



COLORADO FISCAL
POLICY INSTITUTE

Colorado Recovery Watch

November 22, 2011

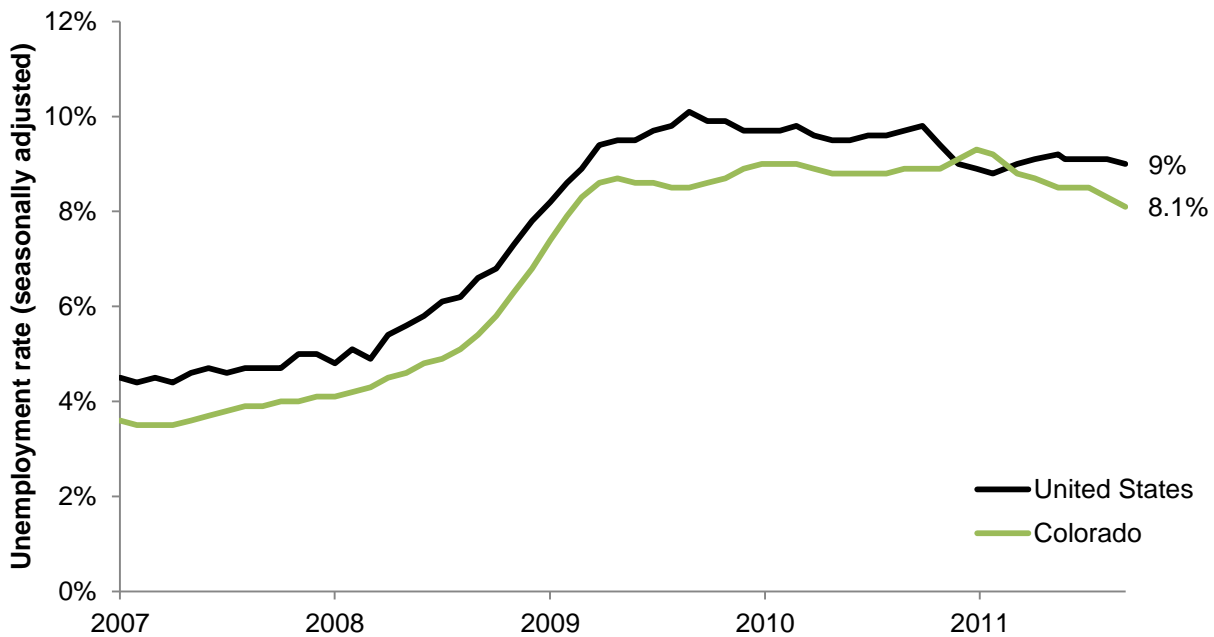
National and state unemployment rates decreased minimally in October. Colorado was one of 36 states that saw an unemployment rate decrease from September to October, although those decreases were statistically significant in only 12 states. Job growth continues in Colorado, though at a slow pace, and enrollment in public assistance programs for health care and help buying food continues at a high rate.

Unemployment

Colorado experienced another decrease in its unemployment rate last month, moving from 8.3 percent in September to 8.1 percent in October. The national unemployment rate decreased from 9.1 percent to 9 percent. (Figure 1) Colorado's unemployment rate remains less than the national average, yet it ranks 26th worst among states.¹ Economic forecasts from Colorado's Legislative Council Staff project high unemployment during the next several years. Colorado's unemployment rate is forecasted at 8.5 percent for 2011, 8 percent for 2012, and 7.3 percent for 2013.²

