



COLORADO FISCAL
POLICY INSTITUTE

Colorado Recovery Watch

Jan. 25, 2012

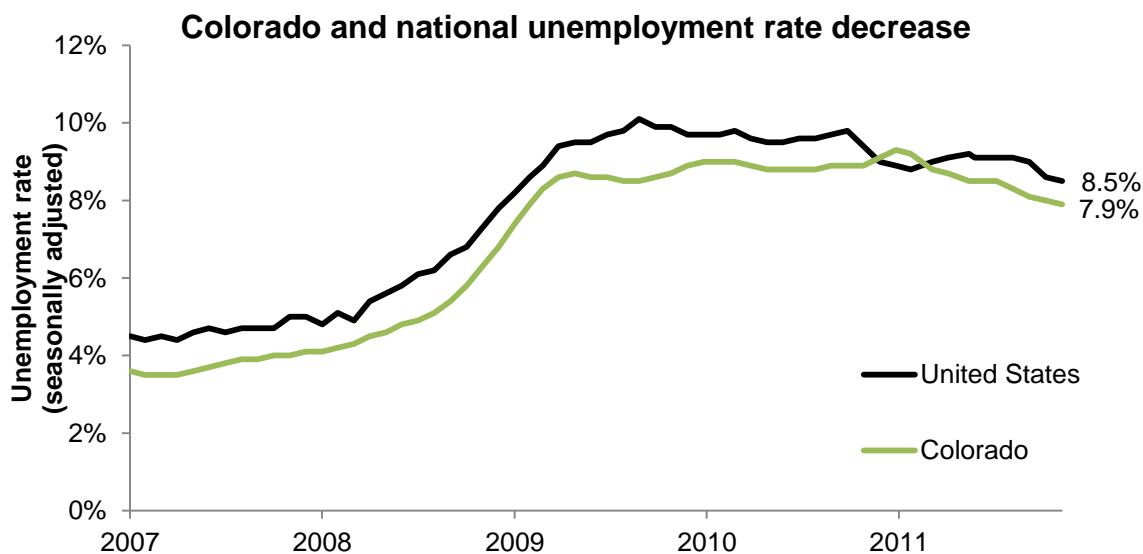
National and state unemployment rates decreased minimally in December. Colorado was one of 46 states that saw an unemployment rate decrease from November to December. The survey used to determine the official unemployment rate showed an increase in employment last month. The survey includes people who are self-employed and farm jobs. Conflicting data come from another survey, which showed a decline in job growth for the second consecutive month after seven months of job growth. The number of Coloradans joining the labor force continues to increase, showing workers are gaining confidence in the labor market. Despite those improvements, Colorado's recovery remains tentative. Enrollment rates in public assistance programs for health care and food continue to increase, providing a glimpse of how Coloradans are managing the recovery.

Unemployment

Colorado experienced another decrease in its unemployment rate last month, moving from 8 percent in November to 7.9 percent in December. Colorado's unemployment rate is 1 percentage point lower than it was one year ago, and has not been at its current 7.9 percent since March 2009. The national unemployment rate decreased again, from 8.6 percent to 8.5 percent in December. (Figure 1)

Colorado's unemployment rate remains less than the national average; it ranks 27th worst among states.¹ The most recent economic forecasts from Colorado Legislative Council Staff project high unemployment during the next several years. Colorado's unemployment rate is forecast at 8.3 percent for 2012, 7.8 percent for 2013 and 7.2 percent for 2014.² The forecast also expects wage and salary income to increase 4.4 percent in 2012.³

