



# State of Working Colorado

## 2017 Edition

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**Colorado Center on Law & Policy**

# State of Working Colorado

**2017  
Edition**

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# Letter from the Executive Director

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Behind the headlines about Colorado's prosperous economy lurks the vexing fact that little has changed for most Colorado workers — particularly workers of color — over the past seven years. Wage stagnation and underemployment have remained a point of frustration among far too many Coloradans since the end of the Great Recession. While most Coloradans have not reaped the benefits of the economic boom, Black and Latino workers still experience higher rates of joblessness than their White peers. In addition, a significant and disturbing number of Coloradans continue to live in poverty, unable to earn enough to meet their basic needs.

If these facts seem to contradict the common perception that Colorado's economy is "thriving," that's because the economic gains have been concentrated among the richest households. Unfortunately, even as higher wages and better jobs continue to elude most Coloradans, the cost of housing, food and health care continue to rise — exacerbating workers' financial woes.

The State of Working Colorado is intended to help stakeholders and policymakers determine where to focus their efforts in revitalizing Colorado for all who live and work here. Colorado Center on Law and Policy produces this annual compendium of data to gauge how the economy is performing for workers across the income spectrum.

Since I joined CCLP in 2013, many of the metrics in our annual State of Working Colorado report have barely budged. In particular, Black and Latino Coloradans continue to face stark disparities in employment, income and poverty levels. This points to the need for legislators and business and philanthropic leaders to focus their efforts on policies that will increase wages paid by the rapidly growing service sector, make a concerted effort to rectify the legacy of racial discrimination, and deploy evidence-based programs to tackle poverty at its roots.

CCLP forges pathways from poverty by advancing the economic security, health and well-being of all Coloradans. We all aspire to be able to support ourselves and our families, to control our financial future, and to share in the prosperity we see around us. Policies that improve economic security of hard-working Coloradans help communities and the economy as a whole. That's why CCLP will continue working for a better future for the state that we love.



**Claire Levy**

Executive Director

Colorado Center on Law and Policy



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Median household income varies significantly by county

Race-based income gaps are significant and persistent

Substantial gender wage gap for women of color

Half of the state's income is concentrated among 20 percent of the population

Poverty rate dropped in 2016 but remains in double digits

One in four Coloradans living at or near poverty

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## Data Sources

The *State of Working Colorado* draws on a variety of data sources described below. These data sources employ a number of commonly used terms (e.g., employment, income, wages, etc.), but terms may have different underlying definitions from dataset to dataset. Less common and more complicated terms are generally defined in the text. Even when two different data sources use equivalent definitions, estimates may differ from source to source because they survey different samples of the population. Another important feature of estimation is the concept of estimation error. For smaller subsets of the population (e.g., single fathers with children) the point estimate may be less precise, though we can be reasonably confident that it falls within a range of possible values (i.e., the margin of error). In these cases, our intention is to convey a pattern in the data. More detailed documentation on methodology is included in notes at the end of each chapter where we thought readers might benefit from having that additional information.

- **American Community Survey (ACS):** The ACS is a large survey of households intended to fully replace the traditional “long form” portion of the decennial census. For smaller geographies, it is necessary to pool data from a number of years to produce reliable estimates. Our county-level maps of median income and poverty, for example, use 5-year estimates for this reason. In a few cases, we used what are known as “public use microdata” files to produce estimates using the ACS. This allows us to ask questions that cannot be answered with pre-tabulated data available on the U.S. Census Bureau’s American Fact Finder tool.
- **Current Population Survey (CPS):** The CPS is a monthly survey of 60,000 households used primarily for national level estimates and state-level average unemployment. Each household is in the sample for 2 periods of 4 months each, with 8 months in between. In the fourth month of each 4-month period, households are in the Outgoing Rotation Group (ORG) and are asked an additional set of questions pertaining to wages. The Economic Policy Institute cleans up the data so that it is more usable for policy makers and researchers.
- **Current Employment Statistics Survey (CES):** The CES is a survey of approximately 143,000 businesses and government agencies representing 588,000 worksites throughout the United States. CES data is used for a variety of the employment statistics in the report.
- **Local Area Unemployment Statistics (LAUS):** The LAUS program is a model based approach to calculating labor force statistics for small geographies by combining data from the CES, CPS, and state unemployment insurance programs.
- **Occupational Employment Statistics (OES):** The OES survey is a semi-annual mail survey of non-farm establishments. The data are used to produce employment and wage estimates by occupation.



# Executive Summary

The *State of Working Colorado* is a collection of critical data designed to look beyond broad-based economic indicators to better understand how the economy is working for all Coloradans.

Colorado continues to have one of the strongest performing economies in the country. Job growth has been robust for the past several years, consistently ranking Colorado among the top states for job creation. The unemployment rate has dropped steadily since 2010 to 3.3 percent in 2016. Real median household income continues to grow and is now slightly above the pre-recession level. And poverty rates have fallen since 2012, dropping to 11 percent in 2016. Yet, this report points to several challenges to achieving an economic recovery in Colorado that is broadly shared and enduring:

- **The median hourly wage has been falling or flat since the recovery began.** This means that gains in median household income are likely due to an increase in the number of people contributing to family income and/or an increase in hours worked, and not to wage increases for individual workers. Also, a growing share of jobs that have returned to the state do not pay self-sufficiency wages. We need to see meaningful and sustained recovery in wages before we can claim that our state's economy is working for all Coloradans.
- **Economic gains are increasingly concentrated among a small share of high earners in the state.** In 2016, half of the state's total personal income was concentrated among the richest 20 percent of Colorado households.
- **While jobs have returned to the state, not all workers have returned to work.** Overall, labor force participation is still below the pre-recession level signaling there is still some slack in the labor market despite our low unemployment rate. Given strong job growth and low unemployment levels, we have an opportunity to help workers with barriers to employment return to the labor force and continue to fuel economic growth in our state.
- **Colorado is increasingly becoming a multiracial state with a persistent race-based economic divide.** People of color in Colorado are disproportionately low-income, face higher unemployment and poverty rates, and are more likely to live in high poverty neighborhoods. These disparities create a drag on our economic growth and ultimately harm our communities. Growing diversity of our state is an asset provided all Coloradans have equitable access to the resources and opportunities they need to thrive.

These outcomes are not inevitable. They are the result of policy choices and can be addressed by policy changes. The conditions that will propel the Colorado economy toward sustained growth include employment for every worker who wants a job, a living wage for all working people, broadly shared economic growth, and equitable access to economic opportunity. **Our hope is that the *State of Working Colorado* will inform the policy dialogue across the state and inspire ideas to bridge the gaps in our economy, help working families achieve the economic security they have earned and move our state forward.**

## 1. Employment

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*Job growth has been strong in the state—adding nearly 305,700 jobs since 2007. Colorado continues to rank among the top 10 states for job growth. The labor force is highly educated compared to other states. While these indicators are encouraging, it is also clear that job growth is not keeping pace with population growth, a larger share of jobs pay low wages, and one in five prime age workers are still not employed, suggesting slack remains in the labor force.*

- As of September 2017, Colorado’s economy had 2.65 million jobs. Colorado has experienced substantial population growth in recent years—growing by 18.7 percent since 2007. To keep pace with rapid population growth, Colorado needs to create nearly 132,000 additional jobs.
- A growing share of jobs in the state pay less than self-sufficiency wages—defined here as wages sufficient to meet a basic needs budget for a single adult. In 2001, an estimated 9.4 percent of jobs in the state paid less than the self-sufficiency wage, growing to 20.5 percent of jobs in 2016.
- Colorado is becoming an increasingly multiracial state. By 2050, an estimated 48 percent of the state’s labor force will be people of color. The persistent disparities in income, employment and poverty by race and ethnicity in Colorado ultimately threaten the prosperity of these individuals, their families, and the state as a whole. Growing diversity of our labor force is an asset provided all Coloradans have access to the resources and opportunities they need to thrive.
- In 2016, 16.7 percent of part-time workers said they wanted more work. This is still slightly above the pre-recession level and higher than historical levels. Throughout the 1990s only about one in 10 part-time Colorado workers wanted to be working full-time. An elevated rate of involuntary part-time employment is likely due to an ongoing structural shift in the economy where employers rely increasingly on part-time workers as a means to control labor costs.
- In 2016, 81.5 percent of the prime working-age (25 to 54 years old) population were employed, which is still more than 2 percentage points lower than the pre-recession high. The employment-to-population ratio took a nose dive during the recession and has been slow to recover despite falling unemployment rates.
- The share of all prime-age men who are working plummeted from 91.7 percent in 2007 to 85.2 percent in 2011, recovering to 89.9 percent in 2016, which is still below the pre-recession level. Lower labor force participation is a trend seen among men of all races and ethnicities in Colorado and across the country.

## 2. Unemployment

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*The unemployment rate in Colorado is impressively low—falling to a near historic low in 2016. Yet, focusing exclusively on this single measure risks missing the full story about the Colorado labor market. Many Coloradans are still working below their full potential. Underemployment remains high overall—particularly for Black, Latino and young Coloradans. The long-term unemployment rate has dropped substantially but still remains above the pre-recession rate.*

- The average annual unemployment rate for 2016 was 3.3 percent—well below the national rate of 4.9 percent and the 6<sup>th</sup> lowest unemployment rate in the country.
- Unemployment rates by county range from a low of 1.7 percent to a high of 6.4 percent. The highest unemployment rates are concentrated in and around the San Luis Valley.
- The underemployment rate adds to our understanding of the strength of the labor market by counting jobless workers looking for work, those who have given up searching for a job, and involuntary part-time workers. The underemployment rate has been declining in recent years dropping to 7.3 percent in 2016, finally equal to the pre-recession rate.
- While the statewide unemployment rate has dropped significantly, Black and Latino workers still face higher levels of joblessness. In 2016, the unemployment rate for Latinos was 4.8 percent—two percentage points above that for White workers (2.8 percent). Latinos also experienced relatively high rates of underemployment (10.6 percent) compared to White workers (6.4 percent) in 2016. Unemployment among Black Coloradans at 4.5 percent also was higher compared to White workers but Black workers experienced a slightly lower level of underemployment (5.5 percent).
- Young workers—ages 16 to 24—faced some of the highest rates of unemployment (6.7 percent) and underemployment (14.5 percent) in 2016 but unemployment has dropped significantly for this population in recent years.
- In 2016, 21.3 percent of all jobless workers in Colorado had experienced long-term unemployment (a period of joblessness of six months or longer), which is still substantially above the 2007 rate of 13.1 percent.

## 3. Wages

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*Wage growth in Colorado has been strikingly uneven. For the majority of workers, wages have been stagnant over the last decade regardless of education level and despite growing productivity. The median wage has been flat since the end of the recession. And wages for half of all Colorado workers are down by 2 percent since 2000. The current wage trends make it increasingly difficult for low- and middle-wage workers to keep up with the rising cost of living in the state.*

- In 2016, the median hourly wage in Colorado was \$18.92—still below the 2007 median wage of \$19.70 after adjusting for inflation. While the unemployment rate has dropped every year since 2010, the median wage has been flat over that same period. The economic recovery for wages has only meant that the median hourly wage in Colorado has stopped falling.
- The wealthiest Coloradans saw their wages grow much faster and more consistently than middle- and low-wage earners across the state. In 2016, those in the 20th percentile earned wages essentially equal to what they earned in 2000 in real dollars. Middle-wage earners (those with earnings at the median for the state) are down from 2000—earning 2 percent less than they did in 2000. Those at the top of the income spectrum (80th and 90th percentiles), however, have experienced more steady growth and are up 6.3 and 12.2 percent, respectively since 2000.
- Wage growth since 1979 is concentrated at the top. Expanding our timeframe, we can see that the median wage in 2016 is only 7.9 percent above the 1979 level when adjusted for inflation. While wages for top earners in the state are up 33.8 percent since 1979.
- Higher education results in higher wages but not wage growth over time. In 2016, the median hourly wage of a worker with a bachelor’s degree or higher was \$26.75. While the median wage of Coloradans who only completed high school (\$15.24) was about 70 percent of college graduates. Yet, even the wages of Colorado’s most educated workers have stagnated since 2000. The 2016 median wage for workers with a college degree in Colorado was essentially the same as it was in 2000 after adjusting for inflation.
- Historically, increased productivity has resulted in rising wages and better living standards across the income spectrum. In recent decades, however, growth in wages for most families has lagged significantly behind growth in productivity. Worker productivity in Colorado has increased nearly 68 percent between 1979 and 2016, while the median wage only increased by 12.6 percent over the same period.

## 4. Income

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*In 2016, median household income increased to \$65,685—up 1.5 percent from 2015 after adjusting for inflation. This puts median household income just slightly above the pre-recession level. Despite the recovery in median income, persistent and substantial racial, ethnic and gender income gaps remain. And much like the nation, Colorado is experiencing growing income inequality. Income gains have disproportionately gone to families at the top of the income distribution.*

- The increase in median household income in 2016 finally pushed it over the amount earned in 2000 by 1.6 percent after adjusting for inflation.
- Median income varies substantially by race and ethnicity, even after adjusting for education. In Colorado in 2016, median income for Latino households was 69 percent of White median household income. Among Black households, median income was 67 percent of White

households. These disparities in earnings are deeply rooted in systemic racism both past and present that perpetuates race-based economic inequality.

- While 2016 saw income gains nearly across the board, Latino and Black households in Colorado saw the largest increases since 2015. Median income for Latino households increased 5.6 percent in 2016 and is up 8.6 percent compared to 2007 after adjusting for inflation. Median Black household income was up 3.6 percent in 2016 but still has not recovered to its 2007 level.
- Colorado women working full-time earn only 84 percent of what men earn. Women earn less than men at every educational level. The gap grows substantially at the upper rungs of the education ladder, with the largest gender income gaps existing at the highest levels of education.
- Women of color in Colorado earn even less compared to non-Hispanic White men. Latina workers earn just 54 percent of White men followed closely by Native American women earning 58 percent and Black women earning 64 percent of White men. Asian women earn 70 percent of White men.
- Nearly half of the income earned in Colorado in 2016 went to the wealthiest 20 percent of households. This means that one of every two dollars earned in the state went to the top 20 percent of households and the other dollar was split—unevenly—among the bottom 80 percent of households.

## 5. Poverty

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*Unlike other measures of the state's economic health, poverty rates have been much slower to respond to the economic recovery. Economic insecurity and poverty remain more pervasive than would be suggested by the headlines about how the state economy is performing. Wage stagnation coupled with the rising cost of living, growing income inequality and eroding labor standards that reduce worker bargaining power all contribute to persistently high rates of poverty and economic insecurity in the state.*

- The state's poverty rate dropped to 11 percent in 2016, now below the pre-recession rate of 12 percent, but still significantly higher than the 2000 rate of 8.7 percent.
- About 44 percent of Coloradans in poverty are living in deep poverty—that is, living on an income that is half of the poverty line. In 2016, that meant living on just \$6,100 per year for an individual. That's an estimated 260,000 people across the state still living in deep poverty.
- Although the federal poverty level (FPL) is the most commonly used official metric of economic need, many regard it as an underestimate of those who struggle to make ends meet. The Self-Sufficiency Standard for Colorado — the level at which families can meet basic needs without public or private support — generally requires an income of at least 200 percent of FPL or even

higher in some parts of the state. By this measure, the share of Coloradans without basic economic security was 26.9 percent in 2016, or more than one in four households in the state.

- Poverty rates vary widely by race and ethnicity. The poverty rate among White Coloradans is 8 percent—lower than the statewide poverty rate of 11 percent and several times lower than the rate among Latinos (17 percent), Blacks (18.4 percent) and American Indian/Alaskan Natives (20.8 percent). The poverty rate among Asian households was 11.1 percent.
- Even more striking is the share of people of color living at or near poverty (under 200 percent of the federal poverty level): 43.8 percent of all Latinos in Colorado; 41.7 percent of Black Coloradans; 41.3 percent of American Indian/Alaskan Natives and 24.7 percent of Asians lived at or below this more accurate measure of economic security in 2016.
- Poverty is not distributed evenly across the state—some neighborhoods and some communities have higher than average poverty rates. Black and Latino Coloradans are substantially more likely to live in high poverty neighborhoods. While 11.7 percent of Whites live in communities with a poverty rate of 20 percent or more, 34.4 percent of Latinos and 33.1 percent of Blacks live in such neighborhoods.
- Women are more likely to live in poverty regardless of education. And single mother families are most at risk for living in poverty. Single mother families account for less than 10 percent of families in Colorado, but are 41 percent of all families in poverty.
- In 2016, the child poverty rate dropped to 13.4 percent—now three percentage points below the pre-recession rate but still significantly higher than the 2000 rate (9.7 percent). If we look at households earning less than 200 percent of FPL to better reflect the threshold below which households struggle to meet their basic needs, nearly one-third of all Colorado children live at or near this threshold.
- In 2016, 7.4 percent of White children lived in households with income under the poverty line. Latino, Black, and American Indian or Alaskan Native children had the highest child poverty rates with 20 percent or more of children living in poverty. More than half of Latino, Black, and 45 percent of American Indian or Alaskan Native children live at or near poverty (in households with incomes up to 200 percent of FPL).

# CHAPTER 1: Employment

**A job is the primary source of income for most families. This chapter focuses on various employment-related measures and describes the Colorado labor force.**

Job growth has been strong in the state—gaining 305,700 jobs since 2007.

While Colorado has regained the jobs lost during the recession, job growth has not kept pace with population growth and has been fueled in part by jobs that pay below self-sufficiency wages. And still the share of Coloradans working part-time jobs because they cannot find full-time employment remains double the 2000 rate.

Unemployment rates have dropped every year since 2010, but the share of employed prime-age (25 to 54 years old) adults has been slow to return to pre-recession levels—signaling that some decline in unemployment may be due to people dropping out of the labor market altogether.

## *Fast Facts*

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Colorado needs an additional 132,000 jobs to keep pace with population growth.

The share of Colorado jobs paying less than self-sufficiency wages has grown from 9.4 percent in 2001 to 20.5 percent in 2016.

By 2050, nearly half of the Colorado labor force will be people of color.

Involuntary part-time employment has dropped but still remains above historical levels.

Labor force participation of prime-age workers (ages 25 to 54) is still below the pre-recession level. One in five prime age workers in the state were not employed in 2016.

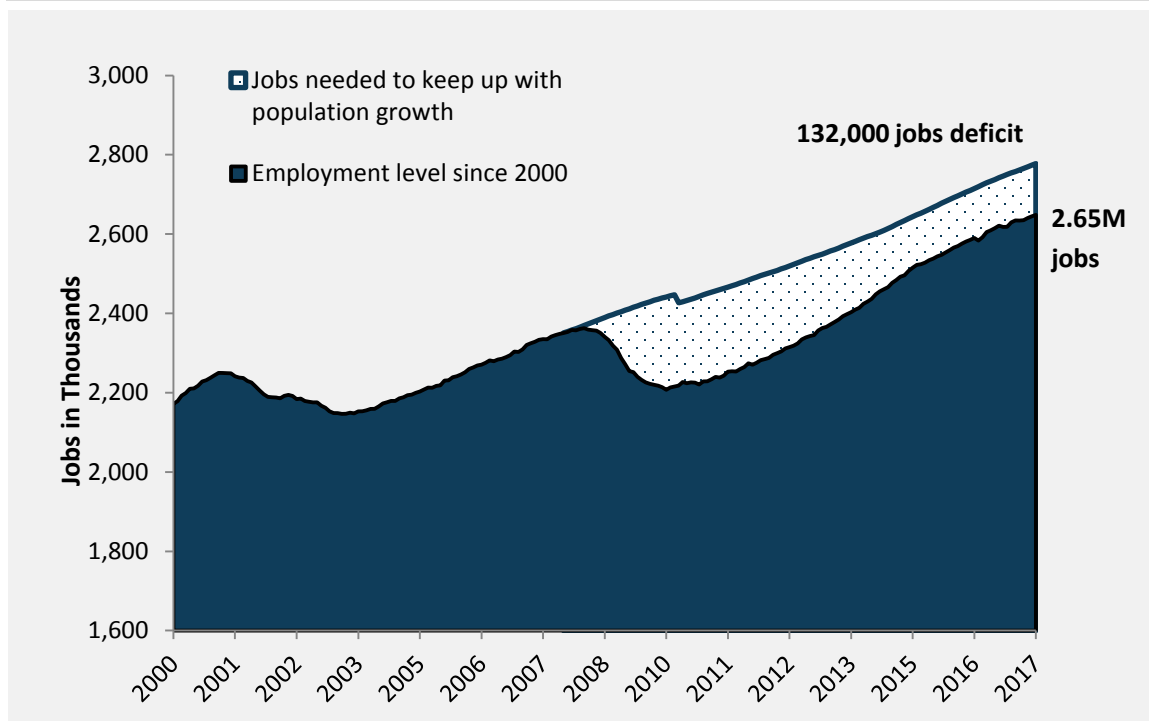
## Job growth is strong but still lags behind population growth

The state lost 143,000 jobs between December 2007 and January 2010. By early 2013, the Colorado jobs number had returned to pre-recession levels. As of September 2017, Colorado's economy had a total of 2.65 million jobs, an increase of 305,700 jobs compared to December 2007.

While the job recovery is good news and represents significant post-recession progress, job growth in Colorado still lags significantly behind population growth—creating a jobs deficit. The Colorado population has grown by 18.7 percent since December 2007. To keep pace with its rapid population growth, Colorado needs to create nearly 132,000 additional jobs.