Figure 1

Colorado remains below nation in unemployment rate



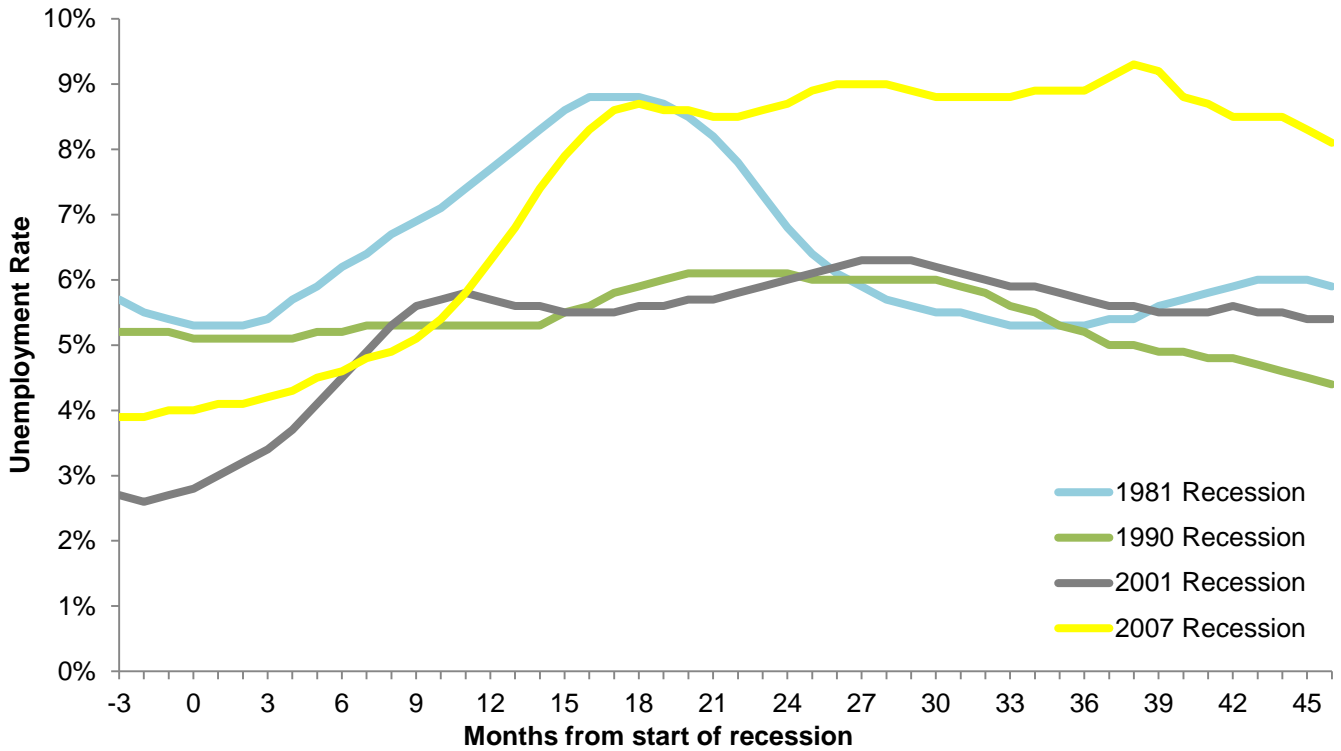
Source: U.S. Bureau of Labor Statistics (data through October 2011)

Current unemployment compared to past recessions

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 has been 2 full percentage points more than that level for more than two years. (Figure 2) Moreover, the state's unemployment rate has not been less than the current 8.1 percent since March 2009. Though all the recessions in the past 30 years affected Colorado's unemployment rate, the 2007-09 recession has had an unusual residual effect on Coloradans.