Figure 1

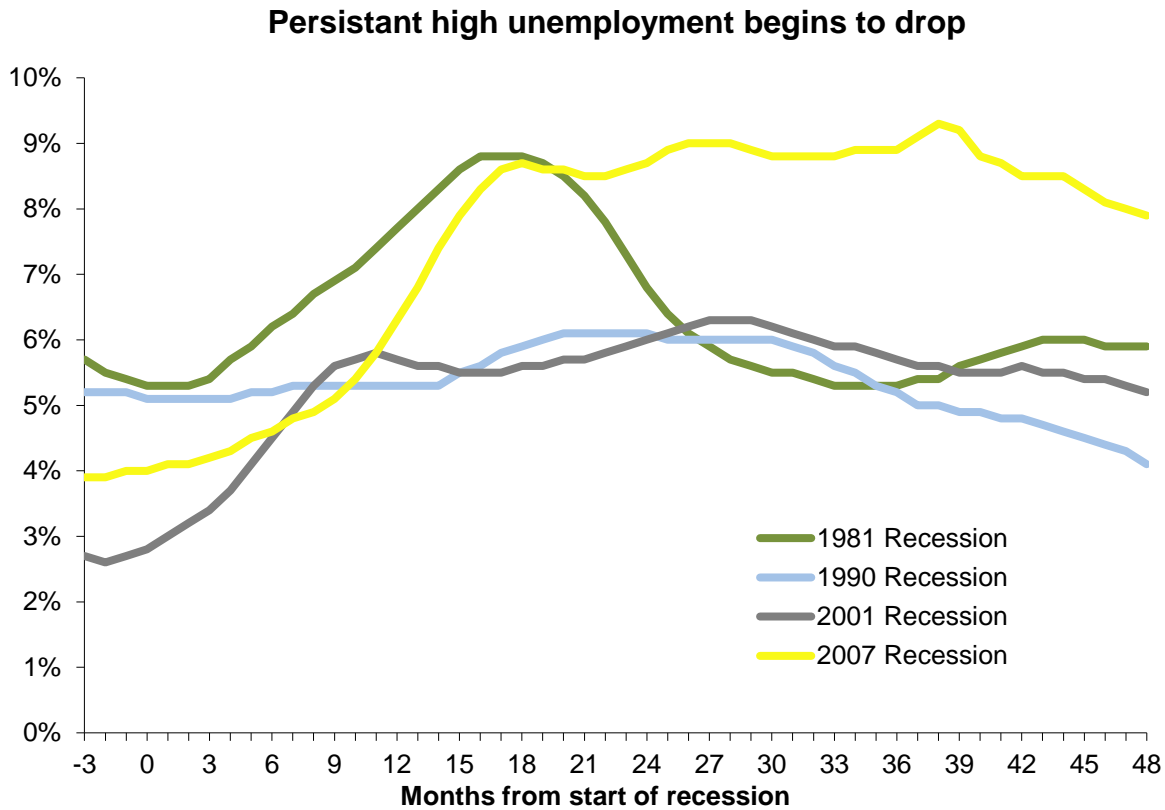


Source: U.S. Bureau of Labor Statistics (data through December 2011)

Current unemployment compared to past recessions

Though all recessions in the past 30 years affected Colorado's unemployment rate, the 2007-09 recession has had an unusual residual effect on Coloradans. The highest the unemployment rate reached during the past two recessions was 6.3 percent. The most recent downturn has been far worse as Colorado's unemployment rate peaked at 9.3 percent in February 2011 (38 months after the start of the recession) and has been above the current 7.9 percent since March 2009. (Figure 2) Though the unemployment rate remains high, the downward trend has continued since June 2011.