**Figure 1.1: Strong job growth still lags statewide population growth**

**TOTAL JOBS AND JOBS NEEDED TO KEEP PACE WITH POPULATION GROWTH, 2000 – SEPTEMBER 2017**



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



## Growing share of Colorado jobs pay less than self-sufficiency wage

While job growth has been strong in the state, a growing share of jobs are low-wage. For this analysis, minimal self-sufficiency is defined as being able to meet basic needs without private or public support. The Self-Sufficiency Standard for Colorado calculates the income needed to meet a basic needs budget.<sup>1</sup> We defined a minimally self-sufficient annual salary by calculating the median Self-Sufficiency Standard for a single adult across Colorado's 17 metro counties in 2001, 2008 and 2016 and then compared that to wages by occupation.<sup>2</sup>

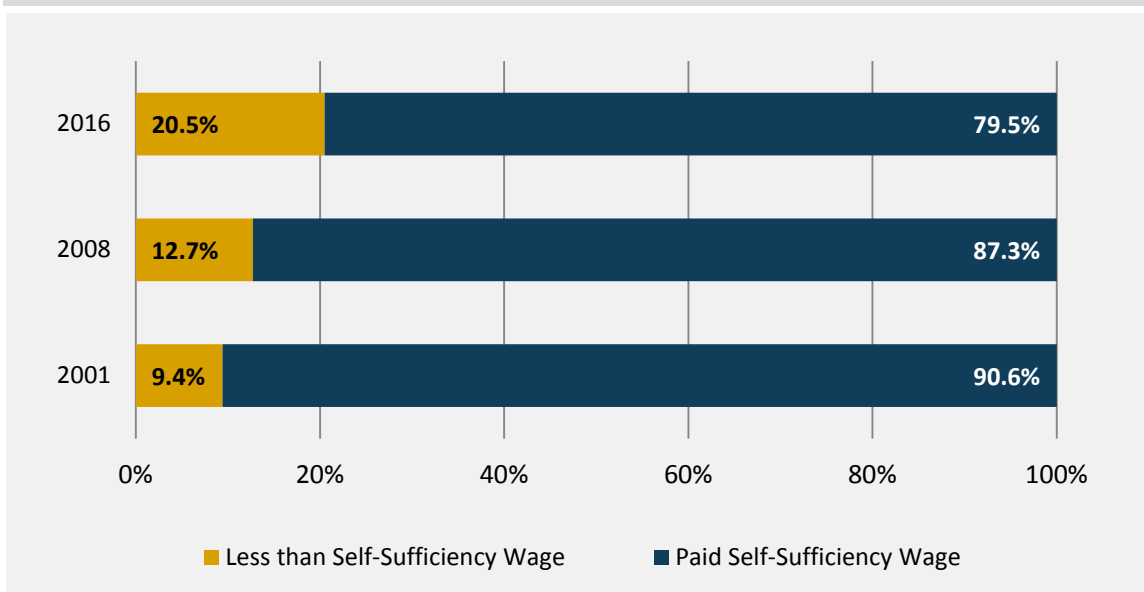
The estimated share of jobs paying an annual salary less than what's necessary for a single adult to meet their basic needs has grown substantially between 2001 and 2016 from about 9.4 percent to 20.5 percent, with the most substantial growth occurring between 2008 and 2016.

In part, the growth in low-wage jobs is tied to wage stagnation. Jobs that used to offer economic security no longer do so because wages have lost ground to the rising cost of living in the state. For example, about 40 percent of food service jobs in 2001 paid wages below self-sufficiency for a single adult. In 2016, the vast majority (70 percent) of jobs in the food service industry in Colorado would not support a basic-needs budget for a single adult.

At the same time, job growth in the state has been fueled in large part by an increase in these service industry jobs that pay lower wages. Everyone can agree that child care workers, home health care aides and cooks are essential to our communities, and yet, these jobs increasingly do not pay enough for many workers across the state to make ends meet.

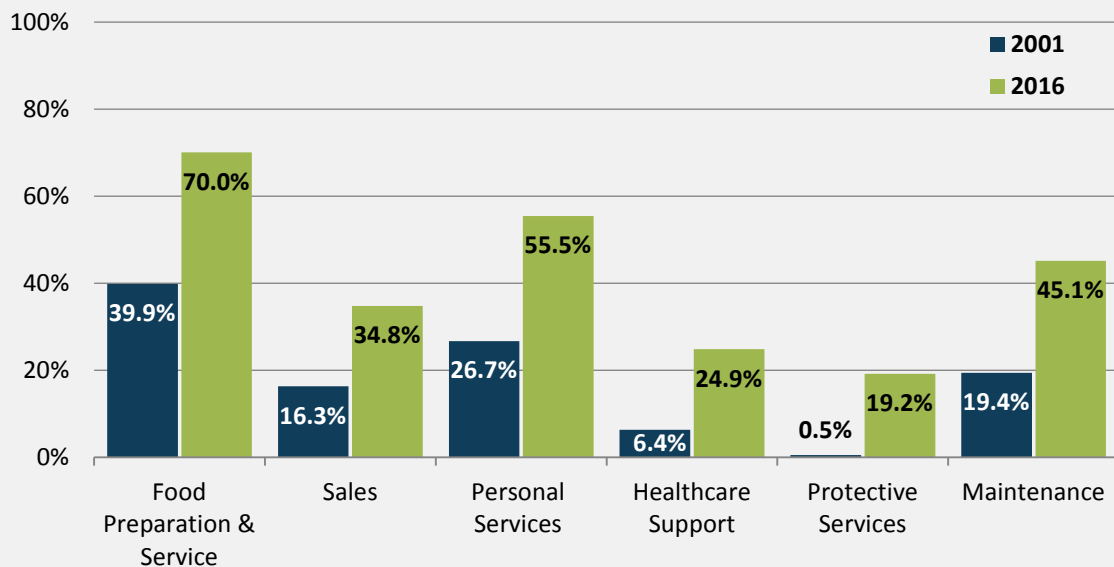
**Figure 1.2: Statewide growth in jobs paying below self-sufficiency wages**

**SHARE OF JOBS PAYING LESS THAN SELF-SUFFICIENCY WAGE FOR SINGLE ADULT, 2001, 2008 AND 2016**



*Bureau of Labor Statistics Occupational Employment Survey; and Self-Sufficiency Standard for Colorado*

**Figure 1.3: State's fastest growing occupation groups are increasingly low-wage**  
**SHARE OF JOBS PAYING LESS THAN SELF-SUFFICIENCY WAGE BY OCCUPATION, 2001 AND 2016**



**Table 1.1: Change in jobs by occupation group, 2001 and 2016**

Occupation Group	No. (%) change in jobs 2001-2016	% of jobs that are low-wage	
		2001	2016
<b>Business &amp; Financial Operations</b> – accountant, market research	81,600 (48%)	0.1%	0.5%
<b>Food Preparation &amp; Service</b> - cooks, wait staff	59,000 (24%)	39.9%	70.0%
<b>Health Care Practitioners</b> – RN, LPN, pharmacist	51,780 (38%)	0.1%	1.2%
<b>Sales</b> - cashiers, retail sales staff, telemarketer	42,470 (15%)	16.3%	34.8%
<b>Personal Services</b> - childcare, personal care aide, recreation staff	36,260 (44%)	26.7%	55.5%
<b>Education, Training, and Library</b> – teacher, librarian	28,810 (20%)	4.9%	6.6%
<b>Health Care Support</b> - home health aide, nursing and dental assistant	22,060 (35%)	6.4%	24.9%
<b>Computer &amp; Mathematical</b> – information technology, web developer	19,630 (19%)	-	-
<b>Community &amp; Social Service</b> – counselor, social worker, probation officer	11,920 (34%)	0.9%	2.8%
<b>Arts, Design, Entertainment, Sports &amp; Media</b> – coaches, graphic design	10,870 (28%)	3.0%	10.8%
<b>Protective Services</b> - security guard, life guard, ski patrol	10,310 (19%)	0.5%	19.2%
<b>Maintenance</b> - housekeeper, janitor, groundskeeper	9,130 (11%)	19.4%	45.1%

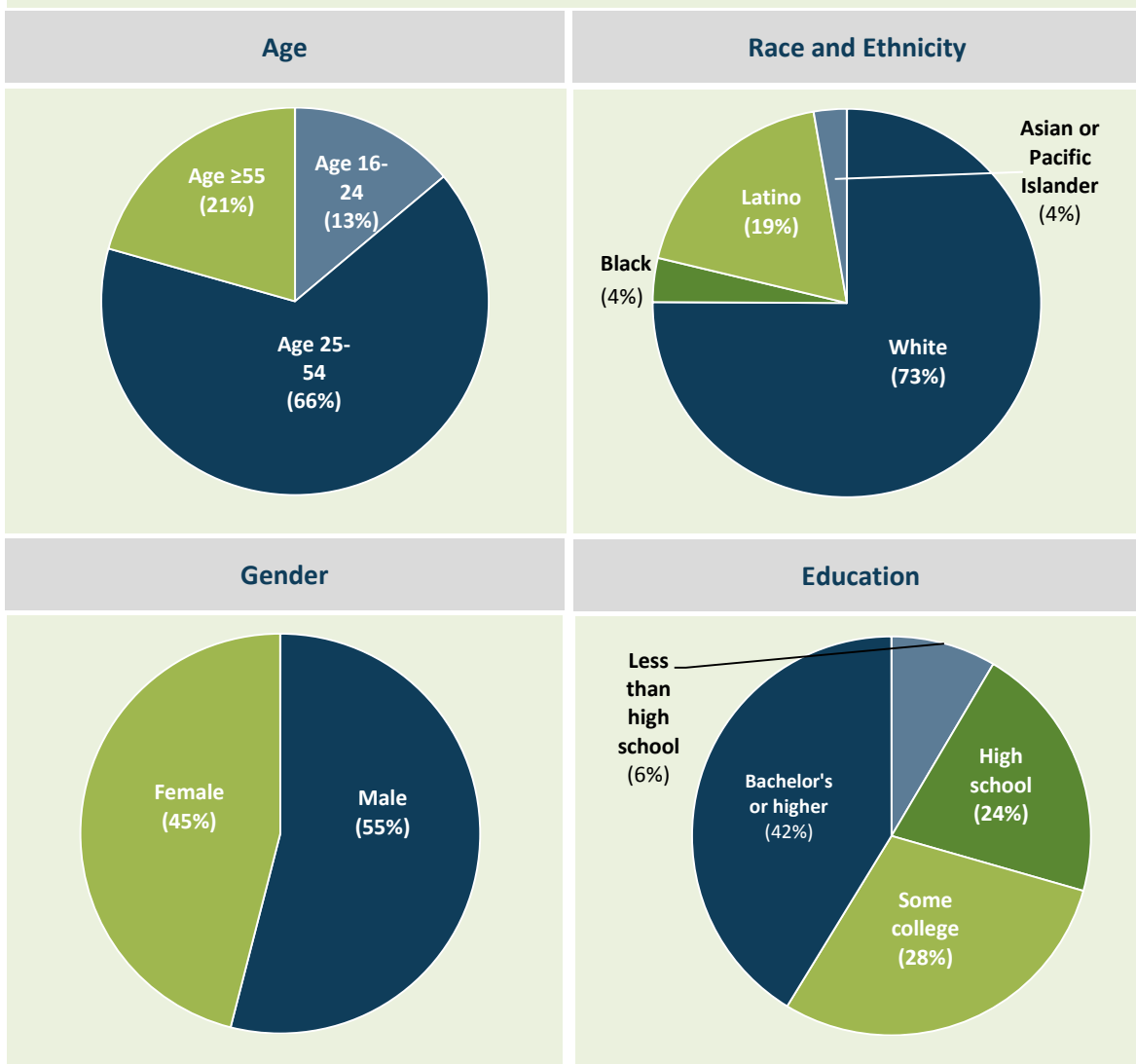
Bureau of Labor Statistics Occupational Employment Survey; and Self-Sufficiency Standard for Colorado

## Colorado Labor Force Demographics

The labor force includes people age 16 years and older who either have jobs or have actively sought work within the past four weeks. The average annual labor force totaled nearly 2.9 million people in 2016.

- A slight majority (54 percent) are men; 46 percent are women.
- Two-thirds of labor force participants are between the ages of 25-54 years old.
- Three-quarters of the labor force is White. Latinos make up the second largest group representing 19 percent of the total labor force while Blacks and Asian/Pacific Islanders each make up less than 5 percent of the labor force.

Colorado continues to have a well-educated labor force. About 42 percent of Coloradans working or looking for work hold a bachelor's degree or higher, which is 6 percent higher than the national rate.



Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (2015 data)

## Changing face of Colorado's labor force

Colorado increasingly is becoming a multiracial state. Between 2000 and 2016, people of color increased from one-quarter of the state's population to nearly one-third. By 2050, an estimated 48 percent of the state's labor force will consist of people of color.

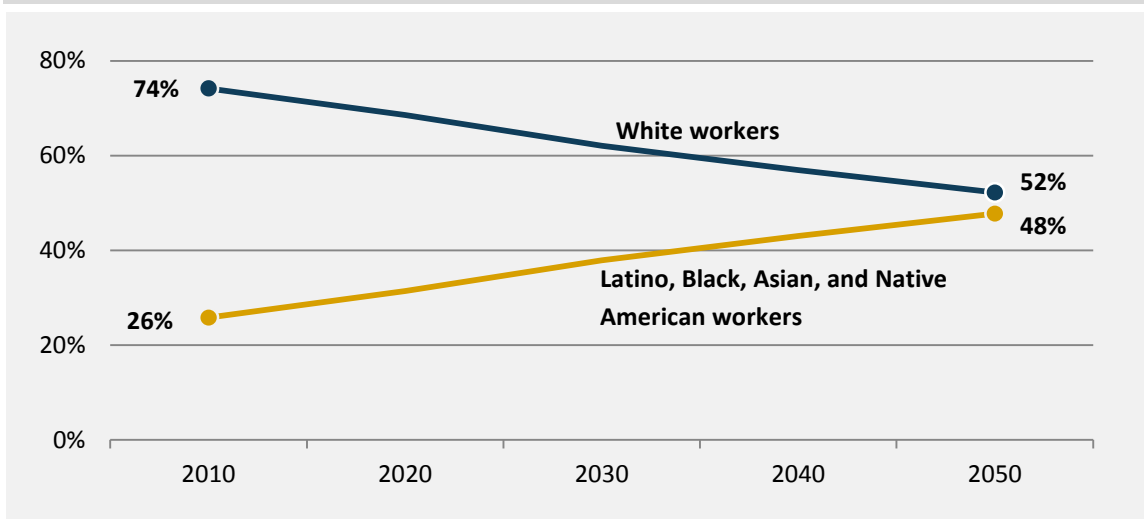
Since 2000, people of color represent over half of Colorado's population growth, driven primarily by growth in the Latino population. These population shifts are happening across the state—in many urban, suburban and rural areas, people of color are becoming a larger share of the overall population.

As people of color comprise a larger share of the labor force, their social and economic progress will determine the success and growth of the state's economy. The persistent disparities in income, employment and poverty by race and ethnicity in Colorado highlighted throughout this report ultimately threaten the prosperity of these individuals, their families, and the state as a whole.

These disparities are the ongoing consequence of our nation's history of unequal access to good schools, safe neighborhoods, money to finance home ownership and disproportionate targeting by the criminal justice system. This shared history is complex and so are the solutions that will take us down the path of unwinding this legacy of disparity but it can be done. We cannot declare that our economy and communities are thriving while people of color in Colorado lag behind their white counterparts. The growing diversity of our state is an asset provided all Coloradans have equitable access to the resources and opportunities they need to thrive.

**Figure 1.4: Labor force is becoming increasingly diverse**

**RACE AND ETHNICITY OF PRIME AGE WORKERS (AGES 25 TO 64) IN COLORADO, 2010-2050**



Colorado State Demographer's Office

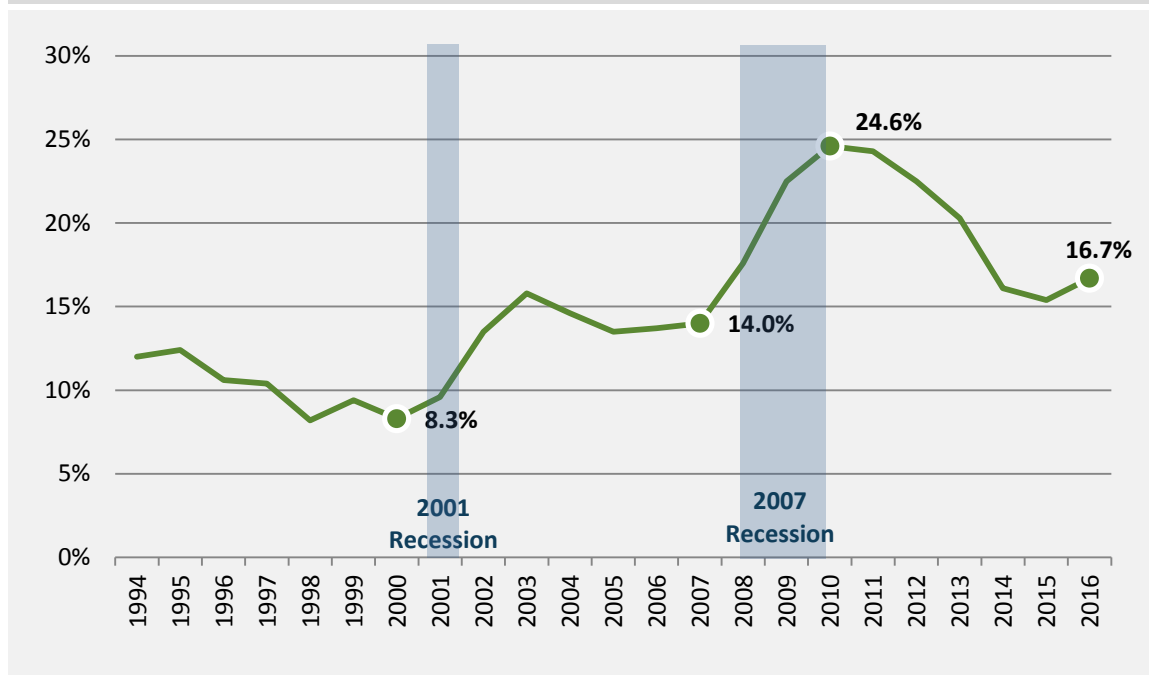
## Involuntary part-time workers still above historic levels

Involuntary part-time work surged during the recession peaking at nearly 25 percent in 2010 but has dropped steadily since 2010. In 2016, 16.7 percent of part-time workers said they wanted more work. This is still above the pre-Great Recession level (14 percent) and double the rate in 2000. In fact, the share of involuntary part-time workers never bounced back after the 2001 recession but remained elevated moving into the 2007 recession.

This elevated rate of involuntary part-time employment is likely due to an ongoing structural shift in the economy where employers are relying on part-time workers to provide more flexibility in controlling labor costs.<sup>3</sup> One way employers do this is through on demand scheduling where workers are subject to irregular schedules and therefore unsteady income.

This shift comes at a cost for workers. Unpredictable part-time work schedules make it difficult for workers to arrange child care, take advantage of educational opportunities and earn a steady income. Nationally, an estimated 17 percent of the U.S. workforce has an unstable schedule.<sup>4</sup> Nearly 40 percent of low-income workers experience income fluctuations of 25 percent above or below their average monthly income in at least six months of the year.<sup>5</sup> Financial uncertainty like this is enormously stressful for families and makes it difficult to plan for the future.<sup>6</sup>

**Figure 1.5: Share of Coloradans working part-time involuntarily still high**  
**SHARE OF PART-TIME WORKERS WHO ARE EMPLOYED PART-TIME INVOLUNTARILY, 1994-2016**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

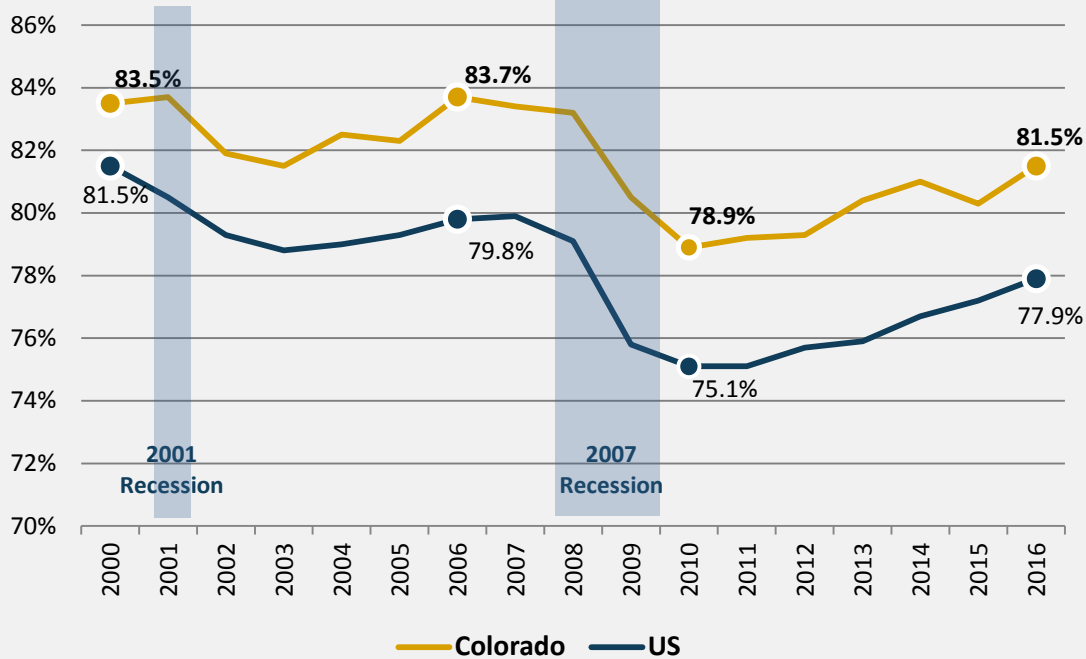
## Slow recovery of labor force participation of prime age workers

Despite Colorado’s strong job growth, not all workers have returned to work. Another helpful measure in assessing the health of the job market is the employment-to-population ratio—that is, the proportion of the working age population that is employed.

