combined Medicaid and CHP+ caseload grew at a rate roughly six times faster than the state population. (Figure 6)^{vi} That explosive growth rate underscores the economic hardship for many Coloradans, who are forced to rely on the state for medical support in staggering numbers as the recession continues.

Figure 6

Colorado combined Medicaid and CHP+ caseload growth outpaces population growth



Source: Analysis of HCPF Premiums, Expenditures and Caseload Reports

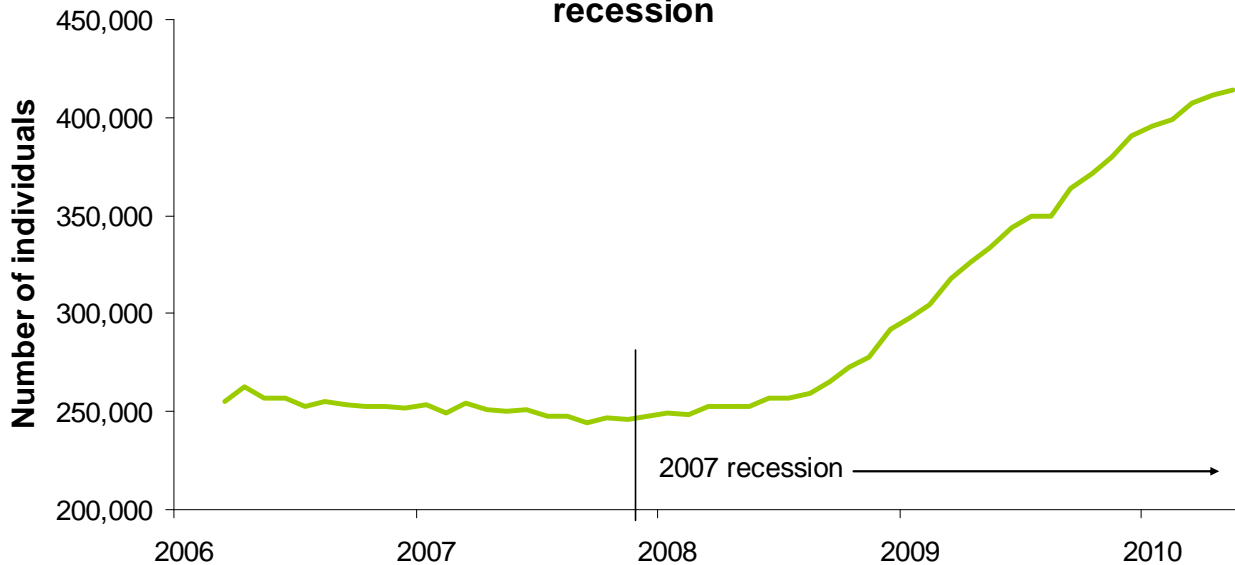
Notes: Monthly population change is estimated based on figures from the State Demographer's Office 2007. The 2007 recession began in December of that year.

Food stamps

The recession has created a substantial need for the food assistance provided by the U.S. Department of Agriculture's Supplemental Nutritional Assistance Program (SNAP), formerly known as food stamps. According to the most recent count, in May 2010, 413,805 Coloradans received food stamps, up 67 percent since the recession began.^{vii} (Figure 7)

Figure 7

Colorado food stamp enrollment grows consistently during recession



Source: Analysis of U.S. Department of Agriculture SNAP program data (through May 2010)

Uneasy silence

Worse-than-expected job losses in 2009 and 2010 indicate a full rebound is years away.^{viii} Worse still, employers appear to be resuming layoffs nationally. If so, conditions might be set to deteriorate before they get better.

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

ⁱ “Jobless claims rise to highest levels in 9 months,” *The Denver Post*, Aug. 19, 2010.

ⁱⁱ Economic Policy Institute analysis of U.S. Bureau of Economic Analysis Current Employment Survey data.

ⁱⁱⁱ Economic Policy Institute analysis of U.S. Bureau of Economic Analysis Current Employment Survey data.

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

^v Analysis of “Premiums, Expenditures and Caseload Report,” *Colorado Department of Health Care Policy Financing*, December 2007 - July 2010 reports.

^{vi} Analysis of Colorado State Demography Office population figures. http://www.dola.state.co.us/dlg/demog/pop_totals.html

^{vii} Analysis of U.S. Department of Agriculture SNAP program data, provided by: “SNAP/food stamp participation data,” *Food Research and Action Center*, Aug. 3, 2010.

^{viii} “Midyear report says it could be years until Colorado regains jobs lost in '09,” *The Denver Post*, Aug. 20, 2010.