Figure 2



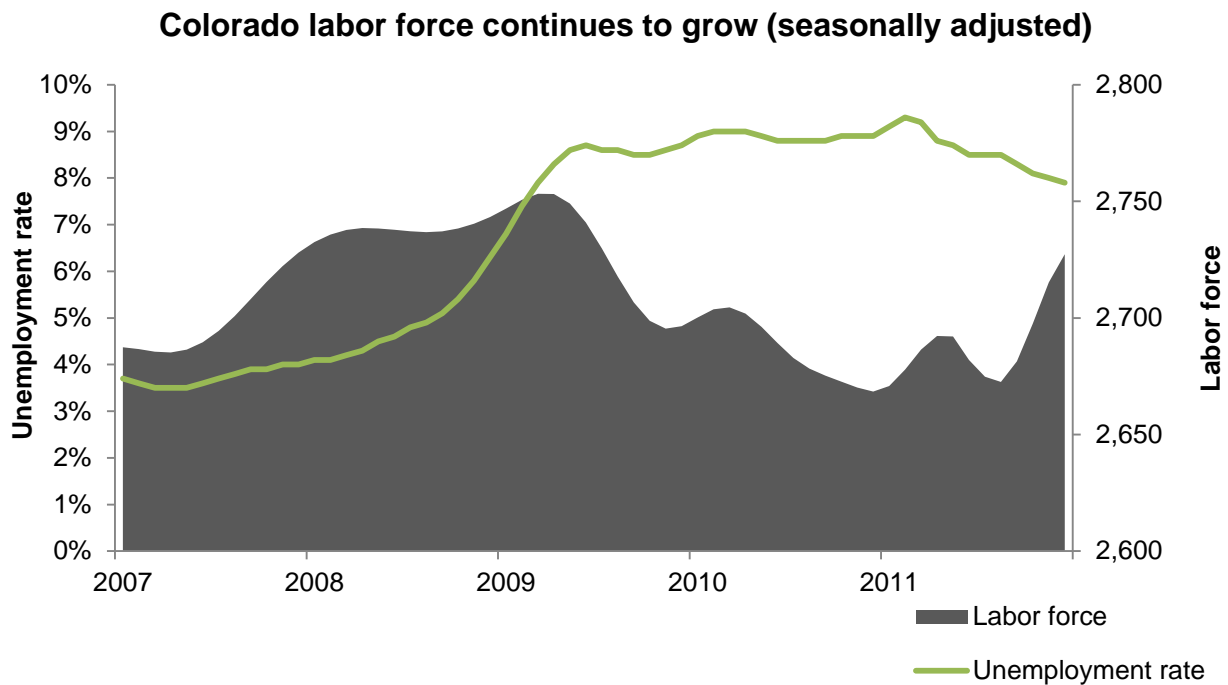
Source: Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Statistics Survey (data through December 2011)

Unemployment rate and the labor force

The unemployment rate has an important connection to the size of the labor force. To be counted as unemployed, a worker must be actively looking for a job. The labor force is defined as the number of workers with a job or actively looking for work. More than 12,000 workers joined the Colorado labor force in December, contributing to the consistent increase in the labor force participation rate since August. In that time, almost 55,000 workers have entered Colorado’s labor force in search of work.

The large number of people returning to search for work is a positive indicator of economic recovery, showing workers are more confident in finding employment. Still, the labor force today is significantly smaller than it was at the start of the recession. There are about 26,000 fewer active workers in the labor force today than when the labor force peaked in March 2009. (Figure 3)