Figure 2

High unemployment sustained longer than past recessions

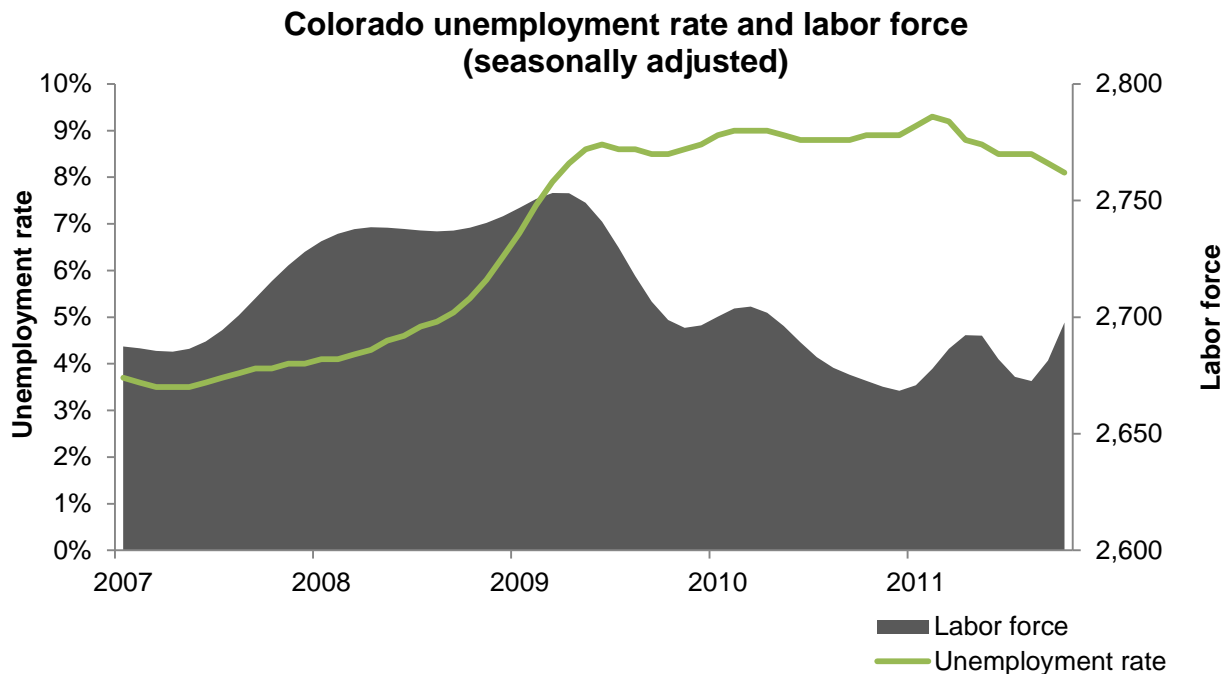


Source: Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Statistics Survey (Data through October 2011)

Unemployment rate and the labor force

Because the unemployment rate is based on the size of the labor force, it is important to understand the effect one has on the other. The labor force excludes anyone not actively searching for work. Thus, as people return to searching for work and increase the size of the labor force, the unemployment rate can increase. While that has happened in past months, in October there was both an increase in labor force participation and a decrease in the unemployment rate – a positive indicator of Coloradans returning to work. Despite 16,000 Coloradans returning to the labor force in October, the labor force today is significantly smaller than it was at the start of the recession. There are about 56,000 fewer active workers in the labor force today than when the labor force peaked in March 2009. (Figure 3)

Figure 3



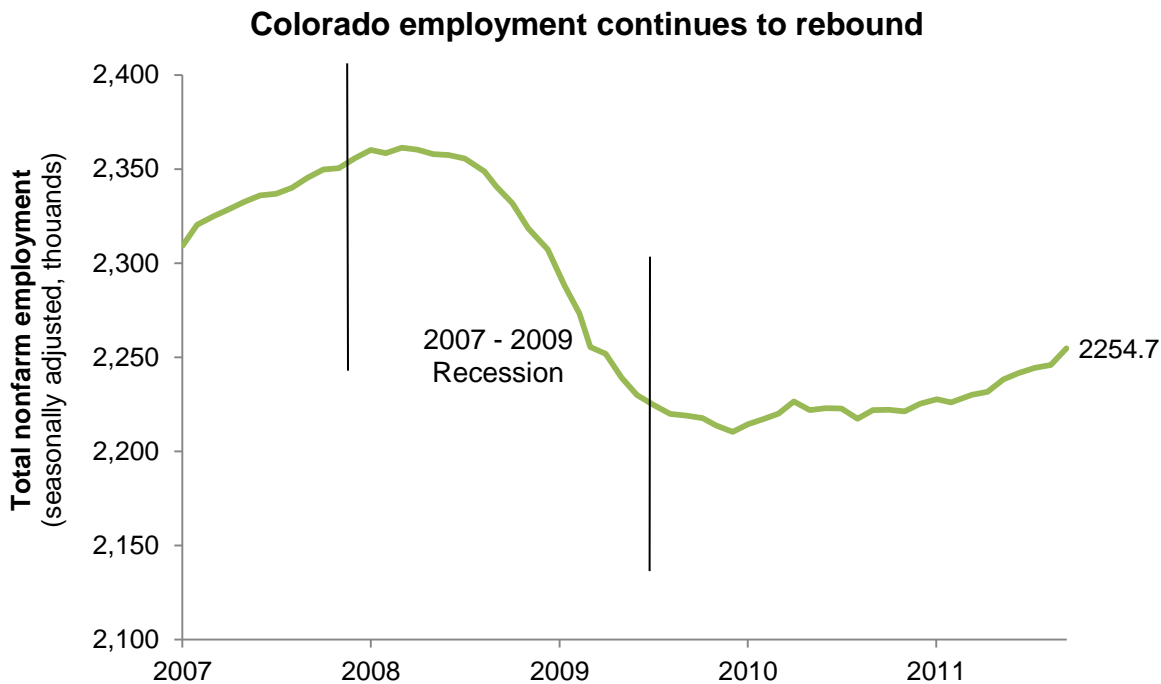
Source: U.S. Bureau of Labor Statistics (data through October 2011)³