The employment-to-population ratio took a nose dive during the 2007 recession and has been slow to recover. In 2016, 81.5 percent of the prime working age (25 to 54 years old) population were employed, which is still about two percentage points lower than the pre-recession high.

While 2 percent may sound like an insignificant decline, our experience with prior economic downturns suggests that employment effects like this should be relatively short-lived. And in Colorado, in particular, our strong job growth and low unemployment rate should help displaced workers land a new job more quickly and provide an incentive for re-entering the labor market. A growing number of economists point to this pool of disengaged workers as one of the lingering scars from the Great Recession.<sup>7</sup> And yet, our tight labor market also provides an opportunity for employers and training providers to partner on luring these missing workers back into the labor force to fill positions in key sectors desperate for workers.<sup>8</sup>

**Figure 1.6: Nearly 20 percent of prime working-age Coloradans are not working**  
**EMPLOYMENT-TO-POPULATION RATIO, 25 TO 54 YEAR OLDS, COLORADO AND U.S., 2000-2016**



Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey

## Colorado men returning to the labor force but still below pre-recession levels

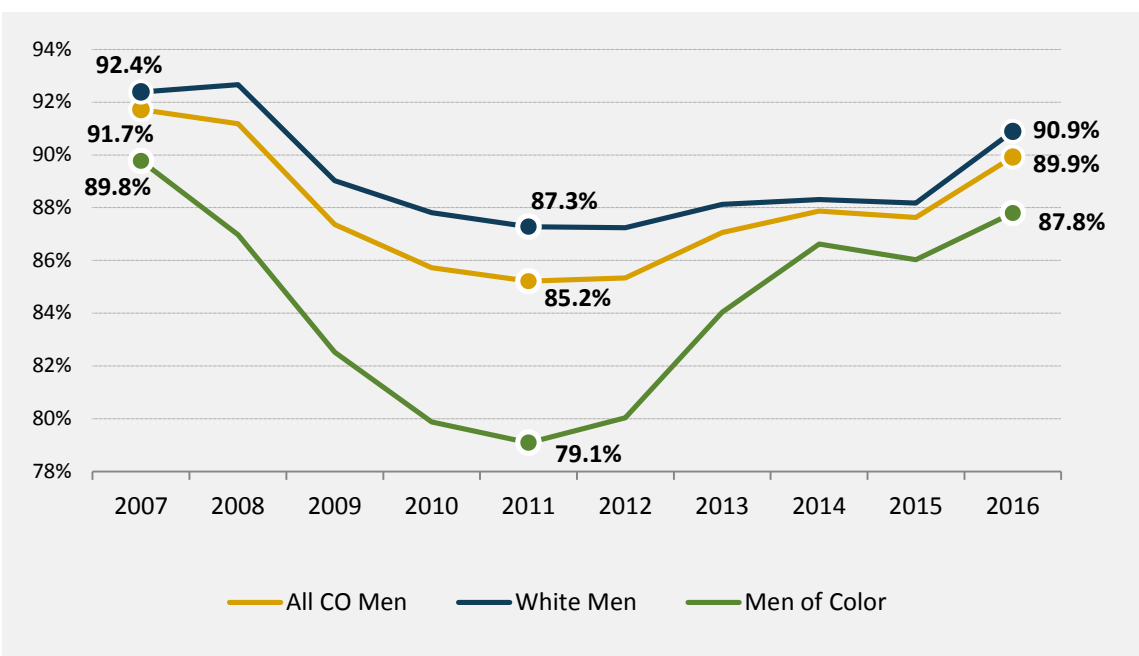
Nationally, the share of prime-age men in the labor force has been falling for decades.<sup>9</sup> The Great Recession resulted in dramatic drops in employment among men. Seven years into the recovery, many men in their prime working years still have not returned to the labor force.<sup>10</sup>

In Colorado, the share of all prime age men who are working plummeted from 91.7 percent in 2007 to 85.2 percent in 2011. In 2016, 89.9 percent of men ages 25 to 54 were working, which is still down 1.8 percent from 2007.

The graph below also illustrates the disparate employment experiences of men of color and White men highlighting a difficult fact about our economy. When the economy falters, people of color are hit harder. Employment among men of color age 25 to 54 dropped by 10 percentage points between 2007 and 2011. Likewise, when the economy surges, people of color have a harder time getting jobs. While the employment-to-population ratio of men of color has rebounded substantially, the rate is still down 2 percent from 2007 compared to 1.5 percent for White men. These disparities—the product of a complex mix of hiring discrimination, unequal access to educational opportunities<sup>11</sup> and a legacy of mass incarceration of people of color—ultimately create a drag on our economy and strain our communities. An underutilized workforce hampers productivity, cuts short the potential to grow consumer demand, and leaves people unnecessarily on the sidelines.

**Figure 1.7: Fewer men are working**

**EMPLOYMENT-TO-POPULATION RATIO, COLORADO MEN 25 TO 54 YEARS OLD, 2000-2016**



*Economic Policy Institute Analysis of Current Population Survey*

## Notes

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<sup>1</sup> Diana Pearce. (2015). *The Self-Sufficiency Standard for Colorado 2015*. Colorado Center on Law & Policy. Available at <http://cclponline.org/our-issues/economic-self-sufficiency/colorado-self-sufficiency-standard/>.

<sup>2</sup> Wage thresholds for this analysis were defined using data from the Self-Sufficiency Standard for Colorado. The self-sufficiency thresholds for Figure 1.2 were determined by calculating the median self-sufficiency salary for a single adult across Colorado's 17 metro counties for 2001 (\$16,200), 2008 (\$20,300) and 2016 (\$26,600). The self-sufficiency salaries are based on the local cost of living and defined as an income sufficient to meet basic needs without public or private support. Those 17 counties account for well over 80 percent of the jobs in the state in 2016. We excluded mountain resort communities from our computation of the median self-sufficiency salary because they are some of the highest cost communities in the state and would have driven up the thresholds substantially, potentially overestimating the cost of living. The self-sufficiency thresholds for 2001, 2008 and 2016 were then compared to annual wages at the 10th, 25th, 50th, 75th and 90th percentiles for the most detailed occupations (as defined under the Standard Occupation Classification System) made available through the Occupational Employment Statistics Program (OES). A count of jobs in each occupation category paying less than the sufficiency thresholds was estimated by multiplying the appropriate wage percentile by the number of jobs in that category. While this method likely results in slightly underestimating the number of jobs that fall below the identified thresholds, it does provide a rough estimate of the share of low wage jobs in a single year and over time.

<sup>3</sup> Lonnie Golden. (2016). *Still falling short on hours and pay: Part-time work becoming new normal*. Washington, DC: Economic Policy Institute. Available at <http://www.epi.org/publication/still-falling-short-on-hours-and-pay-part-time-work-becoming-new-normal/>

<sup>4</sup> Economic Policy Institute. Available at <http://www.epi.org/press/at-least-17-percent-of-workers-have-unstable-schedules/>

<sup>5</sup> Elaine Maag, H. Elizabeth Peters, Anthony Hannagan, Cary Lou, and Julie Siwicki. (2017). *Income Volatility: New Research Results with Implications for Income Tax Filing and Liabilities*. Washington, DC: Tax Policy Center. Available at <http://www.taxpolicycenter.org/publications/income-volatility-new-research-results-implications-income-tax-filing-and-liabilities/full>.

<sup>6</sup> See Jonathan Murdoch and Rachel Schneider. (2017). *The Financial Diaries: How American Families Cope in a World of Uncertainty*. Princeton University Press.

<sup>7</sup> Ben Casselman. (October 5, 2017). Why some scars from the recession may never vanish. New York Times. Available at <https://www.nytimes.com/2017/10/05/business/economy/recession-recovery.html>.

<sup>8</sup> Harry Holzer. (August 29, 2017). Labor market pump is primed – we must take advantage. Brookings. Available at <https://www.brookings.edu/opinions/labor-market-pump-is-primed-we-must-take-advantage/>

<sup>9</sup> Council of Economic Advisors. (2016). The Long-Term Decline in Prime-Age Male Labor Force Participation. Available at [https://www.whitehouse.gov/sites/default/files/page/files/20160620\\_cea\\_primeage\\_male\\_lfp.pdf](https://www.whitehouse.gov/sites/default/files/page/files/20160620_cea_primeage_male_lfp.pdf).

<sup>10</sup> David Wessel. (February 6, 2014). *America Isn't Working: More than One in Six Men Between 25 and 54 Is Without a Job*. Washington, DC: Brookings Institution. Available at <http://www.brookings.edu/blogs/up-front/posts/2014/02/06-america-isnt-working-unemployed-men-wessel>.

<sup>11</sup> Jeremy Ashkenas, Haeyoun Park and Adam Pearce. (August 24, 2017). Even with affirmative action, Blacks and Hispanics are more underrepresented at top colleges than 35 years ago. New York Times. Available at <https://www.nytimes.com/interactive/2017/08/24/us/affirmative-action.html>



# CHAPTER 2: Unemployment

**Losing a job can have significant and long-lasting negative consequences for workers and their families. The following chapter examines the situation facing unemployed and underemployed Coloradans and explores why it's critical to look beyond the unemployment rate to understand the health of the labor market.**

The unemployment rate in Colorado is impressively low. Yet, focusing on this single measure fails to tell the full story about how the Colorado labor market is faring. Underemployment remains high overall—particularly for Latinos and young Coloradans. The long-term unemployment rate has dropped substantially but still remains higher than the pre-recession rate.

Colorado's strong job growth over the last few years and low unemployment rate provides an opportunity to draw workers back into the labor force, particularly those who have barriers to employment. A key component to fueling economic growth in the state is connecting workers to jobs and, for some harder to employ workers, investing in training and needed support services.

## *Fast Facts*

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The unemployment rate in 2016 was 3.3 percent. The underemployment rate was 7.3 percent.

Unemployment rates by county range from a low of 1.7 percent to a high of 7.4 percent.

About 4.8 percent of Latino and 4.5 percent of Black workers were unemployed in 2016—higher than White workers at 2.8 percent.

Young workers—ages 16 to 24—faced some of the highest rates of unemployment (6.7 percent) and underemployment (14.5 percent) in 2016.

In 2016, 21.3 percent of all jobless workers were facing long-term unemployment—still nearly 8 percentage points above the 2007 rate.

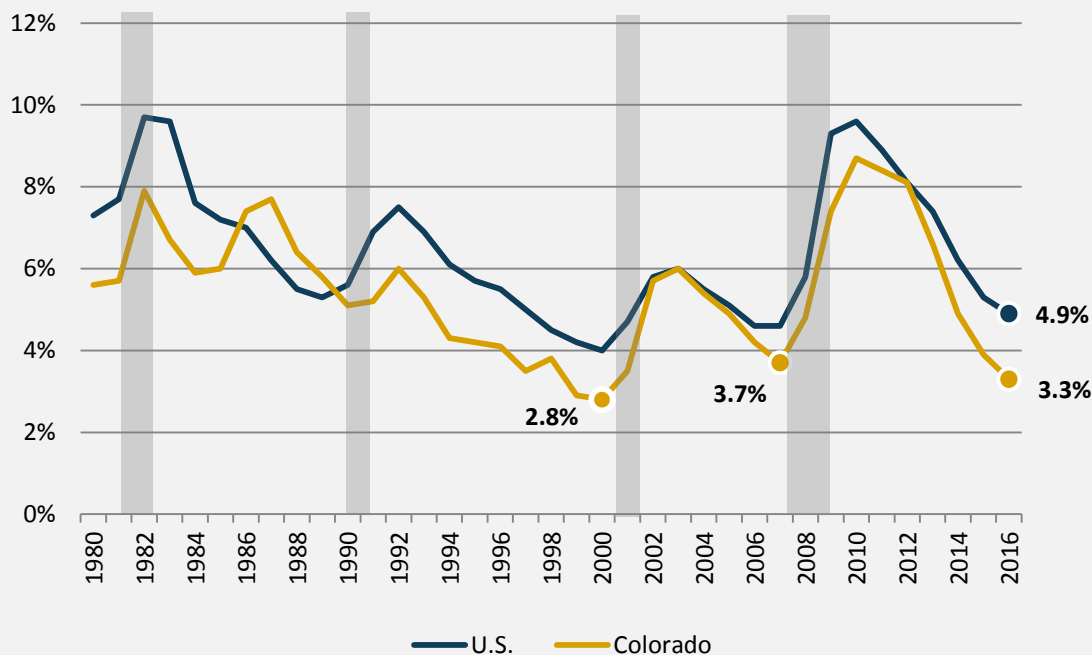
## Defining Unemployment

An unemployed person is someone without a job but available to work and actively seeking work by having looked for a job in the last four weeks. The *unemployment rate* is the share of workers (employed and unemployed people) who are unemployed. One critique of the unemployment rate as a measure of joblessness is that it does *not* include jobless people who have given up looking for work. The unemployment rate will never be zero. Even in a strong economy, there will always be some jobless people looking for new employment.

## Colorado unemployment rate falls to near historic low

The annual unemployment rate in Colorado fell to 3.3 percent in 2016—well below the national rate of 4.9 percent and the 6<sup>th</sup> lowest rate in the country. Unemployment in Colorado was slightly lower than the national rate over the course of the 2007 recession. While Colorado unemployment closely tracked the national rate during the recovery period, more recently statewide unemployment has fallen more quickly compared to the national trend.

**Figure 2.1: Colorado unemployment rate has fallen more quickly than the U.S. rate**  
**ANNUAL UNEMPLOYMENT RATE, COLORADO AND U.S., 1980-2016**



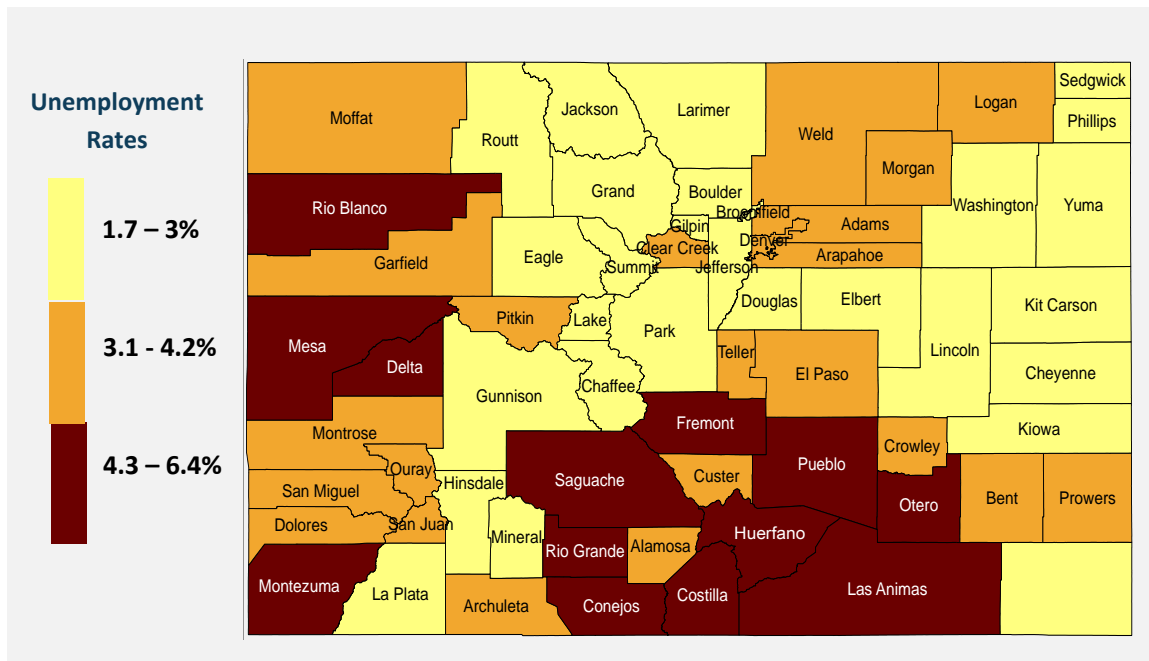
U.S. Bureau of Labor Statistics Local Area Unemployment Statistics

## Wide variation in unemployment rates across the state

In 2016, unemployment rates across the state ranged from a low of 1.7 percent in Baca County to a high of 6.4 percent in Huerfano County. The counties with the highest rates of unemployment are clustered mostly in the south central part of the state. The unemployment rate, however, is only one economic indicator and does not tell the entire story. For example, Baca, Phillips and Kit Carson Counties had the lowest unemployment rates in the state of 2 percent or less and yet have poverty rates well above the statewide average.

**Map 2.1: Variation in unemployment rates across Colorado counties**

**Unemployment Rates, by County, 2016**



U.S. Bureau of Labor Statistics Local Area Unemployment Statistics

### Putting People Back to Work and Growing Colorado's Economy

Middle-skill jobs—those requiring training beyond high school—are essential to the Colorado economy.<sup>1</sup> Examples of middle-skill jobs include licensed practical nurses, carpenters, and biomedical equipment technicians. Middle-skill jobs account for half of all jobs in Colorado.<sup>2</sup> About 19 percent of the Colorado labor force only has a high school diploma and another 7 percent (about 179,000 workers) have less than a high school education.<sup>3</sup> For many of these workers, postsecondary skills training is a cost-effective investment that can lead to an in-demand job that offers wages sufficient to meet basic needs. At the same time, career pathways to these middle-skill jobs must include outreach to those who first need to master basic literacy and numeracy skills in addition to job specific training.

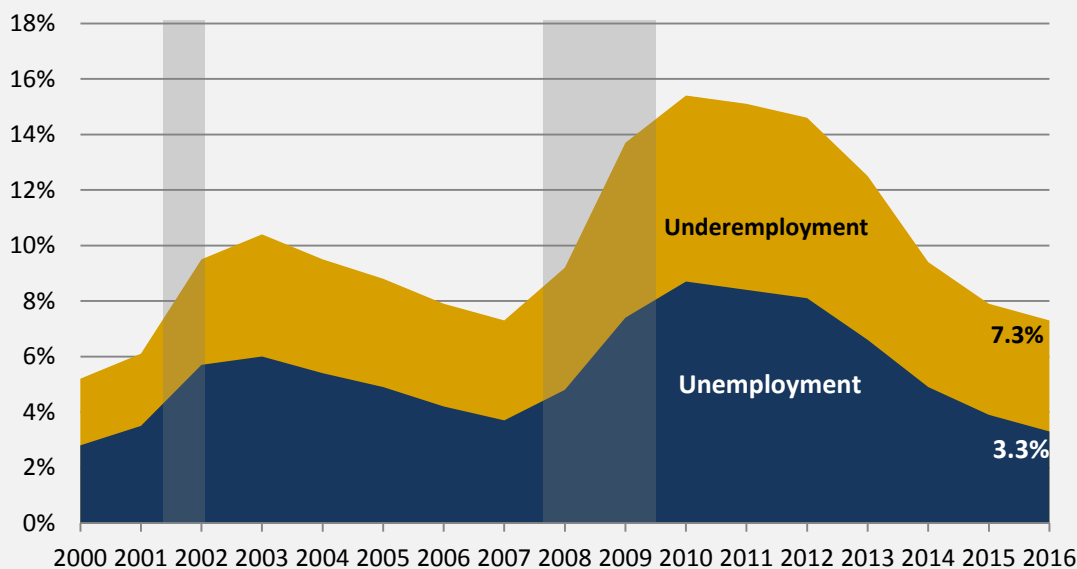
## Defining Underemployment

Underemployment is another measure of slack in the labor market. The unemployment rate only counts jobless workers actively looking for work. The *underemployment rate* counts two more groups of workers: (1) those who are working part-time but want full-time work (involuntary part-time workers) and (2) those who had been looking for work but have given up their search (marginally attached workers). It is important to note that the underemployment rate does *not* capture yet another group of people who would also be considered underemployed—those who are underemployed for their skill level (e.g., an engineer working in a coffee shop).

## Underemployment rate falls to the pre-recession level

The *underemployment rate* adds to our understanding of the strength of the labor market by counting involuntary part-time workers and those who have given up looking for a job in addition to the standard metric of unemployment. It is a more complete account of the share of people who are not working at full capacity, but could be if jobs were available. The underemployment rate has been declining in recent years dropping to the pre-recession level of 7.3 percent in 2016. Yet, the current rate is still well above the 2000 rate of 5.2 percent.