Figure 3



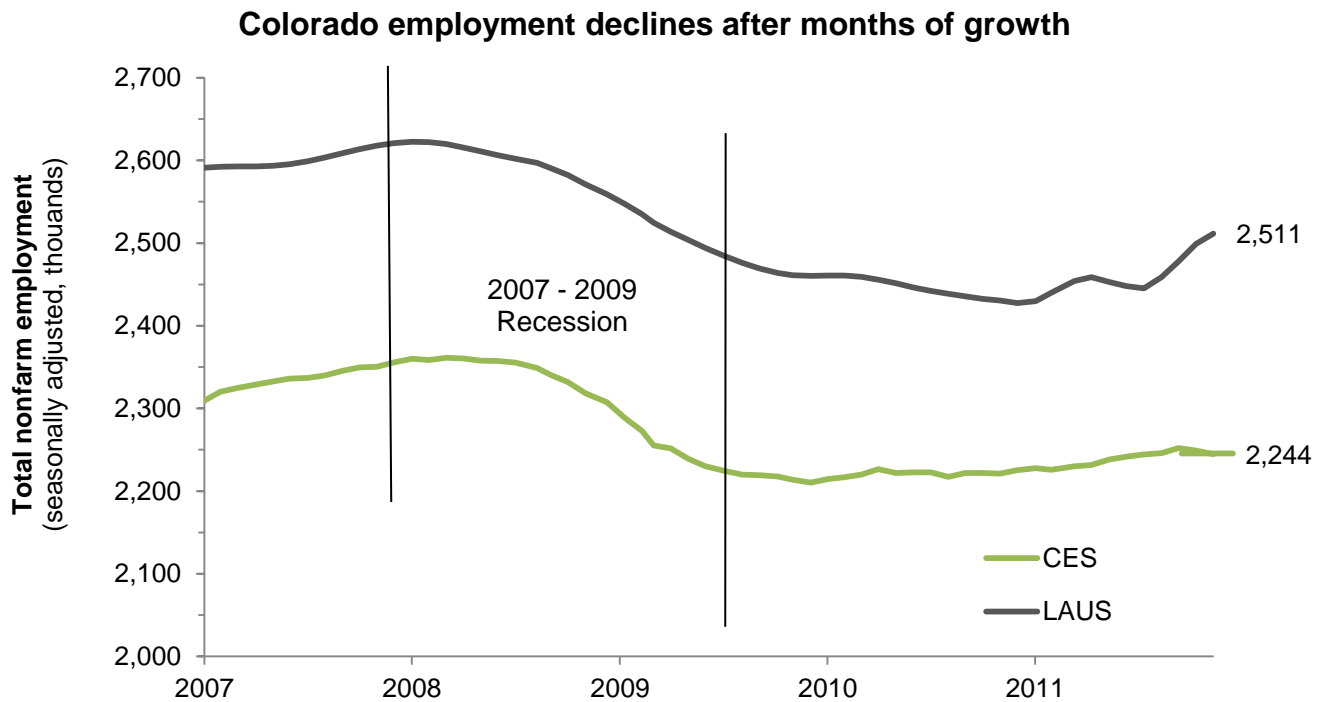
Source: U.S. Bureau of Labor Statistics (data through December 2011)⁴

Employment

The decline in the unemployment rate and increase in labor force participation is measured in a U.S. Bureau of Labor Statistics household survey, called the Local Area Unemployment Statistics survey (LAUS), which reported a 12,335 net increase in employment since November. (Figure 4) That is an 80,900 increase in employment from December 2010.

However, another survey, called the Current Employment Statistics survey (CES), which excludes the self-employed, farm jobs and striking workers, reported a net decrease of 4,400 jobs. (Figure 4) That is the second straight month of job loss reported by the survey after seven consecutive months of employment increases. The CES survey reports in December Colorado was down 105,600 jobs since the recession started in December 2007, a rate that ranks 26th worst in the nation. Since one year ago, however, there are 23,600 more nonfarm payroll jobs.

Figure 4



Source: U.S. Bureau of Labor Statistics CES and LAUS surveys (data through December 2011)

Industries hit hardest by the recession – manufacturing, construction and finance – continue to feel the effects of the 2007-09 recession with very little gain in employment or, in the case of finance, a slight decrease. (Figures 5-7)

Figure 5

MANUFACTURING EMPLOYMENT						
<u>Colorado</u>			<u>United States</u>			
Dec-11	125,000				11,790,000	
Level and Percentage Change:						
Current Recession	-22,400	-15.2%	<i>Dec-07 to Dec-11</i>	-1,950,000	-14.2%	
Since Last Month	400	0.3%	<i>Nov-11 to Dec-11</i>	23,000	0.2%	
Last Three Months	-1,500	-1.2%	<i>Sep-11 to Dec-11</i>	34,000	0.3%	
Last Six Months	-1,000	-0.8%	<i>Jun-11 to Dec-11</i>	66,000	0.6%	
Last Year	900	0.7%	<i>Dec-10 to Dec-11</i>	225,000	1.9%	

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

Figure 6

CONSTRUCTION EMPLOYMENT						
<u>Colorado</u>			<u>United States</u>			
Dec-11	108,900		5,544,000			
Level and Percentage Change:						
Current Recession	-57,500	-34.6%	<i>Dec-07</i>	<i>to</i>	<i>Dec-11</i>	-1,943,000 -26.0%
Since Last Month	600	0.6%	<i>Nov-11</i>	<i>to</i>	<i>Dec-11</i>	17,000 0.3%
Last Three Months	1,700	1.6%	<i>Sep-11</i>	<i>to</i>	<i>Dec-11</i>	-5,000 -0.1%
Last Six Months	3,300	3.1%	<i>Jun-11</i>	<i>to</i>	<i>Dec-11</i>	22,000 0.4%
Last Year	-4,500	-4.0%	<i>Dec-10</i>	<i>to</i>	<i>Dec-11</i>	46,000 0.8%