Employment

In October, Colorado was down 95,700 jobs since the start of the recession in December 2007, ranking 27th worst job loss in the nation.⁴ A return to pre-recession employment levels will take some time. Colorado continues to add jobs, however. In October, almost 9,000 new jobs were added. A significant number of those jobs were created in state and local governments, leisure and hospitality, professional and business services, and construction. (Figure 4)

The Emergency Unemployment Compensation (EUC) program, a federally-funded program that provides unemployment insurance benefits to thousands of Coloradans who have exhausted or no longer qualify for unemployment benefits, is scheduled to run out at the end of the year. According to a report by the Economic Policy Institute, however, if unemployment insurance benefits were extended into 2012, an estimated 9,500 jobs would be saved or created in Colorado.⁵

Figure 4



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

Job shortfall

The job shortfall measures the difference between actual employment and what employment would have been if jobs had continued apace with working-age population growth instead of plummeting during the downturn. In short, job shortfall measures how far the state has been “set back” by the recession in jobs.

Colorado's jobs shortfall, or the difference between the number of jobs Colorado has and the number it needs to regain its pre-recession employment rate, is 248,500. That number includes the 95,700 jobs Colorado lost plus the 152,800 jobs it needs to keep up with the 6.5 percent growth in population during the 46 months since the recession began.⁶ (Figures 5-6)

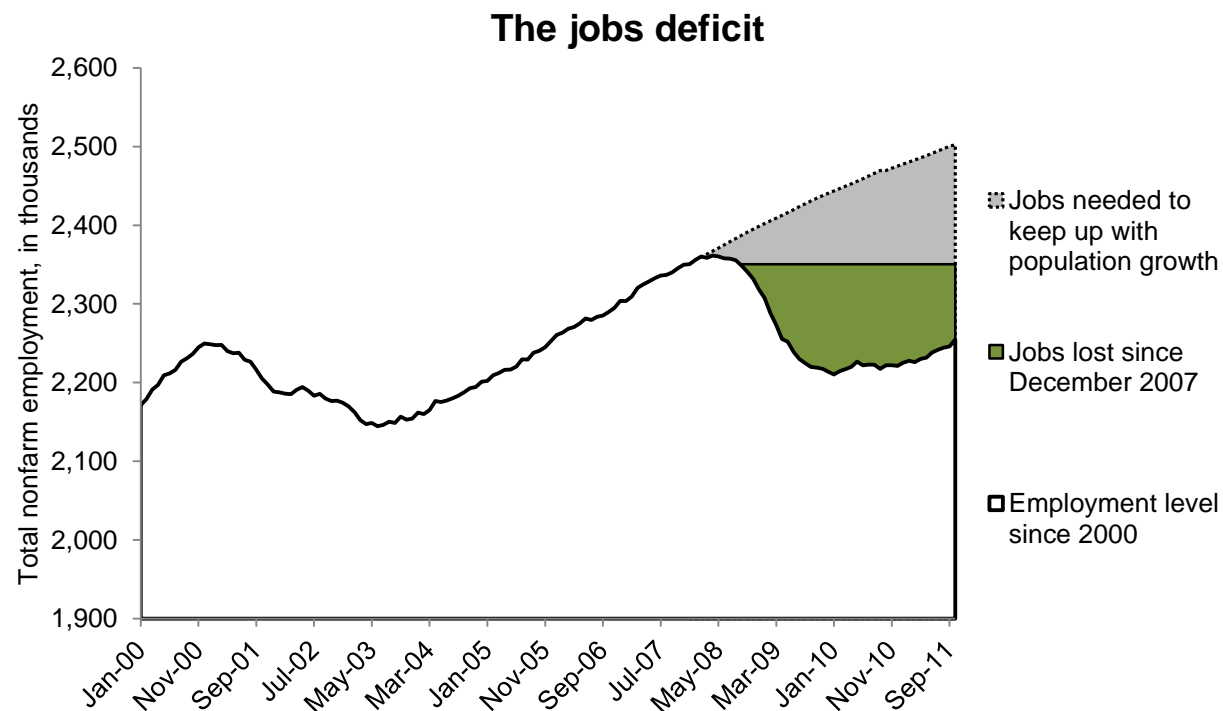
As the jobs deficit shows, Colorado has not recovered from the Great Recession. As state and federal elected officials make policy choices to deal with budget shortfalls, they should avoid decisions that threaten to throw a tentative recovery into reverse. Putting Coloradans back to work needs to be the primary goal.