**Figure 2.2:** Underemployment drops to pre-recession level but still above 2000 rate  
ANNUAL UNEMPLOYMENT AND UNDEREMPLOYMENT RATES, 2000-2016



Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey

## Higher joblessness and underemployment for Black and Latino Coloradans

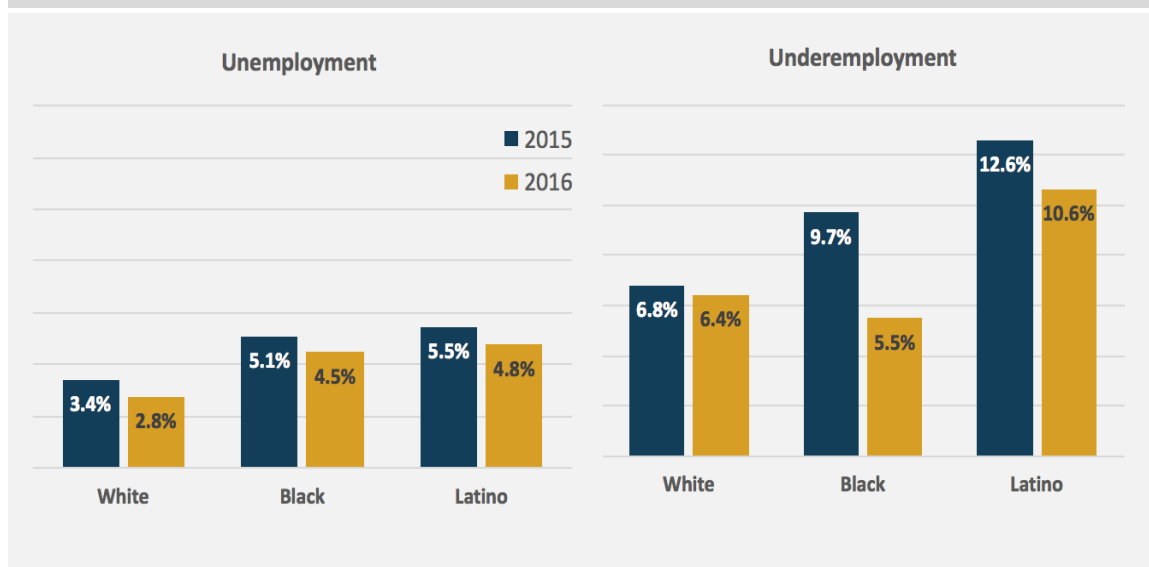
While Colorado's strong economy has resulted in falling jobless rates across the population, Latino and Black Coloradans still have higher rates of unemployment compared to White workers. In 2016, the unemployment rate for Black Coloradans was 4.5 percent and 4.8 percent for Latino workers compared to 2.8 percent for White workers.

Regardless of the economic climate, Black and Latino workers experience higher rates of unemployment relative to their White counterparts. The gap widens during economic downturns and narrows somewhat during periods of economic growth but persists nonetheless. Even higher educational attainment does not close the gap. At every level of educational attainment nationally, Black workers experience unemployment rates similar to or higher than less educated white workers.<sup>4</sup>

Continued unequal access for people of color to our nation's top schools provides a partial explanation. A recent analysis found that Black and Hispanic students are more underrepresented today at top universities and colleges than they were 35 years ago.<sup>5</sup> Racial discrimination in hiring is also certainly at play. A comprehensive field experiment involving matched pairs of job applicants found that Black applicants received interviews and job offers at half the rate of similarly qualified White applicants.<sup>6</sup>

Higher unemployment rates among any group harms the entire economy because it results in a loss in consumer demand that drives economic growth. We also lose out in realizing the full potential of all workers in our state to thrive and contribute to their families and communities.

**Figure 2.3: Work is more difficult to find for Latino and Black Coloradans**  
**UNEMPLOYMENT AND UNDEREMPLOYMENT RATES, BY RACE AND ETHNICITY, 2015-2016**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey microdata*

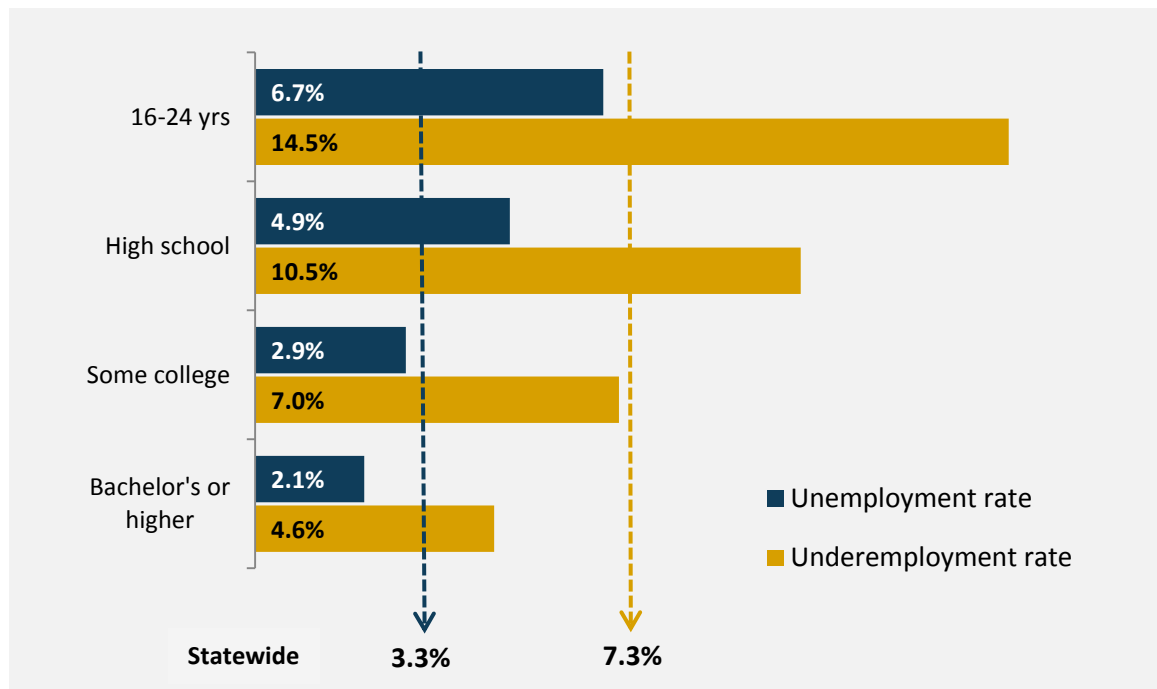
## Unemployment rates have dropped for young workers and less-educated

Young workers—ages 16 to 24—experienced rates of unemployment (6.7 percent) and underemployment (14.5 percent) higher than the statewide averages in 2016. To put it in perspective, however, the unemployment rate for this age group in 2016 is now below its lowest level of 7.2 percent that occurred during the tight labor markets of the late 1990s.

High school graduates experience higher rates of unemployment and underemployment especially compared to college graduates. The majority of workers do not have a college degree so the job prospects of this population are an important indicator of how the economy is performing. The unemployment rate among people who only finished high school has dropped substantially in Colorado from a high of 11.6 percent in 2010 to the 2016 rate of 4.9 percent. Access to good jobs is important to this population as a launching off point for building a career pathway or earning money for further training and education.

**Figure 2.4:** *Young and less educated workers experience higher jobless rates*

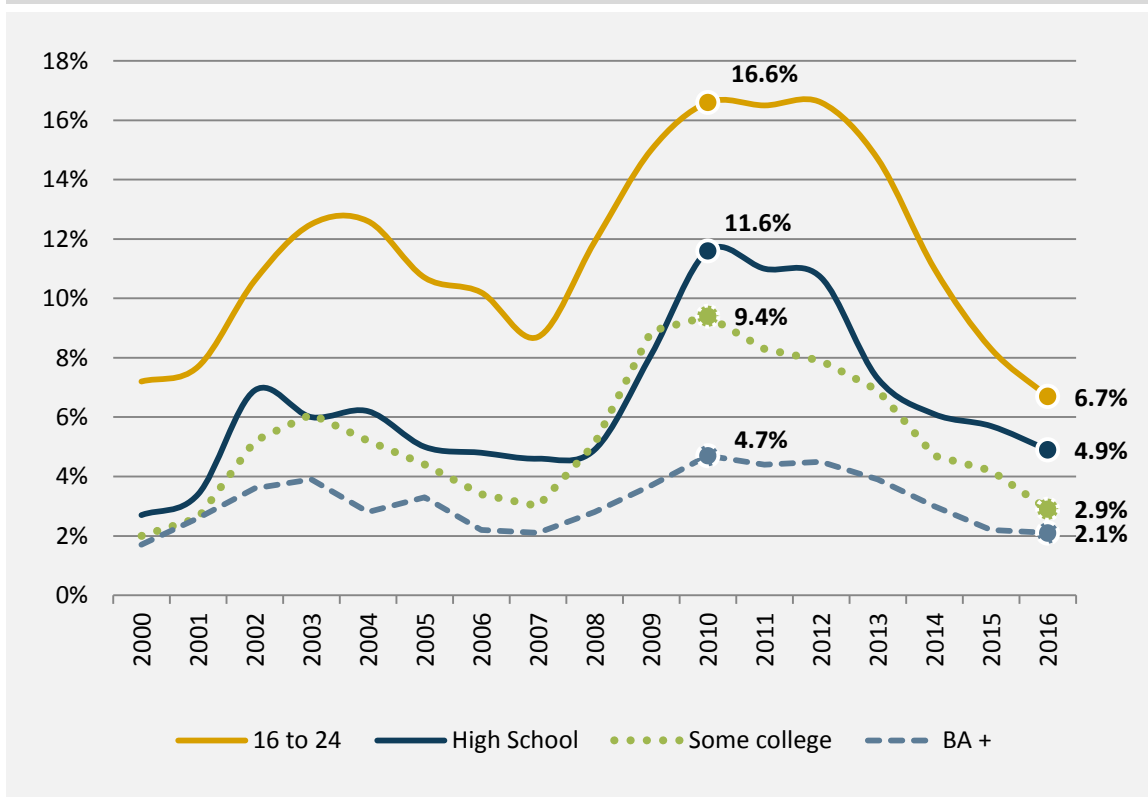
**UNEMPLOYMENT AND UNDEREMPLOYMENT RATES, BY AGE AND EDUCATION, 2016**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

**Figure 2.5: Substantial decline in unemployment rates by age and education**

**ANNUAL UNEMPLOYMENT RATES, BY AGE AND EDUCATION, 2000-2016**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

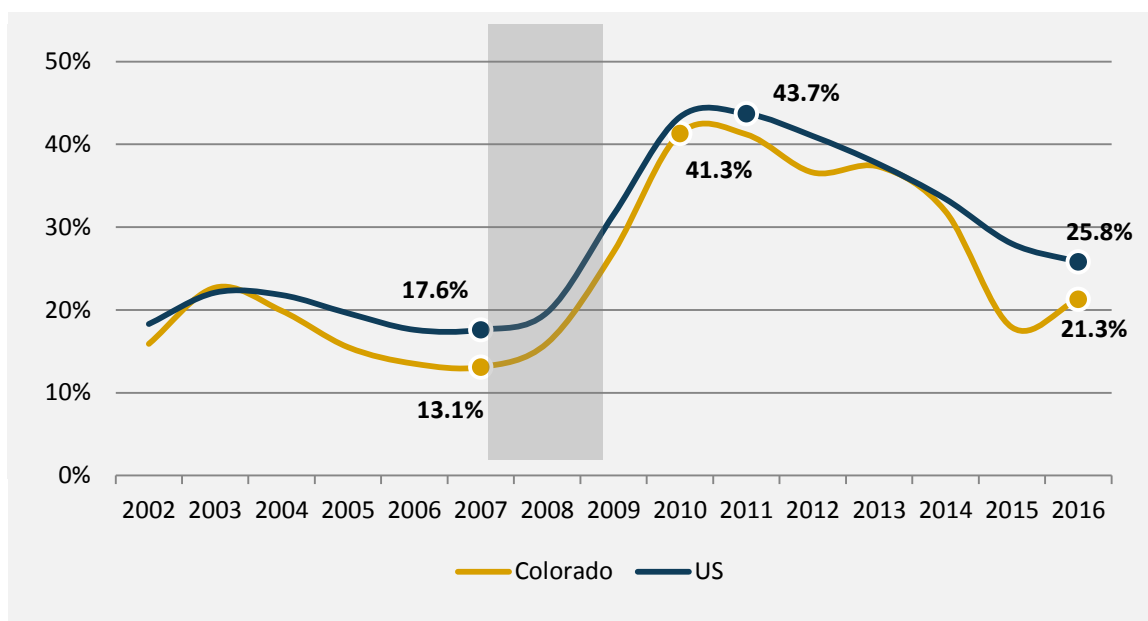
## Long-term unemployment rate remains higher than pre-recession levels

Another useful means of gauging the strength of the labor market is looking at the duration of unemployment. The long-term unemployment rate is the share of unemployed workers who have been jobless for more than 26 weeks. Previous recessions have caused small, brief spikes in the long-term unemployment rate. The 2007 recession caused a much larger and more prolonged increase in long-term unemployment, peaking at 41 percent in 2010.

After a sharp drop in 2015, from nearly 32 percent in 2014 to 17.9 percent, the share of Coloradans who have been jobless for more than six months bumped back up again in 2016 to 21.3 percent. The 2016 long-term unemployment rate is still 7 percentage points above the 2007 rate. Recent research highlights the plight of the long-term unemployed.<sup>7</sup> The longer a person is out of work, the less time they spend looking for work, the less likely they are to be called for an interview.<sup>8</sup> Among those who do eventually land jobs, only a small percentage remain stably employed.

**Figure 2.6: Long-term jobless rate still above pre-recession level**

**SHARE OF UNEMPLOYED WORKERS JOBLESS FOR > 26 WEEKS, COLORADO AND U.S., 2002-2016**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

### **Helping Hard to Employ Coloradans get Back to Work**

Colorado's strong job growth and low unemployment rate provides an opportunity to help people with barriers to employment return to the labor market and fill positions in growing sectors of the economy. Hard to employ workers include young parents with child care needs, people with limited math or literacy skills, those who are justice-involved or experiencing homelessness. Often, providing access to needed supportive services like bus passes, mental health counseling or assistance with child care is what makes the difference in someone successfully completing a job readiness program and then transitioning into stable employment.

A national study by the Institute for Women's Policy Research (IWPR) found that the likelihood a participant would complete a job training program increased by 11 percentage points for every supportive service they received that addressed a particular challenge in their life.<sup>9</sup>

CCLP has been conducting research and outreach to better understand the workforce development and supportive services ecosystem in Colorado. We surveyed community based organizations and conducted interviews with workforce development staff across the state. Our assessment found that current funding for supportive services attached to job training is insufficient to adequately serve individuals with barriers to employment. We also found that the need for particular types of supportive services varied across the state. Finally, we saw that with better coordination and collaboration between workforce development centers, public agencies and community based organizations, more people could benefit from the various resources available in communities across the state. The Skills to Compete Coalition is working to strengthen the slate of supportive services available statewide for people trying to return to the labor market.



## Notes

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<sup>1</sup> National Skills Coalition. Colorado's Forgotten Middle. Available at <https://www.nationalskillscoalition.org/resources/publications/2017-middle-skills-fact-sheets/file/Colorado-MiddleSkill.pdf>

<sup>2</sup> *Ibid.*

<sup>3</sup> CCLP analysis of American Community Survey 5-year estimates (2011-2015).

<sup>4</sup> Gillian B. White. (December 21, 2015). Education Gaps Don't Fully Explain Why Black Unemployment Is So High. *The Atlantic*. Available at <https://www.theatlantic.com/business/archive/2015/12/black-white-unemployment-gap/421497/>.

<sup>5</sup> Jeremy Ashkenas, Haeyoun Park, and Adam Pearce. (August 24, 2017). Even with affirmative action, Blacks and Hispanics are more underrepresented at top colleges than 35 years ago. *The New York Times*. Available at [https://www.nytimes.com/interactive/2017/08/24/us/affirmative-action.html?\\_r=0](https://www.nytimes.com/interactive/2017/08/24/us/affirmative-action.html?_r=0)

<sup>6</sup> Devah Pager, Bruce Western, and Bart Bonikowski. (2009). Discrimination in the low-wage labor market: A field experiment. *American Sociological Review*, vol. 74. Available at [http://scholar.harvard.edu/files/pager/files/asr\\_pager\\_etal09.pdf](http://scholar.harvard.edu/files/pager/files/asr_pager_etal09.pdf)

<sup>7</sup> Alan B. Krueger, Judd Cramer and David Cho. (2014). Are the long-term unemployed on the margins of the labor market? *Brookings Papers on Economic Activity*.

<sup>8</sup> Rand Ghayud, a researcher with the Federal Reserve Bank of Boston, found that employers were more likely to call back a candidate with a job but no relevant experience than a candidate with relevant experience who has been unemployed for six months or longer. Available at: [http://media.wix.com/ugd/576e9a\\_f7ade4b6632949349fd75921699294fa.pdf](http://media.wix.com/ugd/576e9a_f7ade4b6632949349fd75921699294fa.pdf)

<sup>9</sup> Cynthia Hess, Yana Mayayeva, Lindsey Reichlin, and Mala Thakur. (2016). *Supportive Services in Job Training & Education: A Research Review*. Institute for Women's Policy Research. Available at <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/Supportive%20Services%20in%20Job%20Training%20&%20Education%20C434.pdf>

# CHAPTER 3: Wages

**For most families, money earned from a job makes up the majority of total household income.<sup>1</sup> This chapter focuses on trends in wages with particular attention on low- and middle-wage workers.**

Wage growth in Colorado—as in the nation—has been strikingly uneven. For most Coloradans, wage growth has been slim to none, failing to keep pace with both the rising cost of living and gains in productivity.

The median wage has been flat since the end of the recession and is still down 2 percent compared to 2000. The lowest paid workers in Colorado saw wages increase by 2.6 percent between 2015 and 2016 but our lowest paid workers are essentially earning what they did in 2000 after adjusting for inflation. The most consistent wage growth has been experienced by the top earners in the state. Wages for workers in the 90th percentile are up 12.2 percent since 2000.

The current wage trends are discouraging for the ability of middle- and low-wage workers' ability to keep pace with the rising cost of living in Colorado.

The long-term consequences of stagnating wages and rising wage inequality are troubling. Colorado cannot continue to effectively grow its economy when workers' pay so profoundly fails to rise in tandem with productivity.<sup>2</sup>

## *Fast Facts*

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In 2016, the median hourly wage in Colorado was \$18.92 and has been falling or flat since 2009.

Wage growth since 2000 has been uneven: wages for workers in the 90th percentile have increased 12 percent while wages in the 20th percentile are up less than 1 percent over the same period. And the median wage is down 2 percent since 2000.

The median hourly wage for workers with a bachelor's degree or higher is essentially the same as it was in 2000 after adjusting for inflation.

Worker productivity in Colorado has increased nearly 68 percent between 1979 and 2016, while the median wage only increased by 12.6 percent over the same period.

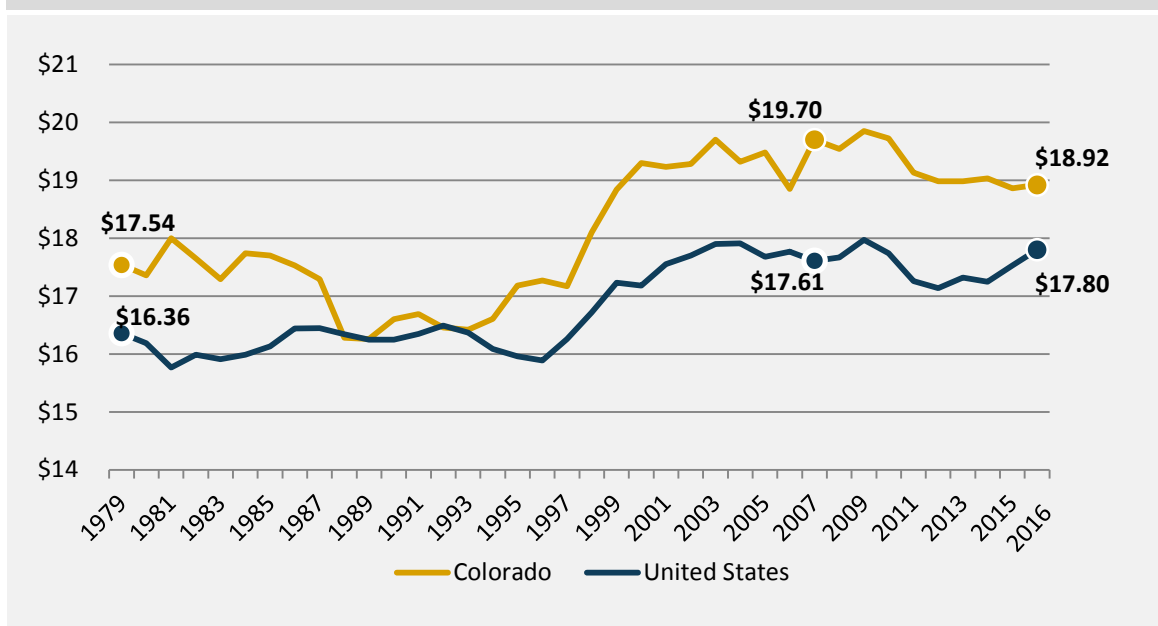
## Median wage has been falling or flat since 2009

In 2016, the median hourly wage in Colorado was \$18.92—equivalent to \$39,350 annually. That’s still below the 2007 median wage of \$19.70.

While the unemployment rate has dropped every year since 2010, the median wage has been mostly stagnant over that same period. Dropping unemployment has not resulted in upward pressure on wages. Expanding our timeframe, we can see that the majority of Coloradans have experienced minimal growth in wages since 1979—the current median wage is only up 7.9 percent from the 1979 level after adjusting for inflation.