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

Figure 7

FINANCIAL ACTIVITIES EMPLOYMENT						
<u>Colorado</u>			<u>United States</u>			
Dec-11	138,900		7,624,000			
Level and Percentage Change:						
Current Recession	-18,600	-11.8%	<i>Dec-07</i>	<i>to</i>	<i>Dec-11</i>	-601,000 -7.3%
Since Last Month	-1,400	-1.0%	<i>Nov-11</i>	<i>to</i>	<i>Dec-11</i>	2,000 0.0%
Last Three Months	-500	-0.4%	<i>Sep-11</i>	<i>to</i>	<i>Dec-11</i>	14,000 0.2%
Last Six Months	0	0.0%	<i>Jun-11</i>	<i>to</i>	<i>Dec-11</i>	15,000 0.2%
Last Year	-3,500	-2.5%	<i>Dec-10</i>	<i>to</i>	<i>Dec-11</i>	7,000 0.1%

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

Job shortfall

According to the CES employment survey, when the recession began in December 2007 Colorado had 2,350,400 jobs. In the 48 months since then, Colorado has experienced 29 months of job loss. Colorado's employment trough occurred in January 2010, when the state had 140,100 fewer jobs than it did before the recession started. In December, Colorado had 105,600 fewer jobs.

Colorado's jobs deficit, or the difference between the number of jobs the state has and the number it needs to regain its pre-recession employment rate, is 263,647. That number reflects the recent employment data combined with the 158,100 jobs it needs to keep up with a 6.7 percent growth in working-age population in the 48 months since the recession began.⁵ (Figures 8-9)

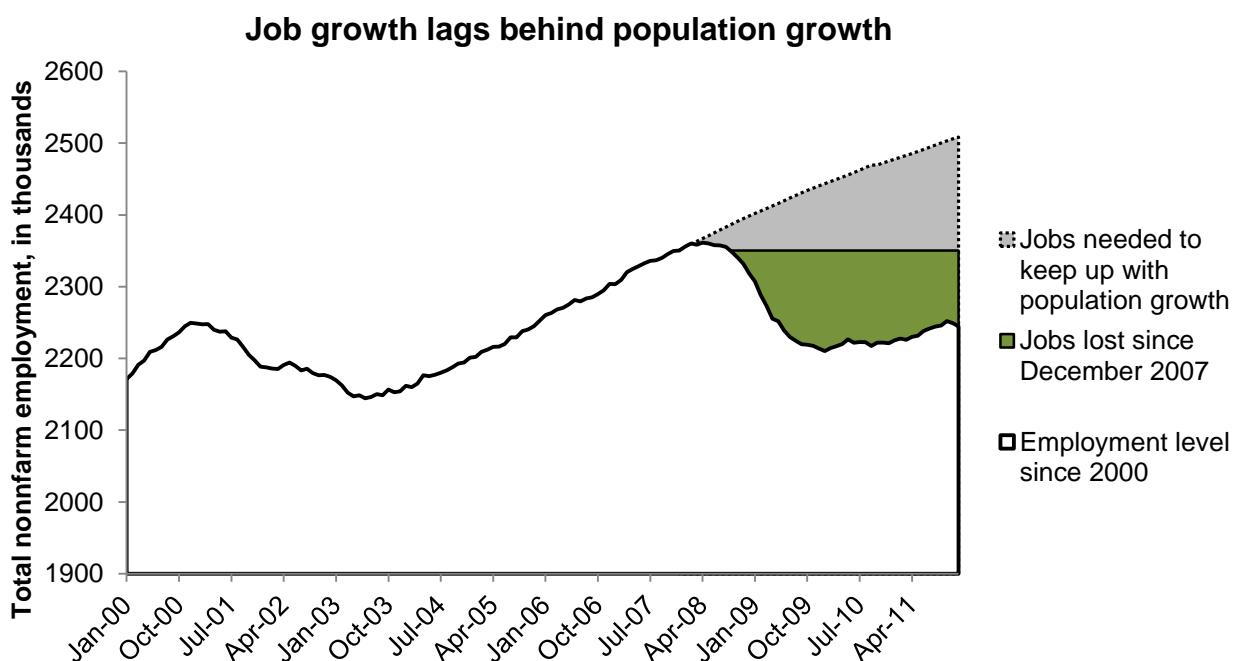
While Colorado showed steady signs of economic improvement and stabilization in 2011, the state has not recovered from the Great Recession. As elected officials at the state and federal levels make policy choices to deal with budget shortfalls, they should avoid decisions that threaten to throw a very tentative recovery into reverse. Putting workers back to work needs to be the primary goal for lawmakers.