Figure 5

JOB SHORTFALL SINCE RECESSION BEGAN (DECEMBER 2007-OCTOBER 2011)	
Working age population growth	6.5%
Employment this month	2,245,900
Employment level needed <i>(the total number of jobs in the state if job growth had kept pace with working age population growth)</i>	2,494,400
Job shortfall	248,500

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

Figure 6



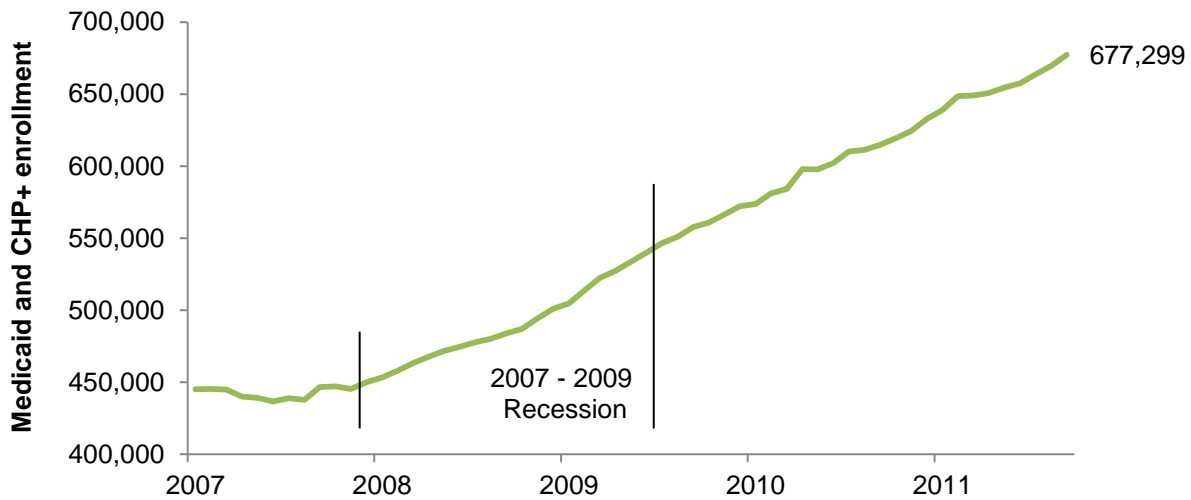
Source: Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Statistics Survey

Medicaid and CHP+

October continued the trend of consistent and substantial caseload growth in Medicaid and Child Health Plan Plus (CHP+). (Figure 7) Those programs provide medical assistance to low-income residents and children. The programs enrolled an additional 7,700 Coloradans in October, bringing the total enrollment level to 677,299.⁷ The combined caseload growth for Medicaid and CHP+ is more than six times higher than the state's population growth in the current fiscal year. Coloradans' increasing dependency on those programs for medical care during the recovery is testament to their importance to the state's wellbeing.