Certain conditions are required for wages to increase sustainably and consistently over time. The foundation for rising wages is growing labor productivity. Rising productivity is the central story of the growing U.S. economy and has been driven by advances in technology, a more highly educated labor force and enhanced business practices. Yet, while productivity growth is necessary to realize rising wages, as shown in the next section, it is not sufficient.<sup>3</sup> We also need a work force with adequate bargaining power and policies which ensure that the gains of economic growth are broadly shared.

**Figure 3.1: Economic recovery for wages only means median wage has stopped falling**  
**MEDIAN HOURLY WAGE, COLORADO AND U.S., 1979-2016 (2016 DOLLARS)**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

## Rising productivity alone is not enough to increase wages for most workers

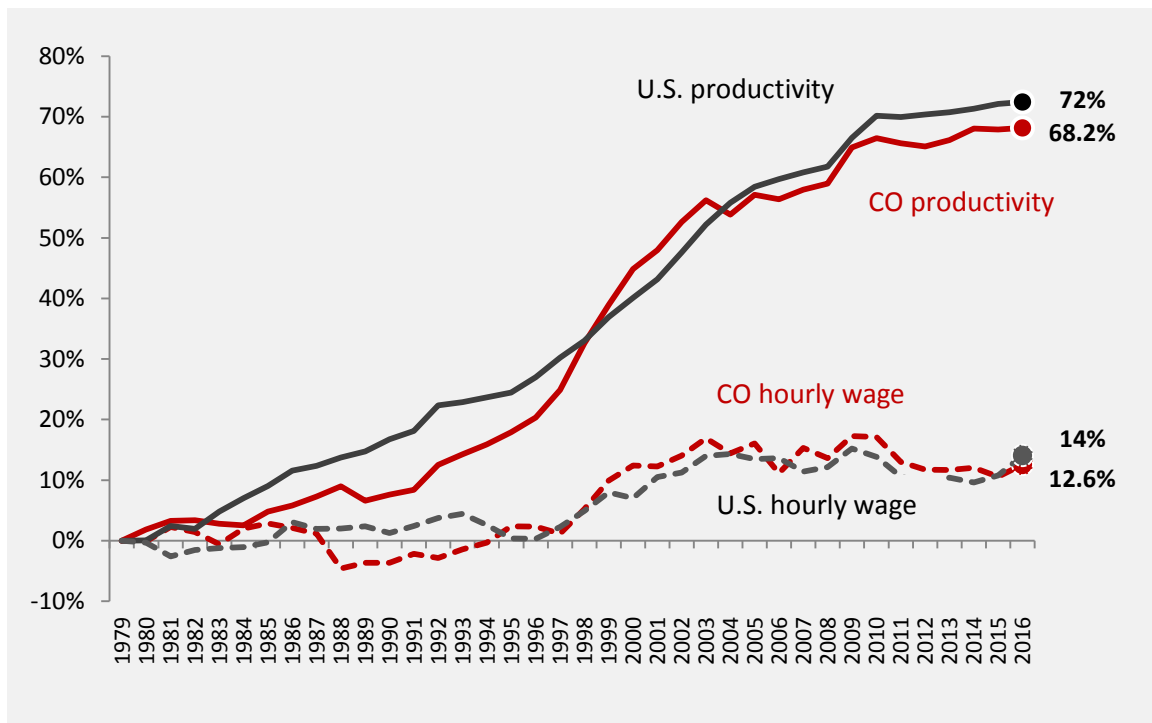
Productivity, put simply, is economic output per worker. Increased productivity has historically resulted in rising wages and better living standards. In recent decades, however, growth in wages for most families has lagged significantly behind the nation’s growth in productivity.

Between 1948 and 1973, productivity in the U.S. increased by nearly 97 percent. Those gains were shared with workers as hourly compensation rose by 91.3 percent.<sup>4</sup> Starting in the early 1970s, however, we see a very different trend. Nationally, productivity grew 72 percent between 1979 and 2016—enough to have allowed substantial leaps in living standards for most Americans if the gains had been broadly shared. But hourly compensation of the median worker only grew 14 percent and most of that growth occurred during the strong labor markets of the late 1990s—growth that has been all but erased for most workers since then.<sup>5</sup>

In Colorado, the story has been similar. Gross state product per worker grew 68.2 percent between 1979 and 2016. Meanwhile, the median wage grew only 12.6 percent. An important factor at play in the divergence between growth in productivity and wages is the eroding bargaining power of workers. One measure of that is union representation. In Colorado, union participation among all workers has dropped from 16.2 percent in 1979 to 9.8 percent in 2016.<sup>6</sup>

**Figure 3.2: Productivity increases in Colorado but wages fail to follow**

**CUMULATIVE PERCENT CHANGE IN PRODUCTIVITY AND MEDIAN WAGE, CO AND U.S., 1979-2016**



U.S. Census Bureau Current Population Survey and Bureau of Economic Analysis Data

## Looking at Wages by Percentiles

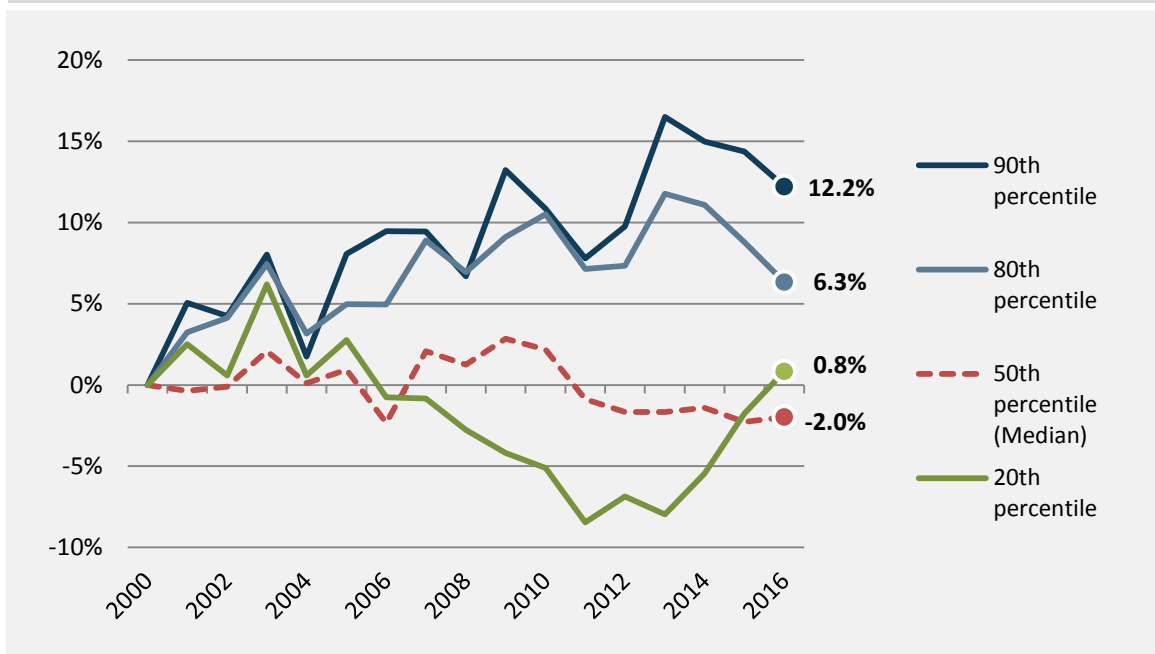
Median wage is only one point in the income distribution. In this chapter, wages are also reported by percentile groups. Specifically, the next few figures report on wages at the 20th, 50th, 80<sup>th</sup> and 90th percentiles to provide a measure of low, middle (or median) and high wages. A percentile is simply a value below which a given percentage of reported values fall. For example, the 80th percentile wage is the point at which 80 percent of all reported wages fall below that value.

## Only top earners have experienced sustained wage growth since 2000

The wealthiest Coloradans have seen their wages grow much faster and more consistently compared to middle- and low-wage earners across the state. Although all workers across the wage spectrum have seen their wages rise and fall to some extent over the past three decades, the highest earners in the state have experienced more consistent growth in real wages since 2000.

Meanwhile, low- and middle-wage workers in Colorado have seen no sustained wage growth. In 2016, those in the 20th percentile earned wages less than one percent above what they earned in 2000 after adjusting for inflation. The median wage in Colorado in 2016 was 2 percent lower than it was in 2000.

**Figure 3.3: Wage growth is not evenly distributed across the income spectrum**  
**PERCENT CHANGE IN HOURLY WAGES, BY INCOME GROUP, 2000-2016 (2016 DOLLARS)**



Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey

## Wage growth since 1979 is concentrated at the top

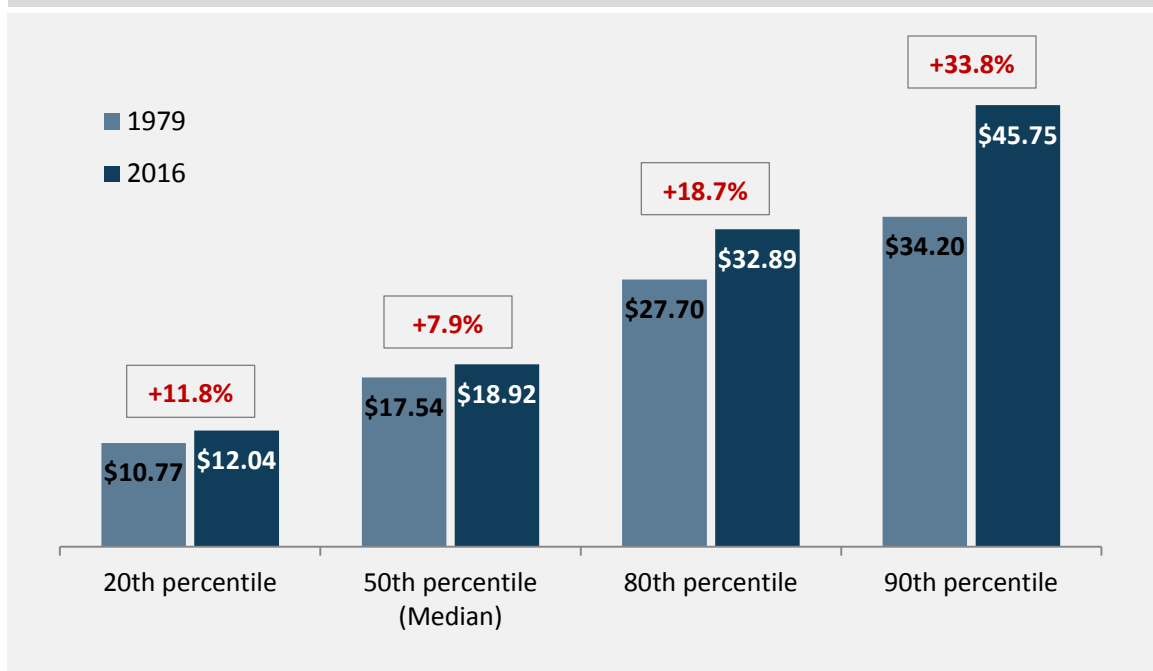
Wage growth in the state since 1979 has been concentrated at the top of the wage distribution. Workers earning wages at the 90th percentile have seen their wages increase from \$34 in 1979 to nearly \$46 an hour in 2016—a 33.8 percent increase. At the other end of the wage distribution, workers earning wages in the 20th percentile have only seen an 11.8 percent increase from about \$11 in 1979 to \$12 an hour in 2016.

Lopsided wage growth over time points to the need to focus on more than just rising productivity to raise wages across the population. To raise wages, particularly at the low to middle-end of the spectrum, workers must retain adequate bargaining power to ensure they get their share of the returns on rising productivity. We also need policies—like updating overtime rules and enforcing labor standards—that ensure economic growth is broadly shared across the income distribution.<sup>7</sup>

For most workers, slow wage growth that fails to keep pace with the rising cost of living in our state is harmful for individual families and has serious implications for the overall economy. Middle-class households are important drivers of aggregate demand. Their spending fuels economic growth. A dollar of income for low- or middle- income households produces three times more consumption than a dollar to a high-income household.<sup>8</sup>

**Figure 3.4:** Wages have grown substantially more for top earners

PERCENT CHANGE IN HOURLY WAGES, BY INCOME GROUP, 1979 AND 2016 (2016 DOLLARS)



Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey

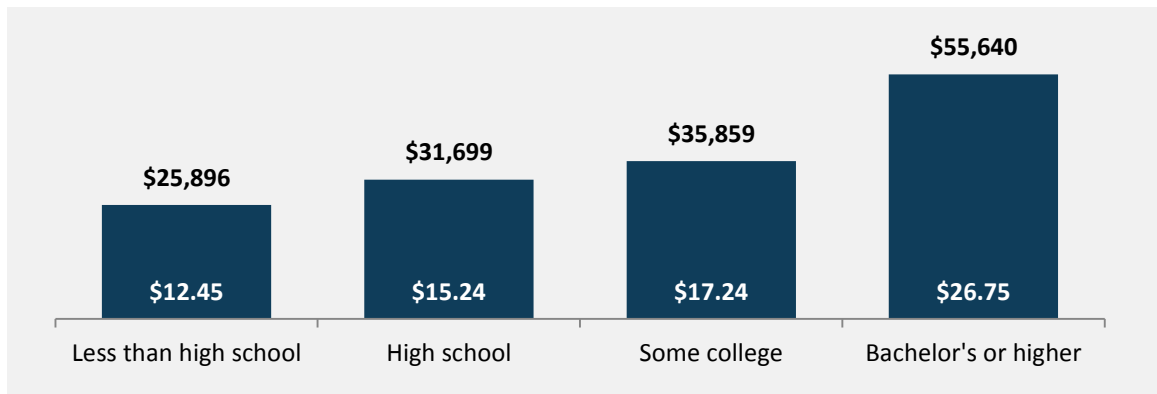
## College education results in higher wages but no overall growth since 2000

Not surprisingly, workers with higher levels of education command higher wages. In 2016, the median hourly wage of a worker with at least a bachelor's degree (\$26.75) was substantially higher than the median wage of Coloradans who only completed high school (\$15.24).

Although Figure 3.5 clearly illustrates the importance of education for higher earnings, the wages of college educated workers in Colorado have experienced virtually no sustained growth since 2000. The 2016 real median wage for workers with a college degree in Colorado is essentially the same as it was 2000 while the cost of college tuition and basic costs of living have continued to rise. Over the longer term, however, college educated workers are the only group to see sustained growth in the median wage since 1979.

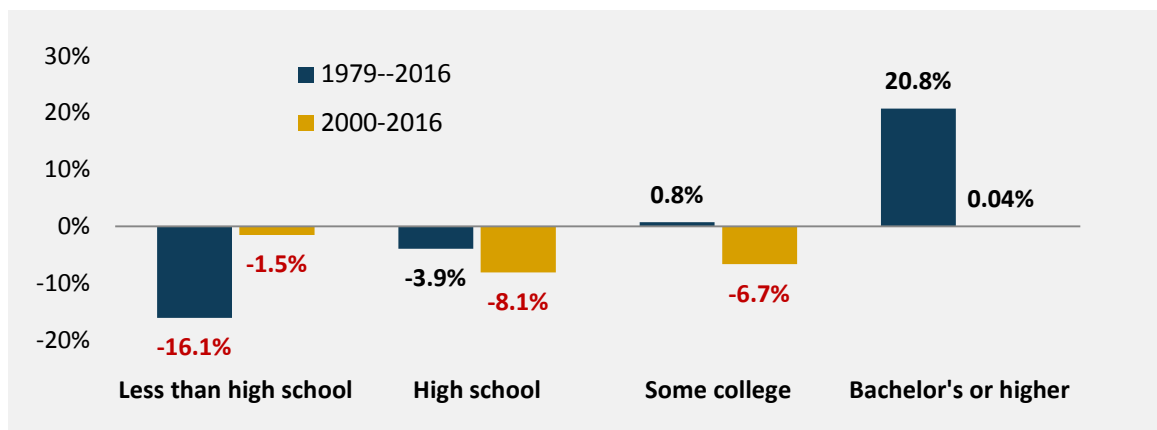
**Figure 3.5: Higher levels of education result in a higher median wage**

**MEDIAN HOURLY WAGE AND ANNUAL SALARY EQUIVALENT, BY EDUCATIONAL ATTAINMENT, 2016**



**Figure 3.6: Colorado college graduates making the same as they were in 2000**

**PERCENT CHANGE IN MEDIAN WAGE, BY EDUCATION, 1979-2016 AND 2000-2016 (2016 DOLLARS)**



*Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey*

## Notes

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<sup>1</sup> Lawrence Mishel, Josh Bivens, Elise Gould and Heidi Shierholz. (2012). *The State of Working America, 12th Edition*. An Economic Policy Institute Book, (pp. 173). Ithaca, NY: Cornell University Press.

<sup>2</sup> This is also the assessment of Standard & Poor's, a nonpartisan organization focused on providing economic research for investors and others. In August 2014, Standard & Poor's reduced their 10-year forecast for economic growth for the U.S. citing "extreme income inequality is a drag on long-run economic growth." They conclude that growing income inequality in America is making it harder to recover from the recession and achieve levels of economic growth common several decades ago. See Standard & Poor's. (2014). *How increasing income inequality is dampening U.S. economic growth, and possible ways to change the tide*.

Available at:

[https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsl\\_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee\\_ind=N&exp\\_date=20240804-19:41:13](https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsl_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee_ind=N&exp_date=20240804-19:41:13)

<sup>3</sup> Jay Shambaugh, Ryan Nunn, Patrick Liu, and Greg Nantz. (2017). *Thirteen Facts about Wage Growth*. Washington, DC: The Hamilton Project. Available at <https://www.brookings.edu/research/thirteen-facts-about-wage-growth/>

<sup>4</sup> Josh Bivens and Lawrence Mishel. (2015). *Understanding the Historic Divergence Between Productivity and a Typical Worker's Pay: Why it Matters and Why it's Real*. Washington, DC: Economic Policy Institute. Available at <http://www.epi.org/publication/understanding-the-historic-divergence-between-productivity-and-a-typical-workers-pay-why-it-matters-and-why-its-real/>.

<sup>5</sup> *Ibid.*

<sup>6</sup> Union share data from the Current Population Survey.

<sup>7</sup> For a comprehensive list of policies that would help raise wages for workers, see <http://www.epi.org/pay-agenda/>

<sup>8</sup> *Ibid.*



# CHAPTER 4: Income

**This chapter considers trends in income—that is, money earned from work, returns on investments and government benefits. Income determines the standard of living in America—where you live, the food you buy, your ability to save for retirement, and capacity to deal with unexpected costs like medical bills, car repairs or even joblessness.**

Median household income in Colorado increased to \$65,685 in 2016, up 1.5 percent from 2015. This puts median income at just slightly (1.2 percent) above the pre-recession level after adjusting for inflation.

Despite the recovery in median household income, persistent and substantial racial, ethnic and gender income gaps remain. Black and Latino workers experienced larger declines in income during the recession and have been slow to recover those losses. They still only earn less than 70 percent of White median household income. The gender pay gap sits at 84 percent with women of color experiencing an even larger pay gap.

Also, income gains have disproportionately accrued to families at the top of the income distribution, especially during this recovery. Low- and middle-income families are not sharing in the growth and prosperity of the broader economy.

## *Fast Facts*

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Real median income in Colorado increased to \$65,685 in 2016.

Latino median household income is up nearly 9 percent compared to 2007 but still only 69 percent of median income among White households. Black household income is 67 percent of White household income and still down 3.8 percent since 2007.

Colorado women working full-time earn only 84 percent of what men earn. Women of color in Colorado earn even less getting hit by both the gender wage gap and the race wage gap.

Half of all income earned in Colorado in 2016 went to the top 20 percent of households.

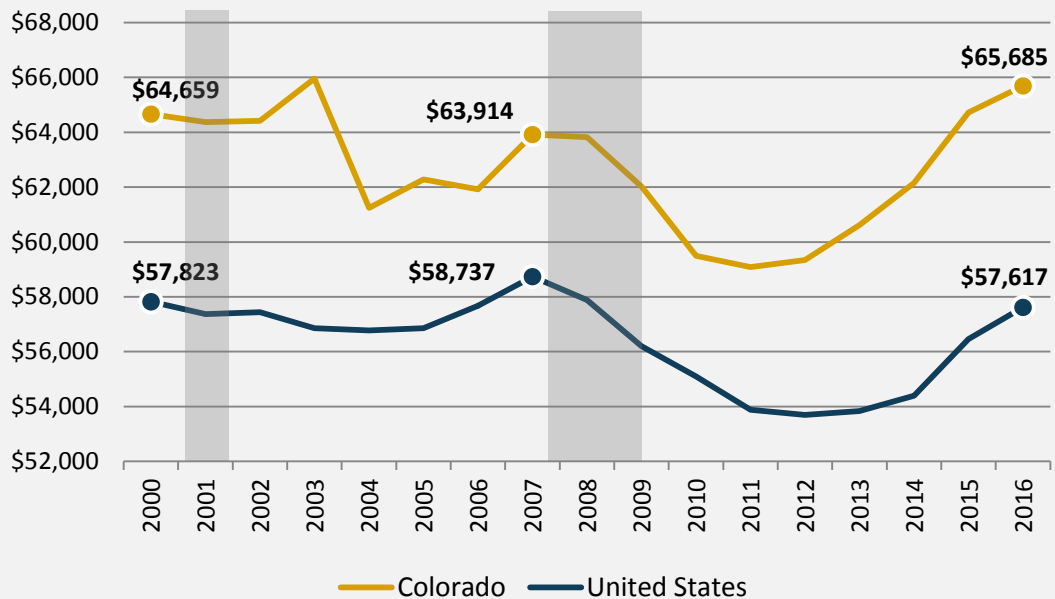
## Real median household income finally tops 2000 level

In 2016, median household income in Colorado increased to \$65,685—a 1.5 percent increase over 2015.<sup>1</sup> Median household income has been slowly recovering since 2012. In 2015, this measure finally surpassed the pre-recession level with a 4.1 percent increase from 2014. We saw a smaller increase in household income in 2016 but it finally topped the 2000 level after adjusting for inflation.