Figure 8

JOB SHORTFALL SINCE RECESSION BEGAN (DECEMBER 2007-DECEMBER 2011)	
Jobs this month	2,244,800
Working age population growth	6.7%
Jobs level needed (the total number of jobs in the state if job growth had kept pace with working-age population growth)	2,508,447
Job shortfall	263,647

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

Figure 9



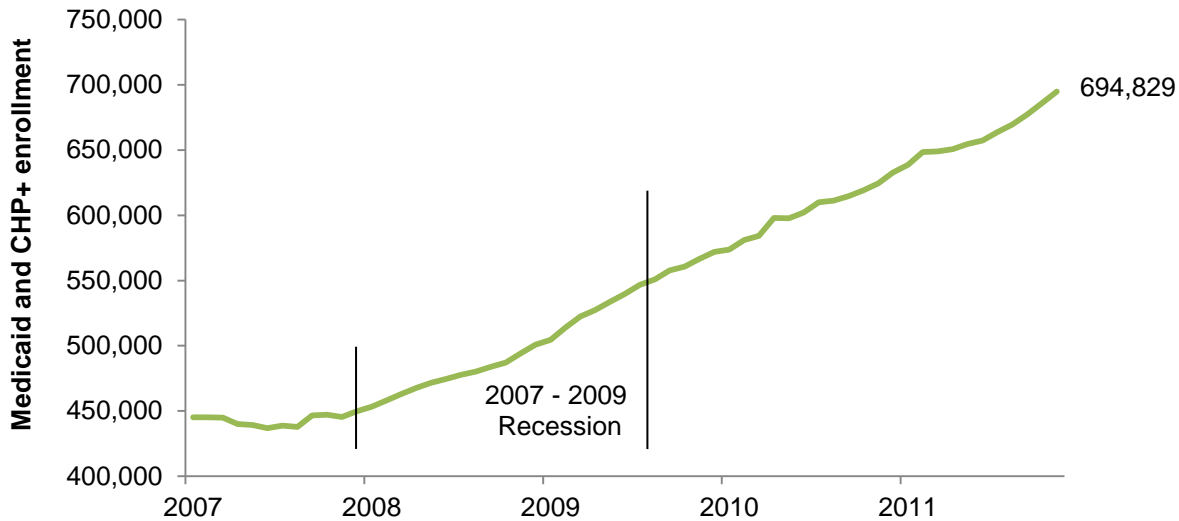
Source: Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Statistics Survey

Medicaid and CHP+

Public assistance for health care remains of critical importance for Coloradans in the current recovery. Caseload growth for both Medicaid and Child Health Plan Plus (CHP+), the programs that provide medical assistance to low-income residents and children, has increased about 56 percent since the start of the recession. The programs collectively enrolled an additional 8,700 Coloradans in December, bringing the total enrollment level to 694,829.⁶ (Figure 10) Coloradans' increasing dependency on those programs for medical care during the recovery is testament to their importance to the state's wellbeing.