Figure 7

Spurred by recession, Colorado public health insurance enrollment increases steadily

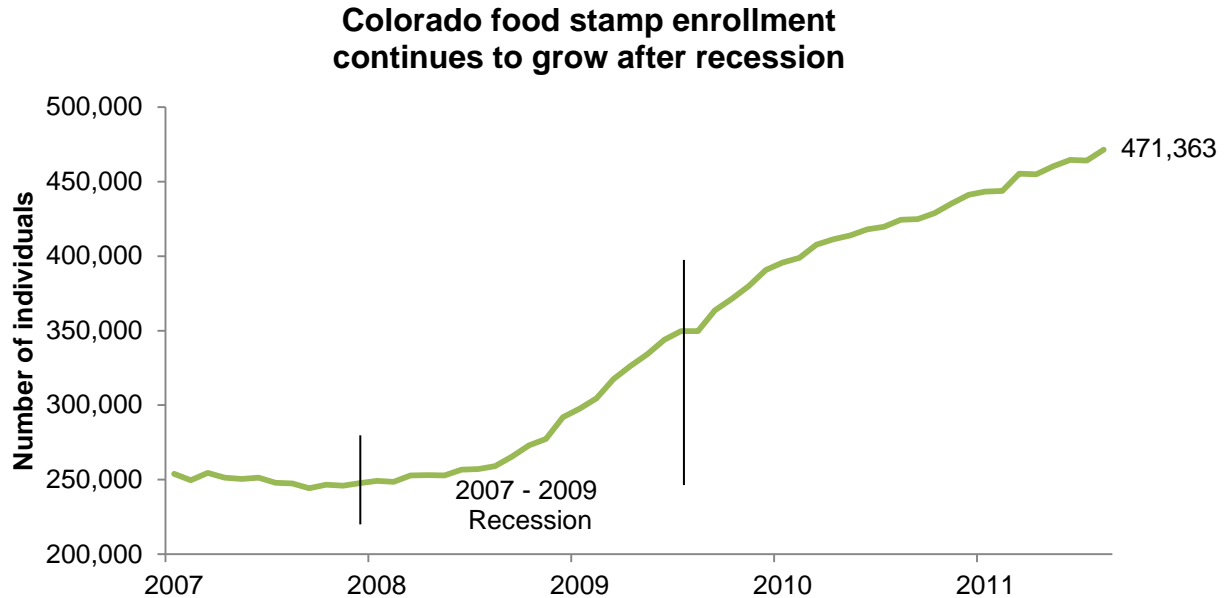


Source: Department of Health Care Policy and Financing data (through July 2011)

Food assistance

Food assistance remains another public service Coloradans increasingly use to manage the effects of the recession. According to the most recent count in August, 471,363 Coloradans, or about 9 percent of the state's population, received help buying food from the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. (Figure 8) That is an increase of 7,275 people from July.⁸ The increase in usage during the recession and into the recovery is more than 90 percent; an increase that signals many Coloradans continue to experience economic hardship.

Figure 8



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

Positive indicators with a long road ahead

Colorado continues to make small steps in recovering from the Great Recession. The unemployment rate is at its lowest since March 2009 as Coloradans re-join the labor force, bringing total state employment to its highest level since April 2009. Despite those gains, Coloradans remain vulnerable, enrolling in public health and nutritional assistance programs at high rates. Similarly, the job market is not recovering quickly enough to keep pace with population growth as well as new labor force entrants. State and federal policymakers must remain cautious of the effects of policy decisions in the upcoming months.

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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*, Jun. 20, 2011.

³ *Colorado Legislative Council Staff* for the chart design.

⁴ Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Survey data.

⁵ Economic Policy Institute, David Cooper & Natalie Sabadish, *How many jobs could Congress save in my state through 2012*, Nov. 14, 2011.

⁶ Economic Policy Institute analysis of U.S. Bureau of Labor Statistics Current Employment Survey data.

⁷ Analysis of “Premiums, Expenditures and Caseload Reports,” *Colorado Department of Health Care Policy Financing*.

⁸ Analysis of U.S. Department of Agriculture SNAP program data, provided by: “Latest Available Month - State Level Participation,” *USDA Food and Nutrition Service*.