Clearly, household income is heading in the right direction. Yet, we see a very different trend in wages. The median hourly wage of Colorado workers in 2016 is still below the pre-recession level after adjusting for inflation and has essentially been flat since 2009. So while households may be doing better, individual workers are still not seeing the fruits of this recovery. Rising household income is likely due to an increase in the number of people contributing to the household's income and/or an increase in hours worked. We need to see meaningful and sustained recovery in wages before we can claim that our state's economy is working for all hard working Coloradans.<sup>2</sup>

**Figure 4.1:** Real median household income in 2016 finally above 2000 levels

**MEDIAN HOUSEHOLD INCOME, COLORADO AND U.S., 2000-2016 (2016 DOLLARS)**



U.S. Census Bureau American Community Survey

## Median household income varies significantly by county

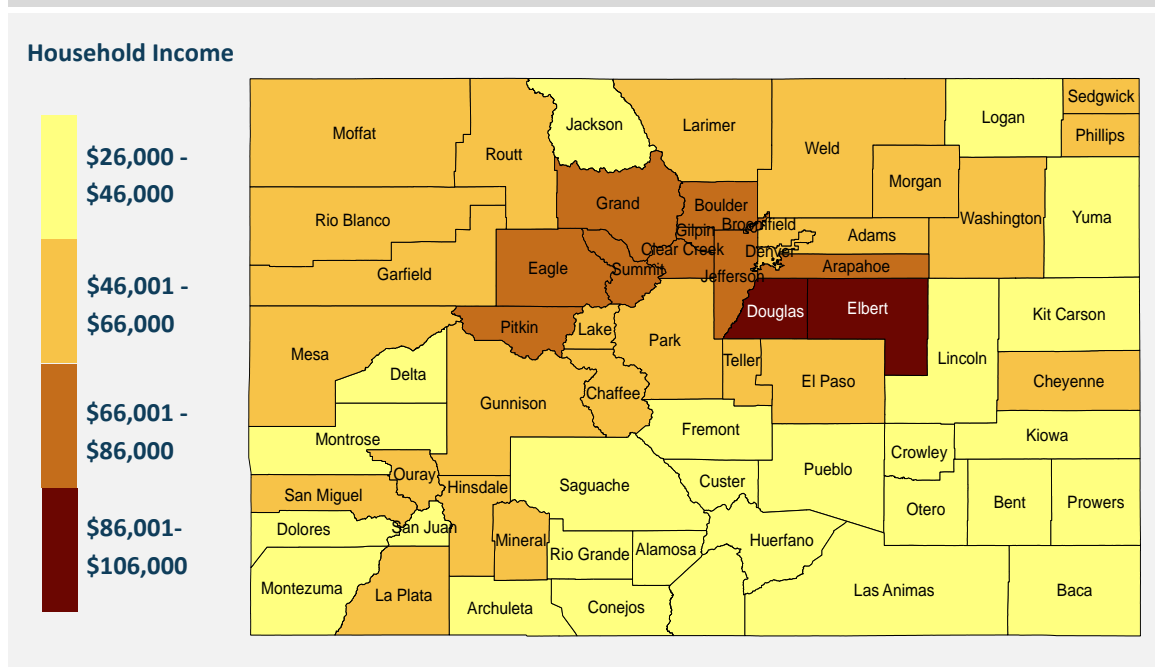
Colorado is a diverse state with a combination of rural, urban and tourist communities neighboring one another. Median household income across the state ranges from a low of \$31,000 in Alamosa County to a high of \$103,000 in Douglas County.

The counties with the lowest median household income are clustered in the San Luis Valley and south eastern parts of the state. Counties with the highest median household incomes are clustered along the Front Range and stretch to the mountain resort communities.

Income is an important driver of health outcomes.<sup>3</sup> For example, according to measures of health and wellbeing compiled by the Robert Wood Johnson Foundation, Douglas County residents tend to live longer, have greater access to healthy food and are less likely to be unemployed compared to residents in Alamosa County.<sup>4</sup> In fact, recent research has found that geography matters significantly for the life expectancy of lower income people in America.<sup>5</sup> This is true in Colorado as well: life expectancy for low-income men in the state differs by as much as 8 years depending on where they reside and differs by 6 years for low-income women.

**Map 4.1: Median household income varies substantially across the state**

**MEDIAN HOUSEHOLD INCOME, BY COUNTY, ESTIMATES FOR 2012-2016 (2016 DOLLARS)**



U.S. Census Bureau American Community Survey, 5-year estimates

## Race-based income gaps are significant and persistent

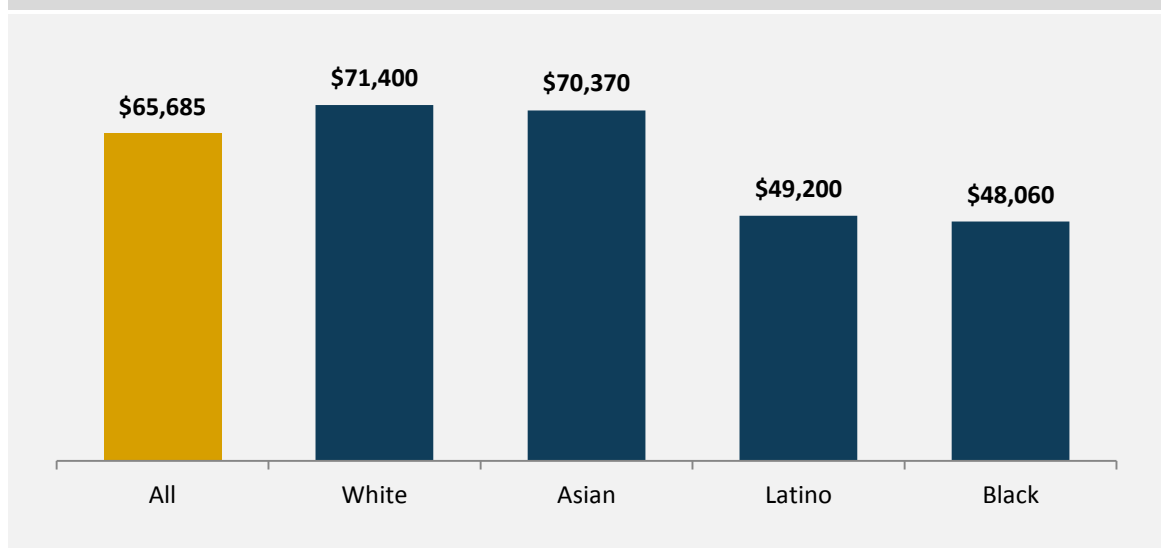
Median household income varies substantially by race and ethnicity, even after adjusting for education.<sup>6</sup> In Colorado in 2016, median income for Latino households was 69 percent of White median household income. Among Black households, median income is 67 percent of White households.

While 2016 saw income gains nearly across the board, Latino and Black households in Colorado saw the largest increases since 2015. Median income for Latino households increased 5.6 percent in 2016 and is up 8.6 percent compared to 2007 after adjusting for inflation. Median Black household income was up 3.6 percent in 2016 but still has not recovered to its 2007 level.

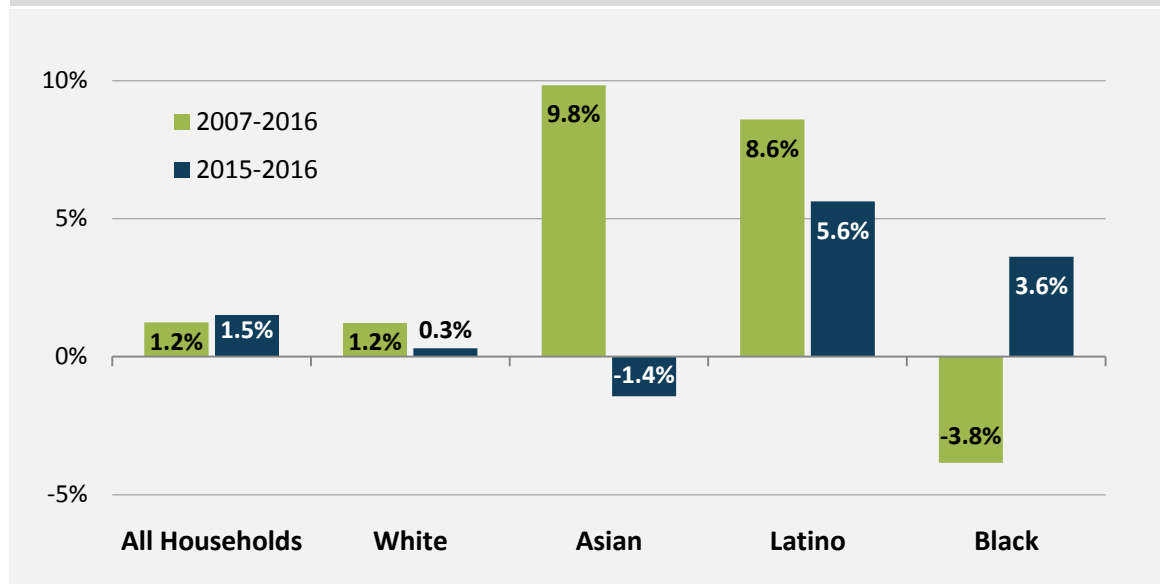
Real median income for Asian households generally tracks White households. We also know that there is likely a tremendous amount of variation among Asian subgroups that gets lost when we aggregate data into a single category.<sup>7</sup> Asian households are also more likely than other groups to have three or more working people in the household which would inflate household earnings.

These racial gaps in income, employment and opportunity are persistent over time and ultimately threaten the prosperity of these families and our state as a whole. National research shows that the income gap between Black and Hispanic families and the income realized by White families is just as large as it was five decades ago.<sup>8</sup> The reasons for these persistent economic gaps by race and ethnicity are rooted in our history of unequal opportunity that has consequences that remain pervasive today. As a state, we can correct these inequities and build an economy where all Coloradans have access to opportunity to thrive.

**Figure 4.2: Median income substantially less for Black and Latino households**  
**MEDIAN HOUSEHOLD INCOME, BY RACE AND ETHNICITY, 2016**



U.S. Census Bureau American Community Survey

**Figure 4.3: Median income for Black households still has not recovered****PERCENT CHANGE IN MEDIAN HOUSEHOLD INCOME, BY RACE AND ETHNICITY (2016 DOLLARS)***U.S. Census Bureau American Community Survey*

### Substantial gender wage gap for women of color

Colorado women working full-time earn only 84 percent of what men earn.<sup>9</sup> Women earn less than men at every educational level.<sup>10</sup> The gap grows substantially at the upper rungs of the education ladder, with the largest gender income gaps existing at the highest levels of education. And the wage gap affects women as soon as they enter the labor force growing larger as they progress through their careers.<sup>11</sup> Straight out of college, young women earn \$4 per hour less than their male classmates despite having essentially the same level of experience.<sup>12</sup>

Women of color in Colorado earn even less compared to non-Hispanic White men. Latina workers earn just 54 percent of White men followed closely by Native American women earning 58 percent and Black women earning 64 percent of White men. Essentially, women of color are doubly affected—their earnings are lower because of the gender wage gap and the race wage gap.

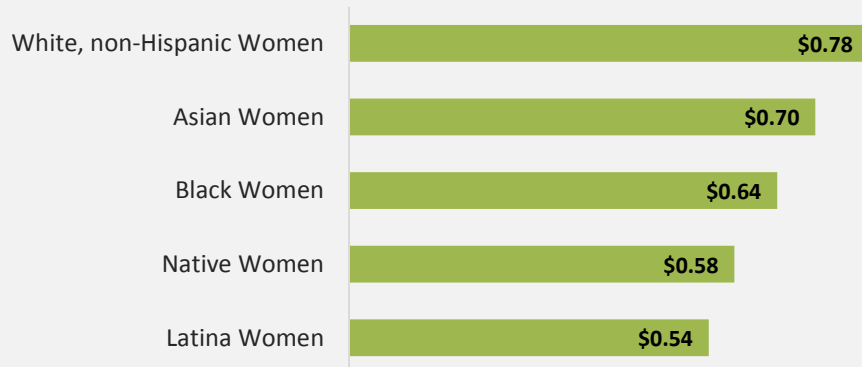
The median wage for all women in Colorado is up nearly 29 percent since 1979 but progress in closing the wage gap has slowed in the last decade or so. And some of the improvement in the gender wage gap is, unfortunately, due to falling wages for men. Compared to 1979, the median wage for men is down nearly 10 percent after adjusting for inflation.

The reasons for the pay gap are complicated and nuanced.<sup>13</sup> It's estimated that about 60 percent of the income gap between men and women is due to structural and social factors.<sup>14</sup> That is, women tend to cluster into a smaller set of occupations, work fewer hours than men and are more likely to juggle jobs and family responsibilities that result in breaks in employment history—all of which influence income. What's left is likely due to deeply rooted discrimination.

**Figure 4.4: Substantial gender wage gap for women of color**

**GENDER WAGE GAP, BY RACE AND ETHNICITY, 2016**

What a Woman Earns for Every Dollar a White, non-Hispanic Man Makes in Colorado



	Median Annual Earnings	Lifetime Lost Earnings	Age women will have to work just to earn as much as men by age 60
White, non-Hispanic Women	\$44,990	\$516,040	71
Asian Women	\$40,300	\$704,300	77
Black Women	\$37,200	\$826,600	82
Native Women	\$33,400	\$981,500	80
Latina Women	\$31,100	\$1,070,000	94
White, non-Hispanic Men	\$57,900		

*National Women's Law Center analysis of U.S. Census Bureau American Community Survey*

## Looking at Income by Fifths

Median income is only one point in the income distribution. Breaking income down into fifths—or quintiles—is another way to examine how income is distributed across a population. Quintiles are calculated by ranking reported incomes from the lowest to the highest and then dividing them into fifths. Incomes falling between the upper and lower limit for a quintile are used to compute the average of the quintile. Unless stated otherwise, the values presented in this section refer to the average of the quintile.

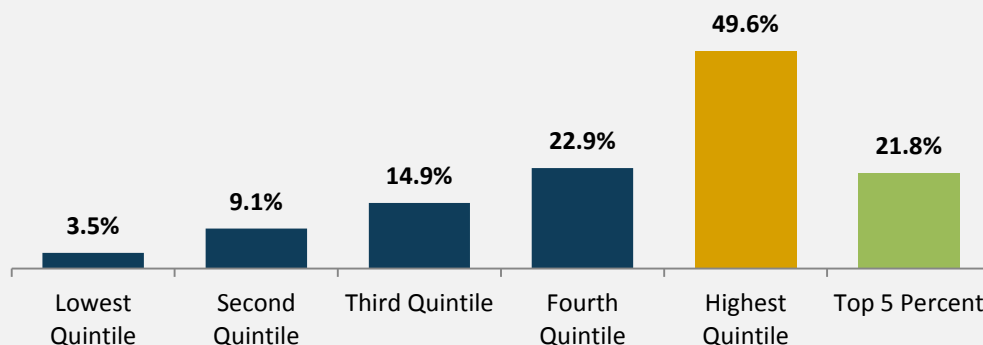
## Half of the state's income is concentrated among 20 percent of the population

Income inequality remains one of the most compelling and concerning aspects of the current American economy—a structural problem equally characteristic of Colorado's economy. While economic growth has been more or less consistent over time, the benefits of that growth have mostly accrued to the very top of the income spectrum since the late 1970s. We have growth without broadly shared prosperity.

A growing share of the state's income is concentrated among a shrinking share of households at the very top of the income distribution. In 2016, half of the state's total personal income was earned by the richest 20 percent of Colorado households. This means that one of every two dollars earned in the state went to 20 percent of households and the other dollar was split—unevenly—among the remaining 80 percent of households.

**Figure 4.5:** Top 20 percent of households earned half of all income in the state

SHARE OF TOTAL STATE INCOME, BY INCOME GROUP, 2016



U.S. Census Bureau American Community Survey

## ***Why does growing income inequality matter?***

Growing income inequality is both an economic and a social problem. A well-functioning economy with broadly shared opportunity to reap the benefits of economic growth is critical to the overall wellbeing of our communities.

- ***Opportunity to move out of poverty*** —Income inequality can hamper efforts of low-income families to move out of poverty. When working full-time is not enough to lift a family out of poverty, efforts to encourage work over welfare will not succeed and government budgets will be further strained.
- ***Effect on future generations*** —The research is clear that poverty has harmful and long-standing effects on children. Children who grow up in poverty struggle in school and are more likely to live in poverty as adults.<sup>15</sup> Even modest changes in family income can make a big difference for children. Researchers at the University of Wisconsin found that increasing family income for children under age 6 resulted in those children earning more and working more as adults.<sup>16</sup> For example, an increase of \$3,000 in family income—equivalent to an extra \$1.44/hour for a full-time worker—was found to advance a child’s learning by the equivalent of two months, result in 135 additional hours worked per year after the child reaches age 25, and increase earnings as an adult by 17 percent.
- ***Long-term economic growth*** — The growing gap between high and low earners and stagnating wages for the majority of Americans is widely thought to play an important role in the slow pace of the economic recovery. Countries with sustained economic growth for years, or even decades, generally have low levels of income inequality.<sup>17</sup> Standard & Poor’s issued a report concluding “extreme income inequality is a drag on long-run economic growth,” and downgraded its 10-year U.S. economic growth forecast as a result.<sup>18</sup>
- ***Political participation*** — Generally, voter participation is greater among higher income people compared to lower income people.<sup>19</sup> Broad political participation is necessary to a truly representative democracy.



## Notes

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<sup>1</sup> Data describing income trends in Colorado comes from the Census Bureau's American Community Survey (ACS). ACS estimates of income, which are also used to produce most of the figures in this chapter and the poverty estimates in Chapter 5, include amounts reported for wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; and retirement, survivor, or disability pensions. The ACS data on income does not include estimates from the following sources: capital gains, money received from the sale of property; the value of in-kind income from food stamps, public housing subsidies, medical care, employer contributions for individuals, etc.; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump sum receipts.

<sup>2</sup> Jared Bernstein. (Sept., 18, 2017). The importance of historical perspective in understanding recent good economic news. Washington Post. Available at [https://www.washingtonpost.com/news/posteverything/wp/2017/09/18/the-importance-of-historical-perspective-in-understanding-recent-good-economic-news/?utm\\_term=.803d66d513ce](https://www.washingtonpost.com/news/posteverything/wp/2017/09/18/the-importance-of-historical-perspective-in-understanding-recent-good-economic-news/?utm_term=.803d66d513ce)

<sup>3</sup> Raj Chetty et al. (2016). *The Association between Income and Life Expectancy in the United States, 2001-2014*. Available at [https://scholar.harvard.edu/files/cutler/files/jsc160006\\_01.pdf](https://scholar.harvard.edu/files/cutler/files/jsc160006_01.pdf). See also, Michelle Webster. (2016). *Vital Signs: The Influence of Race, Place and Income on Colorado's Health*. Colorado Center on Law & Policy. Available at [cclpvitalsigns.org](http://cclpvitalsigns.org).

<sup>4</sup> See Robert Wood Foundation. *County Health Rankings and Roadmaps* website. Available at: <http://www.countyhealthrankings.org/app/colorado/2017/overview>.

<sup>5</sup> See note 3.

<sup>6</sup> Valerie Wilson. (2016). *African Americans are paid less than whites at every education level*. Washington, DC: Economic Policy Institute. Available at <http://www.epi.org/publication/african-americans-are-paid-less-than-whites-at-every-education-level/>.

<sup>7</sup> Kavya Vaghul and Christian Edlagan. (2016). How data disaggregation matters for Asian Americans and Pacific Islanders. Washington Center for Equitable Growth. Available at <http://equitablegrowth.org/equitablog/how-data-disaggregation-matters-for-asian-americans-and-pacific-islanders/>

<sup>8</sup> Paul F. Campos. (July 29, 2017). White economic privilege is alive and well. *The New York Times*. Available at [https://www.nytimes.com/2017/07/29/opinion/sunday/black-income-white-privilege.html?\\_r=0](https://www.nytimes.com/2017/07/29/opinion/sunday/black-income-white-privilege.html?_r=0)

<sup>9</sup> See National Women's Law Center, *The Wage Gap by State for Women Overall 2016*. Available at <https://nwlc.org/resources/wage-gap-state-women-overall-2016/>. Calculation of the overall gender wage gap in Colorado is the ratio of median annual earnings for all women (\$43,206) and all men (\$51,264) working full-time, year round. Data is from the 2016 American Community Survey.

<sup>10</sup> Institute for Women's Policy Research. (2015). *The Economic Status of Women in Colorado*. Available at [http://www.wfco.org/file/IWPR\\_Briefing-Paper\\_CO\\_Oct2015.pdf](http://www.wfco.org/file/IWPR_Briefing-Paper_CO_Oct2015.pdf).

<sup>11</sup> *Ibid.*

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<sup>12</sup> Teresa Kroeger, Tanyell Cooke and Elise Gould. (2016). *The Class of 2016: The labor market is still far from ideal for young graduates*. Washington, DC: Economic Policy Institute. Available at <http://www.epi.org/publication/class-of-2016/#epi-toc-6>.