Figure 10

Spurred by recession, Colorado public health insurance enrollment increases steadily

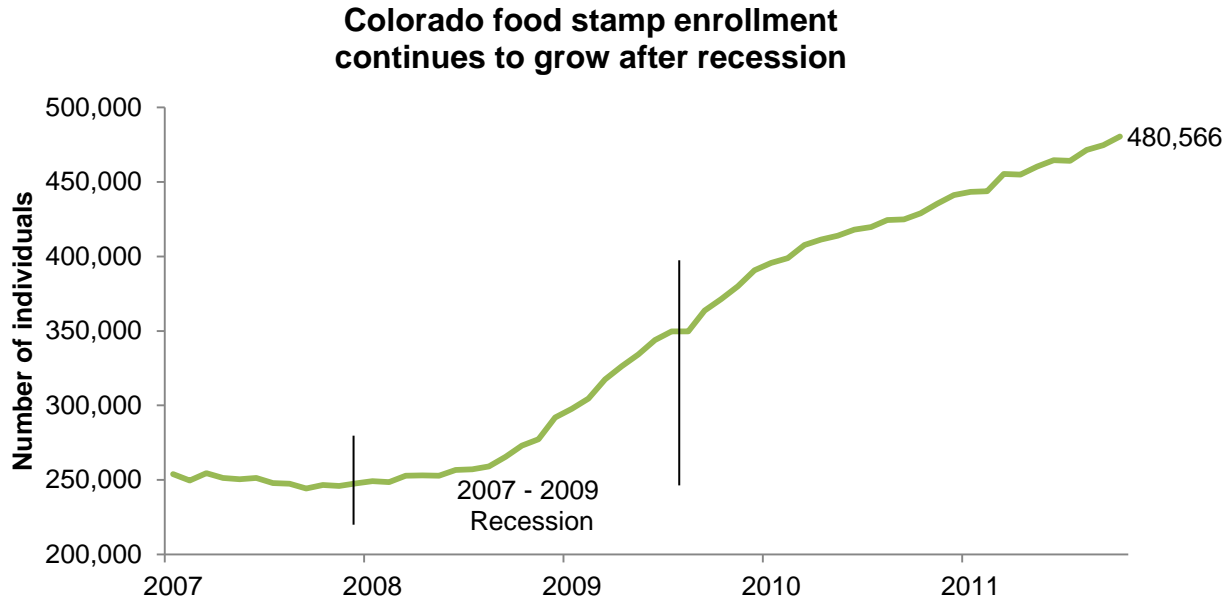


Source: Department of Health Care Policy and Financing data (data through November 2011)

Food assistance

The U.S. Department of Agriculture’s Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, has continued to experience increased enrollment. According to the most recent count in October, 480,566 people in Colorado, or about 9 percent of the state’s population, received help buying food from the program. (Figure 11) That is a 6,000 person increase from September and nearly double the amount of people since the start of the recession.⁷

Figure 11



Source: U.S. Department of Agriculture Monthly State Level Participation Report (data through October 2011)

Economy continues to recover

With workers re-entering the labor force at a fast pace and the unemployment rate at its lowest point since March 2009, Colorado's economy looked better at the end of 2011 than it did a year earlier. Mixed trends from different employment surveys show some improvement in the job market, but a serious shortfall remains as the state's population and labor force continue to grow. That is a good step, but it will take many years of improvement that strong and stronger to bring the labor market back to health. Coloradans remain vulnerable, enrolling in public health and nutritional assistance programs at high rates, underscoring the importance and usefulness of public safety nets. As the 2012 legislative session comes into full swing, lawmakers need to be reminded of the effects their decisions will have on the wellbeing of the people of Colorado.

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¹ Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Survey data.

² "Focus Colorado: Economic and Revenue Forecast," *Colorado Legislative Council Staff: Economics Section*, Dec. 20, 2011.

³ "Focus Colorado: Economic and Revenue Forecast," *Colorado Legislative Council Staff: Economics Section*, Dec. 20, 2011.

⁴ *Colorado Legislative Council Staff* for the chart design.

⁵ Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Survey data.

⁶ Analysis of "Premiums, Expenditures and Caseload Reports," *Colorado Department of Health Care Policy Financing*.

⁷ Analysis of U.S. Department of Agriculture SNAP program data, provided by: "Latest Available Month - State Level Participation," USDA Food and Nutrition Service.