<sup>13</sup> Xaquín G.V. (October 26, 2017). Can we talk about the gender pay gap? Washington Post. Available at [https://www.washingtonpost.com/graphics/2017/business/women-pay-gap/?utm\\_term=.66d3df552313](https://www.washingtonpost.com/graphics/2017/business/women-pay-gap/?utm_term=.66d3df552313)

<sup>14</sup> Francine D. Blau and Lawrence M. Kahn. (2007). The Gender Pay Gap: Have Women Gone as Far as they Can? *Academy of Management Perspectives*, 21, 7-23. Available at: [http://web.stanford.edu/group/scspi/\\_media/pdf/key\\_issues/gender\\_research.pdf](http://web.stanford.edu/group/scspi/_media/pdf/key_issues/gender_research.pdf).

<sup>15</sup> Caroline Ratcliffe and Signe-Mary McKernan. (2012). *Child poverty and its lasting consequence*. Washington, DC: The Urban Institute.

<sup>16</sup> Greg J. Duncan and Katherine Magnuson. (2011). The Long Reach of Early Childhood Poverty. *Pathways*. Available at: [http://www.stanford.edu/group/scspi/\\_media/pdf/pathways/winter\\_2011/PathwaysWinter11\\_Duncan.pdf](http://www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf).

<sup>17</sup> Andrew Berg and Jonathan Ostry. (2011). Equality and efficiency: Is there a trade-off between the two or do they go hand in hand. *Finance & Development*, 48(3).

<sup>18</sup> Standard & Poor's. (2014). *How Increasing Income Inequality is Dampening U.S. Economic Growth, and Possible Ways to Change the Tide*. Available at [https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsI\\_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee\\_ind=N&exp\\_date=20240804-19:41:13](https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsI_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee_ind=N&exp_date=20240804-19:41:13).

<sup>19</sup> People living in families that earned \$100,000 or more were more than twice as likely to vote as those who lived in families earning less than \$20,000 (61 percent and 30 percent, respectively). U.S. Census Bureau. (2010). *Voting and Registration of those who voted in the Election of November 2010*. Available at <http://www.census.gov/newsroom/releases/archives/voting/cb11-164.html>.

# CHAPTER 5: Poverty

**The economic trends outlined in the previous chapters—on unemployment and underemployment, stagnant wages, and increasing income disparity—all lead to this discussion of poverty. The following chapter outlines key findings about Coloradans living on the economic edge.**

Poverty rates dropped slightly again in Colorado in 2016. The overall poverty rate dropped to 11 percent and the child poverty rate dropped to 13.4 percent. These levels remain substantially higher than they were in 2000, when more families were still experiencing the benefits of the full employment economy of the 1990s.

Poverty rates among people of color in Colorado are even higher making it clear that the economic recovery is more theoretical than real for these families. The poverty rate among Latinos is 17 percent and 18.4 percent for Black Coloradans.

Economic insecurity and poverty remain more pervasive than would be suggested by the unemployment rate and job growth numbers. Wage stagnation coupled with rising costs, growing income inequality and eroding labor standards all contribute to persistently high rates of poverty and economic insecurity in the state.

## *Fast Facts*

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In 2016, 11 percent of Coloradans lived in poverty—now below the 2007 rate but still substantially higher than 2000 (8.7 percent).

Nearly 1 in 4 Coloradans live at or near the poverty level.

The poverty rate among non-Hispanic Whites in Colorado is 8 percent—lower than the statewide poverty rate and several times lower than the rate among Latinos (17 percent), Blacks (18.4 percent) and American Indian/Alaskan Natives (20.8 percent).

One in three children in Colorado lived at or near the poverty level in 2016.

## Poverty rate dropped in 2016 but remains in double digits

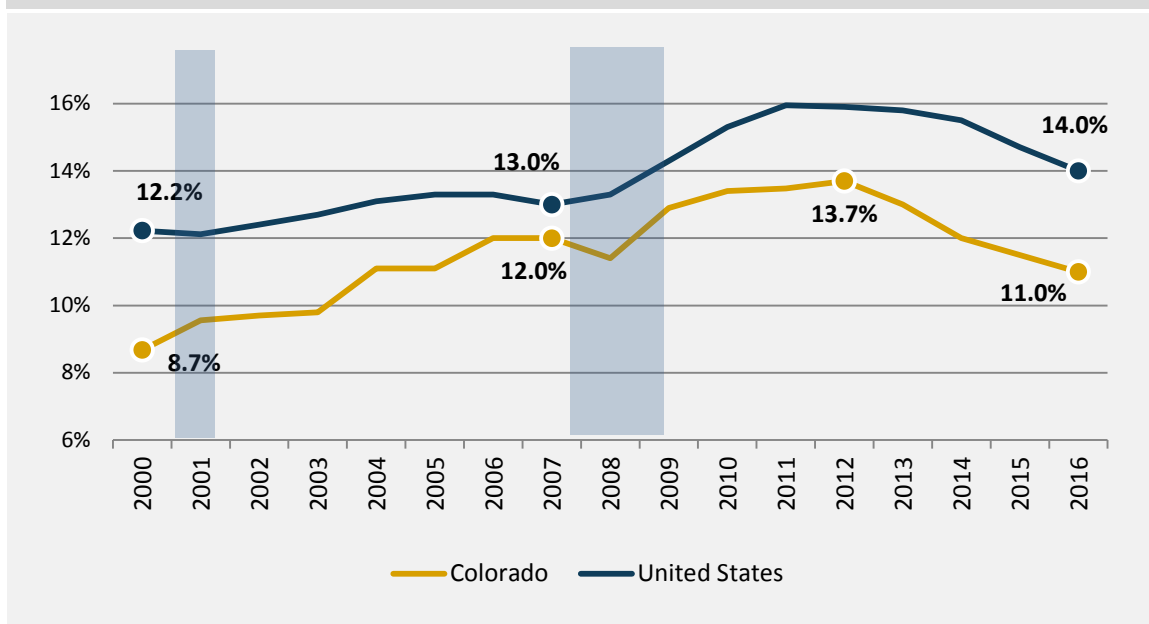
Historically, poverty rates have tracked business cycles—increasing during recessions and declining during periods of economic expansion. The pattern since 2000 has been slightly different both nationwide and in Colorado. Poverty rates have actually continued to increase during the recovery periods following the 2001 and 2007 recessions. In 2000, the poverty rate in Colorado was 8.7 percent and increased to 12 percent by 2007. After a slight decrease in 2008, poverty rates rose year after year to the 2012 peak of 13.7 percent—the second-highest statewide poverty rate since 1980.

The state’s poverty rate dropped to 11 percent in 2016, now a full percentage point below the 2007 rate. While poverty is moving in the right direction, it is still well above the 2000 rate of 8.7 percent. The Center on Budget and Policy Priorities has called this trend the “new normal” where economic recoveries take years to reach low- and middle-income households. In fact, economic insecurity has become a commonplace experience in America with 4 in 5 workers experiencing a period of economic struggle at some point during their working years.<sup>1</sup>

A substantial share of people in Colorado are living on much less than the federal poverty level. An estimated 44 percent of Coloradans in poverty (or about 260,000 people) are living in deep poverty—that is, living on an income that is half of the poverty level. In 2016, that meant just \$6,100 per year for an individual.

**Figure 5.1: Poverty finally drops below 2007 rate in Colorado**

**PERCENT OF POPULATION LIVING IN POVERTY, COLORADO AND U.S., 2000-2016**



U.S. Census Bureau American Community Survey

## Poverty Measures

### Federal Poverty Level

The federal poverty level (FPL), the official measure of poverty, dates back to the 1960s. It was based on a low-cost food budget that was then multiplied by three to account for all other costs of daily life. It is adjusted annually for inflation. Experts widely agree that the federal poverty level severely underestimates the actual cost of modern living. The FPL does not take into account geographic differences within the 48 contiguous states, rising standards of living, job-related expenses such as transportation and child care, growing health care costs, or the effects of government policies that alter families' disposable income. Far from just a philosophical debate, the meaning of poverty and how it is measured affects eligibility for programs such as Medicaid, the Colorado Child Care Assistance Program, and Colorado Works (Temporary Assistance for Needy Families).

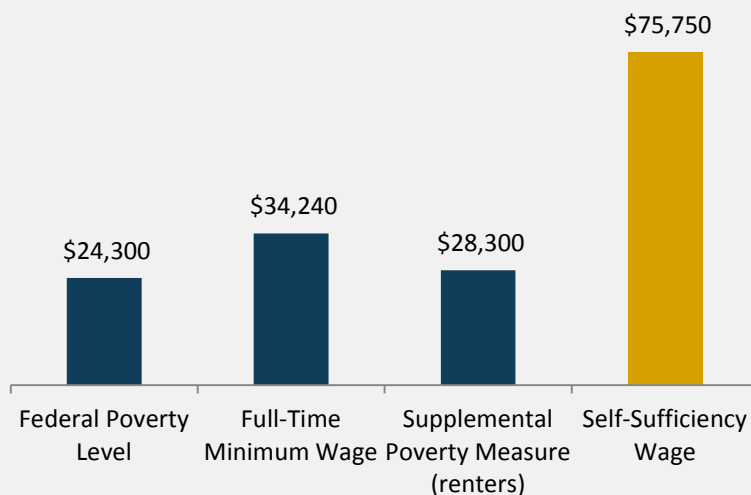
### Self-Sufficiency Standard

One alternative measure of poverty is the Self-Sufficiency Standard, which calculates the income required for a family to meet its basic needs without public or private assistance.<sup>2</sup> The standard adjusts for family composition and geographic location, and it accounts for routine costs of family living, such as health care and child care. As Figure 5.2 shows, the estimated annual income required for a family of four to cover basic needs in Denver is nearly three times the FPL. Depending on the county, the Self-Sufficiency Standard for a family of four ranges from two to four times the federal poverty level.

### Supplemental Poverty Measure

Another alternative is the U.S. Census Bureau's Supplemental Poverty Measure (SPM), which was also crafted to more holistically reflect the cost of meeting basic needs. The SPM determines poverty status by expanding the definition of family income to include tax credits and noncash benefits. It also acknowledges the importance of work expenses such as child care, and out-of-pocket health expenses. While the SPM and the Self-Sufficiency Standard reflect a better understanding of poverty and the costs of providing for basic needs, the official poverty measure remains useful. The federal poverty level tells us how many people are in a specific condition, while the Self-Sufficiency Standard explains what people must earn to be self-sufficient.

**Figure 5.2: SELF-SUFFICIENCY STANDARD FOR A FAMILY OF 2 WORKING ADULTS AND 2 CHILDREN IN DENVER COMPARED TO INCOME BENCHMARKS, 2016**



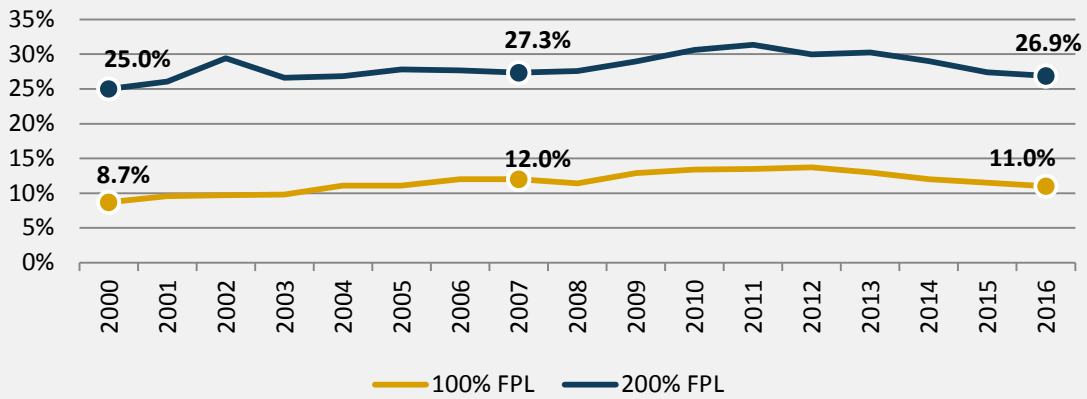
*Self-Sufficiency Standard for Colorado and U.S. Census Bureau*

## One in four Coloradans living at or near poverty

The Self-Sufficiency Standard for Colorado—the level at which families can meet basic needs without public or private support—generally requires an income above 200 percent of FPL or even higher in some parts of the state.<sup>3</sup> Defining poverty as those with incomes under twice the federal poverty level provides a more complete picture of the share of Coloradans living in need, because it more realistically reflects the burden of housing and health care costs. Many low-income assistance programs set eligibility above 100 percent of FPL, such as the Low-Income Home Energy Assistance Program, Colorado Child Care Assistance Program, Medicaid, and Child Health Plan Plus.

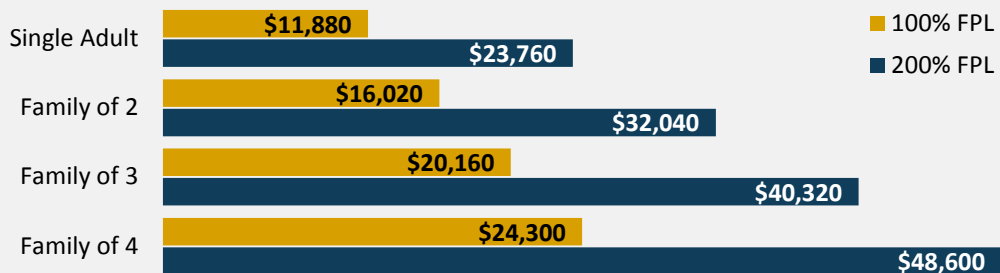
Figure 5.3 shows the share of Coloradans with incomes under 200 percent of FPL—that is, less than \$23,760 for an individual and \$40,320 for a family of three in 2016. Using this metric more accurately identifies the share of households that cannot meet their basic needs in Colorado. By this measure, the share of Coloradans without basic economic security in 2016 was 26.9 percent.

**Figure 5.3: More than one in four Coloradans live in or near poverty**  
**PERCENT OF COLORADANS LIVING AT 100 AND 200 PERCENT OF FPL, 2000-2016**



U.S. Census Bureau American Community Survey

### 2016 Federal Poverty Level

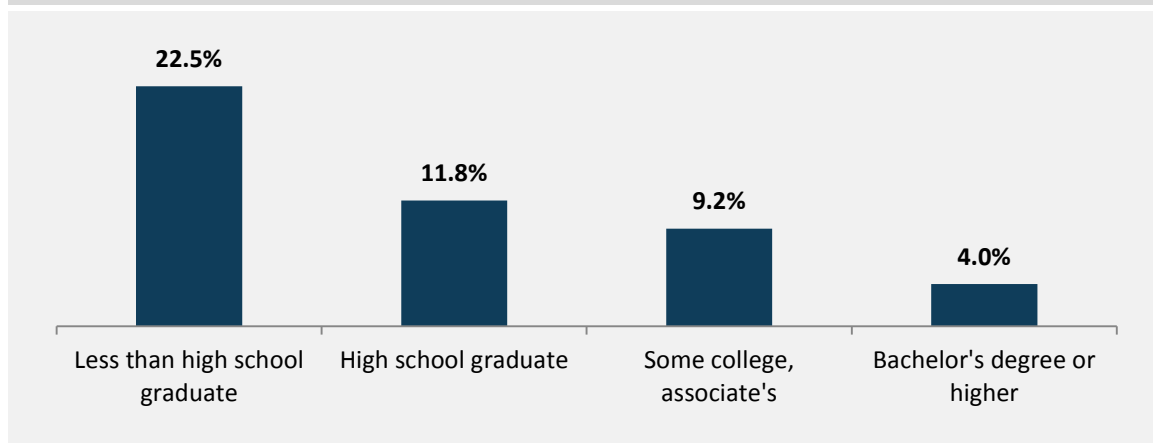


## Education lifts people out of poverty

Poverty disproportionately affects certain groups. Just 4 percent of Coloradans with at least a bachelor's degree lived in poverty in 2016. On the other end of the education spectrum, 22.5 percent of Coloradans without a high school diploma lived in poverty. Education is a key pathway out of poverty. An education, however, does not provide the earnings boost it once did. Recent analysis by the Federal Reserve Bank of New York shows that inflation adjusted median annual earnings of recent college graduates have not increased much since the 1990s.<sup>4</sup>

**Figure 5.4: Education is a key pathway out of poverty**

### POVERTY RATES, BY EDUCATIONAL ATTAINMENT, 2016



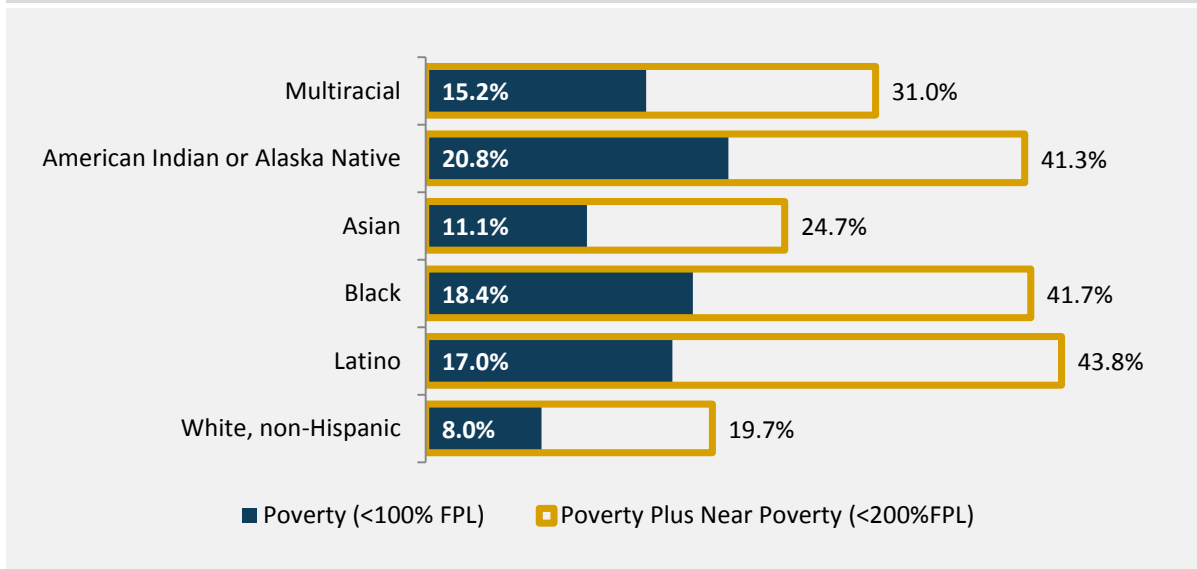
*U.S. Census Bureau American Community Survey. Data for Coloradans over age 25.*

## Stark disparities in poverty rates by race and ethnicity

Poverty rates vary widely by race and ethnicity.<sup>5</sup> The poverty rate among White, non-Hispanics in Colorado is 8 percent—lower than the statewide poverty rate of 11 percent and several times lower than Latinos (17 percent), Blacks (18.4 percent) and American Indian/Alaskan Natives (20.8 percent). The poverty rate among Asian households is 11.1 percent.

Even more striking is the share of people living at or near poverty (under 200 percent of the federal poverty level) by race and ethnicity: nearly 44 percent of all Latinos in Colorado live at or near poverty; nearly 42 percent of Black Coloradans; nearly 25 percent of Asians; and 41 percent of American Indian or Alaskan Natives.

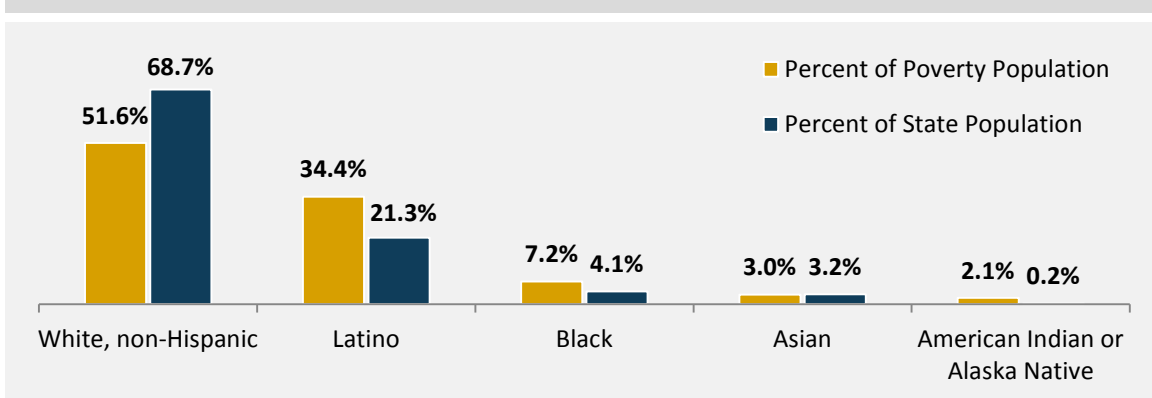
**Figure 5.5: Nearly half of all Latino and Black Coloradans live at or near poverty**  
**POVERTY RATES, BY RACE AND ETHNICITY, 2016**



U.S. Census Bureau American Community Survey

Latinos, Blacks, and American Indian/Alaskan Natives experience higher rates of poverty, and are overrepresented in the population living in poverty. For example, Latinos make up 21.3 percent of the total state population, but accounted for about 34.4 percent of the population living in poverty in 2016. Black Coloradans are also overrepresented in the poverty population accounting for 4.1 percent of the statewide population but 7.2 percent of people living in poverty in Colorado. The opposite pattern holds for Whites, who account for 68.7 percent of the total population and nearly 52 percent of the population living in poverty.

**Figure 5.6: People of color experience disproportionately high poverty rates**  
**SHARE OF POPULATION IN POVERTY AND STATE POPULATION, BY RACE AND ETHNICITY, 2016**



U.S. Census Bureau American Community Survey



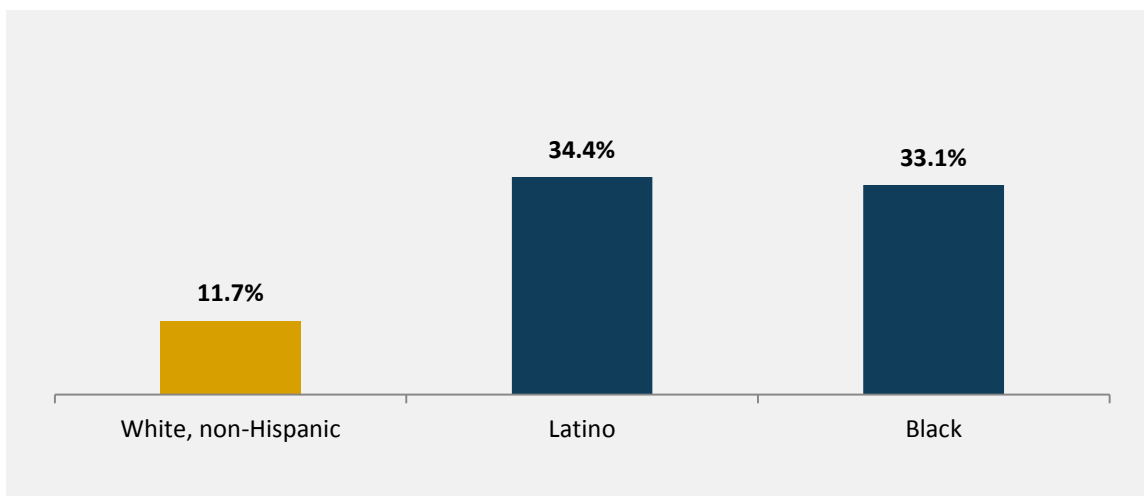
## People of color more likely to live in high poverty neighborhoods

Poverty is not distributed evenly across the state—some neighborhoods and some communities have higher than average poverty rates. The full employment economy of the 1990s helped reduce concentrated poverty across the country, but since 2000 it has been on the rise.<sup>6</sup> In 2000, 9.5 percent of Coloradans lived in neighborhoods with a poverty rate of 20 percent or more. By 2010, 21.3 percent of Coloradans lived in high poverty neighborhoods—an increase of 650,000 residents.<sup>7</sup>

A growing body of research has concluded that living in high poverty neighborhoods only further strains low-income families and makes breaking the cycle of generational poverty even more difficult.<sup>8</sup> The clustering of families in poverty actually changes the experience of living in poverty—making it more difficult, more stressful and feel more pervasive because it extends outside the home and touches the entire neighborhood.

People of color are more likely to experience this clustering. Figure 5.7 shows the percent of Coloradans by race and ethnicity residing in neighborhoods with 20 percent or more people living below the federal poverty line. While 12 percent of Whites live in high poverty communities, about one-third of Black and Latino Coloradans live in such neighborhoods.

**Figure 5.7:** *Black and Latino Coloradans more likely to live in concentrated poverty*  
**PERCENT OF POPULATION LIVING IN CONCENTRATED POVERTY, BY RACE AND ETHNICITY, 2012-2016**



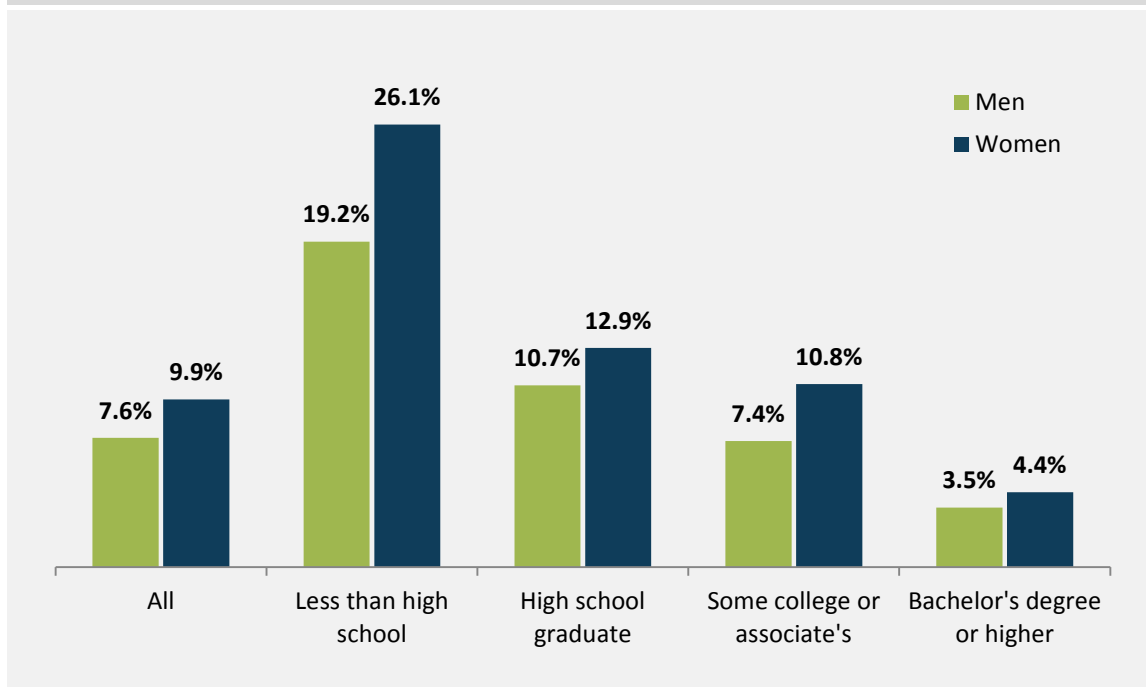
*U.S. Census Bureau American Community Survey, 5 year estimates*

## Women are more likely to live in poverty regardless of education

In Colorado, women are more likely to live in poverty compared to men. Of the 426,000 people over 18 living in poverty, 44 percent are single women—although single women account for only one-quarter of the overall population. Marriage provides some protection from slipping into poverty. Married individuals account for over half of the total adult population and only one-quarter of those living in poverty.

The gender poverty gap, which also exists at the national level, is symptomatic of other disparities between men and women such as the gender pay gap discussed in earlier chapters. Women are more likely to live in poverty compared to men at every level of educational attainment. Again, illustrating the effect of education on economic stability, differences in poverty rates between men and women shrink at progressively higher levels of education.

**Figure 5.8:** A larger share of women live in poverty at every educational level  
**POVERTY RATES, BY GENDER AND EDUCATIONAL ATTAINMENT, 2016**



*U.S. Census Bureau American Community Survey. Data for Coloradans 25 and older.*

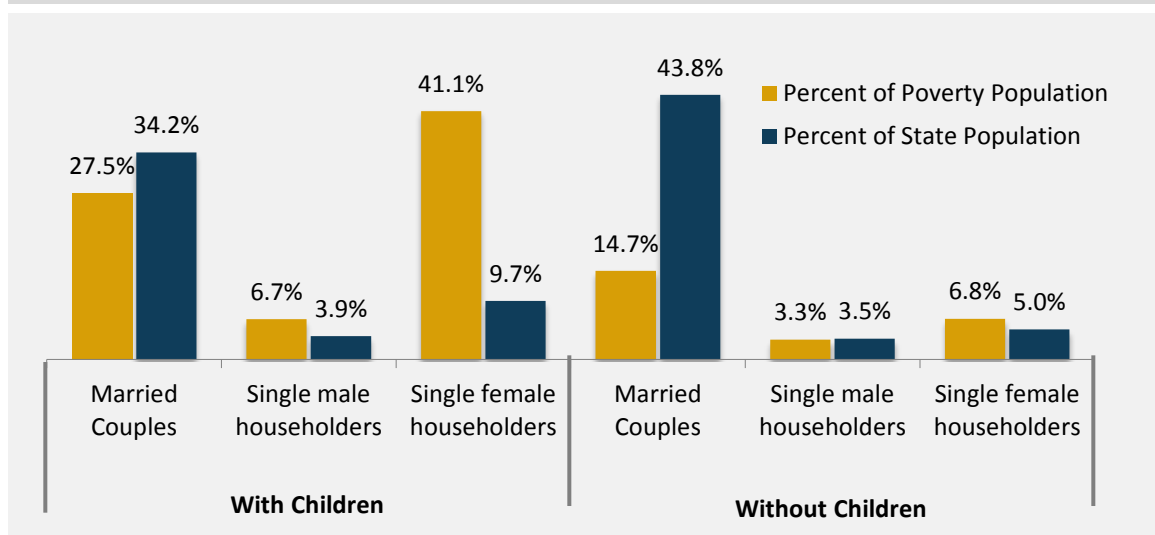
## Poverty is highest among single-mother families

Single women with children account for the greatest share of families living in poverty.<sup>9</sup> Although only 9.7 percent of Coloradans live in single mother households, they account for 41 percent of households in poverty. Single father households, on the other hand, account for 3.9 percent of the total population and 6.7 percent of the families in poverty.

While being a single parent substantially increases the likelihood of poverty for both men and women, the challenge of making ends meet is more pronounced for single mothers. Single mother families face all the challenges of being a single parent coupled with significant labor market disparities. For example, median annual income among single mothers in Colorado is \$34,000—68 percent of median income for single father households (\$50,120) and just over one-third of the median income for married couples with kids (\$96,000).<sup>10</sup> Women make up over half of all minimum wage workers in Colorado.<sup>11</sup>

Education is essential to lifting women out of poverty. Over 40 percent of single mothers in Colorado with less than a high school diploma live in poverty. With each progressively higher level of educational attainment, the share of women living in poverty declines.

**Figure 5.9: Single mothers account for disproportionate share of families in poverty**  
**SHARE OF TOTAL HOUSEHOLDS AND HOUSEHOLDS IN POVERTY, BY FAMILY TYPE, 2016**



U.S. Census Bureau American Community Survey

## Child poverty drops below pre-recession level but still above 2000 level

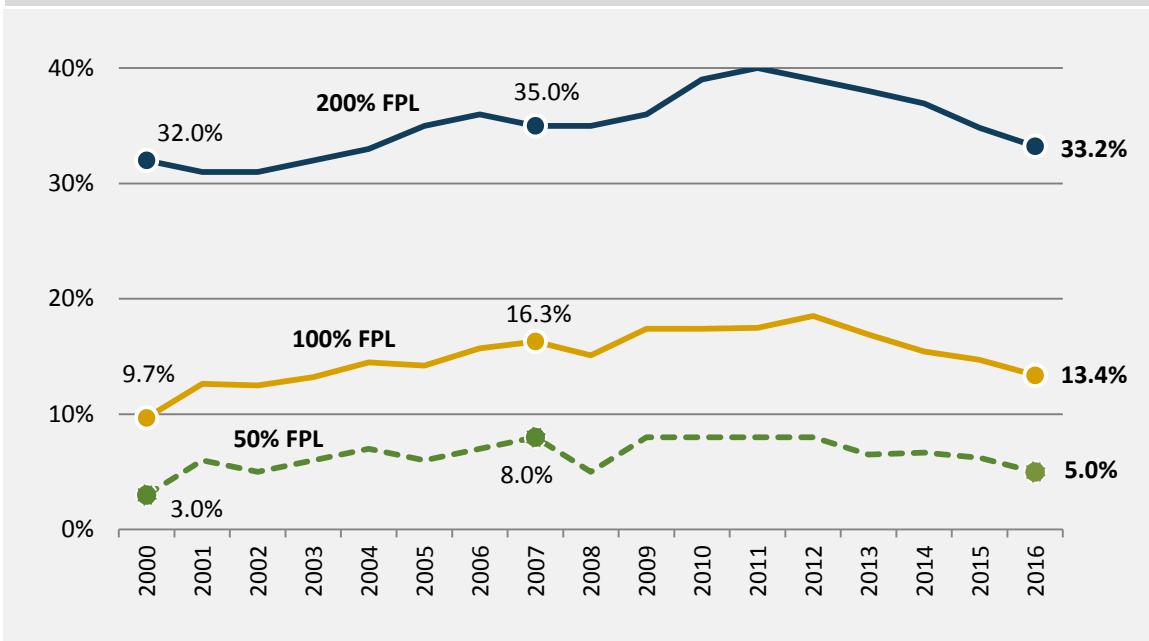
The child poverty rate is the percent of children under 18 who live in a household with an income below the federal poverty level. Between 2000 and 2007, the share of Colorado children in poverty increased from 9.7 percent to 16.3 percent—an increase of more than 100,000 children living in poverty. During this period, Colorado had one of the fastest growing child poverty rates.<sup>12</sup>

The child poverty rate continued to increase after 2007 but at a slower rate. In 2016, the child poverty rate dropped to 13.4 percent—now three percentage points below the pre-recession rate but still significantly higher than the 2000 rate.

If we look at households earning less than 200 percent of FPL to better reflect the threshold below which households struggle to meet their basic needs, nearly one-third of all Colorado children live at or near the poverty level.

The percentage of children living in deep poverty—those in households with incomes less than half of the federal poverty level—remained virtually unchanged between 2007 and 2012 before beginning to decline in 2013. In 2016, 5 percent of Colorado kids lived in deep poverty. That equates to about 77,000 children in deep poverty—up substantially from 38,000 in 2000.

**Figure 5.10: Nearly one-third of children live in households under 200% FPL**  
**PERCENT OF CHILDREN LIVING IN HOUSEHOLDS BELOW 50%, 100% AND 200% OF FPL, 2016**



U.S. Census Bureau American Community Survey

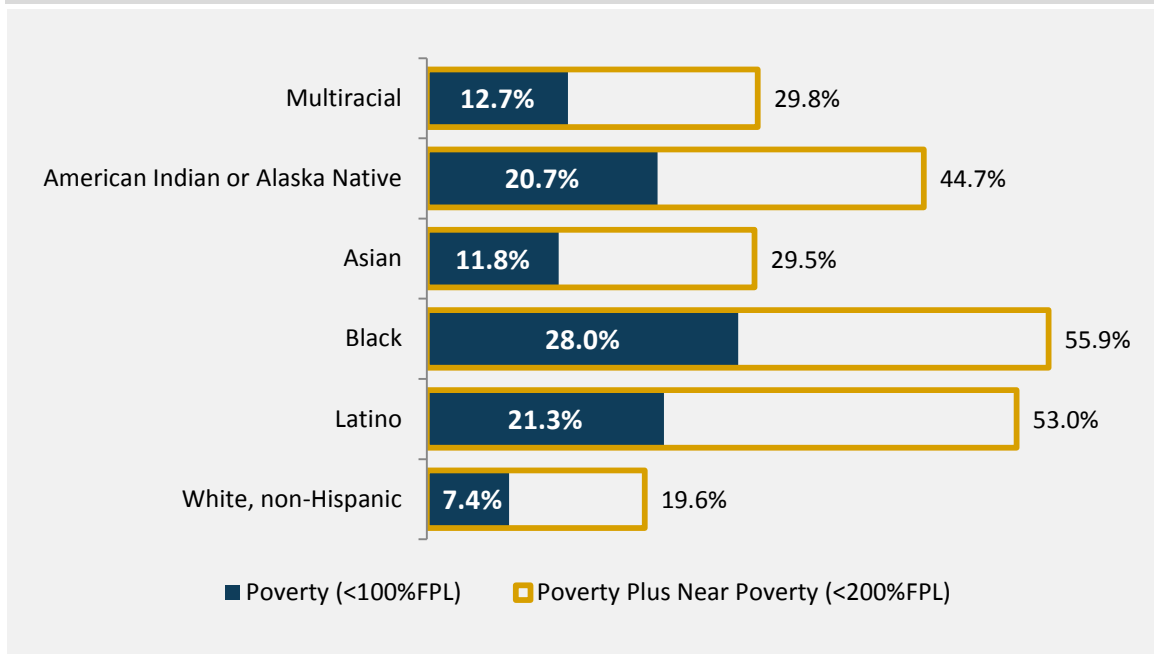
## Child poverty rates vary by race and ethnicity

Children of color are considerably more likely to live in poverty compared to White children in Colorado. In 2016, 7.4 percent of White non-Hispanic children lived in households with income under the poverty line. Latino, Black, and American Indian or Alaskan Native children had the highest child poverty rates with twenty percent or more of children living in poverty.

As discussed earlier, twice the federal poverty level is a more accurate estimate of the income needed to meet basic needs in Colorado. Using this benchmark, over half of Latino and Black children live at or near the poverty level in the state.

Poverty is now widely viewed as one of the most significant threats to child health. Recently, pediatricians have called for classifying childhood poverty as a disease.<sup>13</sup> Living in poverty puts children at risk of premature birth, low birthweight and for developing conditions with lifelong consequences such as asthma, obesity, diabetes and mental illness.

**Figure 5.11: Children of color are substantially more likely to live in poverty**  
**CHILD POVERTY RATE, BY RACE AND ETHNICITY, 2016**



U.S. Census Bureau American Community Survey

## Notes

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<sup>1</sup> Mark Robert Rank, Thomas A. Hirschl, and Kirk A. Foster. (2014). *Chasing the American Dream: Understanding What Shapes Our Fortunes*. New York: Oxford University Press.

<sup>2</sup> The Self-Sufficiency Standard is based on a minimally adequate basic needs budget that includes housing (rent and utilities), child care so the parents can work, food for in home preparation, transportation, health care, taxes, and other necessities such as clothing, paper products, telephone service, and personal hygiene items. For more information, see Diana Pearce. (2015). *The Self-Sufficiency Standard for Colorado 2015*. Colorado Center on Law & Policy. Available at <http://www.selfsufficiencystandard.org/docs/Colorado2015.pdf>.

<sup>3</sup> *Ibid.*

<sup>4</sup> Federal Reserve Bank of New York. (2016). The Labor Market for Recent College Graduates. Available at [https://www.newyorkfed.org/research/college-labor-market/college-labor-market\\_wages.html](https://www.newyorkfed.org/research/college-labor-market/college-labor-market_wages.html).

<sup>5</sup> A note on estimates for Asian and American Indian/Alaska Native individuals in Colorado. Asians comprise about 3 percent of the population in Colorado; American Indian/Alaska Natives comprise less than 1 percent of the population. Because these groups are so small, the estimates are less stable. Observed differences between groups may be within expected margins of error, and therefore not statistically significant from other groups. This is especially true when observed differences are relatively small (within several percentage points).

<sup>6</sup> Paul A. Jargowsky. (2013). Concentration of Poverty in the New Millennium. Changes in Prevalence, Composition, and Location of High Poverty Neighborhoods. A report by The Century Foundation and Rutgers Center for Urban Research and Education. Available at [http://www.tcf.org/assets/downloads/Concentration\\_of\\_Poverty\\_in\\_the\\_New\\_Millennium.pdf](http://www.tcf.org/assets/downloads/Concentration_of_Poverty_in_the_New_Millennium.pdf)

<sup>7</sup> Alemayehu Bishaw. (2014). *Changes in areas with concentrated poverty: 2000 to 2010*. Washington, DC: U.S. Census Bureau. Available at <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-27.pdf>.

<sup>8</sup> For example, see Federal Reserve Bank of Cleveland. (2008). “The Enduring Challenge of Concentrated Poverty in America: Case Studies From Communities Across the U.S.A.,” a joint project of the Community Affairs Offices of the Federal Reserve System and the Metropolitan Policy Program at the Brookings Institution. Available at [http://www.frbsf.org/community-development/files/cp\\_fullreport.pdf](http://www.frbsf.org/community-development/files/cp_fullreport.pdf).

<sup>9</sup> The Census produces estimates for households and individuals. Household estimates describe the conditions of all individuals living in a single housing unit. Figure 5.9 refers to families, a subset of households that describe the living conditions of all individuals in a single housing unit who are related by marriage, birth, or adoption.

<sup>10</sup> U.S. Census Bureau, 2016 American Community Survey.

<sup>11</sup> EPI analysis of Current Population Survey Outgoing Rotation Group microdata (2015), CBO Economic Projections (January 2016), and Colorado Department of Labor.

<sup>12</sup> Colorado Children’s Campaign. (2015). *Kids Count in Colorado 2015*. Available at <http://www.coloradokids.org/data/kidscount/2015kidscount/>.

<sup>13</sup> American Pediatric and American Academy of Pediatrics. (2013). *A Strategic Road-Map: Committed to Bringing the Voice of Pediatricians to the Most Important Problem Facing Children in the U.S. Today*. Available at [http://www.academicped.org/public\\_policy/pdf/APA\\_Task\\_Force\\_Strategic\\_Road\\_Mapver3.pdf](http://www.academicped.org/public_policy/pdf/APA_Task_Force_Strategic_Road_Mapver3.pdf).

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## About CCLP

The Colorado Center on Law and Policy advances the health, economic security and wellbeing of low-income Coloradans through research, education, advocacy and litigation.

To provide an effective and independent voice for poor families, CCLP **researches** and analyzes policy options, **advocates** at the legislature and before executive agencies, **educates** and **engages** diverse communities, **builds coalitions** with our community partners for systemic change, and **protects** the rights of low-income Coloradans through legal and administrative action.



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